TECHNOLOGY INDUSTRY

To Thrive in the AI Era, Tech Leaders Must Reinvent Organization and Operating Models

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There is seemingly endless discussion these days about artificial intelligence's outsize impact on the way virtually every industry operates, but far less attention is paid to how the technology sector itself is being disrupted by AI. AI-first tech companies have been organizing themselves around agents and reshaping traditional sources of competitive advantage, such as scale of

human capital and speed to market. In the process, they are fundamentally altering the economics of how businesses are built and operate across the sector.

At the same time, tech companies are facing heightened pressure to invest heavily in substantive AI innovation––instead of incremental add-ons––to remain competitive in the market. These demands come amid rising market and investor expectations for profitability in a high interest-rate environment, making large-scale growth investments more challenging.

Those that move early to future-proof their organizational structures and operating models––reconfiguring them for AI-native ways of building and operating––will be best positioned to capture AI's value and compete in the next phase of growth. This means shifting to agile, outcome-focused teams and embedding AI strategically across their operations so it becomes the central nervous system. Done well, the impact can be substantial: reducing costs by up to 50% in some areas while doubling or even tripling execution speed. It is worth noting, though, that only a few leading tech companies have successfully embraced such changes yet.

To help navigate this shift, BCG has developed an operating model checklist and a set of related decisions that tech executives should consider as they future-proof their companies for an AI-driven world. There are several priority imperatives that companies must explore to rewire organizational structures and operating models and create the financial flexibility needed to unlock new levels of agility and speed aligned directly with an AI-centric business model.

The AI Disruption–and Opportunity

In adopting future-proof strategies, tech companies will need to develop targeted approaches tailored to their size, capabilities, and strategic objectives. This will help them compete most effectively in a sector where the rapid immersion of AI is reshaping industry dynamics in three specific ways:

1. **AI is rewriting tech company economic fundamentals.** Generative and agentic AI are redefining the economic foundations of how tech companies operate, transforming everything from product innovation and customer experience to operational scale. AI-first organizations are already realizing order-of-magnitude gains in productivity and speed––particularly in writing code, testing ideas in the market, and personalizing marketing––while establishing new performance frontiers.

2. **AI is creating a clear divide: outpaced and outspent––or positioned to leap ahead.** Some tech companies are pulling ahead through ambitious and strategic investments, deep AI

talent, and true step-change AI innovations. Such bold moves and transformative product innovation are what's needed to leap ahead. But too many other companies remain focused on incremental feature releases––risking irrelevance or falling behind.

3. **AI is forcing new, more creative levels of fiscal discipline.** To fund AI ambitions responsibly, companies must unlock new capacity within their cost structures. That requires rethinking how the organization operates––redesigning operating models and ways of working while freeing up resources to sustain continued investment.

For companies that move decisively, these pressures can be a catalyst for reinvention. The question is no longer whether to invest in AI, but what must change inside the organization to make those investments pay off. That means hard choices about structure, governance, talent, and capital deployment.

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Future-Proofing the Organization and Operating Models

At its core, AI is an execution challenge. It will not create durable advantage unless it's embedded in how work is prioritized, how decisions are made, and how resources are allocated. Leaders must therefore redesign the operating model so AI becomes integral to performance––not an overlay.

In practice, future-proofing can take many forms. OpenAI has established high-velocity engineering teams, blurring the lines between product and development and reducing cycle times from weeks to days. Anthropic is adopting nonlinear career paths tied to outcomes and skill attainment, increasing organizational agility. Snowflake, a cloud data platform company, is redefining the role of managers, reducing transactional work, and expanding spans of control across its go-to-market organization.

BCG has identified five critical moves tech executives must get right to future-proof their organizations, fund AI innovation, and capture AI's full value.

Make AI a leadership priority: set a bold ambition and deliver results. Successful AI leaders turn ambition into measurable outcomes. They establish distinct goals, whether it is launching products five times faster, tripling AI-driven revenue within two years, or improving core workflows by 50%. They then build the enablers to achieve them: clear ownership for AI value delivery, governance that drives accountability, dedicated investment capital, and a robust technology foundation.

Rearchitect for speed: replace hierarchies with cross-functional teams. Successful AI-first tech companies are moving away from rigid organizational hierarchies—–some with up to ten levels of management—–toward high-velocity, multifunctional teams designed to deliver business outcomes autonomously. This shift is reducing managerial layers, redefining the role of managers, and cutting decision cycles by up to 70%, resulting in faster execution, faster time-to-market, and increased receptiveness of AI across teams. One example: a digital platform business established a series of cross-functional teams enabled by AI agents and in turn reduced four organizational layers, noticeably speeding up operations.

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Rethink how work gets done: redesign workflows, roles, and ways of working. Layering additional tools or agents onto legacy processes delivers only limited savings at best—–and in some cases can even increase complexity. Instead, companies must redesign workflows end to end around AI, defining new target processes and rethinking roles. In our work with a tech company, we trimmed time to market for new marketing content from roughly 20 weeks to 5. To enable this, global–local responsibilities were restructured: AI now powers centralized localization, creative work has been insourced to agent-enabled creative technologists, and siloed marketing roles (for example, product, channel, integrated marketing) have been consolidated into a full-stack team augmented by specialist agents.

Redefine engineering and product management: from incremental to transformational. To lead in AI, tech companies cannot rely on incremental feature releases but must pursue true product reinvention. Success is not just about adding AI features to existing products; it requires bold, visionary product strategies. One example is Replit, which has evolved from a browser-based coding environment into an AI development platform, enabling "vibe coding," where natural language and AI help create real applications. Delivering that level of innovation demands a

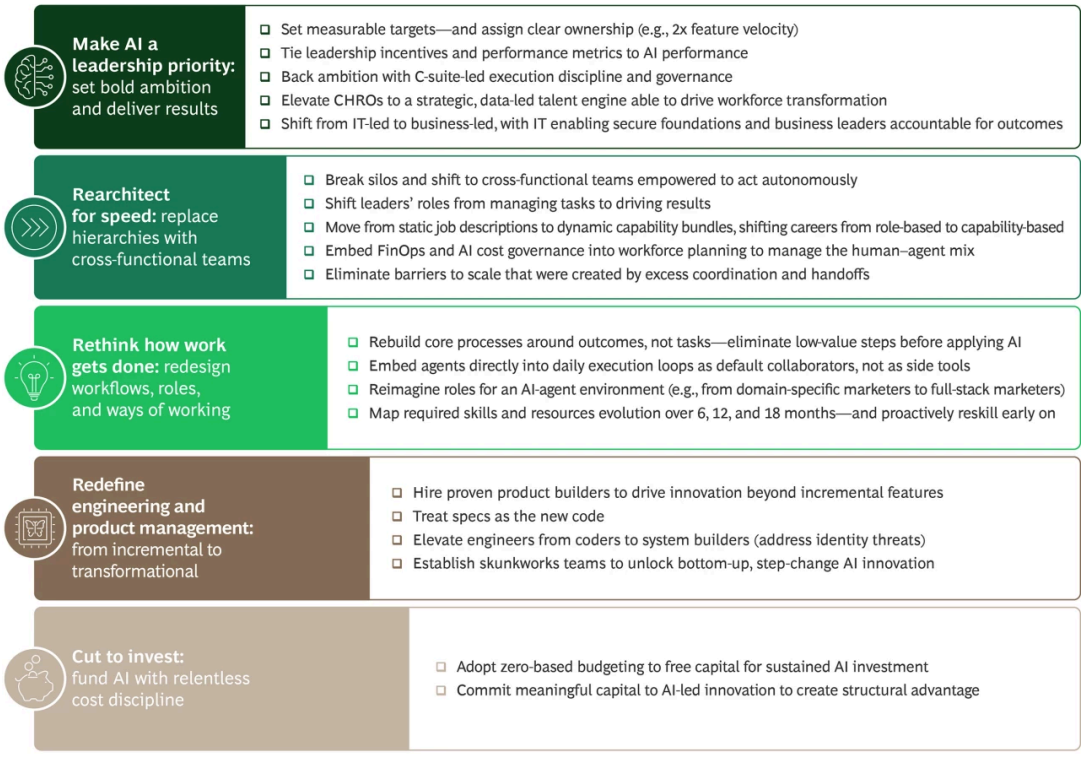
different kind of product leadership—visionaries with the mandate and mindset to drive fundamental shifts, not just iterative gains.

Cut to invest: fund AI with relentless cost discipline. Leading tech companies are pursuing aggressive cost agendas—eliminating low-value spending, collapsing duplicative layers, and streamlining cost-to-serve operations. Savings are redeployed, not banked; they are used to scale AI platforms, attract top AI talent, and accelerate high-impact initiatives. Amazon has reduced fulfillment, labor, and operating costs with the explicit aim of reinvesting in AI, robotics, and automation (for example, in warehouse and supply chain systems). Autodesk cut approximately 9% of its workforce to streamline operations and reallocate capital toward AI, cloud, and platform investments.

Checklist for Designing an AI-Ready Organization

To provide a starting point, BCG has developed a checklist of operating model moves for tech leaders to consider across these five themes (see the exhibit).

A Tech Leader's Checklist for Future-Proofing



Source: BCG analysis.
Note: CHRO = chief human resources officer; FinOps = financial operations.

While many of these moves are broadly applicable, others depend on a company's strategic breakpoint, shaped by its growth stage, business model, and portfolio complexity (see the sidebar).

— Challenges to AI Future-Proofing Can Vary By Tech Company Size and Type

AI adoption is anything but easy for many tech companies, often due to organizational complexity, internal silos, and incoherent strategies. These shortcomings compound over time, weakening performance and slowing growth. Companies in different revenue categories confront distinct obstacles (see the exhibit):

- Companies with less than $1 billion in revenue and a single product may face declining sales productivity and difficulty scaling;
- Companies with $1 billion to $5 billion in revenue and largely a single product may be expanding into additional product lines while contending with rising integration demands and insufficient infrastructure for growth;
- Multiproduct companies in the $1 billion to $5 billion revenue range and operating across multiple markets often struggle with inefficient product and go-to-market coordination; and
- Companies with $10 billion to $20 billion in revenue and complex portfolios face pressure to invest in the next big innovation, but reliance on past inorganic growth may limit flexibility.

Cost and Strategic Pressures Hinder Companies from Investing in AI

Source: BCG analysis.

These challenges constrain innovation and slow the adoption of AI-enabled capabilities. A future-proofing agenda designed around AI can serve as the fulcrum for managing and overcoming these threats—and can set in motion a durable growth agenda.

As AI advances at breakneck speed, industry leaders are already locking in market share, boosting valuations, and realizing outsize returns—at a pace that leaves little room for laggards to catch up. Yet this moment is about more than avoiding being left behind. For organizations that act decisively, it is a rare opportunity to move meaningfully ahead. By embedding a future-proof, AI-ready operating model and building the adaptability and speed to capitalize on it, tech executives can not only keep pace but also shape the next era of growth and competitive advantage.

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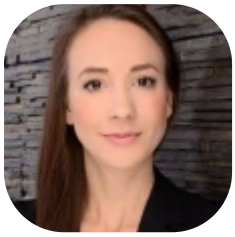

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