

Unlocking the AI-First Organization

An agentic shift

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Unlocking the AI-First Organization

An agentic shift

AI-First organizations are redefining how work gets done - placing AI agents at the center as autonomous executors capable of reasoning, learning, and managing complex workflows. AI-First shifts human roles to strategic oversight and orchestration, shaping and maintaining AI agents. It offers immense value potential, but requires a fundamental transformation across organizational structure, culture, and operations. This "agentic shift" is the critical enabler of the AI-First vision.

What it is: understanding the value potential

Imagine an organization where AI agents autonomously process 90% of customer claims, instantly detect fraud, and make real-time underwriting decisions - managing thousands of customers per employee. This may seem like a hypothetical vision of a distant future, but it is a reality. It's happening today at Lemonade¹, a digital insurer that has built its business model around AI as the operational core. This is the new reality of AI-First - and it's unfolding now.

That AI technologies are evolving quickly is common knowledge - and yet, the blistering pace of this acceleration is well beyond what many people realize. Consider that within the last 5 years, models have developed rapidly to compete with human benchmarks in reasoning, coding & mathematics². Remarkable strides in language comprehension, handwriting and speech recognition, image recognition, and complex reasoning have introduced amazing new capabilities at increasingly accessible levels. Indeed, the rise of multimodal AI is revolutionizing interactions through voice, image, and video.

Task performance has scaled with incredible speed. In 2024, AI models demonstrated the ability to conduct tasks with full autonomy for up to eight minutes; in 2025, that has extended to one hour, with capabilities doubling roughly every seven months³. The aforementioned insurance company, Lemonade, is illustrating what's achievable today. And with AI evolving at exponential speed, the range of future possibilities is indeed closing in on the realm of the imagination. Soon, AI agents will deliver outcomes not merely by performing human-assigned tasks, but also by making autonomous determinations of what needs to be done to achieve the desired outcome.

Agentic architectures call for fundamental reconfiguration

Such rapid change is both exciting and intimidating; regardless, it is upon us, and organizations seeking to unlock maximal value must engage a fundamental change in response. This change lies first with a shift in understanding: organizations must go from considering AI

a tool for enhancing human efficiency of legacy tasks and processes to positioning AI at the core of a new organizational architecture - and reconfiguring around it. Such change also reflects where human capabilities continue to offer a competitive edge, and where AI agents can serve as more effective executors.

Today's frontier AI models reason, learn, and manage complex workflows autonomously - we are moving from a paradigm of AI-augmented processes to one where AI is the default executor. To enable this shift, organizations must depart from both traditional and digitally-enhanced models. AI-First is not about selectively applying AI to isolated tasks and achieving the same outcome. Instead, it is about fundamentally redesigning entire processes around outcomes delivered by agentic AI and revolutionizing results - beyond what was previously possible. For example, the hire-to-retain process will shift from a linear, digitally-enhanced process to an outcome-driven solution, focusing human interaction where it is a differentiator and minimizing costs elsewhere.

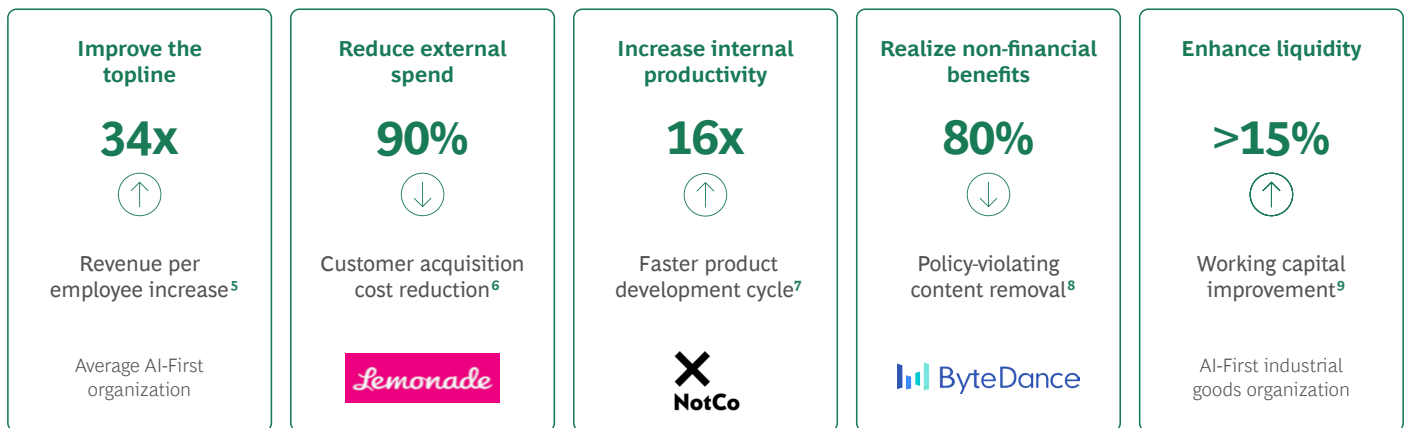
Value potential commensurate with the challenge

For organizations willing to take on the challenge, the value proposition is clear. Compared to traditional organizations, AI-First enables a 90% reduction in customer acquisition costs as well as up to three times higher productivity and a 34-fold increase in revenue per employee⁴. AI-First is a compelling response to today's strategic challenges, including future growth, organizational resilience, talent scarcity, and margin pressure. Early adopters have the opportunity to unlock immediate significant efficiency gains and competitive advantage through cost control and advanced insights like AI-driven pricing.

But AI-First is only available to those who act now, before AI becomes the industry norm. Execution speed and adaptability will define market leadership in this new era of agentic AI - meaning the time to move is now.

EXHIBIT 1

Value potential of AI-First vs traditional organizations



What's in the way: obstacles to the AI-First shift

Only a few organizations are truly AI-native. Rather, most must make an intentional shift toward becoming AI-First. The problem is, most are not advancing quickly enough to keep pace with the exponential speed at which AI is developing. As such, they're struggling to achieve outcomes that match the impact potential of these evolving technologies and the level of investment. This unrealized potential is a critical gap, and it derives from a range of factors - one of the most significant being confusion around what AI-First actually means.

Conceptual confusion

Our research demonstrates that many organizations misunderstand what it means to be AI-First. Much of the confusion stems from the common tendency to use the term interchangeably with 'digitally-enhanced.' But these are two entirely different prospects. Digital-enhancement involves augmenting existing human-centered processes with AI capabilities. It typically entails isolated pilots or task-level automation within legacy workflows. While useful, this comes up far short of holistic AI-First transformation.

Additional barriers

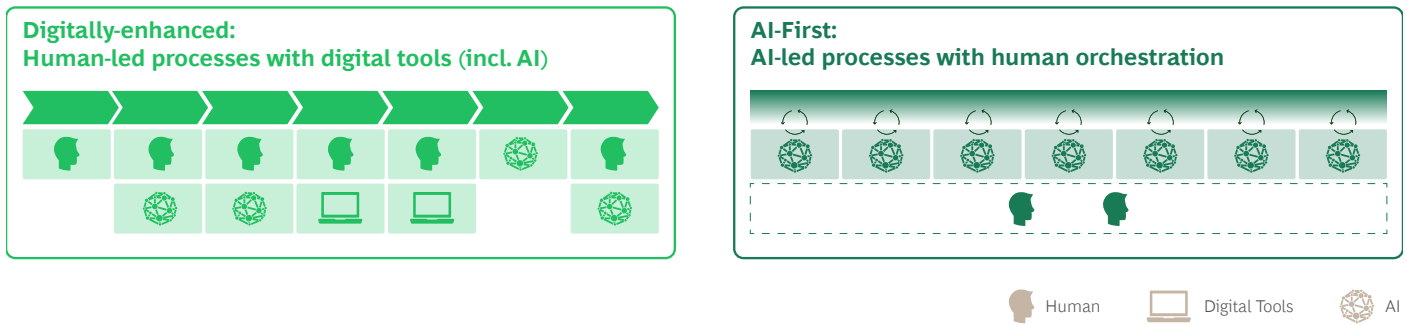
Recent interviews with executives across a range of industries provided us with insights about additional structural barriers to AI-First transformation. While enthusiasm is strong, genuine readiness remains limited. Eight barriers were consistently identified in these conversations:

- 1 Limited awareness:** Leadership lacks awareness and expertise of emerging AI capabilities and value potential, limiting their ability to prioritize and strategize holistic transformation
- 2 Legacy system limitations:** Legacy systems cannot support the deployment of AI agents or lack the agility needed for rapid scaling toward AI-First
- 3 No clear 'North Star':** Use cases remain isolated instead of coordinated E2E redesigns ("string of pearls" approach) with no clear North Star identified
- 4 Limited expertise:** Leadership falls short on sufficient expertise to manage the complexity and integration challenges required to scale beyond single initiatives
- 5 Short-term conflicts:** Short-term investor pressure conflicts with the non-linear nature of AI-First ROI, which requires a bold, long-term transformation
- 6 Governance limitations:** Governance structures lack clarity around risk, ethics, and accountability in agent-led workflows, which damages both employees' and customers' trust in the AI-First approach
- 7 Fragmented data:** Fragmented data landscapes prevent real-time orchestration and decision-making
- 8 Regulatory hurdles:** Regulatory friction for AI usage slows down the innovation process and requires careful oversight

Fortunately, it's possible to overcome these obstacles, whether a company is an advanced adopter or a traditional organization in the early stages of digitally-enhancing efforts. Our research shows that AI can become the central engine of transformation - but only if organizations close this readiness gap and commit to a holistic, AI-First shift.

EXHIBIT 2

Difference of processes in a digitally-enhanced vs. AI-First organization



What it takes: five dimensions of an AI-First organization

To become an AI-First organization depends, as explained above, on understanding that it means more than simply adopting advanced technologies to leverage the enhancements they offer to legacy systems and processes.

Once organizations understand this distinction, they can engage in what it takes to achieve a genuine AI-First transformation: a full redesign of how work is structured, governed, staffed, and performed by technology. Five dimensions comprise the foundation for this shift.

Governance & steering

A dedicated AI-First vision and strategy positions AI at the center of everything the organization does. Such organizations align their top-down decision-making processes accordingly and establish governance frameworks to guide priorities and ensure ethical use. They implement control mechanisms for both AI and humans to maintain consistency and accountability, and they utilize KPIs to measure the value potential of process redesign.

Talent & capabilities

People - not technology - are the key dependency for AI-First transformation, because the shift requires that people develop not only new skills, but also a new mindset. In order to facilitate the shift in human roles from task execution to orchestration and oversight, organizations must reskill former task roles into orchestration, upskill teams for AI fluency, and hire for emerging AI competencies. This involves a shift from siloed functions to end-to-end workflows, with AI agents at the center.

Structures & roles

AI-First organizations position AI agents to lead decisionmaking and deliver core outcomes across business functions. Human roles, by contrast, shift to oversight, strategic orchestration, and taking full ownership of AI agent development and maintenance. As these changes take effect, the organizational structure inherently becomes leaner and more cross-functional, with a flattened hierarchy. AI-First organizations establish clear ownership and align decision rights of AI or 'human-in-the loop' in line with business processes.

Target culture & purpose

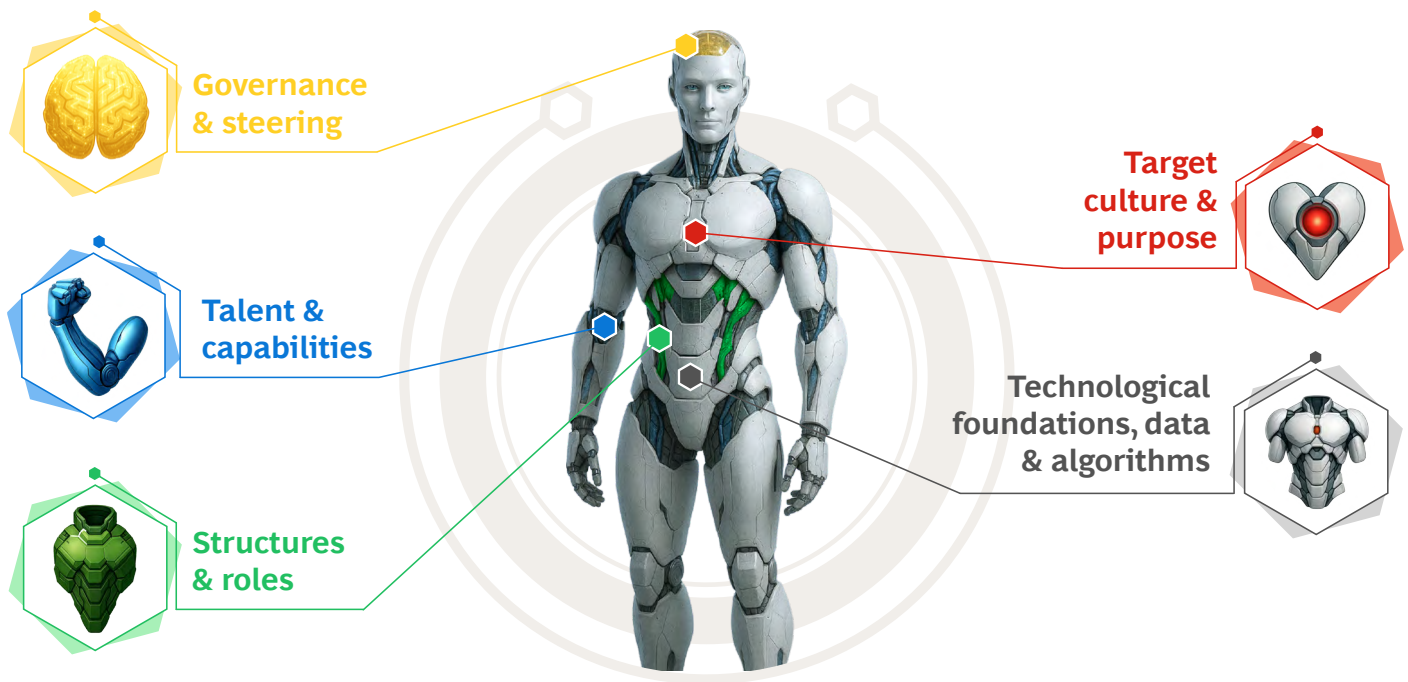
AI-First organizations cultivate a mindset through a clear change narrative, transparent leadership, and robust change management. An essential element of this involves enculturating trust in human-agent collaboration to alleviate concerns about AI. Also, crucial is a 'fail fast, learn fast' mentality that promotes innovation and ensures transparency. Leaders frame AI as 'amplified intelligence,' clearly articulating its purpose and value.

Technological foundations, data & algorithms

AI-First organizations rely on a decentralized portfolio of precise, pretrained agents built on qualitative, available, and AI-ready data. To support these agentic systems, they adopt composable business and IT services, underpinned by scalable infrastructure and modular platforms equipped with the latest tooling. This modular setup replaces siloed stacks, enabling real-time orchestration and continuous learning at scale.

EXHIBIT 3

Five dimensions of an AI-First organization



How to get started: embarking on the AI-First journey

AI-First transformation goes beyond investing in technology or modernizing legacy systems. It starts with a bold North Star vision, followed by an initial end-to-end (E2E) transformation, and progresses through the staged replication of additional E2E transformations - ultimately enabling a fully AI-First organization. As this evolution plays out, investment needs and deployment costs decrease from their initial level; meanwhile, organizations can realize increasing AI value creation over time.

Setting the North Star

Transformation begins with setting a clear vision of the AI-First approach - establishing a visible 'North Star' that guides the journey with agentic AI, and differentiates this journey from one merely enhanced by AI. This includes mapping human and AI roles based on competitive advantage of each, defining a data strategy, shaping the target culture, and educating top leadership.

Executive teams must be aligned not only on the urgency and disruptive potential of AI, but also on their expanded accountability in an AI-First environment. Focus on these matters creates the leadership momentum necessary to position AI-First as a strategic priority. A clearly defined

and articulated vision - anchored in long-term value creation - guides the transformation journey while ensuring cross-functional commitment.

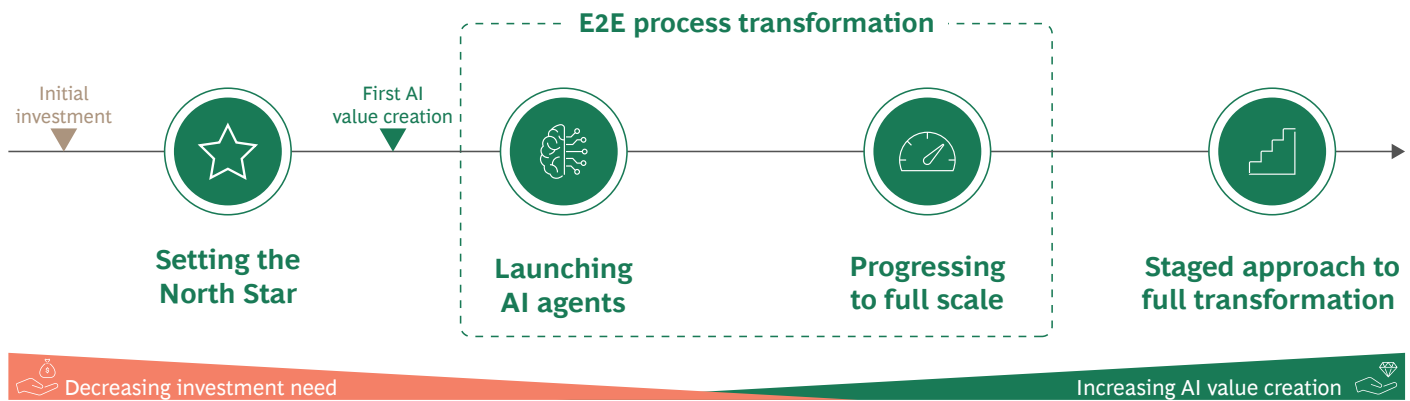
With this foundation in place, organizations assess their current operating model against the AI-First target state. Achieving that state requires multiple E2E transformations, prioritized by strategic impact - for example, starting with Order-to-Cash or Hire-to-Retire to generate early success and inspire further action. Each transformation builds on the last, driving momentum and accelerating organizational learning.

Launching AI agents

The transformation begins with deploying AI agents within a selected E2E process. These initial AI agents act as a testing ground to refine governance structures, strengthen collaboration between humans and AI, and develop workforce capabilities based on the lighthouse processes. Talent development plays a central role - upskilling and reskilling efforts equip the organization for broader E2E scaling. Continuous feedback loops support the ongoing enhancement of agent performance and outcomes.

EXHIBIT 4

Process illustration of staged E2E process transformation towards AI-First



Progressing to full scale

With successful AI agents implemented, organizations then scale AI agents across the full organization following the “string of pearls” approach. Re- and upskilling efforts focus on building orchestration capabilities and educating tech-savvy business units on agentic AI, decentralizing expertise beyond IT. Continuous data systems enable realtime learning, and cultural programs reinforce lasting behavior change while embedding the AI-First mindset at all levels. AI-driven KPIs are embedded in leadership reviews.

Staged approach to full transformation

The transformation culminates in systematic replication of E2E AI-First processes, which revolutionizes outcomes across the enterprise. With each E2E transformation, new business processes are reshaped, and breakthrough outcomes are achieved, positioning AI as a central

business driver. The operating model is holistically redefined. Each transformation builds on insights gained from previous rollouts and, depending on the context, can progress faster than earlier implementations. At the same time, the scaling economics of agent deployment and platform reduce implementation costs.

As organizations move from defining their North Stars to executing multiple E2E process transformations, success will hinge on disciplined execution, robust infrastructure, and empowered talent. AI-First is no longer optional - organizations that fail to embrace it risk falling behind. That’s why it is essential to build strong, agile foundations now and scale with intention. Preparing for a long-term shift, with initial investments and increasingly self-funding transformation, will define the next era of productivity and innovation.

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