



Voice of the CIO

A recurring conversation with CIOs
on IT-related issues



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CIOs tackle AI challenges: value extraction, governance, and workforce upskilling

In our conversations with CIOs, many are concerned about AI's ability to add to the bottom line. The limited ROI concern has prompted a shift from isolated AI use cases to strategic applications focused on business challenges with the goal of delivering value. The latest trend, Agentic AI, is gaining attention for its potential to reengineer key processes. At the same time, CIOs are looking to encourage reluctant employees to embrace AI tools, stressing the importance of

training and enablement over traditional change management. Governance issues have also risen to the fore, as vendors, as well as data privacy and the complexity of integrating AI into existing systems, raise new concerns. CIOs are establishing policies that safeguard enterprise data and ensure compliance. As organizations tackle these issues, the key is to align AI initiatives with strategic business objectives and drive value with technology that enhances existing processes.

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AI use cases and hurdles

CIOs extract value, deal with challenges

Companies are moving ahead with their AI implementation, but comments from CIOs suggest that for some organizations, these efforts are still in their early stages. One indication of this lag is the concern among many CIOs that numerous AI efforts have yet to deliver measurable value.

Consequently, CIOs are strategically pivoting from focusing on individual AI use cases toward applying AI to solve broader business problems using first-principles thinking. This approach encourages organizations to break down complex problems, challenge assumptions, and reconstruct with foundational truths that lead to breakthroughs.

One CIO from a consumer and retail company expressed their frustration over the persistent focus on ad hoc AI use cases to address a specific issue or problem, rather than initiatives that create measurable cost savings.

"Everyone's been doing these experiments and pilots, and we do feel like we've gotten a lot of value. But none of that value has flowed to the bottom line. We haven't been able to say we're going to reduce our workforce by a certain amount."

A healthcare CIO reiterated that aligning AI initiatives with strategic business goals, such as call reduction and cost savings in customer service, is critical for success. Part of the problem,

they added, is that the hype in the market can influence management to underappreciate the complexity required to drive transformation.

"Instead of saying, 'How do we use AI in this space?' we've said, 'What's our three-year North Star?' How do you apply process technology, potentially AI, to get you to that goal?"

Other CIOs strive to overcome a recurring AI challenge—using unstructured data.

"Our approach has been more use case based because we cannot fix all the unstructured data," noted the CIO for an automotive company.

A healthcare CIO finds unstructured data especially challenging in its radiology imaging. "Who approves the value of the content or determines the content is correct or accurate enough to ingest in our environment?"

A global optics company CIO has a different challenge that may be solved by AI. "Almost every country has their own application and all sorts of different data formats. We think AI could be a way for our company to leapfrog."

"We indexed all our data, tens of petabytes, primarily unstructured. It's going to be a journey."

—Swaminathan Chandrasekaran, KPMG US and Global AI Leader

AI governance and challenges

Different approaches to differing opinions

As companies involve AI in greater numbers of processes, governance has emerged as a critical concern among CIOs. Approaches differ, but the goal is the same: data quality, security, and compliance with regulations.

"I've seen data governance sit in IT, and it just fizzles out," remarked the CIO for an energy company.

Other CIOs approach governance with organizational structure and achieve success. "For AI governance, we introduced business domain architects. The heads of the lines of business directly report to the architects on the criticality of the data as an asset and

steward the data across domains," shared the CIO for a healthcare company. Some CIOs leverage governance for legal reviews of AI use cases and data privacy regulations. The CIO from an energy and chemical company detailed how legal teams increasingly scrutinize AI-related contracts, especially regarding data intake and liability.

"We are running into a lot of roadblocks with our legal team. Every contract that we sign, they want to do this new in-depth legal review, even just data ingestion for data products, which used to be fairly straightforward."

Some CIOs said their organizations have moved away from formal Responsible AI (RAI) committees to address challenges around bias and hallucination risks, opting instead for training and risk management. Other CIOs shared their strategies to mitigate risks, such as disabling uploads of confidential information to AI tools and establishing strict data-classification policies.

One CIO of a healthcare company mentioned the difficulty of managing vendors amid legal risks and the need for a robust AI governance framework. That includes preventing vendors from using customer data to train their own AI models.

What CIOs desperately want from their vendors is more open ecosystems and interconnectivity between vendor platforms. CIOs simply want their vendor partners to be partners.

For example, CIOs aren't just trying to solve a vertical problem like data for AI finance. The day-to-day challenge for CIOs is more horizontal with structure and data demands across the enterprise. CIOs are more than willing to work with their vendors, but custom solutions may well come back into vogue during the AI era.

"The build vs. buy model could return with a more empowered CIO."

—Marcus Murph, KPMG US Technology Consulting Leader

AI and workforce upskilling

Training reluctant employees to use AI

Despite all the interest around AI, many employees remain hesitant. This reluctance presents a challenge for CIOs: helping staff adopt AI in their work and providing proper training.

Change management and training are closely linked, but traditional change management approaches may not be as effective for AI. Instead, the focus is shifting toward adoption-and-enablement strategies that engage users rather than attempting to force change.

CIOs comments suggest that training initiatives vary, with some companies mandating training before granting access to AI tools, and others only

strongly encouraging training. One theme was common, however: Training must be available to the entire organization. One insurance CIO expressed it this way:

“I think it’s really important that non-tech teams get educated because they’re the ones who actually have the processes that have the potential advantage.”

Some companies have developed a specific curriculum for different roles and levels of the organization—for example, a course of study for line workers and another for senior management. And, of course, technology workers would have their own specialized training around the nuts and bolts of the tools.

One CIO of a healthcare company noted that their organization has created internal AI guilds or user groups—for engineers and product managers, for example—that have emerged as effective forums for sharing use cases and fostering innovation across business units.

Marcus Murph, KPMG US Technology Consulting leader, suggested that closing the knowledge gap around new technologies may require enterprises to collaborate more closely with public education. Such partnerships could function as a catalyst to update curricula faster, so students are better able to

keep pace with advancing technologies, making them better prepared once they enter the workforce.

It’s one thing for employees to take AI training; it’s another to get them to use it on the job. One CIO of a banking and finance firm highlighted the importance of reviewing AI tool performance post-implementation to address employee concerns and to further encourage adoption.

“There’s still a lot of angst internally about ‘what does it mean for me?’ ... We’re trying to go down that path of pulling them into not just what is AI, but what is it doing within our organization.”

“We’re still surprised that people are tentative to use AI technology.”

—CIO for a consumer and retail company

Key considerations

- Align AI with business objectives
- Emphasize governance and collaboration
- Establish legal and cybersecurity policies

Additional resources

[Data governance in the age of AI](#)

[AI Agents: Shaping the Future of Workforce Strategy](#)

[Podcast series: You can with AI](#)

[Charting New Frontiers: Tech and Innovation Session Recaps](#)



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