Battery

June 2026

State of enterprise tech spending

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AI spend has no off switch, but ROI remains murky

SPEND & FUNDAMENTALS

1. AI spend has no off switch

Gen AI is now table stakes—76% are already in production, with 100% planning to deploy within two years. Not a single respondent is cutting AI spend—98% are increasing, 2% flat.

2. The human–agent equation

Seventy percent of enterprises keep a human in or on the loop (AI acts, humans decide or oversee); only 5% expect fully autonomous systems. Thirty-eight percent of the biggest-budget enterprises have a Chief AI Officer. With another 9% planning to appoint a CAIO within a year, this role is moving from outlier to org-chart fixture.

AGENTIC & SDLC

3. Agentic AI will be mainstream in 24mos

Forty-nine percent are now actively deploying agentic AI (vs. 33% in Q3 2025), and 72% are running pilots. Orgs running gen AI in production are 2.4x more likely to have agentic live than those that don't. Conviction is high: 50% are already scaling agentic workflows across business functions.

4. The rise of the Agentic Delivery Lifecycle (ADLC)

Humans still own the front end of software development—only ~35% expect AI to perform requirements or architecture. But the build-and-verify core has flipped: AI is now expected to own code generation with human review (87%), testing & QA (88%) and code review (73%). Release stays gated, with humans firmly in deployment and incident response.

NEW FRONTIERS & ROI

5. Enterprise contracts are shortening

Enterprise contracts are getting shorter, bringing long-term ARR durability into question. CXOs reported that historically, 55% of enterprise contracts lasted 25-36 months with 29% at 13-24 months. Today 25% of respondents' contracts last from 25-36 months and most (48%) now last from 13-24 months.

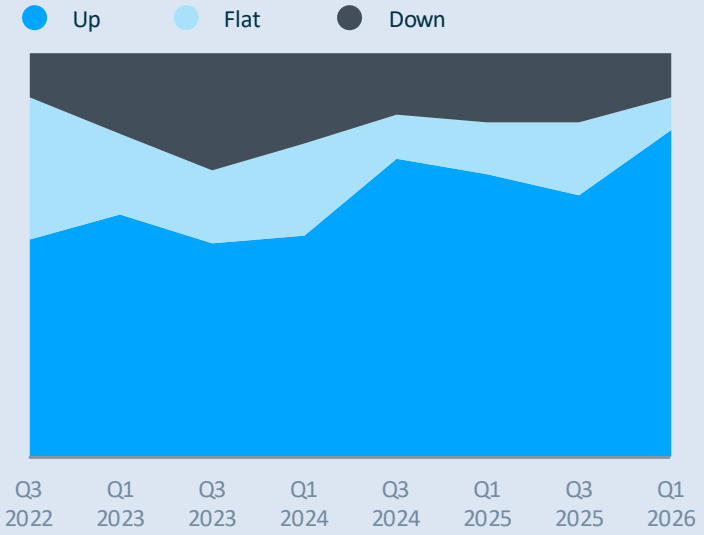
6. The AI ROI reckoning looms

Ninety-four percent of enterprises lack a consistent ROI framework across the organization, yet 53% say they are measuring clear ROI somewhere, overwhelmingly in software development. AI ROI is still a margin story today, but that thinking may evolve as the entire stack gets retooled.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey.
Note: "Historically" means all-time.

Budgets, AI use case identification and agentic AI

BUDGETS KEEP RISING

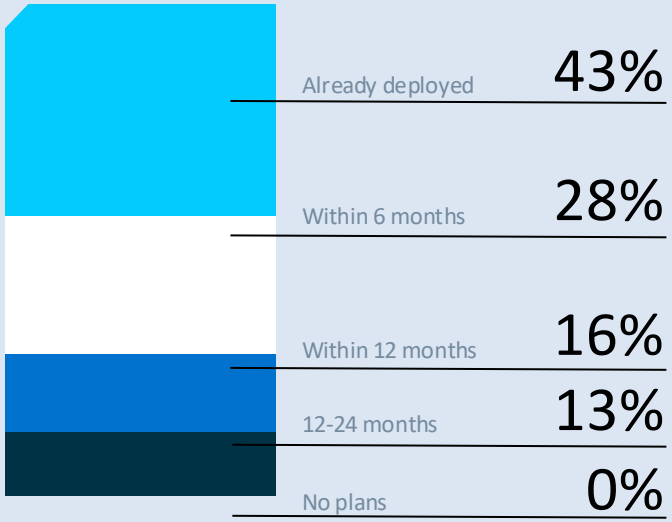


Budget optimism continues—**81% now plan to increase tech spend over the next 12 months**, up from 65% in December 2025, and declines have eased from 17% to 11%.

On AI specifically this cycle, **98% are increasing AI spend and not a single respondent is cutting.**

AGENTIC AI DEPLOYMENT

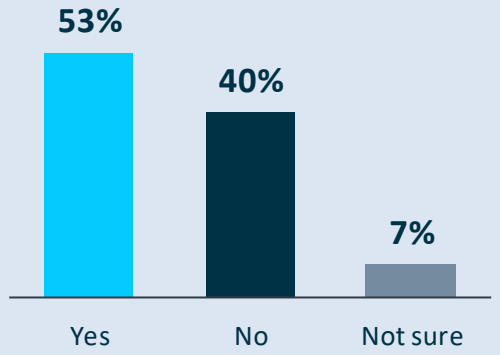
STATUS OF AGENTIC AI DEPLOYMENT, Q1 2026



Agentic AI has crossed from experimentation to scale, and the pace is accelerating:

Forty-three percent already have agentic AI deployed—up from 33% six months ago—with another 44% going live within 12 months: a clear shift from early adopters to early majority.

ROI ON AI SPEND IS EMERGING



Fifty-three percent of enterprises see clear ROI from AI today—but 94% lack a consistent, enterprise-wide ROI framework.

Top sectors reporting clear ROI include IT (72%) and Healthcare (50%). Finance & Insurance lag behind at 25%, making this the only major sector yet to reach majority confidence.

Today, **AI is measured mostly on cost savings (76%) and productivity (73%);** 78% of AI budgets are at least partially funded by reallocation from other tech spend.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

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Demographics and budget trends

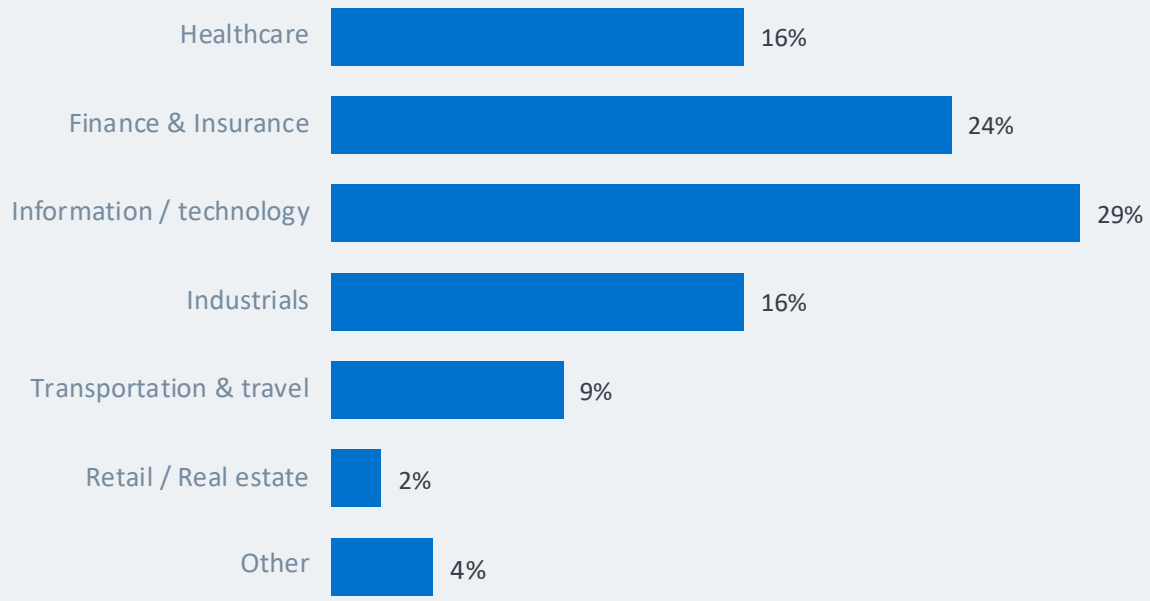
Q1 2026 survey composition

The Battery State of Enterprise Tech Spending survey saw participation from **100 senior technology leaders representing over $66B in annual technology spend.**

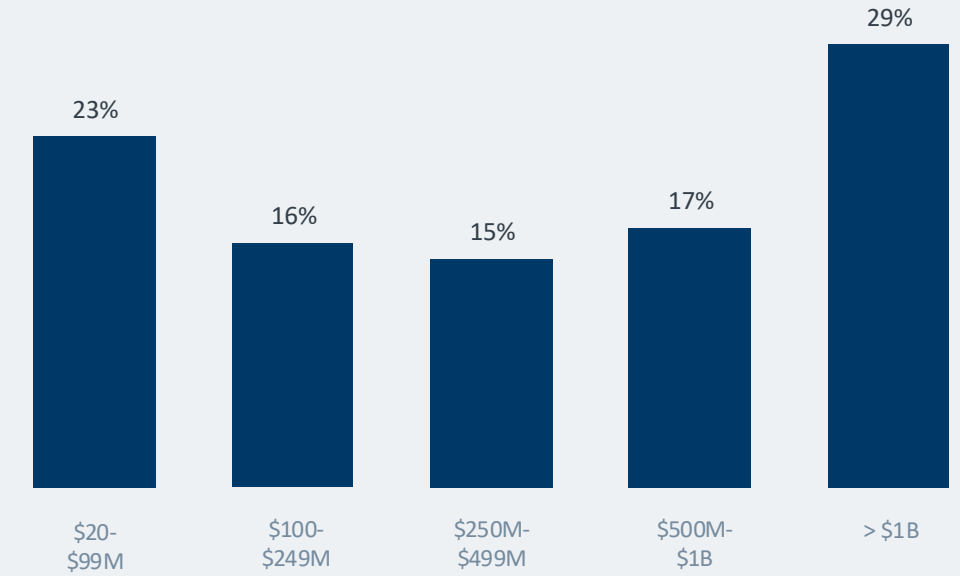
Seventy-seven percent of respondents have an **annual technology budget of $100M+**, with **cloud infrastructure, enterprise apps, and vertical software** leading today's budget mix.

All respondents are from **companies with 1,000+ FTEs** across financial services, technology, healthcare, manufacturing and retail.

INDUSTRY REPRESENTATION



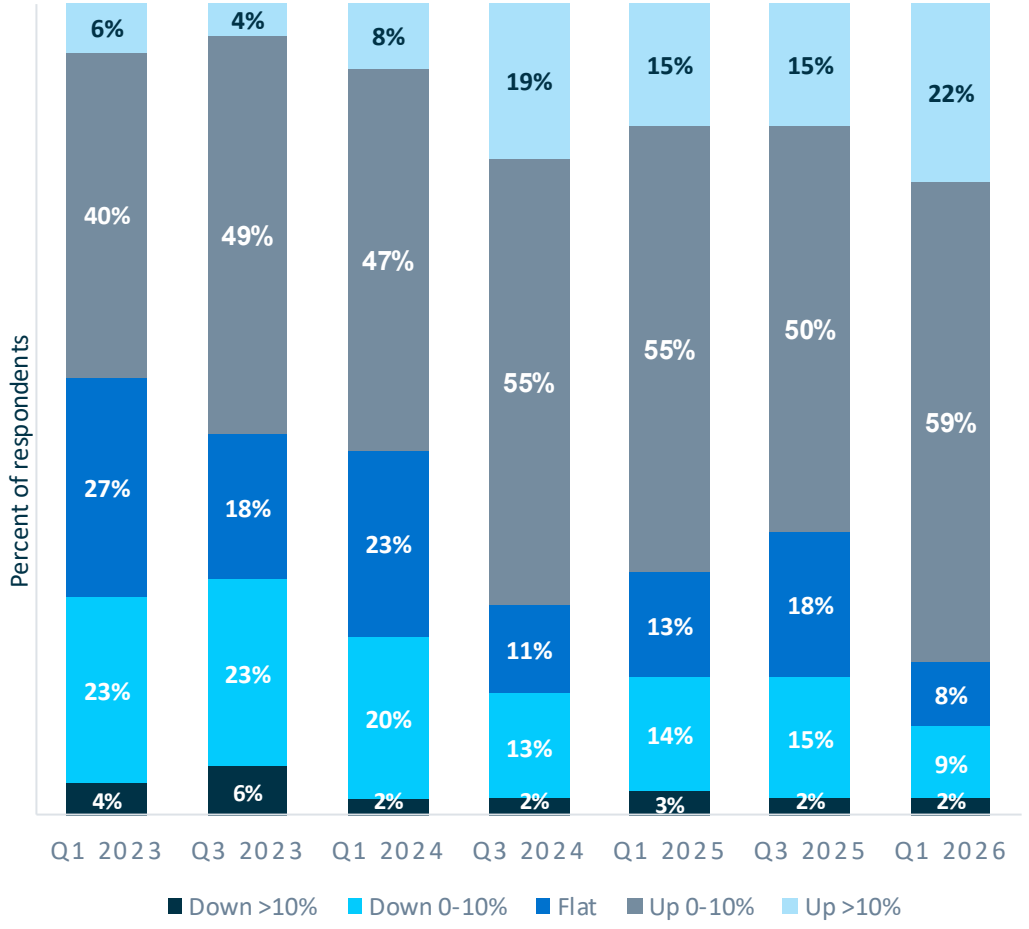
BUDGET DISTRIBUTION: TOTAL TECHNOLOGY SPEND PER COMPANY



Source: Battery Q1 2026 State of Enterprise Tech Spending Survey. Notes: 1) Industrials segment includes aviation, construction, utilities, manufacturing, transportation and warehousing. 2) Annual technology spend calculated based on mid-point of total technology budget.

Technology budget and spending trends

POSITIVE MOMENTUM IN CXO BUDGET PLANS



BUDGET DISTRIBUTION: TOTAL TECHNOLOGY SPEND

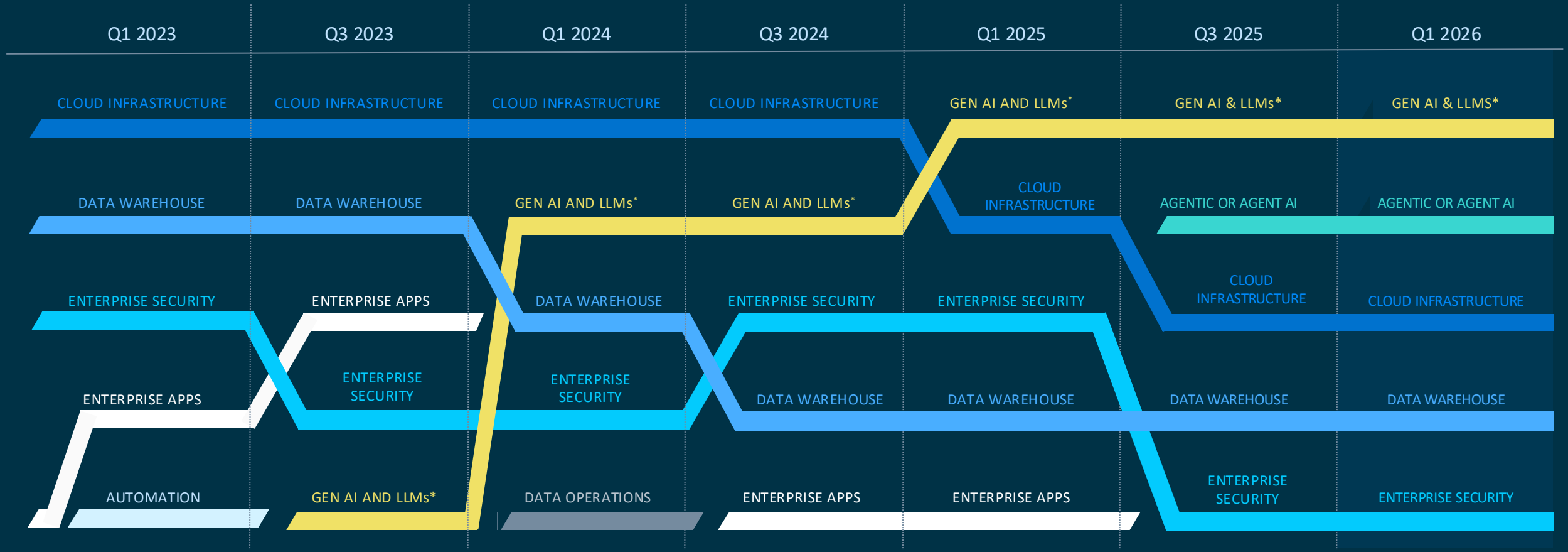
1. As enterprises increase budgets, 46% of organizations report a combination of new budget and reallocation of previous budget as the means to fund increases in spend. Twenty-one percent of enterprises have net-new budget approved specifically for AI spend, while 9% are pulling budget from a reallocation of headcount.
2. The share of organizations expecting **>10% budget growth has climbed to 22%**, up from 15% in Q3 2025. Enterprises are translating early AI wins into sustained budget commitments
3. Just **11% of respondents expect budget declines in Q1 2026**, and most of those are at the extremes—large enterprises with $1B+ budgets and smaller orgs under $100M. The middle of the market is broadly stable to up.

Industry note: Gartner forecasts worldwide AI spending will reach $2.52 trillion in 2026, a 44% year-over-year increase, driven primarily by AI infrastructure, which alone accounts for $1.37 trillion as technology providers continue building out AI foundations.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

Source: https://www.gartner.com/en/newsroom/press-releases/2026-1-15-gartner-says-worldwide-ai-spending-will-total-2-point-5-trillion-dollars-in-2026

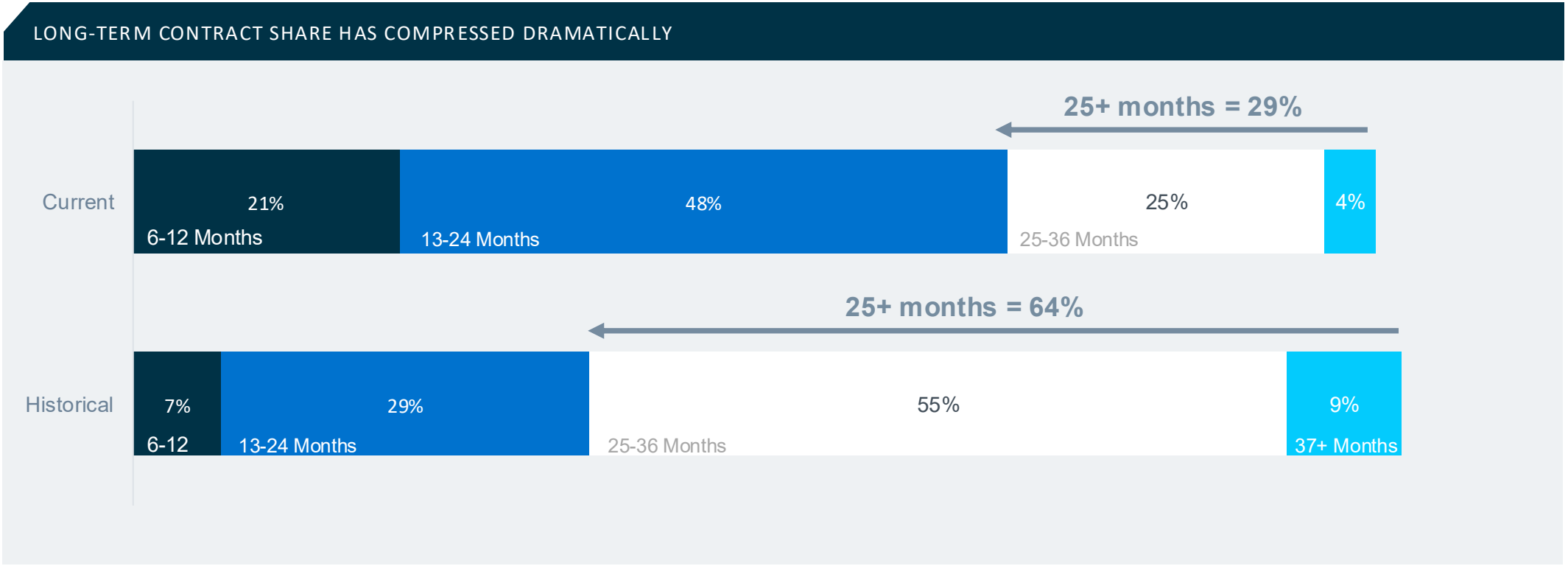
Top 5 executive spending priorities (next 12 months)



Two years ago, neither of the top enterprise spending categories made the list—generative AI entered the rankings in Q3 2023, agentic AI in Q1 2025. Now they top the priority stack for the first time, together claiming 53% of all #1 rankings. **Cloud infrastructure, data warehouses and enterprise security remain in the top 5 but have all slipped** as AI absorbs a larger share of incremental budget.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey
* Note: GenAI and LLMs new priority option in Q3 2023; Agentic AI added in Q1 2025

Long-term durability of ARR is in question



Highlight: Contract lengths of 25+ months or more dropped from 64% historically to 29% today.

Contract terms are compressing materially: the center of gravity has moved from 2+ year contracts historically to less than 2 years with a 3x increase in 6-12 month contracts. The gray 25+ months line makes the shift clear—buyers are still committing, but they are increasingly avoiding longer-term contracts as AI-driven disruption makes multi-year software bets harder to justify.

Context callout: 1 organization shared their current contracts are from month-to-month while another was note sure.
Source: Battery Q1 2026 State of Enterprise Tech Spending Survey.
Note: "Historically" means all-time.

IT, engineering and security initiatives being re-evaluated by AI

WHAT INITIATIVES IS YOUR ORGANIZATION RE-EVALUATING AS A RESULT OF AI ADOPTION?

IT INITIATIVES

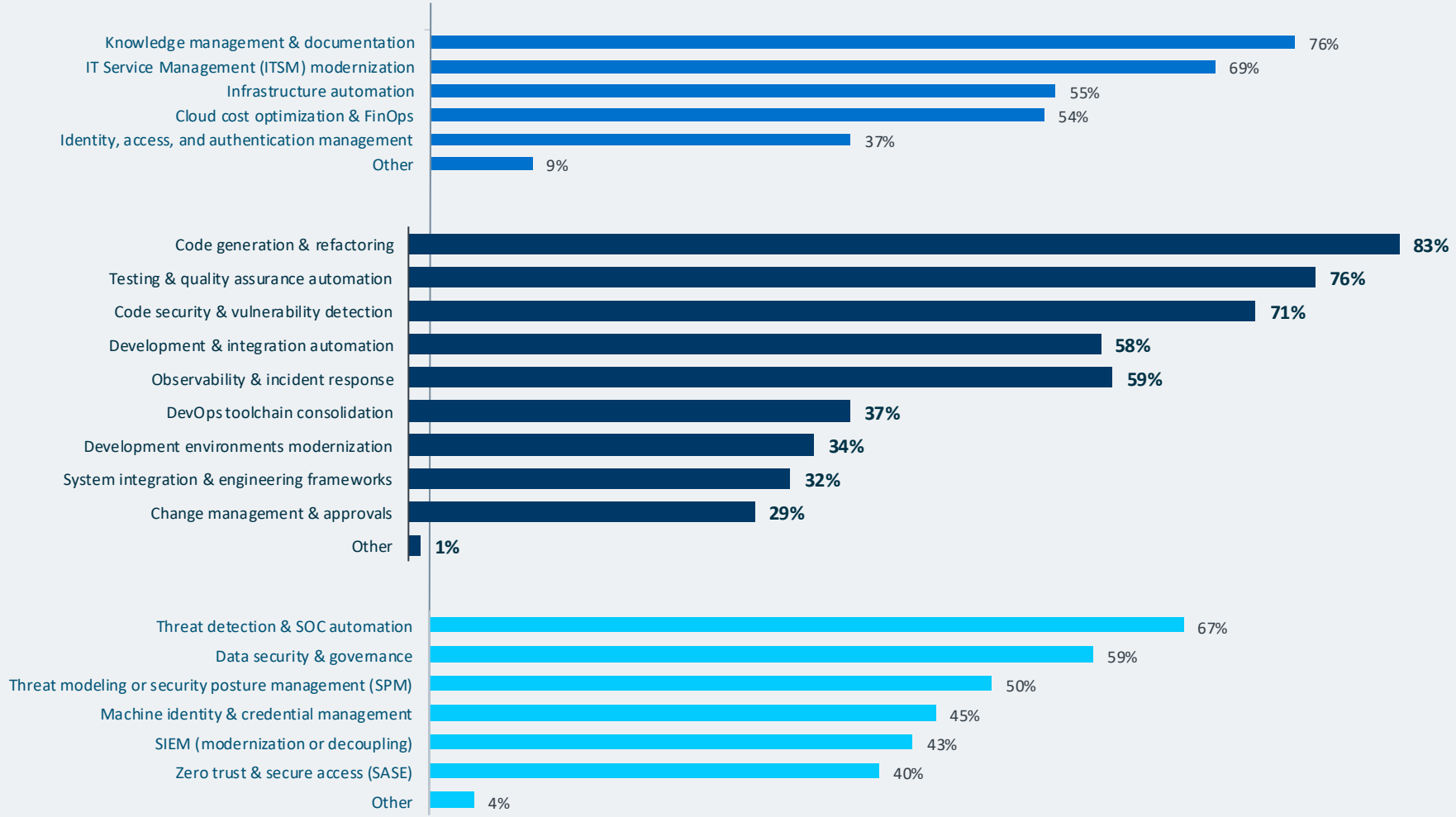
Opal Security[1] Keycard
glean Atomicwork[1]
workato[1] Serval
CONSOLE Runlayer

ENGINEERING INITIATIVES

ANTHROP\C OpenAI Linear
CURSOR Cognition tsuga
CodeRabbit TIERZERO
FACTORY Blitzy[1] greptile
MODAL baseten[1] Socket
depthfirst Traversal baz[1]
dash0
Resolve.ai

SECURITY INITIATIVES

Artemis Dropzone AI
ZAI TENZAI[1] scanner
imper.ai[1] stlabs prophet
AegisAI[1] HushSecurity[1] Infisical



Source: Battery Q1 2026 State of Enterprise Tech Spending Survey
Note: 1 denotes a past or current Battery company. For a full list of all Battery investments, please click here.

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The ROI reckoning: Justifying AI spend with results

ROI reckoning: Enterprises are flying partially blind

ROI MEASUREMENT MATURITY & CLARITY

Only 6% of enterprises have a well-defined, consistent ROI framework for AI.

The remaining 94% are still figuring it out:

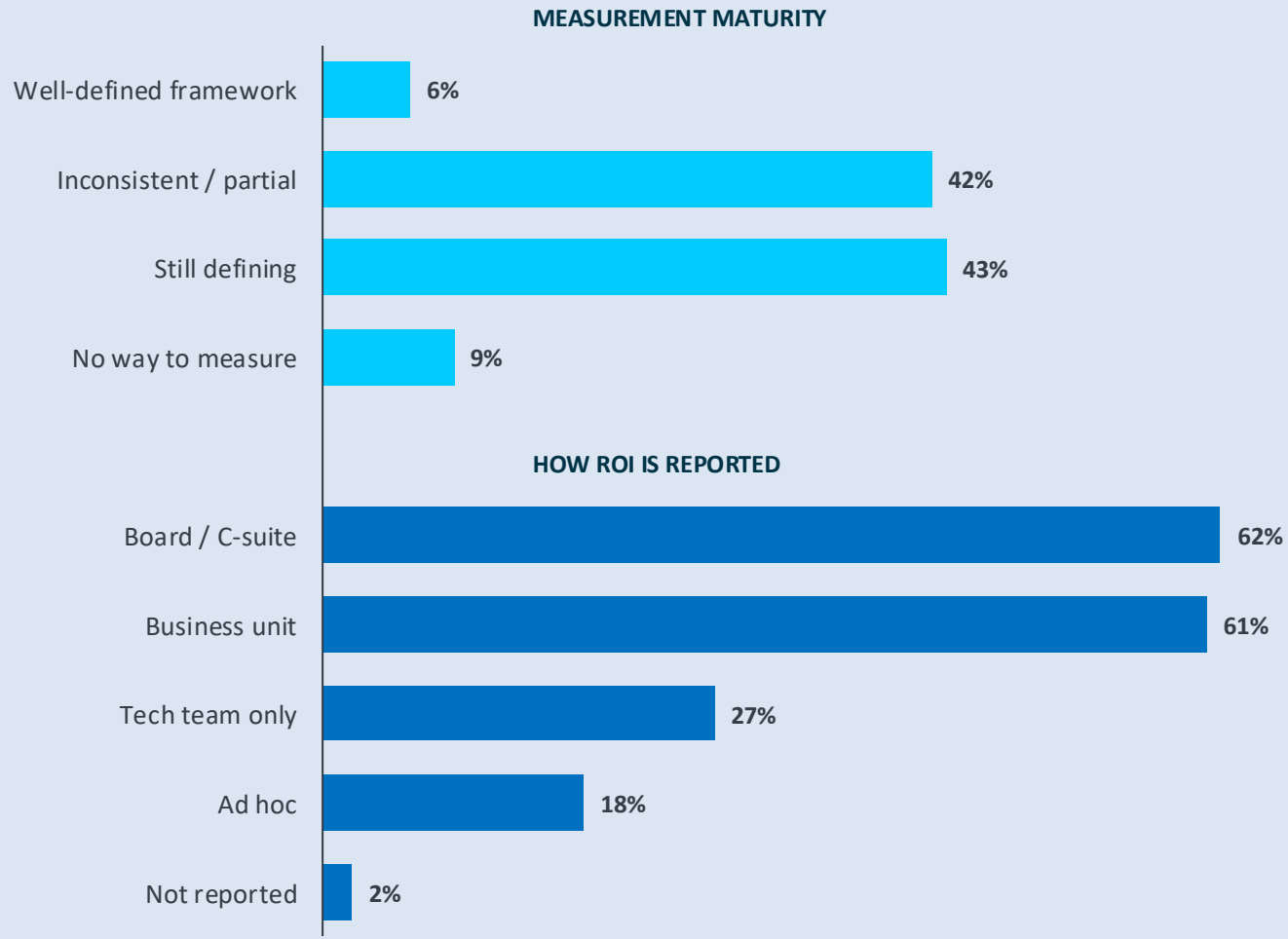
- 42% are measuring inconsistently across the organization
- 43% are still defining their measurement approach, and
- 9% have no way to measure ROI yet.

Despite the measurement gap, **more than half of enterprises (53%) say they are seeing clear ROI from AI today.**

Of that group, **53% of enterprises name software development and engineering productivity** as the #1 ROI area—by far the clearest payback today.

A disconnect is emerging. Sixty-two percent of enterprises already report AI ROI to the board, yet only 53% can point to clear ROI anywhere in the org. The reporting cadence is outpacing the ability to substantiate results.

ROI MEASUREMENT & REPORTING

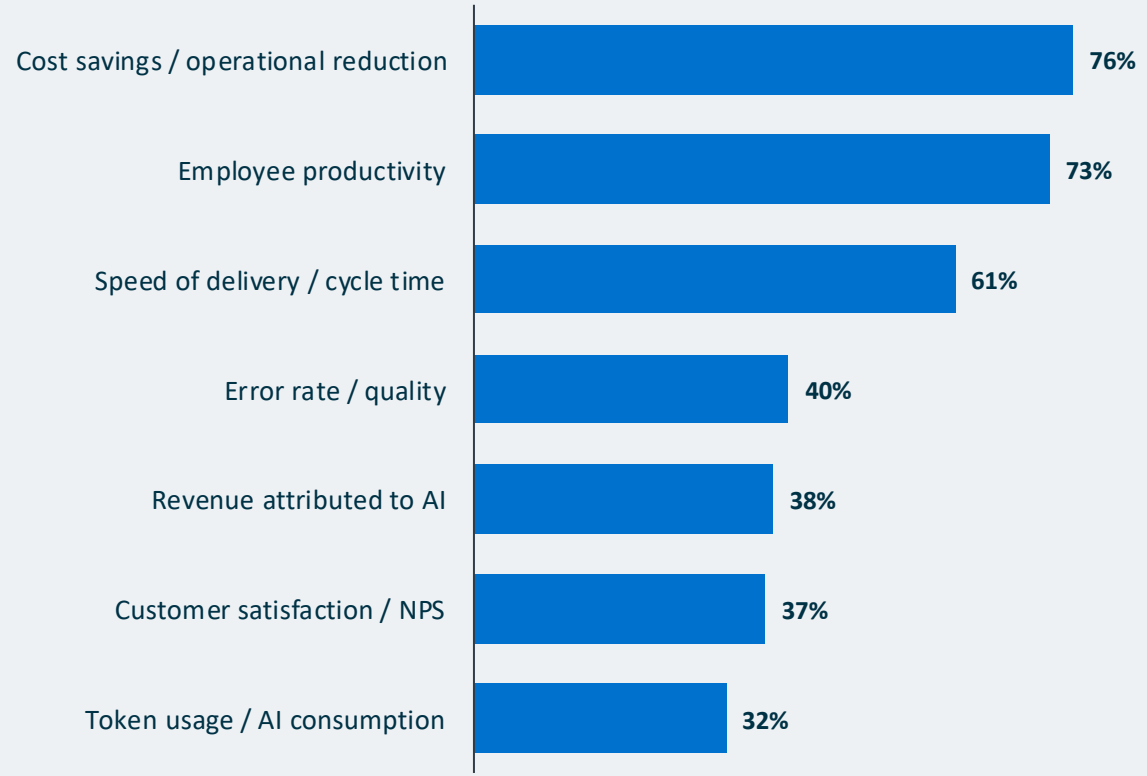


Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

Where ROI lives: Metrics and budget

TOP ROI METRICS USED

TOP METRICS TO MEASURE ROI ON AI SPEND



HOW ENTERPRISES MEASURE & FUND AI

How enterprises measure. Cost savings (76%) and employee productivity (73%) are the dominant lenses for AI ROI, with speed of delivery (61%) close behind. Revenue attribution (38%), quality improvement (40%) and customer satisfaction (37%) are still secondary metrics—meaning AI is mostly being justified on an efficiency basis, not a growth basis.

Hit rates are still modest. Only 16% of enterprises see positive ROI on more than half their AI projects, while 31% see ROI on less than a quarter, and 14% see zero measurable ROI yet—a reminder that scale doesn't equal success.

Where budget comes from. Seventy-eight percent of enterprises fund AI at least partly by reallocating existing budget. The largest group (46%) blends net-new money with reallocation; others reallocate exclusively: 20% from software/SaaS, 9% from headcount, 3% from infrastructure. Just 21% rely on pure net-new AI budget.

How they're deriving value. Forty-six percent expect AI to deliver a balanced mix of cost reduction and revenue growth, 26% expect AI to primarily hit the bottom line, and only 16% expect top-line growth as the primary outcome. AI today is still largely a margin story.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

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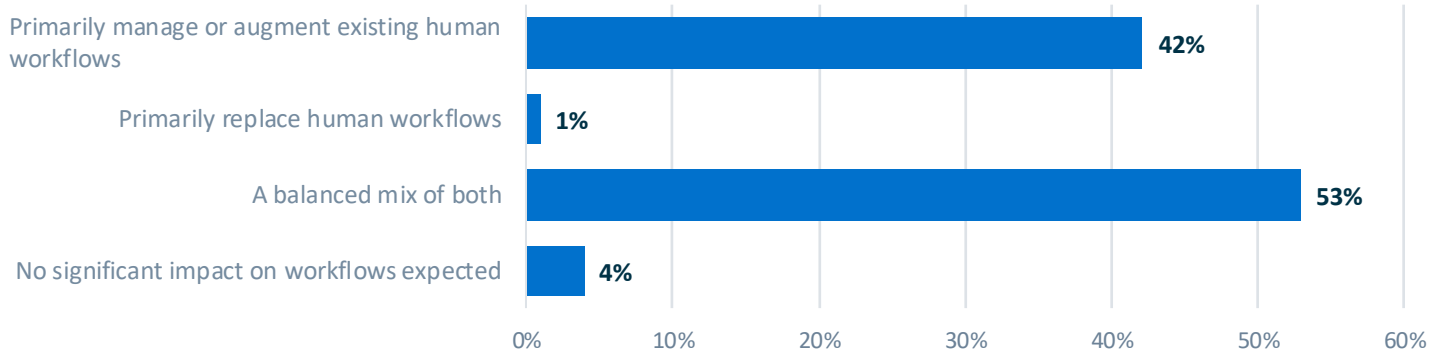
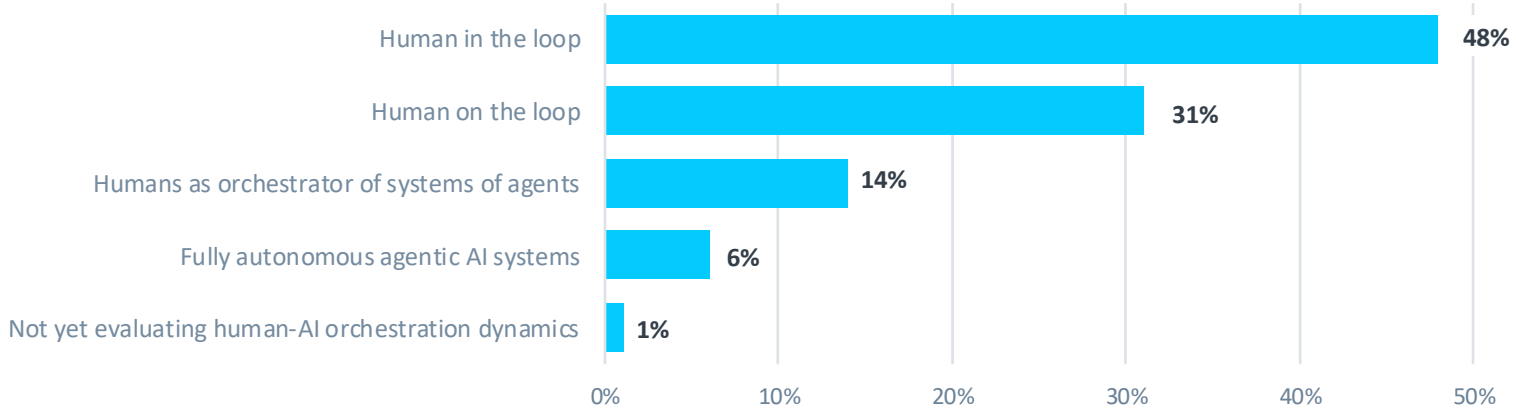
Human-AI impacts & leadership

How AI is impacting enterprise hiring

AI'S IMPACT ON ENTERPRISE WORKFLOWS



HUMAN–AGENT COLLABORATION



COLLABORATING WITH AI AGENTS

Since our last report, the story has moved from "augment vs. replace" to where headcount actually goes.

41%

of enterprises are reallocating hiring priorities: fewer traditional roles, more AI-focused roles.

32%

say AI is augmenting existing teams without reducing headcount needs.

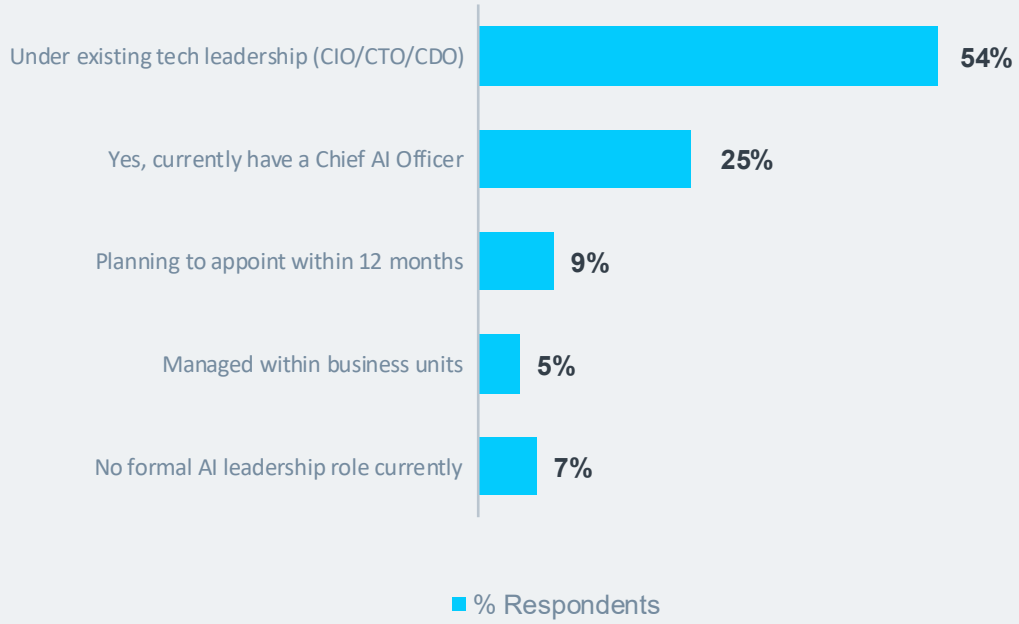
Reallocation is the new headline: 41% are shifting hiring toward AI-focused roles—a sharper version of last report's expected tilt to AI-literate talent. Thirty-two percent still say AI augments teams without cutting headcount.

And a slowdown is creeping in: 18% report decelerating or freezing hiring, and only 9% now see no effect—up from 6% last report.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

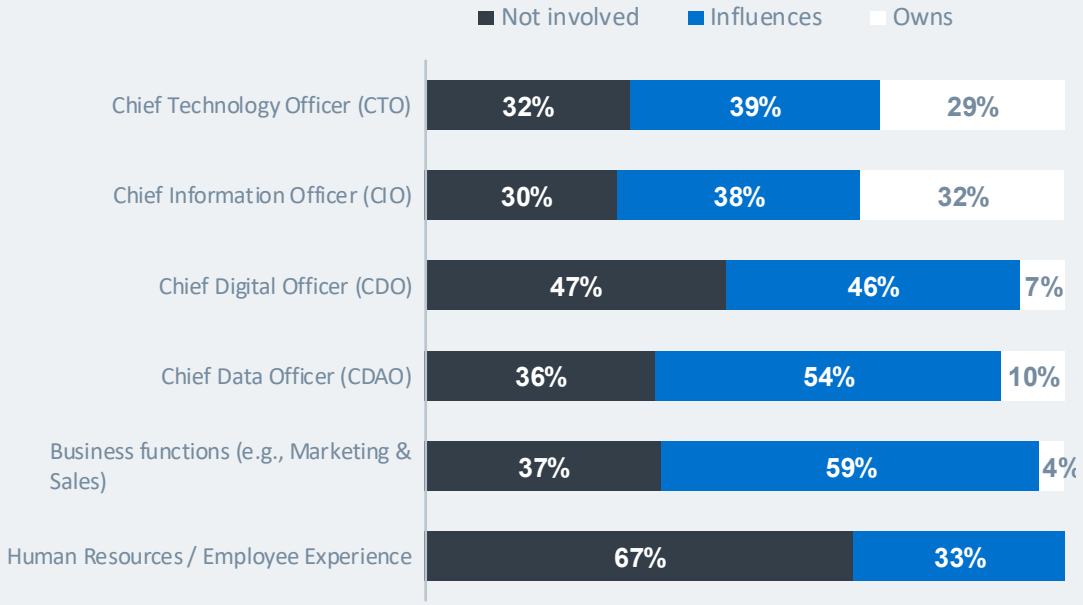
AI is rewriting the org chart

RISE OF CHIEF AI OFFICER



The largest enterprises are setting the standard: 38% of $1B+ tech budget holders already report to a Chief AI Officer, versus 25% across the broader market. With another 9% of enterprises planning to appoint a CAIO within a year, this role is moving from outlier to standard org-chart fixture.

WHERE IS THE OWNERSHIP OF AI WITHIN ENTERPRISES?



Seventy percent of CIOs and 68% of CTOs own or influence the AI agenda, with the CIO owning it outright at 32%. Business functions (59%) and data leaders (54%) shape direction but rarely own AI agenda, and HR sits out in two-thirds of enterprises.

But that diffusion is largely a CAIO effect: Among the 75% without a dedicated AI leader, the CIO (93%) and CTO (91%) almost universally own or influence AI—a CAIO is what pulls the mandate out of IT's hands.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

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Enterprise AI goes multi-model—Claude leads the way

Gen AI is now table stakes

GEN AI DEPLOYMENT

Universal adoption, uneven pace

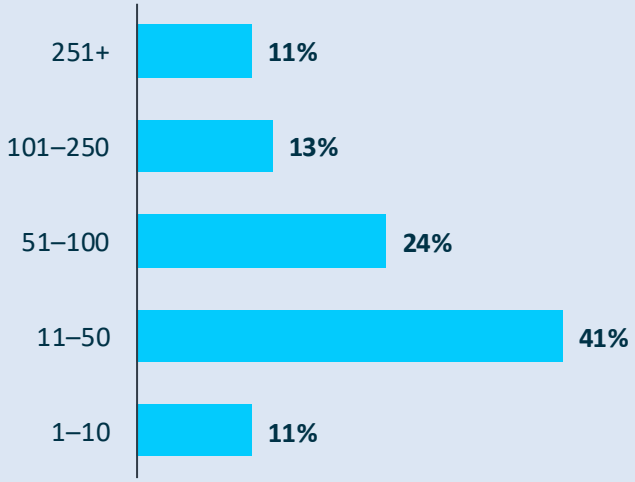
Seventy-six percent of enterprises have gen AI live in production today, and **98% will be deployed within 12 months**— "no plans" is no longer in the conversation.

Scale advantages compound: **86% of $1B+ tech budget holders are already live**, vs. **60–72% of sub-$250M peers**.

Tech (86%) and Retail (86%) lead deployment of gen AI. **Healthcare lags at 63%**, weighed down by regulatory complexity and manual clinical workflows that still resist automation.

Production proves the ROI case: 51% of live deployers report measurable ROI on 25%+ of projects (vs. 29% of those not yet live), and just 8% see no ROI yet.

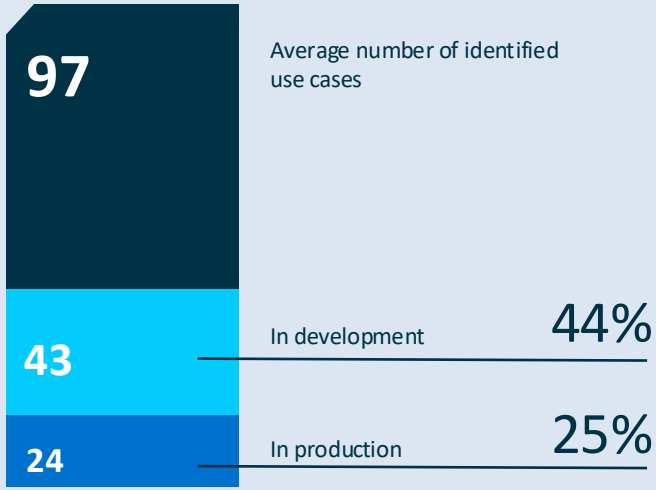
GEN AI USE CASES IDENTIFIED



Enterprises are running ambitious gen AI portfolios—the average organization has identified ~97 gen AI use cases. **Eleven percent of enterprises have identified more than 250 use cases**, reflecting deep, broad investment across business functions.

GEN AI USE CASE MATURITY

STATUS OF GEN AI ADOPTION OF USE CASES, Q1 2026

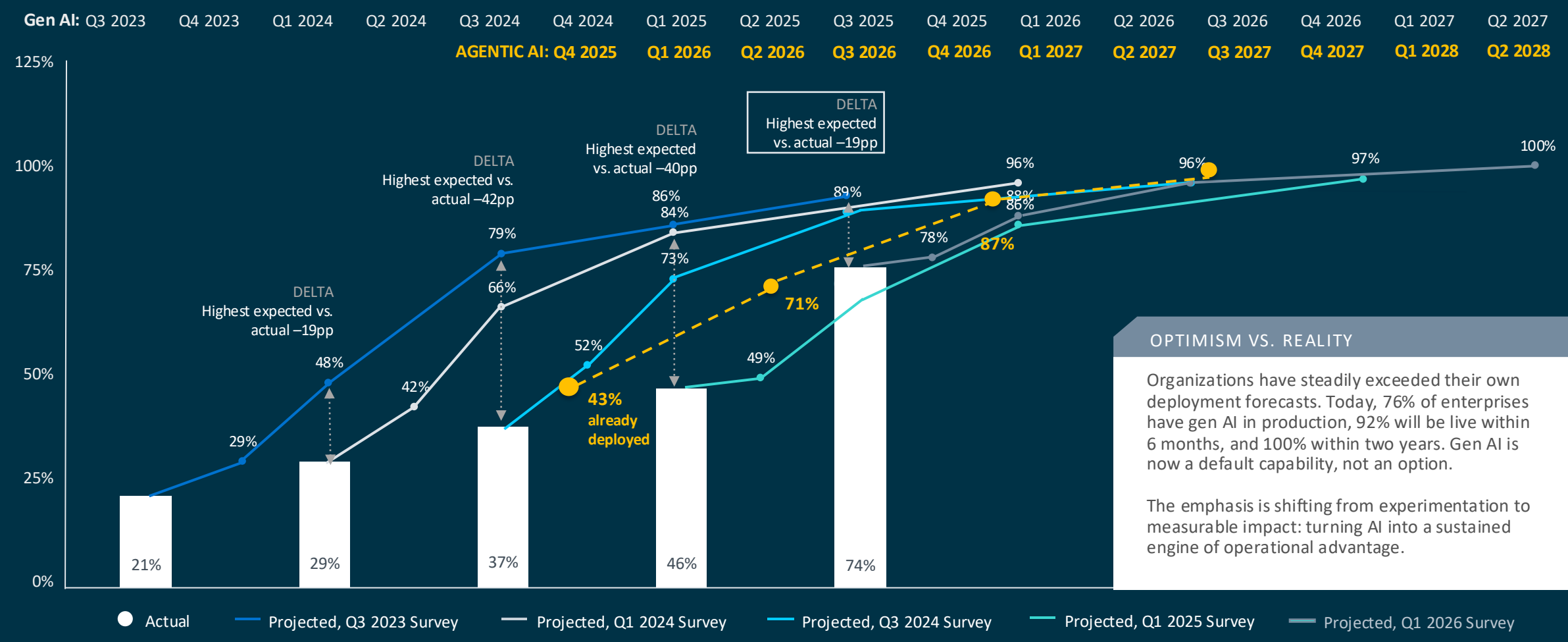


Of identified gen AI use cases, on average **25% are already in production, 44% are under development, and 31% are identified but not yet started**—a meaningful runway as enterprises convert pipeline into production deployments.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

Enterprises keep beating their AI timelines

DEPLOYMENT PLANS



OPTIMISM VS. REALITY

Organizations have steadily exceeded their own deployment forecasts. Today, 76% of enterprises have gen AI in production, 92% will be live within 6 months, and 100% within two years. Gen AI is now a default capability, not an option.

The emphasis is shifting from experimentation to measurable impact: turning AI into a sustained engine of operational advantage.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

AI workloads: How enterprises are bringing AI to life

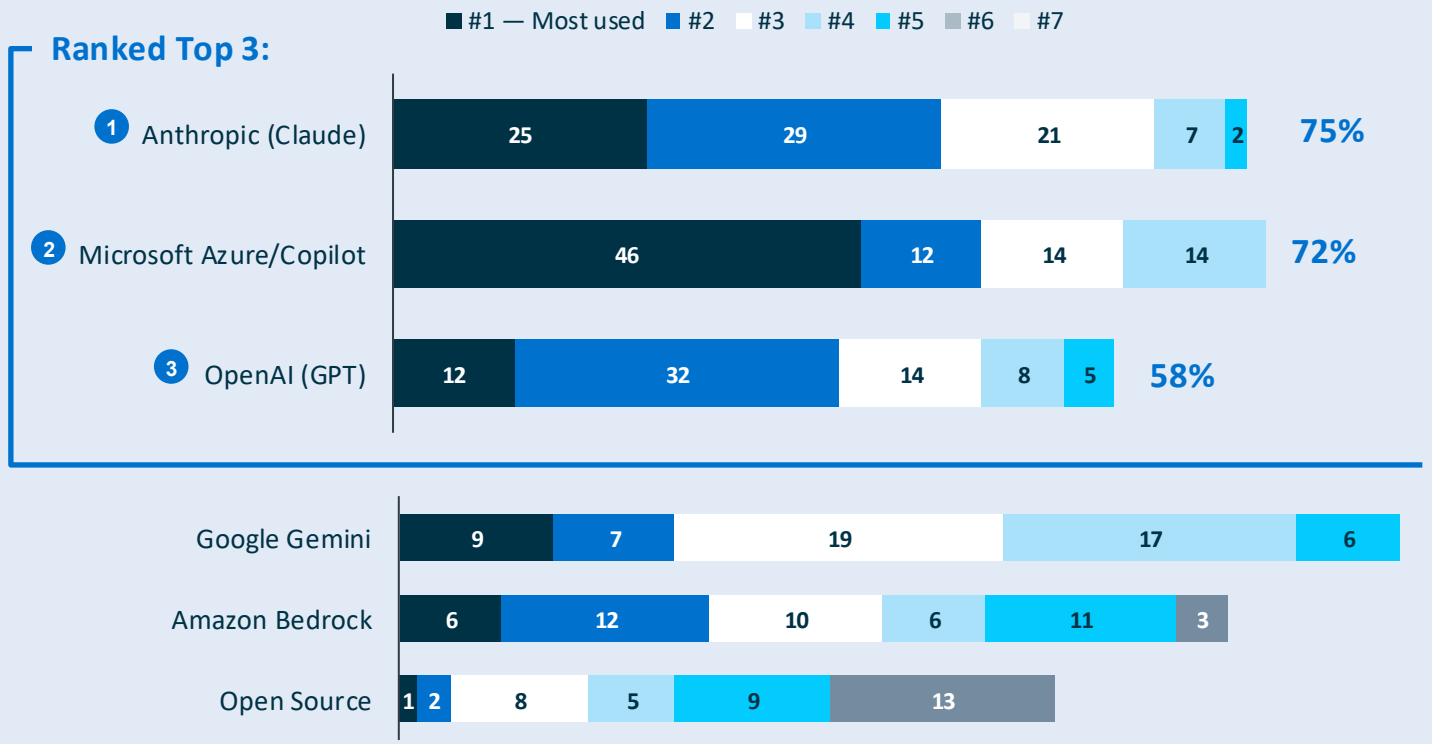
WHAT'S POWERING THE STACK

Anthropic, Microsoft and OpenAI lead the enterprise model stack, and most organizations now run all three. Newer challengers round out a multi-model architecture.

1. **Seventy-five percent** of enterprises rank Anthropic/Claude among their top 3 models, ahead of **Microsoft (72%)** and **OpenAI (58%)**. **Microsoft Azure OpenAI/Copilot** remains the most-used #1 choice (46% of #1 votes), reflecting deep integration into core workflows.

2. Enterprises are firmly multi-model: Google Gemini (35% top-3), AWS Bedrock (28%), and open-source models (11%) all show meaningful traction. Selection is driven by use-case fit, compliance and pricing flexibility rather than a single-vendor bet.

MODEL PROVIDER RANK DISTRIBUTION



Context callout: Copilot is the most-used model (46% rank it #1), but Claude is the most-ranked — it lands in 75% of top-3 lists, edging Copilot's 72%. Usage favors the incumbent, while preference leans towards Claude.

Each bar shows the number of respondents who ranked the provider at each position (#1 = most used). Bar length = total timesthe provider was ranked anywhere in the top 7; segments show the breakdown by rank.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

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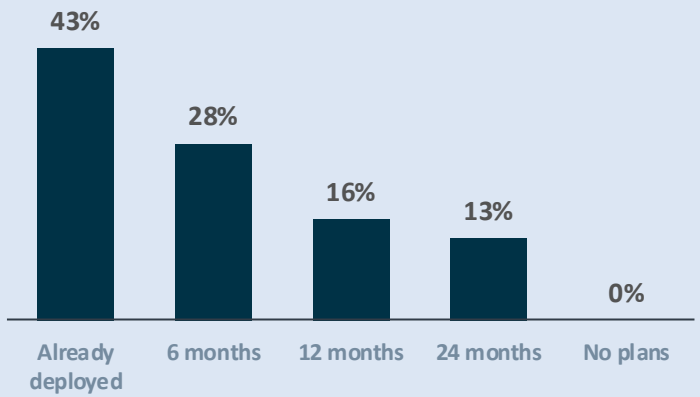
Agentic AI: Mainstream within 24 months

Agentic AI today: where it's landing

AGENTIC AI DEPLOYMENT CYCLE

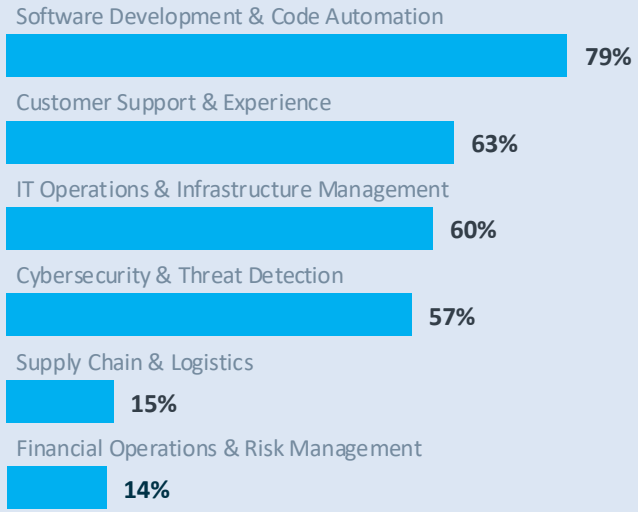


Forty-three percent of enterprises have agentic AI live today, 87% will be in production within 12 months, and 100% within 24 months. Zero enterprises have no agentic AI plans.

IT leads at 55% live deployments; Finance and Healthcare both sit at 38%, though Healthcare is moving fastest with 75% live or within 6 months.

Gen AI is the gateway. Orgs running gen AI in production are **2.4x more likely to have agentic live (50% vs. 21%)**. Prior gen AI deployment predicts agentic readiness more than budget size does.

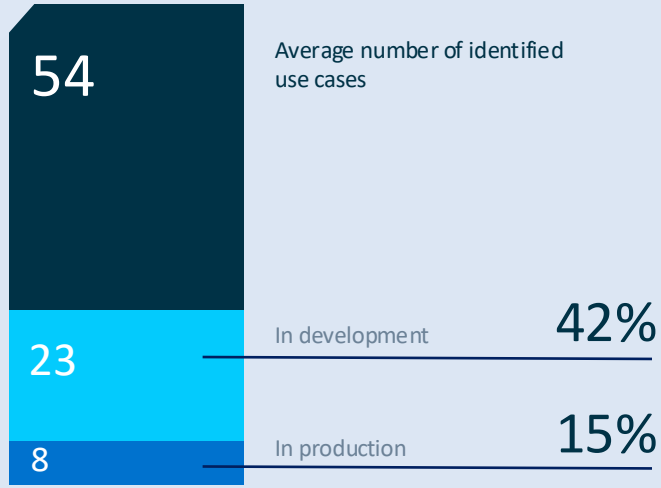
TOP AGENTIC AI FOCUS AREAS



Software development is the proving ground for agentic AI. **Seventy-nine percent of enterprises rank it among the top 3 focus areas**, followed by customer support (63%), IT operations (60%) and cybersecurity (57%). **Agentic AI is moving into the same domains where gen AI already runs at scale**, layering autonomous execution on top of generative capability.

AGENTIC AI USE CASES

STATUS OF AGENTIC AI ADOPTION OF USE CASES, Q1 2026



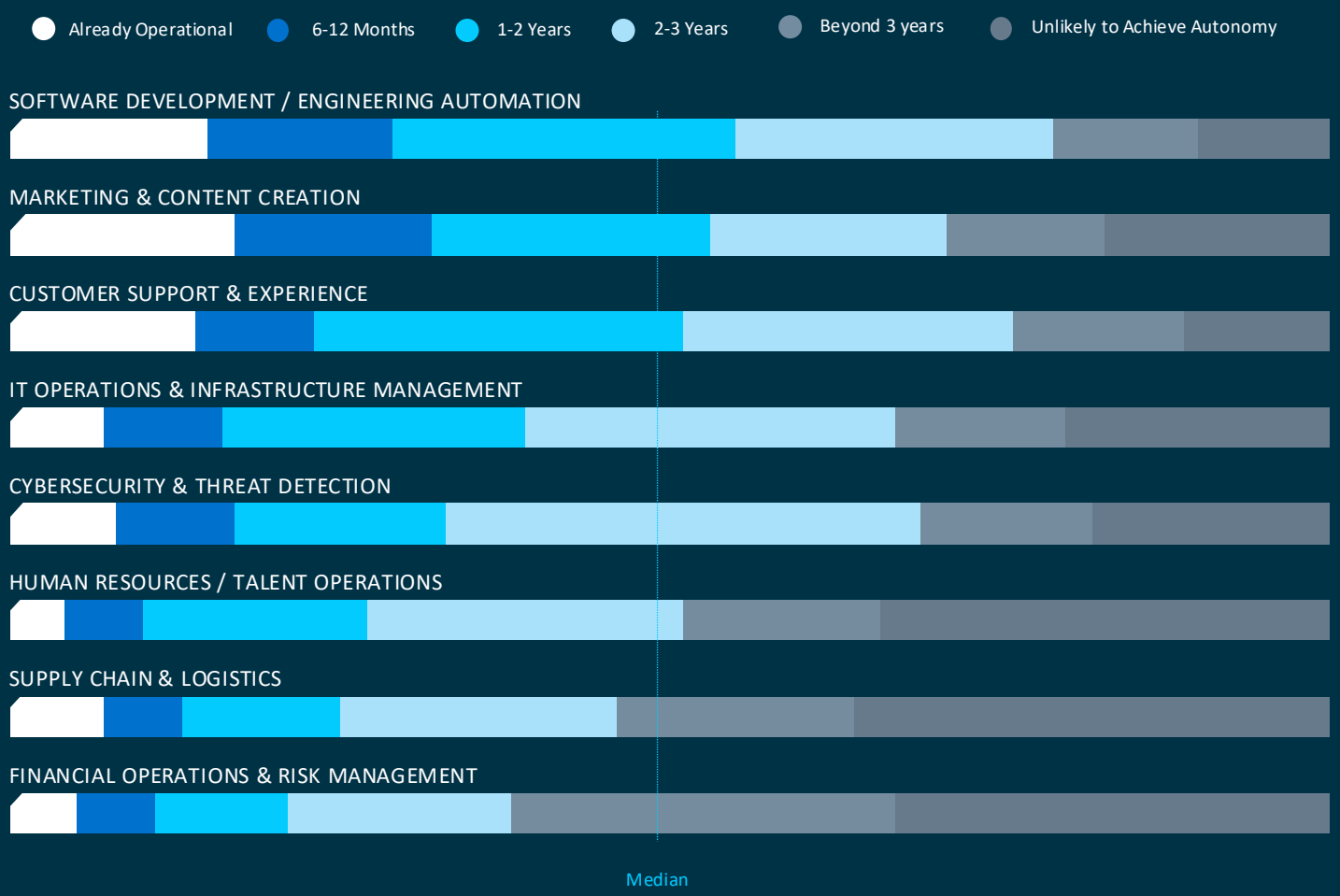
Agentic use case pipelines are filling fast. The average enterprise has identified ~54 agentic AI use cases. Of those use cases, **15% are already in production, 42% are under development, and 43% remain identified but not yet started**—a clear runway for 12-24 months of scale.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

Industry context: Goldman Sachs Research forecasts a 24-fold rise in token consumption by 2030, with 12% of knowledge workers using agentic AI by 2030 (37% by 2040).

Agentic AI: Enterprise adoption, autonomy & impact

WHEN DO CXOS SEE AI AGENTS OWNING WORKFLOWS AUTONOMOUSLY?



HOW THE AUTONOMY OUTLOOK HAS SHIFTED

The staged curve is holding. Last year, roughly one in 10 enterprises already ran fully autonomous workflows and nearly 60% expected agents to own key workflows within two years. The latest read keeps that trajectory intact: Tactical domains still lead, while complex functions move more gradually.

The near-term leaders reshuffled. Customer support (53% to 51%) and marketing (54% to 53%) held roughly steady on two-year autonomy, but software development / engineering automation climbed from 51% to 55%—overtaking both as the single highest-confidence domain. Given the "agentification" of the SDLC, we can understand why this segment took the top spot.

Production is concentrating. Already-operational autonomy still sits near one in 10 across domains, but it is clustering in the leaders: marketing (17%), software development (15%) and customer support (14%).

The laggards are unchanged. Financial operations and supply chain remain the slowest to autonomy—21% and 25% within two years—still anchored to the 2–3-year-plus horizon flagged last year.

Net: on track for 2027. The path from automating tactical workflows today toward system-level autonomy across complex functions by 2027 remains on course.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey.

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Agentic AI is transforming the Software Development Life Cycle

The SDLC is being rewritten in real time

THE MULTI-MODEL SDLC STACK

Running multiple models is the default

Eighty-six percent of enterprises run **3+ providers** (avg 3.85). Microsoft is the most widely deployed (86% usage, 46% rank it #1). Anthropic is the second model leader with 84% usage, 25% ranking it #1**. Seventy-four percent of respondents use both models together**.

Claude-led shops delegate more. Orgs with Anthropic as their primary model **sit 6–28 points further into agent delegation across the SDLC** than Microsoft-primary shops. This includes architecture (48% vs 20%), test generation (100% vs 76%) and incident response (68% vs 43%).

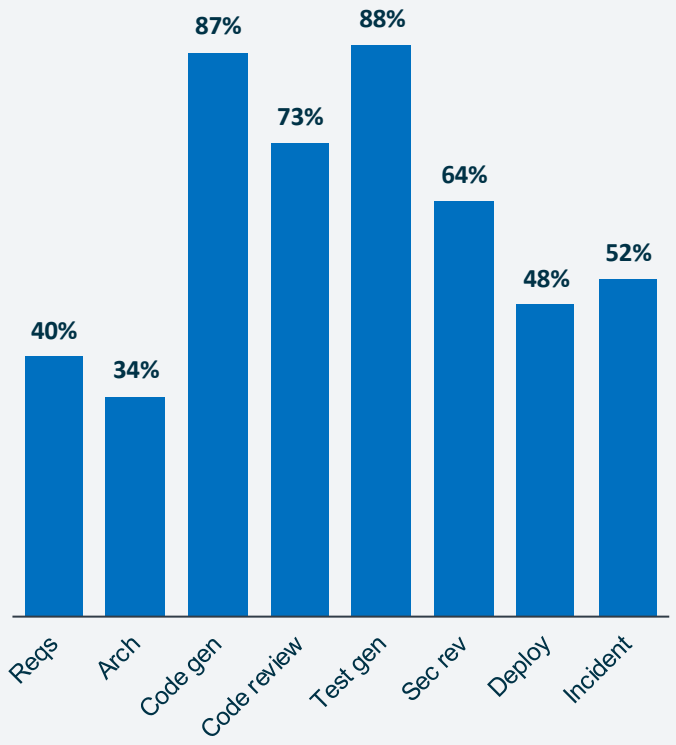
Model choice is becoming a proxy for how aggressively teams hand the SDLC to agents.

Primary provider (% ranking #1)

Microsoft **46%**
Anthropic **25%**
OpenAI **12%** ·
Google **9%**
Amazon **6%**

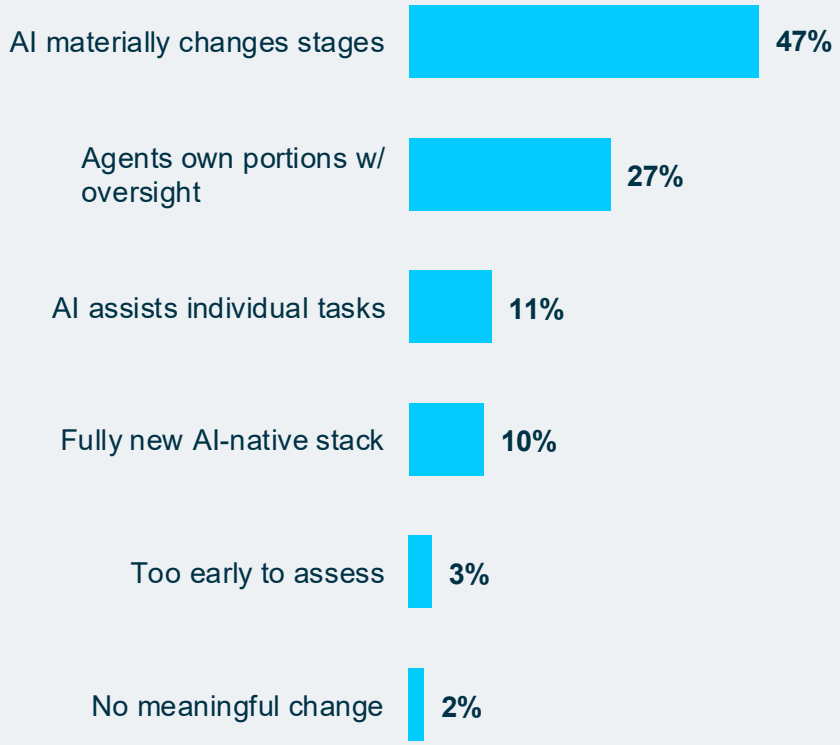
WHERE HUMANS HAND OFF TO AI

% OF ORGS WHERE AI LEADS THE WORK



EXPECTED SDLC EVOLUTION

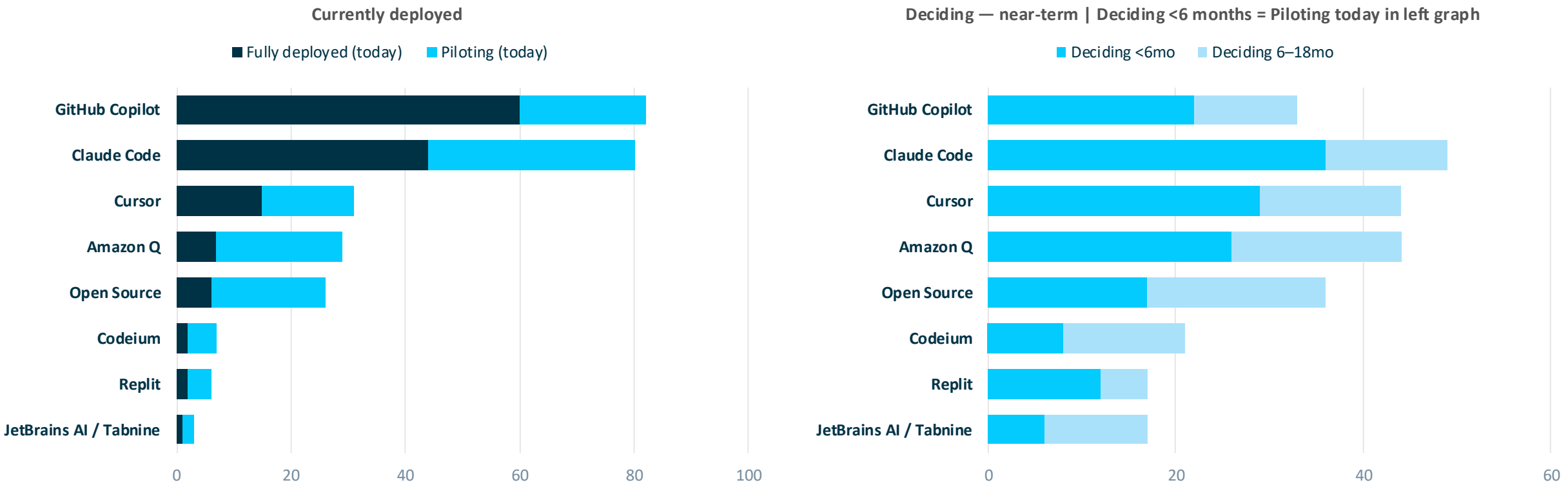
WHO WILL DO THE WORK?



Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

The systems doing AI-to-code — and what's powering them

AI CODING TOOLS IN THE ENTERPRISE STACK



The tool layer has consolidated. GitHub Copilot and Claude Code each sit within 93% of enterprises, with Copilot fully deployed in 60% vs. Claude Code at 44%. Cursor reaches 60% any-use but only 15% production; the long tail (Codeium, Replit, JetBrains/Tabnine) sits below 25%.

Tool choice is a model bet. Among shops that fully deployed Claude Code, 50% run Anthropic as their primary model (95% use it at all); among Copilot shops, 58% run Microsoft or OpenAI. The coding tool a team standardizes on now signals which model emerges as the leader in the agentic development lifecycle (ADLC).

The model race is being decided through the coding tools, not beside them—pick the tool, and you've largely picked the model.

Source: Battery Q1 2026 State of Enterprise Tech Spending Survey

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