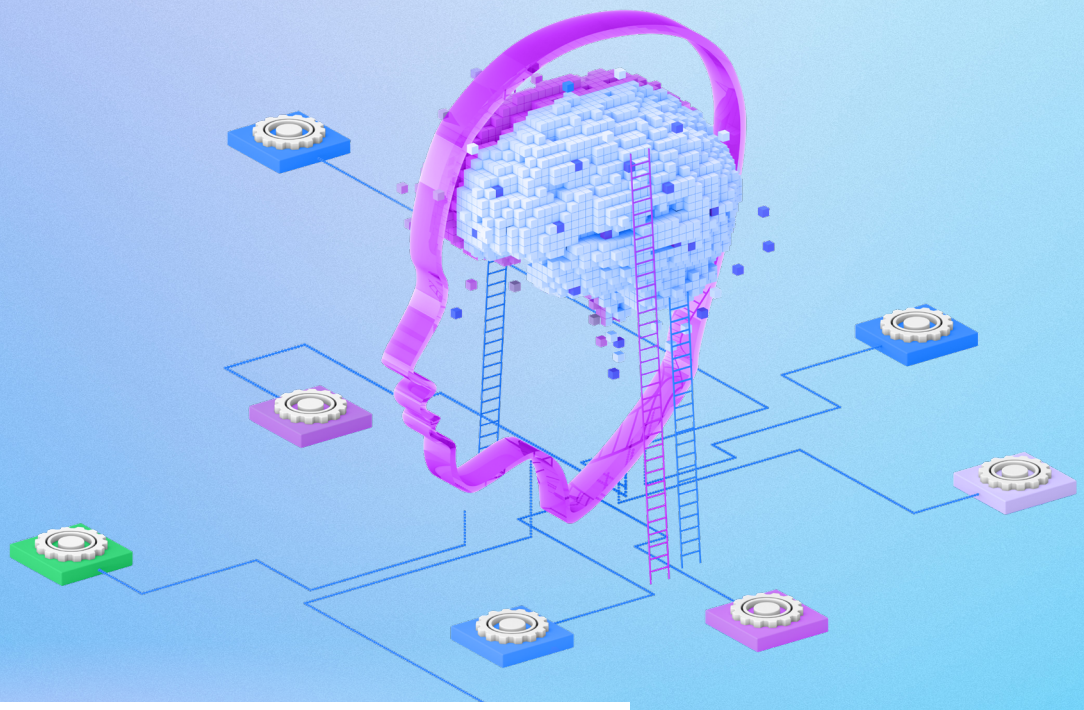
VIEWPOINT

ARTHUR D LITTLE
2026



THE AI FIRST ORGANIZATION

How IT can help reshape the operating model for AI

Integration of AI agents into enterprises is gathering pace, but most initial moves focus on quick-win productivity and efficiency improvements, which only deliver a fraction of AI's true potential. Redesigning the entire organizational operating model around AI and humans working in combination — becoming "AI First" — is the ultimate goal. In this Viewpoint, we explore what's needed to make this transformation, focusing on the key role of the IT function in ensuring success.

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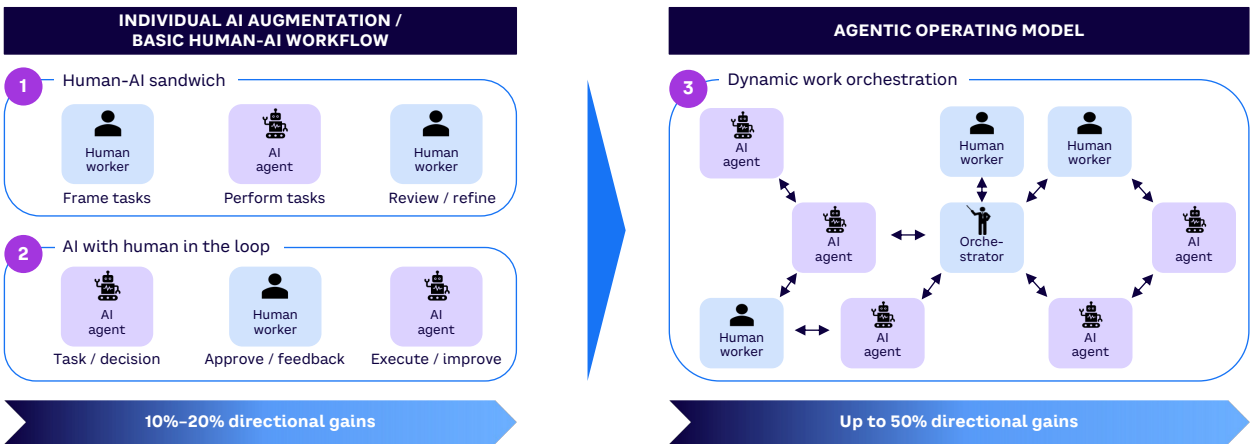
WHAT IT MEANS TO BECOME AI FIRST

As organizations start to integrate AI agents, they typically begin by identifying use cases that could quickly deliver productivity or efficiency improvements, then running some pilots and scaling up. Media headlines about large companies making AI-related headcount reductions are testament to what's happening. But what this typically delivers is a set of isolated efficiency gains, based on an operating model that incorporates AI agents but fundamentally remains unchanged. In some cases, companies that downsized started rehiring when they found out that AI agents didn't do as well as like-for-like human substitutes.

Quick wins like this exploit only a fraction of the transformational potential of AI. Organizations looking to reap the full benefits and stay ahead of the competition need to shift from looking at AI as just a tech enabler toward redesigning the entire operating model around how AI and humans can best work in combination (see Figure 1). This is not solely an opportunity for digitally mature organizations. AI creates a rare opportunity for digital laggards as well to leapfrog parts of the traditional digital transformation journey by redesigning priority processes directly around AI-enabled ways of working.

Early AI implementations often start with the "human-AI sandwich" model, in which AI sits in between humans who frame the task at the start and refine the outputs at the end. One step further than this is the "human in the loop" model, in which AI agents have greater end-to-end task responsibility, but with humans acting as checkers or approvers. In both cases, the workflows themselves remain basically unchanged from the previous human-only versions. What organizations need to reap the full benefits — let's say up to 50% rather than 10%–20% gains — is to redesign workflows entirely around a new operating model in which humans and AI agents take on new roles in an orchestrated system, building on the strengths of each. For example, when an AI agent drafts a response to a customer inquiry, which is then edited and approved by a human before sending, the workflow is essentially the same and the benefits are limited. When the AI agent resolves customer inquiries autonomously within carefully set guardrails and only escalates to humans in unusual or sensitive cases, the workflow and roles are different and the benefits are potentially much greater. What's more, this way of working is more dynamic and flexible to suit changing workloads.

Figure 1. Moving from individual AI augmentation to an agentic operating model



Source: Arthur D. Little

This is what becoming AI First means: if AI capabilities existed from day one, how would we design our operating model? Beyond this, AI First also means creating entirely new processes and roles that didn't exist before, such as agent lifecycle management, AI platform ownership, security, monitoring, escalation, and human oversight. These capabilities need to be designed into the operating model from the outset.

At the organization level, AI First represents a third wave of operating model evolution (see Figure 2) — not a replacement for product orientation but rather its next evolution after the economics of knowledge work and software delivery have changed.

Functional and project-based organizations were designed around specialist scarcity and hierarchical coordination. Digital and product-oriented models addressed slow, fragmented digital delivery through persistent cross-functional teams. As AI makes more execution capacity available through autonomous agents, the critical constraints shift toward defining intent, integrating context, exercising judgment, and assuring outcomes. The effective unit of production increasingly becomes a hybrid human-agent system organized around an end-to-end outcome.

AI FIRST REPRESENTS A THIRD WAVE OF OPERATING MODEL EVOLUTION

The result is neither a hierarchy-free organization nor the end of product ownership. However, where the work allows, it does mean a flatter network of smaller accountable human cores that steer agents and draw dynamically on shared platforms and specialist expertise. Crucially, AI is likely to unbundle roles as we know them today: activities historically packaged into narrow job profiles can be redistributed between humans and agents, then recombined into broader human profiles spanning domain insight, product thinking, technical fluency, orchestration, and evaluation. With AI, specialist knowledge becomes less valuable than judgment, requiring different skill sets from human workers.

Management shifts from allocating tasks primarily to people toward setting outcomes, configuring autonomy and guardrails, monitoring performance, and intervening in exceptions. Human judgment remains essential, especially where trust, ambiguity, or material risk is involved.

Figure 2. Three waves of evolution toward the AI First organization

	1 FUNCTIONAL / PROJECT ERA	2 DIGITAL / PRODUCT ERA	3 AI-FIRST ERA
Primary constraint	Specialist capacity & coordination	Slow, fragmented digital delivery	Human judgment, context & accountability
Operating model	Functions & temporary projects	Persistent product teams	Adaptive outcome networks
Team design	Large specialist groups & handovers	Cross-functional "two-pizza" teams	Small human cores with elastic agent capacity
Roles	Narrow, function-defined jobs	Cross-functional but distinct role profiles	Broader profiles that combine domain, product, technical & orchestration skills
Coordination	Hierarchy, detailed plans & escalation	Product ownership, agile rituals & platforms	Objectives, protocols, guardrails & exception handling
Role of IT	Technology provider & operator	Platform enabler & product partner	Enterprise orchestration layer & ecosystem steward

Source: Arthur D. Little

IT HAS A CENTRAL ROLE AS ARCHITECT AND STEWARD OF THE ENTERPRISE ORCHESTRATION ENVIRONMENT

At the same time, an AI agent is not the same as a human worker and has limitations that need careful control, such as its fundamental reliance on probabilistic rather than deterministic problem-solving approaches.

These implications reach beyond individual workflows. They change how the organization combines people, technology, and external capabilities — and therefore how it structures teams, roles, and coordination. Such human-agent systems can only function at enterprise scale if agents can securely access trusted knowledge, data, applications, and tools through shared, observable, and governable foundations. IT therefore has a central role: not as the owner of every AI solution, but as architect and steward of the enterprise orchestration environment. How should IT go about adapting to this role?

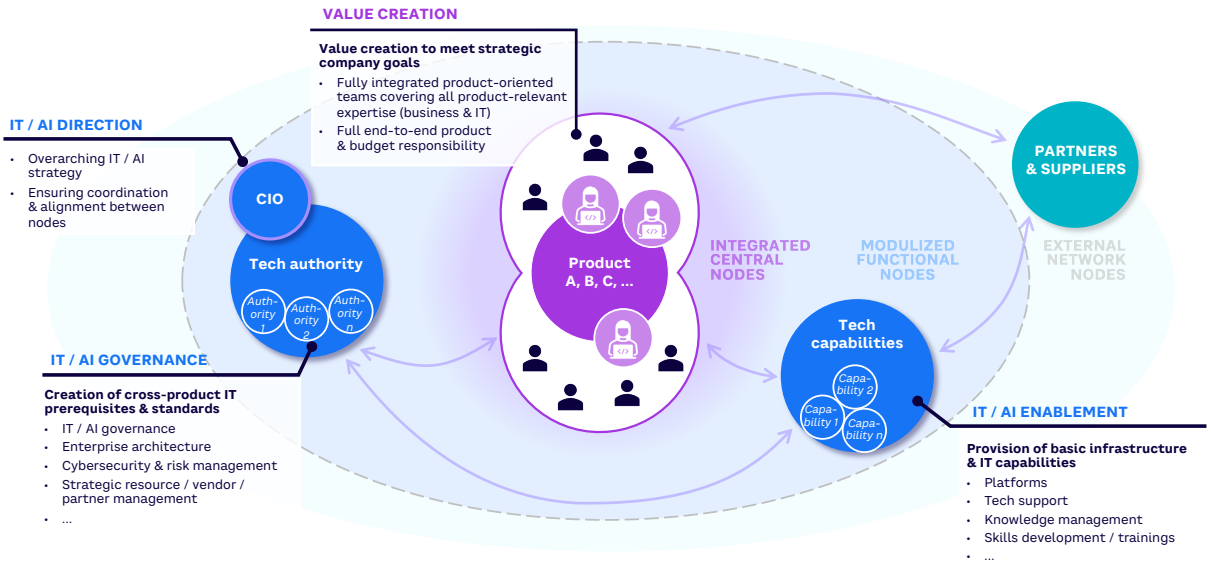
HOW IT CAN HELP DRIVE THE CHANGE

From product-based hierarchies to AI-enabled outcome networks

Product orientation is not new: many large enterprises have already moved away from project delivery toward persistent, cross-functional product teams. AI First can be seen as the next evolution of the product-oriented model, shaped by a new economic context in which implementation and analysis can increasingly be performed by agents. End-to-end ownership and customer focus remain, but smaller human teams can command broader capabilities by orchestrating agents, reusable services, and specialists on demand. The target remains network-based and product-oriented, but the design assumptions change (see Figure 3).

Persistent ownership, customer focus, and business-IT integration remain essential. Where suitable, a smaller and broader human core can address a larger scope by drawing dynamically on AI agents, shared platforms, and human specialists rather than embedding one person for every narrowly defined role. The accountable team remains stable, but the capabilities and execution capacity around it become more fluid.

Figure 3. The AI-enabled product network organization



Source: Arthur D. Little

IT LEADERS MUST BE SEEN TO LIVE OUT AI FIRST IN THEIR OWN BEHAVIORS

The IT function becomes part of a network of interconnected nodes comprising internal and external parties, centered on value creation through products and services. Workflows are not centrally standardized but rather product-adapted. Modular architecture, reusable agent capabilities, and shared platforms allow teams to access broader skills and elastic execution capacity. The network-based model allows for a more efficient distribution of workforce, be it human or agentic AI, so that enterprises can be more adaptable. Hierarchy is used less for routine coordination and more for accountability, resource choices, and exception handling.

The primary role of IT here is ecosystem stewardship rather than digital capability custodianship. Instead of providing technical solutions to human employees, IT acts as an enabler of human/AI collaboration in an orchestrated system. It helps the business innovate safely with AI through common platforms, governance, reusable capabilities, and cross-functional product teams. It acts as a growth driver and innovation accelerator for new products, business models, processes, and digital revenue streams. And it nurtures key digital skills, capabilities, and culture.

These features are vital for an AI First organization for several reasons:

- **AI solutions need to be developed and refined by the teams deploying them.** IT's role is to enable rapid and safe solutions via secure AI platforms, models, data access, monitoring, and governance.
- **AI-enabled processes, incorporating new roles for humans and AI agents, are inherently cross-functional.** For example, an AI-based marketing process could involve not just marketing but also product development, sales, data engineering, security, IT, and legal.
- **AI solutions rarely have a defined endpoint,** so they don't lend themselves to traditional centralized project management approaches. AI agents are continuously learning, and human/AI collaborative systems require continuous refinement and updating.

The changing role of the CIO

If the role of IT shifts further away from only delivery toward enablement, IT leadership has to evolve with it. The success or otherwise of a CIO will not solely be measured by IT system reliability, security, cost, and project-delivery performance. Increasingly, success will also be measured by how well IT can support growth and change of organizational capability, allow easy and safe access to AI-based and other technology tools, and enable speed and agility — all while keeping costs under control and exercising "smart standardization" to limit unnecessary duplication and incompatibility.

IT leaders must be seen to live out AI First in their own behaviors. This means, for example, using AI routinely, actively driving adoption across their teams and building practical understanding of AI in their operations and its implications for cost, risk, security, and digital sovereignty. Leadership by example is always essential to change behaviors across a wider organization.

Moving from a purely directive to a "servant" leadership style can be valuable in underpinning the role change. Focusing on creating the conditions for others to succeed aligns well with the need to build platforms, remove barriers, and facilitate innovation and collaboration. Of course, to be effective, this leadership style needs to be supported by strong governance, clear accountabilities, and adequate authority to maintain control. The roles of strategic architect and digital ecosystem steward require strong leadership qualities, not just responsiveness to the needs of others.

HOW TO MAKE THE TRANSFORMATION

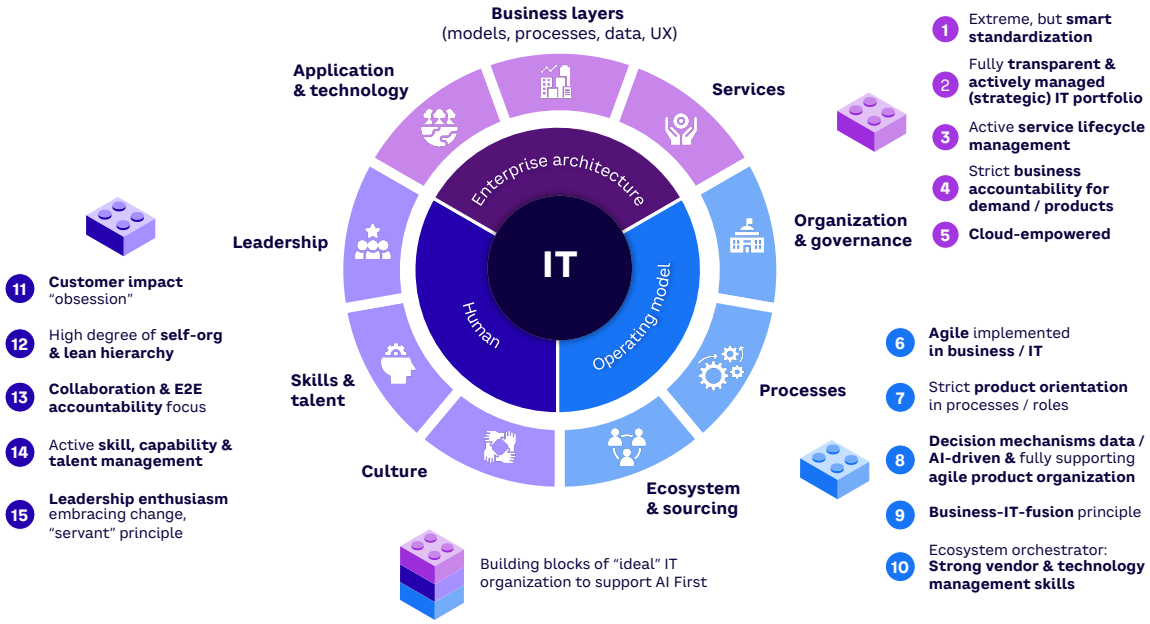
Transforming the IT function to enable the shift toward an AI First organization requires attention to multiple building blocks stretching across enterprise architecture, operating model, and human dimensions (see Figure 4).

Figure 4 summarizes the targeted end-state conditions in IT transformation. There's usually no shortcut — focusing on, say, the operating model and neglecting the architecture or human dimensions will fail to deliver the desired outcomes, and vice versa.

Making the transition toward this end state requires a careful, balanced approach:

- **Build a strong case for change to secure the CEO mandate.** The CIO cannot deliver an AI First transformation through IT alone. The starting point must be a business-led ambition, sponsored by the CEO and executive team, which clearly articulates why change is required, where value will come from, and what the organization is prepared to redesign.
- **Don't focus only on radical transformation.** While the shift toward AI First requires radical changes, focusing on these alone is likely to fail. The change portfolio needs to include lower-risk, faster incremental productivity gains and process-driven improvements as well as radical rethinks. A balanced "and-and-and" approach helps ensure quick wins, maintain change momentum, and mitigate downside risks.
- **Maintain ambidexterity and actively capture the economics.** Businesses need to maintain a strong focus on exploiting today's business while building tomorrow's AI-enabled organization. This is essential to be able to "redesign the plane in flight" without incurring excessive operational and business continuity risks and costs. AI can allow capacity to scale through software and agents rather than proportional headcount, but model consumption, compute, data, integration, monitoring, and human assurance create a new cost base. These costs need to be justified by benefits, and freed human capacity must be deliberately redeployed if productivity gains are to translate into financial value.

Figure 4. Target state for an IT organization to support AI First



Source: Arthur D. Little

- **Work bottom-up as well as top-down.** Transformation to AI First must be strategically driven, with a clear definition of ambitions, targets, value creation, synergies, and milestones. However, just as vital is that it should be dynamically informed with bottom-up use cases. This is especially important given the fast-moving nature of AI technology. Relying too much on top-down strategy risks unrealistic goals and delayed benefits. Relying too much on bottom-up use cases risks limited scalability and strategic impact. Aligning both helps ensure success.
- **Spend time to understand before redesigning.** One of the biggest barriers to change is poor data and intelligence on workflows, processes, and decision-making, especially the less visible aspects of "how things are actually done" as opposed to the prescribed procedure. This is especially important when integrating AI agents. If the current way of working is not fully visible, it will be difficult to redesign it. The current operatives are the best people to ensure this is done properly.
- **Focus first on the business areas and domains that will deliver the most value.** The potential field of application for AI is huge, so focus and prioritization are important. Tools such as heat maps can be valuable for identifying the sweet spots where there is a match between AI solution maturity and potential value creation.
- **Don't neglect the human side.** AI integration clearly is a source of anxiety for many employees. It's important to be clear at the outset that the transformation is not only about downsizing, but also about using existing human resources to do more, through changing everyone's role. Leaders need to ensure that they are clear about the support they will provide to help employees through the change, as well as stressing the positive implications for many employees in terms of enriching their job tasks, removing drudgery, and expanding their scope and responsibilities.

At this stage of evolution, it's fair to say that few, if any, traditional companies can be singled out as having successfully completed an AI First transformation. However, Unilever is one notable example of a large traditional corporation that has declared itself to be on the transformation journey toward AI First. It highlights how the use of AI-powered digital twins, an AI-powered global innovation center, and a new AI-based marketing lifecycle are driving value creation. In terms of AI First operating models, there are some useful principles emerging from first movers and digital natives embarking on such transformation (see sidebar).

Four emerging design principles from first movers

1. **Human accountability with agent-operated execution.** Klarna's customer service agent demonstrated how agents can execute a large share of routine interactions, while its subsequent reintroduction of greater human involvement highlights the continued importance of judgment, service quality, and escalation. People remain accountable for outcomes even when agents perform much of the execution.
2. **Elastic teams rather than simply smaller teams.** Shopify and Duolingo are testing a model in which teams are expected to use AI capacity before adding conventional resources. A stable human core can draw on agents, shared platforms, and specialists on demand, although the achievable degree of team compression depends on work modularity, verifiability, and risk.
3. **Role unbundling and recombination.** At Shopify, product thinking and AI-enabled building are expected well beyond traditional technology roles. At Duolingo, AI-supported content and software production point toward employees increasingly directing, integrating, and evaluating work that previously required separate specialist profiles.
4. **Flatter decision-making, but a more engineered organization.** Cloudflare has enabled broad AI use through a common internal engineering stack, access controls, and shared agent infrastructure. This illustrates how decentralized experimentation and execution require stronger enterprise foundations for identity, permissions, interoperability, observability, and security.

These examples should not be treated as proven templates. However, they provide early signals of how AI advances the product model: persistent ownership remains, but team economics, role boundaries, and coordination mechanisms begin to change.

CONCLUSION

MOVING TOWARD AI FIRST MEANS FOCUSING ON HUMANS

IT FUNCTION HAS A CRITICALLY IMPORTANT ROLE TO PLAY IN ENABLING TRANSFORMATION

The prize for enterprises to become AI First organizations is huge, and the IT function has a critically important role to play in enabling the transformation. Success will come from bold ambitions to redesign workflows around new operating models designed to bring out the best in both humans and AI agents working in combination. In doing so:

1. **IT functions need to double up their efforts** to move from digital system custodians toward ecosystem stewards, enabling the enterprise to grow its capabilities.
2. **CIOs will need to adapt their leadership style.** But making the change will require a carefully balanced approach, maintaining ambidexterity and exercising adequate control while driving speed and agility.

Paradoxically, in an AI First enterprise, it is humans and their unique capabilities that will ultimately make the difference.

As Katy George, Corporate VP of Workforce Transformation at Microsoft, has said, "Only the people who know the work can actually reinvent the work."



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