HFS

MARKET IMPACT REPORT

Tariffs lit the fuse for bold enterprises to automate

What was once a roadmap concept is now a trigger for rethinking sourcing, data, and delivery

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Executive summary

Tariffs are back in the headlines, causing business headaches—but they're not the root problem. They're a symptom of a deeper issue: enterprises are operating in a world of sustained volatility.

The past five years have hurled enterprises into a relentless storm of pandemics, geopolitical tensions, snarled supply chains, inflation spikes, and shifting regulations. Trade policy isn't a standalone headache; it's woven deeply into a continuous cycle of disruption. Even if tariffs haven't yet hit many enterprises head-on, the mere shadow of trade disruption has laid bare glaring vulnerabilities: stubbornly inflexible delivery models, dangerously concentrated vendor dependencies, and woefully inadequate scenario planning.

To understand how leaders navigate these dynamics, HFS Research, in collaboration with KPMG LLP (KPMG), surveyed 402 US-based senior executives across seven major industries and conducted in-depth interviews with senior executives from Global 2000 organizations. The focus was to understand both the short and long-term impacts of trade policies on services delivery and outsourcing among major enterprises. The findings revealed that while most enterprises remain reactive, a significant minority is engaged in fundamentally re-architecting how services are delivered, governed, and protected.

Key takeaways

1 Trade disruption isn't the real threat—enterprise inertia is.

While trade wars are the top global concern, 69% of enterprises remain frozen or focused on short-term cuts. Only 22% are proactively scenario planning. The gap between concern and preparation is widening, and some are using it to leap ahead.

2 Automation, not relocation, is the first line of defense.

83% of enterprise leaders said they're accelerating AI and automation initiatives to address tariff threats. Automation offers immediate insulation without the disruption of relocation.

3 Services are shifting from people to platforms.

Traditional outsourcing (where providers scale labor to fulfill task-based delivery) is expected to decrease from 55% to 37% in two years, while platform-based models will rise from 14% to 30%. The services-as-software shift is turning delivery into a modular, geography-neutral capability.

4

Contracts must be rewritten for volatility, not just cost.

Only 28% said their current commercial models are fit for today's unpredictable environment. Enterprises are demanding elastic contracts that support modularity, dual-sourcing, and delivery flexibility.

5

Vendor sourcing is becoming a test of adaptability.

55% are planning to reassess vendor concentration, and 52% are favoring partners with flexible delivery models over those offering the lowest cost. In short, procurement is evolving from a cost gatekeeper to a strategic risk buffer.

This isn't a story about tariffs—it's about adaptation. While 69% of enterprises remain frozen or reactive, the transformative 22% are using uncertainty to restructure and gain lasting advantages. Organizations investing in real resilience today will move forward as volatility becomes the permanent backdrop to business.

1 Enterprise inertia, not trade disruption, is the real threat

Tariffs aren't triggering panic; they're exposing paralysis. Enterprises are frozen at the edge of transformation.

Tariffs aren't existential threats for most enterprises. Instead, they're shining an uncomfortable light on brittle operating models designed for a bygone era of steady growth, predictable supply chains, and frictionless globalization.

Volatility today doesn't start and stop at supply chains. It cuts across consumer demand, regulatory exposure, service delivery, and innovation planning. When we asked enterprise leaders to rank their top global concerns, they cited the usual suspects: trade wars, supply chain disruption, and rising offshore labor costs. However, a different story emerged when we shifted the lens to local and downstream impacts. The top concerns were consumer demand contraction, slowdowns in innovation and R&D, and increased compliance burdens (see Exhibit 1).

Exhibit 1: Enterprise leaders' top global (left) and downstream (right) concerns

Q: Which of the following global economic or policy risks are of greatest concern to your organization?

Rank	Driver
1	**Trade wars**
2	**Supply chain disruptions**
3	**Rising offshore labor costs**
4	Tariffs on goods
5	Energy/resource cost/availability
6	Regulatory compliance burdens
7	IT services tariffs
8	Currency/inflation volatility
9	Restriction on people's movement (e.g., visa constraints)
10	Political instability/Sanctions
11	Trade restrictions

Q: Which of the following local or downstream impacts of trade and tariff policy raises concern for your organization?

Rank	Driver
1	**Decrease in consumer spending or market demand**
2	**Disruption to innovation or R&D investment**
3	**Increased regulatory burdens on US firms in foreign markets**
4	Erosion of local competitiveness or growth potential
5	Brand risk or reduced demand for US services abroad
6	Loss of skilled workers to other regions (reverse brain drain)
7	Reduced attractiveness of the US for talent and investment
8	Increased internal polarization or civil unrest
9	Delays in digital or transformation programs

Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

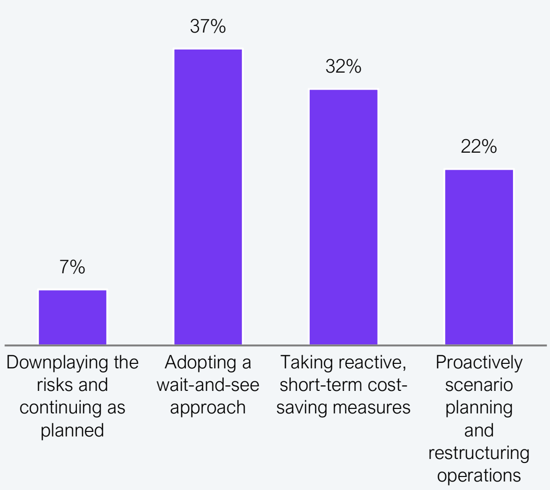
This distinction matters. A senior global operations executive at a leading US-based beauty brand explained: “Tariffs weren’t the problem. We were already known for being a ‘made in America’ company. The retaliatory threats and drop in customer demand could shift everything.” Even companies with low direct exposure to cross-border trade are experiencing ripple effects in their growth plans, sourcing models, and customer outlook.

Yet, despite these signals, enterprise response remains sluggish. While most firms report that the current US trade policy is hurting their operations, only 22% are actively scenario planning for escalation or structural change (see Exhibit 2). Most are stuck in a reactive mode, delaying transformation, defaulting to cost containment, and waiting for clarity.

What's most revealing is how this inertia plays out across industries, even those with significant trade exposure. In the life sciences and insurance sectors, over 40% have paused transformation plans—including tech upgrades, digital workflows, and sourcing redesigns—despite the regulatory and supply chain pressures from trade policies, while only 12–16% are moving faster. Even in energy and utilities, an industry positioned to benefit from domestic investment trends driven by trade policy, most firms are still hedging for stability rather than pushing for strategic change.

Exhibit 2: Most enterprises are in wait-and-see mode – 37% are waiting it out, 32% are scrambling with reactive cost cuts, and only 22% are proactively scenario planning

Q: Which of the following best describes your organization's leadership reaction to recent tariffs and trade disruptions?



Industry	Downplaying the risks and continuing as planned	Adopting a wait-and-see approach	Taking reactive, short-term cost-saving measures	Proactively scenario planning and restructuring operations
Life sciences (n=50)	6%	**52%**	24%	16%
Insurance (n=50)	4%	**44%**	24%	24%
Banking and financial services (n=76)	4%	36%	**41%**	18%
Manufacturing and industrial (n=50)	0%	**40%**	32%	**28%**
Telecommunications, media, and technology (n=76)	9%	39%	28%	24%
Retail and consumer products (n=50)	12%	24%	**36%**	**26%**
Energy and utilities (n=50)	**18%**	22%	**34%**	22%

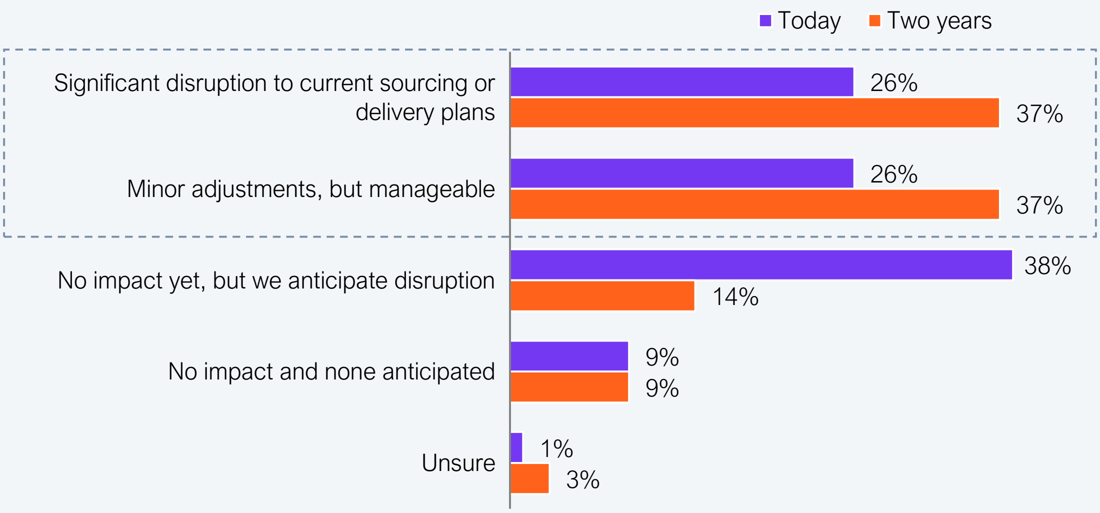
Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

It's not a crisis of awareness—but one of readiness

The threat is not receding but rather accelerating. While 52% of firms said that current trade policy is already disrupting delivery, that number jumped to 74% when asked about the next two years (see Exhibit 3).

Exhibit 3: Current and projected impact of trade policy on sourcing and delivery

Q: To what extent are recent trade policy changes or tariff threats affecting your organization's sourcing and delivery strategies—now and soon?



Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

Yet, most enterprises aren't preparing. Just 15% said they accelerated transformation in response, while 38% have paused or delayed initiatives (see Exhibit 4). There's an odd logic at work: the greater the uncertainty, the more organizations retreat.

As Ron Walker, Global Head of Managed Services at KPMG LLP, put it: "The real shift isn't just about trade policy. It's about recognizing that old delivery models were built for cost, not resilience. Now companies need both."

Waiting around might've been acceptable in the old, slower world, but today's environment allows trade policy shifts to be broadcast in real time even before contracts catch up. A Global Business Services (GBS) leader of a Fortune 500 CPG firm remarked, "You can't build a five-year roadmap around a policy that can change with a social media post."

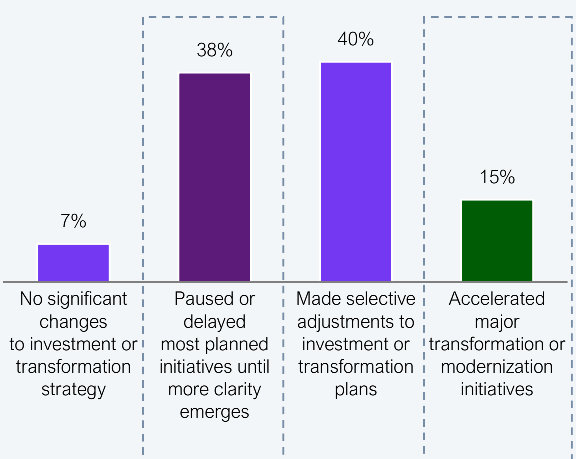
Some enterprises are using the noise to move

But not everyone is retreating. A small but significant subset of organizations is using chaos as the impetus for reinvention. A GBS executive described how a tariff threat-induced hiring freeze helped stabilize technical talent. When attrition dropped and external movement slowed, that window became the perfect moment to test automation at scale.

Their team ran more than 20 pilots across key workflows, reallocating more than 300 roles through AI augmentation. It was a deliberate repositioning effort: de-risking delivery today while building muscle for tomorrow. These examples are still the exception, but they point to a different mindset: one that sees turbulence not as a reason to pause but as the best moment to move.

Exhibit 4: 38% have paused or delayed initiatives, while 15% have accelerated transformation in response to trade risk

Q: How has your organization adjusted investment or transformation plans specifically in response to trade and tariff-related changes?



Industry

	Accelerated transformation	Paused or delayed
Life sciences (n=50)	12%	**52%**
Insurance (n=50)	16%	**42%**
Banking and financial services (n=76)	12%	**41%**
Manufacturing and industrial (n=50)	10%	40%
Telecommunications, media, and technology (n=76)	11%	39%
Retail and consumer products (n=50)	14%	30%
Energy and utilities (n=50)	**32%**	20%

Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

2 Automation, not relocation, is the first line of defense

Enterprises aren't fleeing geography; they're automating around it.

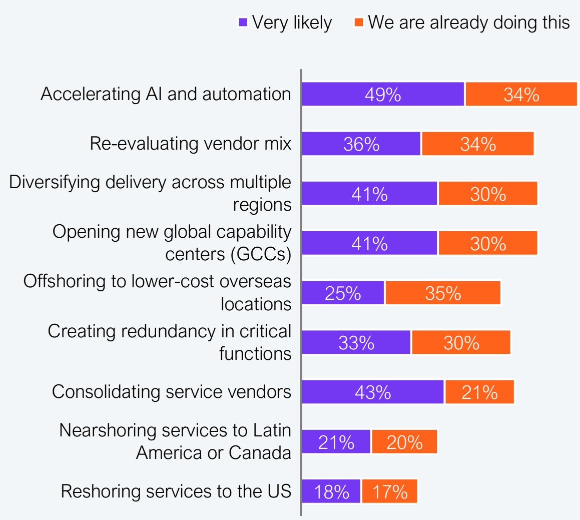
When disruption strikes, enterprises don't start with relocation or renegotiation. They turn to automation. It's faster, quieter, and avoids the red tape of structural change.

A significant 83% of enterprise leaders said they're either already accelerating or are very likely to accelerate AI and automation initiatives in response to the geopolitical and trade uncertainty. This spans everything from automating supplier onboarding and invoice processing to reprogramming how support, compliance, and planning workflows are executed. Why automation? Because it delivers impact without inviting complexity. It doesn't require site moves, new vendor contracts, or regulatory reviews. It's the one lever companies can pull fast—quietly reengineering the work itself before taking bigger swings. And it's not just talk—40% said they will act within the next 12 months, more than any other tactic by a significant margin (see Exhibit 5).

The reason is not because automation is the most transformative option—it's the most deployable. It doesn't provoke regulators or public scrutiny. It's fast, discreet, and under enterprise control, making it the default response even when it's not the long-term answer.

Exhibit 5: AI and automation lead as the most likely and active response to trade volatility

Q: How likely is your organization to take the following actions in response to current geopolitical or trade-related uncertainty?



Q: What is your timeline for implementing each one? (respondents who said somewhat or very likely)

Action	% within 12 months
Accelerating AI and automation	40%
Re-evaluating vendor mix	33%
Diversifying delivery across multiple regions	28%
Opening new Global capability centers (GCCs)	18%
Offshoring to lower-cost overseas locations	26%
Creating redundancy in critical functions	35%
Consolidating service vendors	30%
Nearshoring services to Latin America or Canada	26%
Reshoring services to the US	16%

Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

The head of operations at a multinational consumer goods company noted that while automation initiatives had long been on the roadmap, they rarely cleared the investment hurdle until the external pressure shifted. "We had the automation plans ready. But the numbers never justified the spend. Now that even a 10% tariff can swing the balance sheet, it's a different equation."

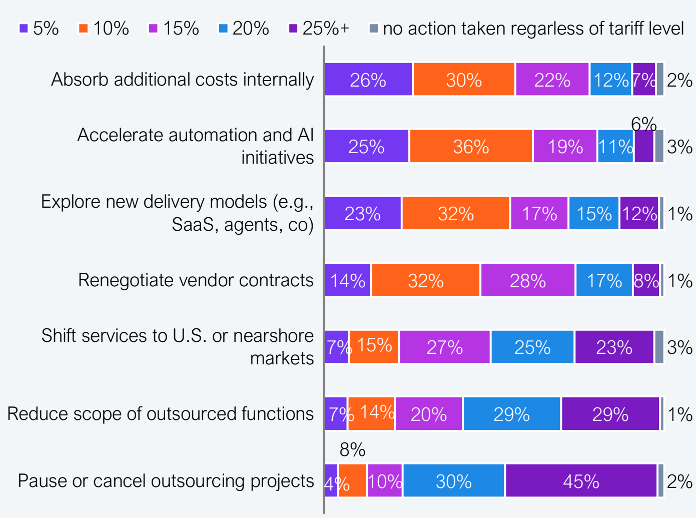
Enterprises automate early, absorb costs second, and delay the rest

When asked about the tariff levels that would initiate specific actions, enterprise leaders outlined a clear sequence of escalation. AI and automation came first, triggered at just 5–10% tariff levels by 61% of respondents—the highest early activation rate across all options. The second most common early-stage move is to absorb the costs internally, with 56% of enterprises opting to bear the brunt of tariff hikes before considering structural changes (see Exhibit 6).

This shows how enterprises are prioritizing risk response. AI is the hedge—the first lever pulled, not because it's radical but for its promise of productivity without upheaval. The only other actions triggered early with any scale are renegotiating vendor contracts (46%) and exploring new delivery models (55%), both of which serve as transitional maneuvers to buy time, not transform the model.

Exhibit 6: Enterprises pull the AI lever early, while most other responses wait for higher tariff thresholds

Q: At what tariff level would your organization initiate the following actions specifically in response to tariffs?



Action	% acting under 15%
Pause or cancel outsourcing projects	13%
Reduce scope of outsourced functions	21%
Shift services to US or nearshore markets	22%
Renegotiate vendor contracts	46%
Explore new delivery models (e.g., SaaS, agents, copilots)	55%
Accelerate automation and AI initiatives	61%
Absorb additional costs internally	56%

Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

Most enterprises aren't leaping into new markets or overhauling sourcing strategies. They're stabilizing spend and preserving existing structures. Geographic moves such as reshoring or even nearshoring remain marginal; only 22% said they would shift services to the US or nearby markets at sub-15% tariff levels, and even fewer (13%) would consider pausing or cancelling outsourcing entirely. Companies aren't choosing between automation and relocation—they're using automation to avoid relocation entirely, achieving speed, discretion, and minimal disruption.

Rahsaan Shears, Principal at KPMG and aiQ Program Lead, framed the shift as deeper than just automation: "AI is reshaping how work gets done and it's exposing the limits of traditional, in-house operating models. That's where managed services comes in. It gives organizations the ability to scale faster, with built-in access to automation, analytics, specialized talent, and global delivery.

This isn't just outsourcing. It's a new way to run the business, one that can keep up with AI's pace and extend transformation across every function. To make it work, companies need more than tech. They need clear roles, stronger data foundations, and a culture ready to embrace continuous change."

This shift is more than just where work gets done—it's about how. Enterprises are turning to AI and managed services not as a stopgap but as a way to rewire their delivery models for volatility and scale.

3 Services are shifting from people to platforms

Enterprises are no longer buying services—they're investing in agility.

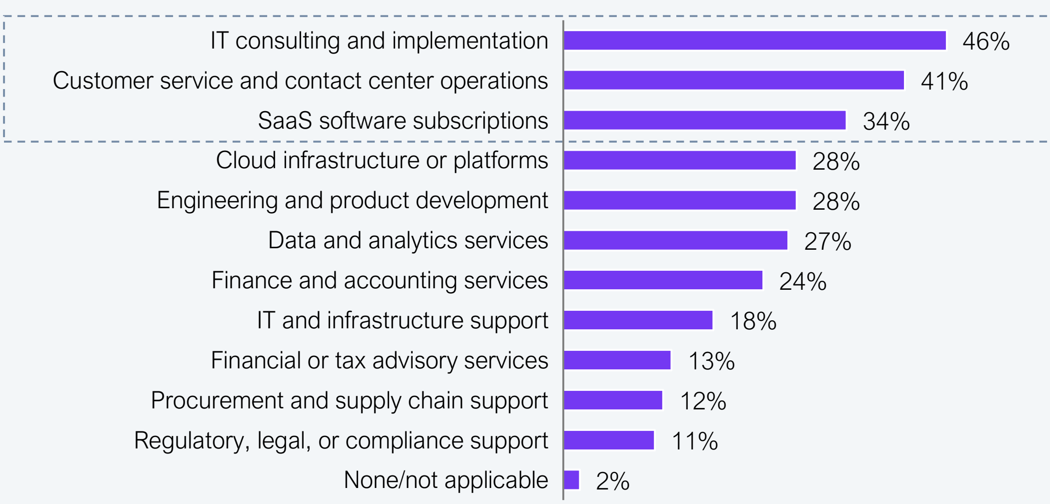
In the past, geopolitical disruption has been associated with broken supply chains—ports clogged with containers, semiconductor droughts, and factories forced to relocate. Meanwhile, services seemed immune, a safe haven from global shocks. But that assumption is unraveling fast. Digital services, previously considered bulletproof, are now undeniably within the geopolitical blast zone.

Tax is just part of the concern. Enterprises are worried whether services can withstand volatility in the first place. When asked which services would be most vulnerable if tariffs extended to digital or third-party delivery, respondents pointed to the operating system of modern business (see Exhibit 7): IT consulting (46%), contact centers (41%), and SaaS (34%). These aren't fringe services—they're foundational.

Even if service tariffs aren't yet a reality, the perceived exposure is already shifting enterprise behavior. Services are being restructured, not because of what has changed, but rather what could.

Exhibit 7: IT consulting, contact centers, and SaaS top the list of services most exposed to trade disruption

Q: Which types of services do you expect to be most impacted if tariffs or trade restrictions expand to cover third-party or digital services (e.g., SaaS, consulting, outsourcing)?



Sample: 402 US-based senior executives
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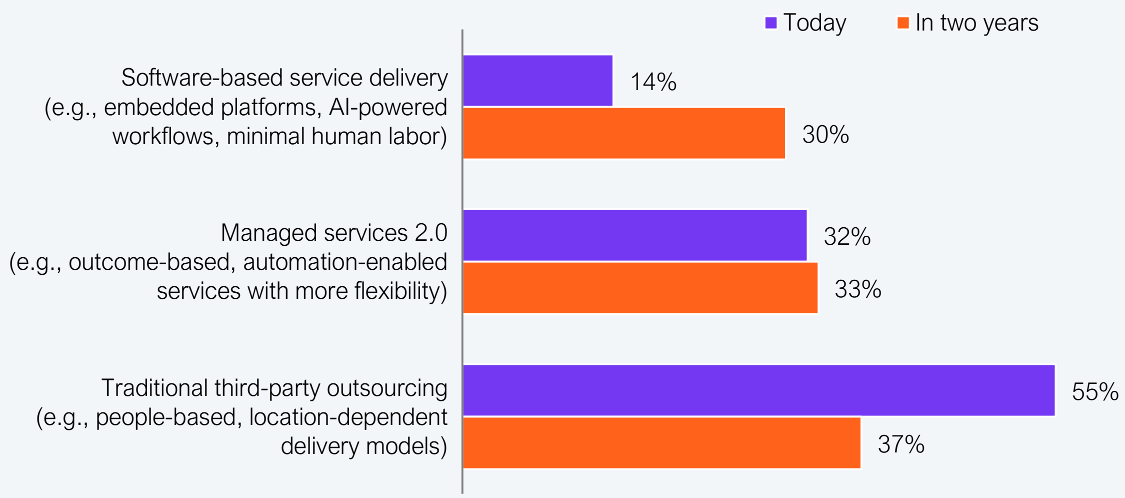
From headcount to APIs: The shift to services-as-software

The real shift isn't away from outsourcing—but from labor-based delivery. Over the next 24 months, traditional outsourcing models (defined by location dependency and manual effort) are expected to drop from 55% to 37%. In contrast, modular and software-based services—including embedded platforms, AI-powered workflows, and automation-first delivery—will more than double from 14% to 30%. Managed services, particularly those blending automation with outcomes, remain steady, highlighting the shift from staffing to scalable systems (see Exhibit 8).

Exhibit 8: Enterprises are shifting from outsourcing to modular platforms and digital services

Q: How do you expect your organization's third-party service delivery model today to evolve in the next 24 months?



Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

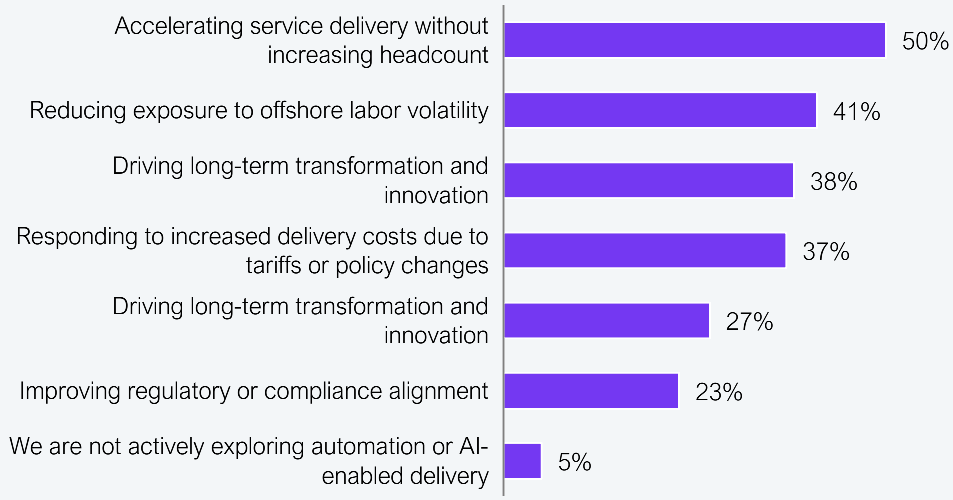
This isn't just a geopolitical hedge—it's a structural reset. Enterprises are prioritizing automation and AI-enabled delivery for speed, resilience, and control. Half of the respondents said they're turning to automation to accelerate service delivery without increasing headcount. Others cited the need to reduce offshore labor volatility (41%), drive long-term transformation (38%), and address tariff-related cost increases (37%) (see Exhibit 9).

This is not about chasing cheaper labor markets anymore. Enterprises are doubling down on delivery models where geography and headcount no longer dictate outcomes. As a CTO of a Fortune 500 firm put it: "We are not chasing the next low-cost country. We are chasing a model that doesn't care where the cost sits."

This is the foundation of the services-as-software shift. Software is no longer a wrapper around work—it is the work. Instead of scoping headcount and signing service-level agreements, enterprises are embedding workflows and configuring capabilities. As services become software, the criteria for choosing who delivers them is being fundamentally rewritten.

Exhibit 9: AI-enabled service delivery interest is driven by speed, volatility protection, and tariff pressure

Q: Which motivations influence your organization's interest in automation or AI-enabled delivery models?



Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

4 Vendor sourcing is becoming a test of adaptability

Picking the right vendors matters; structuring the right relationships matters more.

Enterprises are no longer evaluating service providers based on traditional metrics. Size, reputation, and cost competitiveness—the holy trinity of vendor selection—are giving way to a new priority: maneuverability. In a world where trade winds shift overnight, the real test for vendors isn't meeting today's specs—it's whether they've got the agility to pivot when tomorrow flips the script.

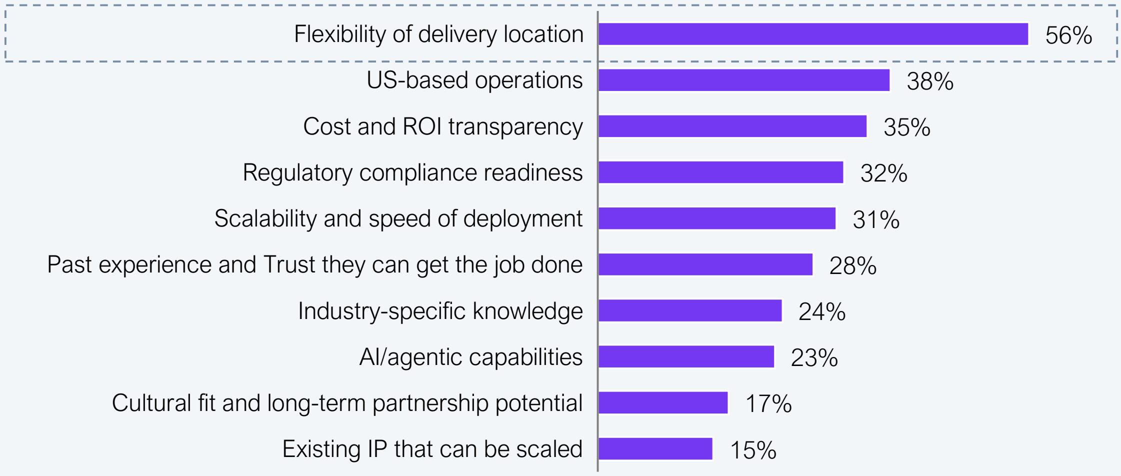
Geographic flexibility trumps cost and expertise

The data clearly reveals this shift. When asked about the most important vendor selection criteria, 56% of enterprises now prioritize flexibility of delivery location above all else. That beats out cost and ROI transparency (35%), regulatory compliance readiness (32%), and even past experience and trust (28%) (see Exhibit 10).

This is a fundamental reordering of what enterprises value in partnerships. Geographic agility has become the new table stakes, while traditional strengths such as industry expertise (24%) and cultural fit (17%) have slipped down the priority list.

Exhibit 10: Flexibility of location is the top vendor selection criterion

Q: What selection criteria have become important when evaluating service providers due to the threat of tariffs?



Sample: 402 US-based senior executives
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Best-of-breed beats consolidation when volatility is the enemy

The vendor strategy follows the same logic. When asked about their primary sourcing approach in response to current pressures, 37% of enterprises favor best-of-breed solutions for flexibility. This significantly outpaces consolidation plays such as shifting to large multi-service providers (24%) or reducing external reliance through insourcing (16%) (see Exhibit 11).

This is a subtle but powerful shift. Enterprises are not picking partners based on scale or one-stop shopping convenience but on adaptability—how quickly a vendor can reconfigure delivery if geopolitical realities shift. The emphasis is on building a portfolio of specialized providers that can move fast rather than betting on integrated giants that might be too complex to pivot.

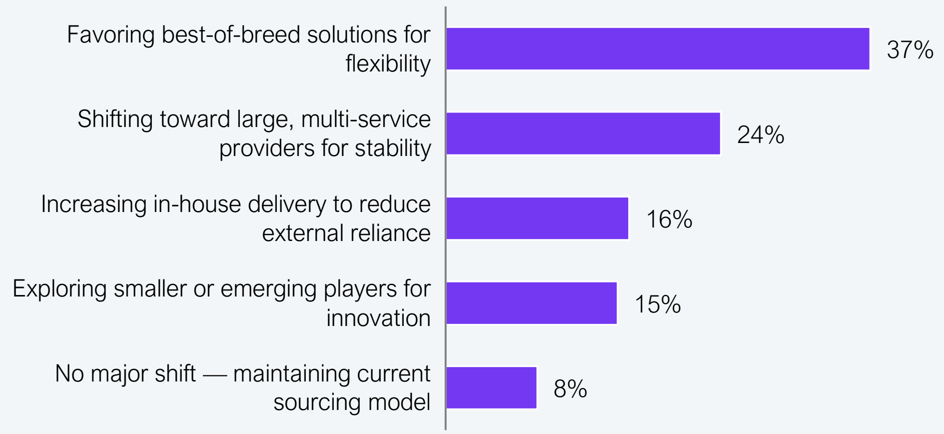
Vendor relationships are in wholesale reassessment

The scale of change is significant. Seventy percent of enterprises are either very likely to reevaluate their vendor mix or are already doing so, making this one of the most widespread responses to trade uncertainty. But enterprises aren't just swapping providers—they're fundamentally changing what they buy.

Over 90% plan to increase AI-specific spending over the next 12 months, while 18% are pulling back on traditional IT services. This shift toward AI-enabled providers reflects a broader strategy: partnering with vendors that can automate away geographic risk rather than simply relocate it.

Exhibit 11: Enterprises are prioritizing flexibility over consolidation

Q: Which of the following best describes your organization's primary vendor sourcing strategy in response to current pressures?



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5 Sourcing strategies are being rebuilt for instability

Enterprises are no longer sourcing just for value; they're sourcing for volatility.

Geopolitical storms, tariff uncertainty, and regulatory volatility aren't just shaking things up—they're rewriting vendor management rules entirely. Procurement teams, once considered mere gatekeepers or bargain-hunters, are now at the strategic forefront, architecting resilience into their operating DNA.

Contracts are evolving into built-in contingency systems

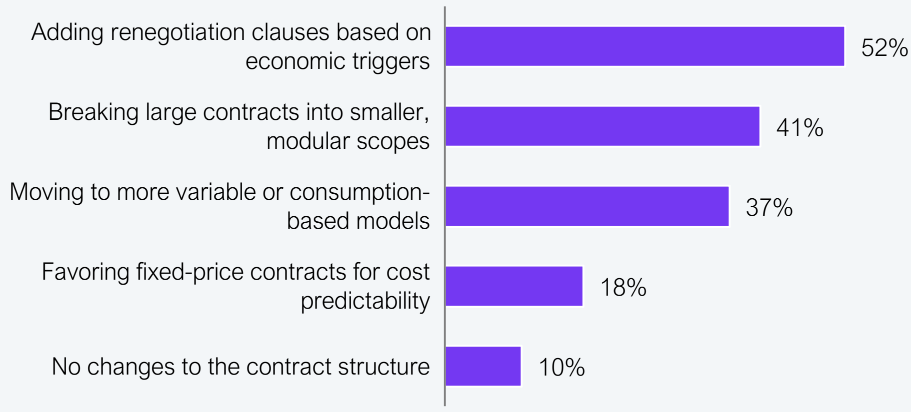
Sourcing agility isn't just about who you choose. It's about how you contract. Here, the strategy has fundamentally shifted: contracts are now tools for building in flexibility before disruption hits.

More than half of enterprises (52%) are inserting renegotiation clauses tied to economic or policy triggers. Another 41% are breaking large contracts into smaller, modular scopes, and 37% are shifting to more variable or consumption-based pricing models (see Exhibit 12).

Enterprises are moving from long-cycle partnerships to dynamic agreements that can adapt in real time. The traditional approach—lock in favorable terms and cruising comfortably for three to five years—no longer works when a single policy announcement can shred every assumption overnight.

Exhibit 12: Enterprises are rewriting contracts to build in flexibility

Q: How are you restructuring your contracts with service providers in response to uncertainty?



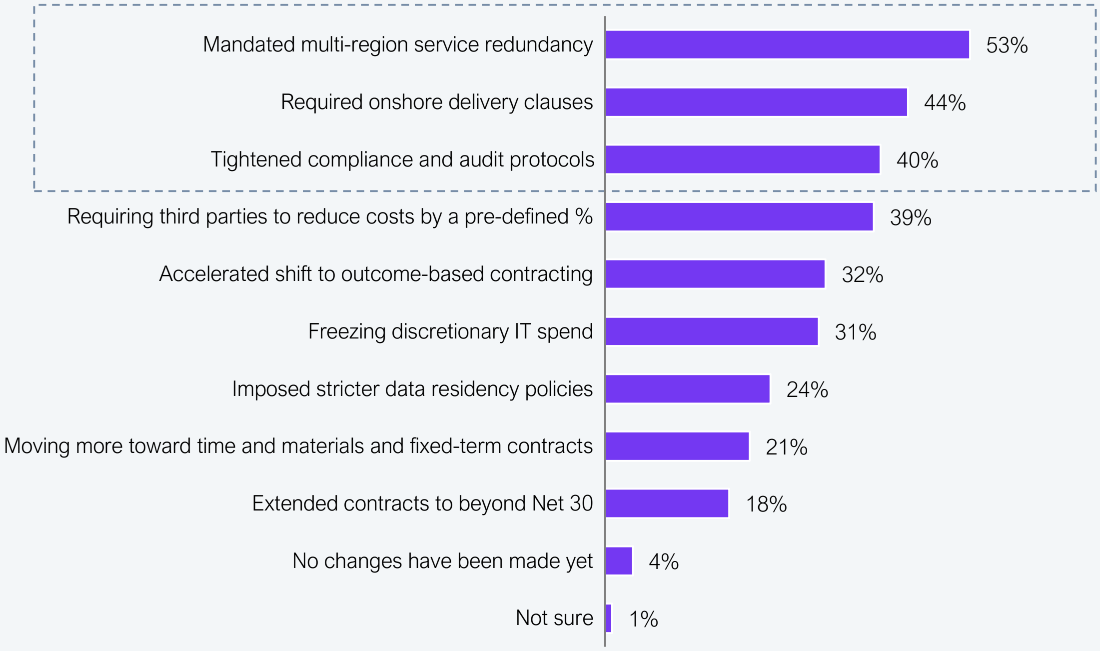
Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

These aren't incremental moves. They're structural responses to persistent instability. Procurement teams are translating this mindset into action. Over half (53%) now mandate multi-region service redundancy, 44% require onshore delivery clauses, and 40% have tightened compliance and audit protocols (see Exhibit 13).

These actions show that sourcing is no longer just about cost optimization. It's a resilience strategy. Procurement has become a strategic shock absorber—anticipating disruption, not just reacting to it.

Exhibit 13: Procurement is taking the lead on resilience-building

Q: How has your procurement function responded to trade and tariff pressures?



Sample: 402 US-based senior executives
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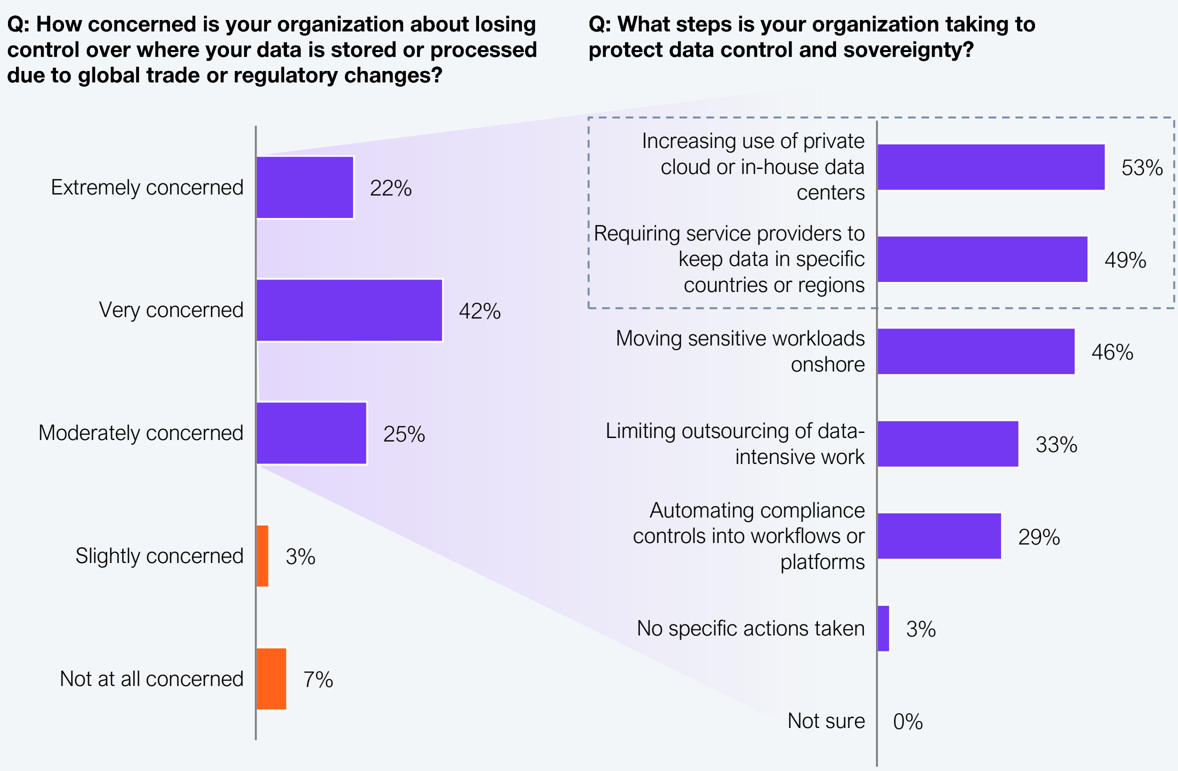
Data sovereignty drives new contractual requirements

The urgency extends beyond commercial terms to data control. Sixty percent of enterprises are ‘extremely’ and ‘very concerned’ about losing control over where their data is stored or processed due to global trade changes (see Exhibit 14). This isn't theoretical anxiety; it's driving concrete contractual changes.

“In today’s disruptive landscape, external pressures such as shifting regulations and rapid tech change are often compounded by inefficient data management and legacy deployments,” said Chris Yeaton, Tax Managed Services Leader, KPMG LLP. “Once you build the infrastructure to treat data as a strategic asset and automate capacity, you can finally shift focus to business enablement and risk management.”

As a recap, 53% are increasingly using private cloud or in-house data centers, 49% are turning to service providers to keep data in specific countries or regions, and 46% are moving sensitive workloads onshore entirely. The data sovereignty requirements are becoming non-negotiable, forcing vendors to redesign delivery architectures or risk losing business. The stakes are even higher when paired with cybersecurity concerns, given the growing pressure to secure regulated data across borders while maintaining resilience against rising threats.

Exhibit 14: Data sovereignty anxiety is driving infrastructure shifts



Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

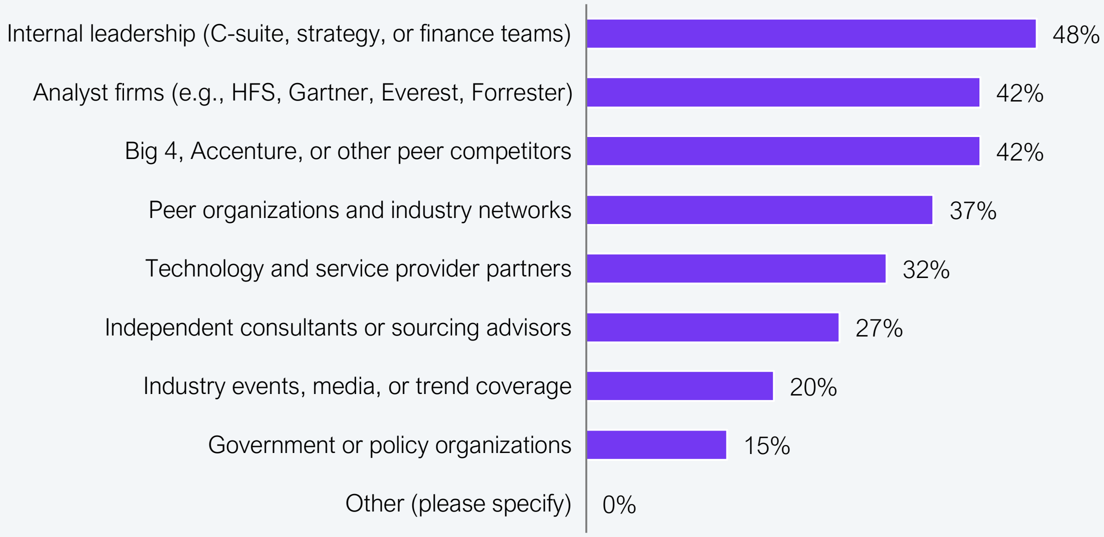
Internal leadership drives sourcing strategy transformation

The shift extends to who is driving sourcing decisions. Internal strategy and finance teams are now the top source of guidance (48%), followed by analyst firms (42%) and peer networks. Independent sourcing advisors and traditional consultants are further down the list, while government guidance trails far behind (see Exhibit 15).

The procurement function has moved from tactical execution to strategic design. Vendor diversification, geographic hedging, and embedded flexibility are now central to competitive advantage. The question is no longer "can we get this cheaper?" It's "can we keep this running when everything else breaks?"

Exhibit 15: Internal leadership drives sourcing strategy as enterprises take control of their own resilience

Q: Where do you seek guidance when shaping your sourcing and delivery model strategy?



Sample: 402 US-based senior executives
Source: HFS Research in collaboration with KPMG, 2025

6 Uncertainty is the constant, so what's the strategy?

The real question isn't about how we survive this wave. It's what we would build if we knew disruption wasn't going away.

Enterprises that will lead the next decade aren't waiting for stability to return. They're the 22% using trade chaos to build automation capabilities, platform-based services, and adaptive sourcing strategies, while others hesitate.

What separates them isn't just speed—it's mindset and, to some extent, executive commitment and foresight. They've moved beyond treating volatility as an aberration and started designing systems that assume constant change. This strategic shift requires five fundamental changes:

- **Stop outsourcing resilience:** Enterprises must own more of their delivery architecture—digitally, contractually, and operationally. Service models must become modular, not monolithic.
- **Move beyond reaction:** Scenario planning isn't a quarterly exercise—it's a cultural muscle. The 22% that are actively planning for future disruption aren't just reacting faster; they're building institutional reflexes.
- **Rethink service consumption:** Services-as-software isn't just a vendor trend but a survival mechanism. Platforms offer control, telemetry, and configurability, which are essential in a world of shifting borders and compliance codes.
- **Center compliance in design, not in audit:** Data sovereignty, tax jurisdiction, digital IP, and cloud locality aren't legal clean-up jobs; they'e architectural inputs. Enterprises need multi-stakeholder playbooks that treat infrastructure and governance as one system.
- **Rewire procurement for power:** The buying function has moved from tactical execution to strategic design. Vendor diversification, geographic hedging, and embedded flexibility now sit at the heart of competitive advantage.

What emerges from this is a very different enterprise mindset: agility not for its own sake but as a structural condition. The endgame isn't stability—it's fluidity.

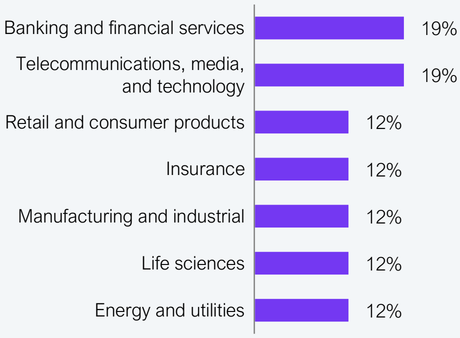
The Bottom Line: Leaders of the next decade aren't waiting for stability. They're proactively architecting operating models that not only withstand volatility but can thrive because of it.

Today's disruption isn't seasonal—it's structural. Enterprises poised to succeed aren't chasing elusive stability; they're engineering operating models that can flex, absorb, and evolve continuously. The objective isn't achieving certainty—it's mastering adaptability. Designing for turbulence, not control, is the only way forward.

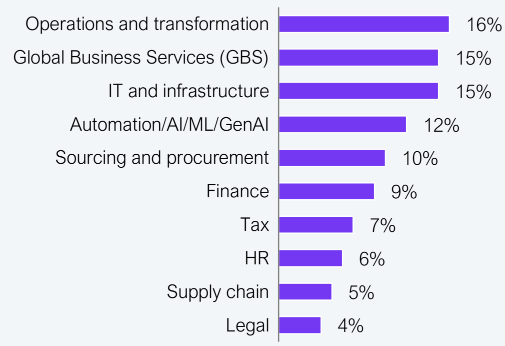
Survey demographics

HFS Research, in collaboration with KPMG, surveyed 402 senior executives across seven major US industries in Q2 2025, supplemented by in-depth qualitative interviews with senior executives from similar organizational backgrounds.

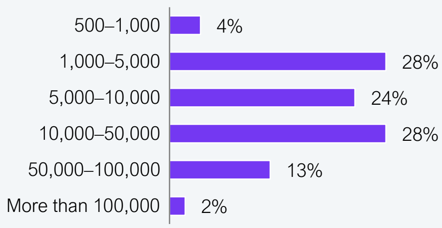
By industry



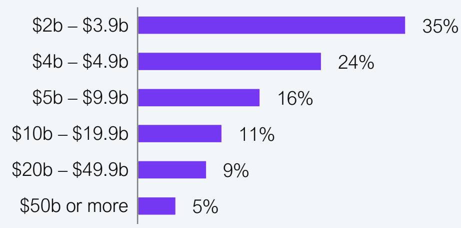
By areas of influence



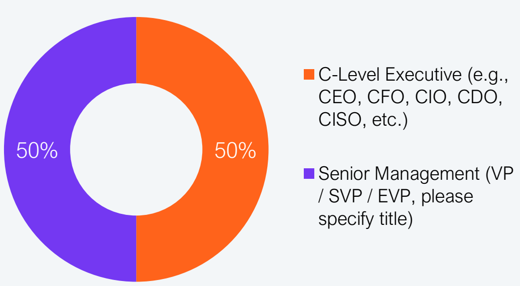
By employee size



By revenue



By role



C-level by title

Source: HFS Research, 2025

HFS Research authors

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Executive Research Leader

Dana Daher is an Executive Research Leader at HFS Research, spearheading research initiatives in emerging technologies and employee experience. With a unique blend of expertise in anthropology and IT, Dana leads cutting-edge research that shapes industry landscapes across various domains, including employee experience, Agentic AI, generative AI, diversity, equity, and inclusion (DEI), and sustainability. Her multidisciplinary background allows her to bridge the gap between strategy, people, and technology, offering a holistic perspective on today's rapidly evolving business landscape.

Phil Fersht
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Phil Fersht is widely recognized as the world's leading analyst focused on reinventing business operations to exploit AI innovations and the globalization of talent. He recently coined the term "Services-as-Software" to describe the future of professional services, where people-based work is blurring with technology.

Don Ryan
Research Fellow & Senior Advisor

Don Ryan is a research fellow & senior advisor for HFS Research. He joined the firm in August 2020 as senior vice president of research and consulting. Prior to HFS, Don was a director for global research and thought leadership for business and outsourcing services, digital technology, and AI deployment at KPMG LLC. While at KPMG, he collaborated with HFS on the highly publicized white paper, *Enterprise Reboot: Scaling digital technologies in the new reality*, a major study to delineate the impact of COVID-19 on technology implementation.

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Niti Jhunjhunwala is a senior analyst for HFS Research. Her coverage areas include banking and financial services and GenAI. She also regularly contributes to competitive intelligence across IT and business process services and the HFS Market Index, a quarterly report that analyses the performance and major developments of top service providers over the past quarter.

KPMG contributors

Ron Walker

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Ron brings more than 30 years of business transformation experience across the front, middle, and back offices, working with some of the world's most recognized brands. He has a deep understanding of the challenges organizations face today and the leading practices to mitigate them. Lately, his focus was on helping clients adopt tech-driven solutions such as GenAI, smart analytics, automation, and data mining to improve operations, manage costs, adapt to market changes, and build stakeholder trust.

Ron's earlier management roles across the provider, industry, and advisory ecosystem, including leadership of KPMG LLP's Finance Transformation practice, and experience with large-scale transformation initiatives across finance, procurement, human resources, IT, master data management, and customer care, give him the balanced and pragmatic perspective needed to drive meaningful and lasting change.

About KPMG

KPMG LLP is the US firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 142 countries and territories and has more than 275,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

KPMG can make the difference in your transformation journey, offering managed services that handle knowledge-intensive processes across your enterprise on a subscription, as-a-service basis. This outcome-based approach has the potential to reduce total cost of operations by as much as 15 to 45 percent, in addition to driving priorities like resilience, customer and employee retention, and stakeholder trust.

KPMG combines advanced technology with functional, process and sector expertise—plus smart analytics, data governance, change management, and alliances with software providers—to operationalize your growth ambition. It's a strategic collaboration that goes beyond transactions to focus on continuous transformations that can deliver significant new competitive advantages.

KPMG. Make the Difference.

HFS

About HFS

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- **INTREPID**
- **BOLD**

HFS Research is a leading global research and advisory firm helping Fortune 500 companies through IT and business transformation with bold insights and actionable strategies.

With an unmatched platform to reach, advise, and influence Global 2000 executives, we empower organizations to make decisive technology and service choices. Backed by fearless research and an impartial outside perspective, our insights give you the edge to stay ahead.

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