

**ECONOMIST
ENTERPRISE**

The value edge

**Powering the next era of technology,
media and telecommunications**



Supported by **HCLTech**

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About this report

The value edge: powering the next era of technology, media and telecommunications is an Economist Enterprise report, supported by HCLTech, drawing from a proprietary survey and expert interview programme. The survey polled 202 C-suite executives at organisations across the US, UK, Ireland, Belgium, the Netherlands and Luxembourg, between December 2025 and February 2026. Survey respondents were split evenly across telecommunications, media and entertainment (TME; n=100) and technology (n=102), including semiconductors, sectors. Economist Enterprise wishes to thank the following experts for their time and insights:

- **Deepika Adusumilli**, former chief data and AI officer, BT Group
- **Benji Coetzee**, chief strategy and growth officer, KPN
- **Pallavi Mahajan**, chief technology and AI officer, Nokia
- **Mano Mannoochahr**, former chief data, analytics and AI officer, Verizon
- **Ed Plowman**, chief technology officer, Imagination Technologies
- **Avi Saxena**, chief technology officer, Warner Bros Discovery
- **Philippe Verlinde**, chief digital and information officer, Barco
- **Chris Wire**, corporate vice president, IT, AMD

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- **Charlotte Bullard Davies**, project director
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Foreword by HCLTech



For much of the digital era, technology, media and telecommunications (TMT) evolved along parallel paths. Telecommunications companies built and operated networks. Media companies created and distributed content. Technology firms developed the platforms that connected people, businesses and information. Today, those distinctions are becoming increasingly difficult to sustain. AI is accelerating a fundamental reordering of the industry. As intelligence becomes embedded across networks, applications, content and customer experiences, value is shifting from individual products and services to interconnected ecosystems. The next era of TMT will be shaped less by standalone industries and more by how effectively they converge.

This shift is already visible. Telecommunications operators are reorienting themselves from connectivity providers to 'TechCos,' seeking new sources of growth through platforms, data and AI-enabled services. Media companies are transforming into digital enterprises, combining content, technology and analytics to deepen engagement and unlock new revenue streams. At the same time, technology companies are discovering that leadership in the AI era cannot be achieved alone. The scale, complexity and pace of innovation increasingly require co-builders—partners that bring deep engineering expertise, industry knowledge and the ability to translate technological advances into real-world enterprise outcomes.

The findings in this report suggest that the next phase of industry transformation will be defined not by access to technology, but by the ability to industrialise it. Organisations are moving beyond experimentation toward embedding AI into the core of their operations, products and business models. As this transition accelerates, engineering-led innovation, platform-driven operating models and differentiated IP will become increasingly important sources of competitive advantage. Yet the true promise of AI lies not in adoption alone, but in monetisation. The leaders of the next decade will be those that convert intelligence into measurable business value—creating new revenue streams, enhancing customer experiences, improving productivity and building more resilient enterprises. Achieving this will require unprecedented collaboration across the TMT ecosystem.

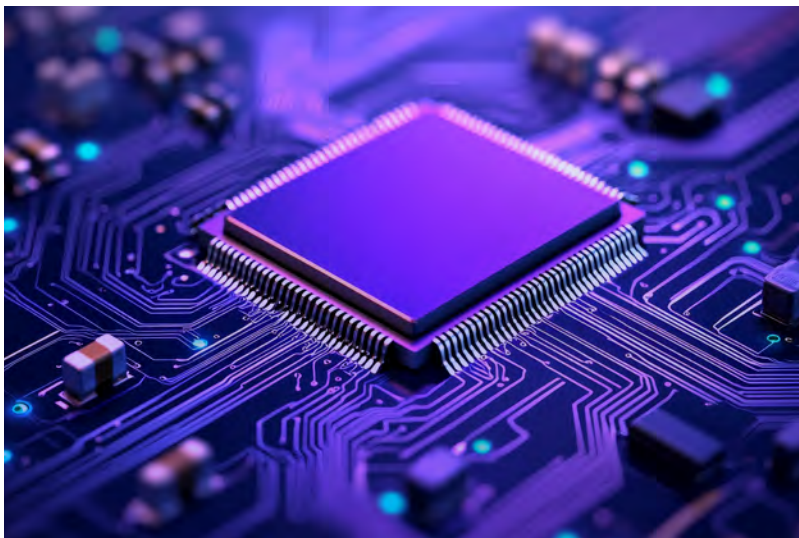
This report explores the forces driving that transformation and the opportunities emerging at the intersection of connectivity, content, platforms and intelligence. While the technologies may be evolving rapidly, the central challenge remains unchanged: how to create enduring value in a world where innovation is increasingly shared, interconnected and ecosystem-driven. At HCLTech, we believe the next wave of growth will belong to organisations that embrace convergence not as an industry trend, but as a strategic imperative. We are pleased to support this research and the important conversations it will inspire about the future of the TMT sector and the intelligent economy now taking shape.

Anil Ganjoo

Chief Growth Officer, Global TMT Industries, HCLTech

Executive summary

Artificial intelligence is redrawing the boundaries of the technology, media and telecommunications (TMT) sector—between connectivity, compute, content and devices—putting every layer of the value chain in direct competition for the customer relationship, where value ultimately accrues. This Economist Enterprise research programme, supported by HCLTech, surveyed 202 C-suite executives across the US and Europe and convened experts to understand how organisations are navigating that transition, raising tactical questions about positioning, “build-versus-buy” and change management.



Key findings from the research include:

- **AI is blurring the boundaries of TMT.** Industry convergence ranks as the primary driver of AI investment, well ahead of pressure from existing rivals. Technology firms are expanding into telecommunications infrastructure; media companies are securing AI capabilities through partnerships; and semiconductor players are moving deeper into sectors such as automotive and healthcare. But this is also a period of competitive threat as non-traditional firms capture value and customer relationships within TMT.
- **Confidence in AI is high, but few can quantify its worth.** Nine in ten C-suite leaders report satisfaction with their AI investments, yet commercial and revenue management—AI's most promising growth frontier—shows the weakest returns of any business function surveyed. Only a third have a framework capable of assessing AI's commercial impact, leaving most organisations tracking pilots and deployments rather than value created.

- **Governance is not keeping pace with deployment.** While an average of four in ten organisations report AI systems already operating at scale, fewer than one in five say governance actively shapes how their systems operate. As agentic AI embeds more deeply, the gap between what organisations are running and what they can reliably oversee is becoming a structural risk.
- **Culture and organisational readiness are lagging behind AI ambition.** Telecommunications, media and entertainment (TME) firms cite culture as a barrier to AI adoption at nearly twice the rate of their technology and semiconductors counterparts. Although talent upskilling ranks as the top stated investment priority, it remains the least present element in AI strategies across the sector. TMT firms should view AI as an augmentation to help staff innovate and expand their business, rather than an efficiency support or workforce replacement.
- **The next commercial frontier lies in business model innovation.** The most visionary organisations are using AI to change what they charge for: consumption-based pricing, tiered service guarantees and bundled digital offerings are emerging as the commercial expression of convergence. No single partnership model dominates across the sector, with firms building ecosystems around their own competitive advantage rather than consolidating around specific vendors.



High hopes, deferred returns

Confidence in AI is high across TMT industries, and spending reflects this. An analysis from PwC shows that **85% of top technology mergers and acquisitions in 2025 cited AI as a strategic rationale**¹, with investment in AI technology and infrastructure set to reach as high as US\$8trn over the next five years.

Our survey polled 202 senior executives at large firms across TMT, taking the pulse on AI adoption, returns so far and—crucially—whether AI is blurring the boundaries between these industries and changing who owns the customer relationship and where value accrues.

Across every business sector surveyed, almost all organisations have progressed beyond early pilots into active scale, and nine in ten C-suite leaders are satisfied with their AI programmes. But satisfaction and returns are not the same thing—and across TMT, the gap between the two is wide, consistent and largely unacknowledged.

“There are some [telecommunications companies] that already recognise AI as an inflection point to change their business model and emerge as leaders. And then there are some who are still thinking of AI as just another traffic type.”

Pallavi Mahajan, chief technology and AI officer, Nokia

Confidence without evidence

High investment often delivers limited measurable impact, from customer experience and product development to engineering acceleration and supply chain optimisation. More than half of organisations report high investment, but limited measurable returns in commercial and revenue management—the function where AI's growth potential is greatest and where long-term competitive position will be decided. Fewer than a third of organisations report having a framework capable of assessing AI's actual commercial impact.

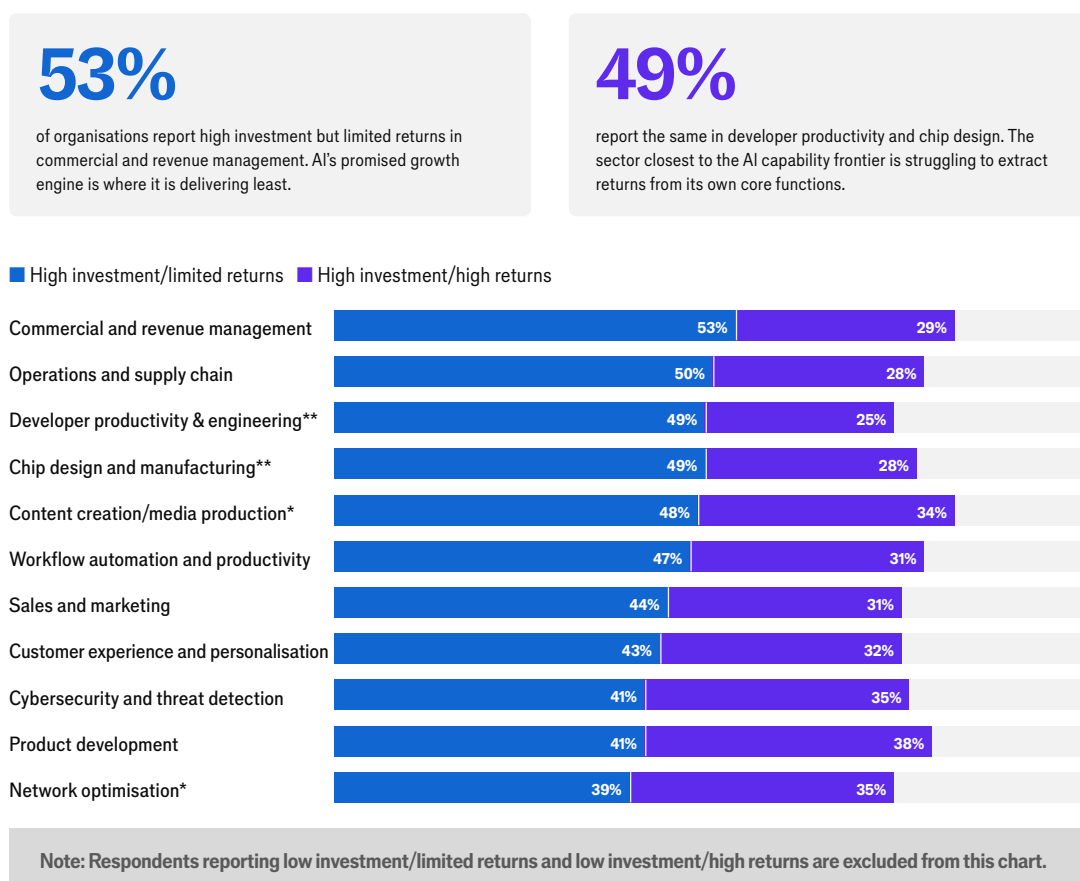
Instead, organisations are defining success by what they can measure—tracking deployments, pilots and other proxies rather than value created. As Philippe Verlinde, chief digital and information officer at Barco, which is navigating a shift from hardware margins to software-led value, observes of GitHub Copilot licences held by hundreds of his engineers: “That doesn't say whether they're using it the way it was [intended].”

A robust approach to return-on-investment (ROI) measurement matters precisely because of the costs involved in deploying AI in a meaningful way. “Previously, if we were implementing a US\$100,000 system to improve productivity, we didn't worry about it too much,” says Chris Wire, corporate vice president at chipmaker AMD. “When we're talking about millions of dollars, this starts to become a much bigger, corporate-level decision.”

¹ <https://www.pwc.com/gx/en/services/deals/trends/telecommunications-media-technology.html>

Figure 1: AI investment and returns

Q4 – Share reporting high investment/limited returns and high investment/high returns, by business domain (n=202, except *TME only n=100, **Tech & semis only n=102)



Source: Economist Enterprise/HCLTech survey, 2025-26

Efficiency should not be the only metric, experts advise. “We all started the AI effort with a desire for cost savings,” observes Benji Coetzee, chief strategy and growth officer at Dutch telecommunications firm KPN. “But if we only continue to see AI as an efficiency play, we’re playing defence as a sector.” Retention,

personalisation, anticipating what customers want before they ask—these are the areas in which AI’s most durable commercial returns lie. But growth impact is harder to isolate and attribute than a head-count saving, leaving most executives struggling to quantify AI’s value in terms that the boardroom understands.

“It’s been three years, and people are still talking about AI in the same way—job loss or business-as-usual efficiency. No one talks about the use cases that have actually flourished.”

Deepika Adusumilli, strategic advisor and former chief data and AI officer, BT Group

“The hype has definitely wound down, because the impact hasn’t yet come. But the potential is undeniable.”

Benji Coetzee, chief strategy and growth officer, KPN

Even where measurable gains exist, expectations have outpaced them: coding agents generate gains that **high expectations quickly absorb**².

Organisations can unlock commercial gain by using AI to identify latent value in their existing assets. “We’ve been sitting on a library with 100 years’ worth of content in our media systems and sometimes in cold storage,” says Avi Saxena, chief technology officer at Warner Bros Discovery (WBD). “Over the last 18 months we have been able to unlock additional value from that library.” Through archival tagging, the company is using AI-powered scene-level metadata extraction to introduce more refined features such as creation of social media clips and promotions to power contextual advertising and product placement. “Earlier, the primary revenue source for the company was distribution and the licensing fee. Now, once you start to get this AI-driven metadata, you can do things such as contextual advertising that flows with the mood of the film. If there is a holiday scene, the right ad to show next to it is not about healthcare. It’s likely about cola, beer or Champagne.” Better performing advertising provides a meaningful revenue boost for the firm. Mr Saxena also believes AI can drive e-commerce through optimised product placement.

“The boards are getting impatient. Most data points still point at single-digit gains, but a 10% improvement just isn’t good enough anymore. The pressure is building. Boards are starting to ask: what must we do to deliver a 30%+ lift?”

Mano Mannoochahr, former chief data, analytics and AI officer, Verizon

Culture and governance: what’s missing?

As firms move from pilots to production, they frequently run up against organisational constraints, from compute and data quality to workforce resistance. Culture and governance are often absent in early AI initiatives, but their impact on success grows as projects seek scale. There is a strong incentive to move fast in today’s AI era to fend off competition and meet escalating customer expectations. “What’s different this time around is the pace of change,” says AMD’s Mr Wire. “In previous technology cycles we had more time to contemplate and figure out how to deploy. If we’re not running as fast as we can, we’ll miss an opportunity to enable our customer base.”

But organisations need the governance and frameworks to keep pace. Currently, just one in five of survey respondents say governance actively shapes how their systems operate, despite 87% running agentic AI at scale. There are marked attitudinal differences across industries, with culture cited as a barrier to AI adoption by 40% of TME organisations, compared with just 26% of their technology counterparts. This reflects an industry built for reliability rather than agility. As Ms Adusumilli observes from her experience in long-tenured, heavily regulated workforces: “Telecommunications has not had the people transformation to be ready for technology transformation, and customers are already moving at a breakthrough speed.” One lesson TME can learn from the technology sector is the value of the minimum viable product to galvanise the wider organisation.

² <https://www.bloomberg.com/news/articles/2026-02-26/ai-coding-agents-like-claude-code-are-fueling-a-productivity-panic-in-tech?embedded-checkout=true>

Figure 2: Culture slows TME, compute constrains tech

Q11 – Top barriers to greater AI value, selected sector contrasts (% selecting each barrier; up to three; n=202)



Source: Economist Enterprise/HCLTech survey, 2025-26

Upskilling and hiring rank as the top investment priorities over the next 12-24 months; however, they feature in only 20% of AI programmes and are rarely cited as a current constraint. Skills are widely recognised, though seldom built ahead of demand. Firms should view AI as a means to empower and augment their workforce, rather than reduce head count or pursue efficiency for its own sake. “Flip the mental model,” says Ms Coetzee at KPN. “You keep your workforce as is, you enrich them, you make them bionic—and then they can sell more, do more, do better.” Her conviction is not just philosophical: KPN has staked its internal AI ambition on it, starting with mandatory two-day AI training for its top 250 managers and framing adoption explicitly as workforce empowerment rather than head-count reduction.

“When the dinosaur turns its head, the tail takes a long time to catch up. The work now is reinventing processes that are AI-native.”

Pallavi Mahajan, chief technology and AI officer at Nokia

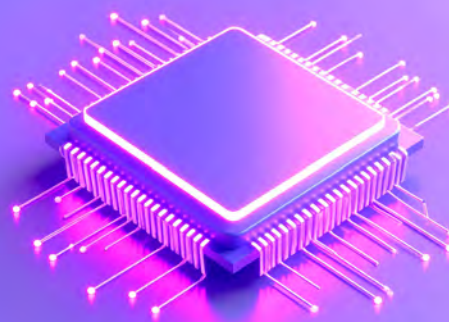
Governance is a second structural gap. While 87% of respondents report agentic AI already scaling or embedded, only 17% say governance actively shapes how those systems operate. “If you just put AI as a layer on top of something that is broken and disconnected, you’re not fixing the problem,” warns Pallavi Mahajan, Nokia’s chief technology and AI officer. At Nokia, readiness has required the hierarchy to be flattened so that decisions propagate at the pace AI systems require, reflecting a broader shift towards “de-layered” structures that telecommunications leaders are **being urged to adopt for survival**³.

For entertainment brands, intellectual property protection and security is a leading governance worry. WBD has created an AI governance committee to evaluate AI models and tools to ensure alignment with all relevant legal, technical and operational guardrails. “Once a tool is cleared for testing, it gets introduced into a sandbox environment where teams can evaluate the tool,” says Mr Saxena. But he acknowledges that governance is a constantly moving target for the firm. “We’ve established a process but it’s an ongoing journey. There are always more ideas than we have bandwidth to on-board.”

³ <https://www.computerweekly.com/news/366631217/Telcos-urged-to-delayer-for-survival-and-growth>

“Engineers will always want to make the Rolls-Royce. My job is to bring it back to the motorbike—the minimum viable product. The earlier we can show something tangible, the more people from the organisations’ execution layers will jump on to the change.”

Philippe Verlinde, chief digital and information officer, Barco



SEMICONDUCTORS:

“Building for yesterday’s AI”

The semiconductor industry finds itself in a moment of transition, meeting escalating demand while marrying hardware, software and the breakneck pace of AI itself. “By the time we get the infrastructure in, there’s going to be over-provisioning, and that’s where the bubble dies,” predicts Mr Plowman of semiconductor company Imagination Technologies. His argument rests on physical limits—power, thermal density and build timelines—more than markets. “The algorithms we have today just don’t scale,” he says. “When you hit a hard physical wall, it breeds a generation of people who go back to the original structure of the problem.” In addition to industry manufacturing capacity, physical deployment becomes an important factor for semiconductor firms, according to Mr Wire at AMD. “We have large, complex rack-scale systems,” he explains. “Getting the compute out and serviced, co-ordinating elements of hardware, sites and facilities, is where we are focused to accelerate adoption.”

That rethink is already underway, with evidence that capabilities can be extracted and compressed from large models⁴—a “golden ticket” pointing to a smaller, near-complete core surrounded by redundancy, says Mr Plowman. The risk lies in the mismatch in timelines: infrastructure takes years; models evolve in months. Locking into a fixed stack while the stack itself is shifting could leave little room to adapt.

Chipmakers say AI itself is helping them to accelerate development timelines, which in turn allows them to deploy more new ideas faster. According to Mr Wire, AMD is reaping benefits, including shortening the “complex and long” silicon design cycle. That productivity boost is opening new horizons in design and product innovation, increasing competition in the industry. Mr Wire sees further opportunities for the industry in specialisation and customisation.

⁴ <https://www.forbes.com/sites/stevemcdowell/2025/01/28/deepseek-unlocks-golden-opportunity-for-it-infrastructure-providers/>

Moats and bridges

AI transformation requires strategic choices about which capabilities are worth building, and which are better bought or borrowed. At the scale required—PwC estimates **between US\$5trn and US\$8trn in AI infrastructure investment**⁵ over the next five years across TMT—no organisation can act in isolation. A defining question for TMT is identifying where defensible advantage lies and building the right partnerships to attain it.

Partners and rivals

AI investment is driven by a sense of competitive opportunity—and threat—as borders blur. Industry convergence leads as an investment rationale, selected by a third of organisations as among their top three. This is well ahead of pressure from existing rivals, which was cited by just one in five:

“Whatever competitor is tapping into the user relationship will hurt us tremendously. We used to come in because of our display capability—that’s less relevant now. We are being consulted for the software, and more particularly, how the software can support the user.”

Philippe Verlinde, chief digital and information officer, Barco

incumbents are also more threatened by AI-native disruptors from adjacent sectors than by their traditional competitors.

The worry is well-founded. Hyper-scalers are moving into telecommunications infrastructure—**Amazon’s low-Earth-orbit partnership with AT&T**⁶ and **Deutsche Telekom’s €1bn sovereign AI data centre with Nvidia**⁷ both point to the traditional supplier-customer model giving way to co-dependency. At the same time, media groups are treating content libraries as AI assets, with the **WBD archive bidding war**⁸ and the **Paramount-Skydance merger**⁹ explicitly anchored in AI-driven value creation. Meanwhile, semiconductor firms are pushing into end markets, from **Qualcomm’s automated driving collaboration with BMW**¹⁰ to **Nvidia’s \$1bn co-innovation lab with Eli Lilly**¹¹.

As convergence redraws competitive boundaries, its strategic impact is unequivocal: not a single survey respondent said it would have “little to no influence” on their AI strategy. And partnerships today might mean competition tomorrow, as Ms Coetzee notes, drawing on experience from the over-the-top technology transition. “In big tech—whether it’s a scale-up or an existing hyperscaler—the sentiment has become all-you-can-eat. And why not? That’s capitalism. [You need to] rethink what you need.” As competition widens and each layer of the stack targets the customer relationship

⁵ <https://www.pwc.com/gx/en/services/deals/trends/telecommunications-media-technology.html>

⁶ <https://www.businesswire.com/news/home/20260204057385/en/ATT-AWS-and-Amazon-Leo-Collaborate-to-Accelerate-Modernization-of-Nations-Connectivity-Infrastructure>

⁷ <https://news.sap.com/2025/11/industrial-ai-cloud-digital-sovereignty-europe-partnership-innovation/>

⁸ <https://www.reuters.com/commentary/breakingviews/everyone-loses-warner-bros-bidding-war-2026-02-27/>

⁹ <https://www.nytimes.com/2025/08/07/business/media/skydance-paramount-merger.html>

¹⁰ <https://www.cnn.com/2025/09/10/qualcomm-bmw-launch-driverless-tech-ceo-says-other-carmakers-next.html>

¹¹ <https://www.cnn.com/2025/10/28/eli-lilly-nvidia-supercomputer-ai-factory-drug-discovery.html>

Figure 3: Convergence outpacing traditional competitive pressure

Q3 – Most important drivers of AI investment today (% selecting; up to three; n=202)

Industry convergence**35%**

Firms from adjacent sectors competing in the value chain

Competitive pressure from existing rivals**21%**

Not a single respondent said convergence would have little to no influence on their AI strategy. The competitive threat in this sector is increasingly coming from neighbours, not from across the street.

Source: Economist Enterprise/HCLTech survey, 2025-26

above it, strategic advantage becomes, in Mr Mannoochahr's words, "a question of whether organisations get creative and early enough to design and solidify an advantage for themselves"—ultimately determining who sits closest to the customer and where value concentrates.

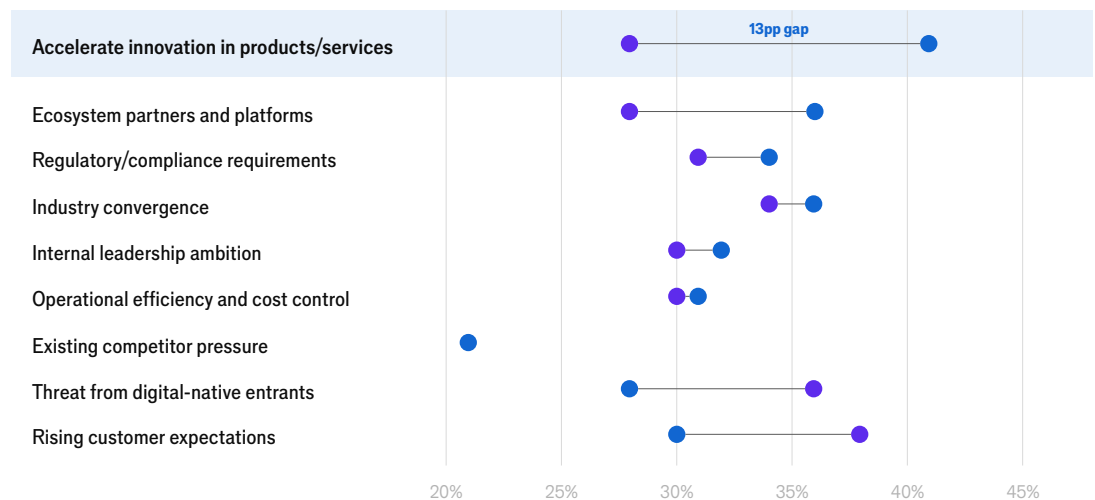
TME and technology organisations are responding differently to convergence pressure. TME firms cite innovation acceleration as a primary driver of

AI investment at 41%, compared with 28% among technology (including semiconductors) peers: TME organisations experience convergence as an internal product imperative driven by rising customer expectations; technology firms are responding to market pull from outside. Every layer of the stack is competing for the same thing: the last mile. This is the point at which services meet users, and where the most durable commercial relationships are built and defended.

Figure 4: TME innovates inward; tech looks outward

% selecting as a top-3 driver (up to three); TME n=100, Technology n=102

● Telecoms, media and entertainment ● Technology and semiconductors



Source: Economist Enterprise/HCLTech survey, 2025-26

“It used to be build-versus-buy, historically. But with the advent of AI, the third element is to partner with technology providers.”

Avi Saxena, chief technology officer, Warner Bros Discovery

The architecture of advantage

As AI capabilities spread across a fragmented vendor ecosystem, organisations can no longer rely on a single stack and must decide where to commit in a fast-moving market in which **innovation often outpaces value realisation**¹². Increasingly, firms are looking beyond traditional build-or-buy decisions. “For instance, we can fine-tune a model with our content and use some of the newer tools to make our data and content work with somebody else’s model, in a closed loop environment such that WBD’s data and IP stays within WBD. Not every media company can afford to build their foundation model, so they have to partner.”

The challenge for some is marrying what vendors offer with the reality of rollout. “The vendor pace in AI is trailing one-and-a-half to two years ahead of how we can actually create value as a company,” explains Mr Verlinde at Barco, who must manage expectations on ROIs the market has barely finished building. “That discrepancy is real, and it needs a lot of upfront rigour.” Inter-operability

across various technology platforms is a rising technical integration challenge as firms expand their vendor ecosystem for AI, says Mr Saxena.

Firms are keeping their options open and picking a diverse array of models. Among all eight partnership options surveyed, from joint ventures to managed services, responses cluster tightly between 30% and 39%, with no single model commanding a majority. “You use multiple partners; you don’t marry one,” says Ms Adusumilli, who ran simultaneous partnerships with Google, AWS, Anthropic and Accenture at BT. But optionality has a price, and the best partnerships are not simply the cheapest. “Sometimes you will pay more to be faster and capture market share than if you had built it yourself,” explains Ms Coetzee, who stimulates KPN’s venture model around exactly that logic. “Either build, buy or partner; you can’t have your cake and eat it. You have to make trade-offs in cost or time.” How firms make that trade-off depends on how they read the competitive moment.

This strategic divergence directly shapes what each business needs from a partner. In aggregate, capability requirements look flat—commercialisation, responsible AI, scalable compute and domain expertise all cluster within a narrow band. But beneath that consensus lie two different shopping lists: US firms skew towards commercialisation and go-to-market support; European firms towards governance frameworks and ecosystem access.

“Sometimes all these companies come to pitch you on things you’re thinking about, and they tell you they have it. In most cases, they’re building it with you.”

Deepika Adusumilli, strategic advisor and former chief data and AI officer at BT Group

¹² <https://aibusiness.com/agent-ai/ai-innovation-and-adoption-are-misaligned>

Figure 5: Same disruption, different instincts: the US plays offence, Europe consolidates

Q9 – Expected impact of industry convergence on AI strategy; US (n=100) vs UK/Ireland/Benelux (n=102)

Respondents selected up to two.

US Playing offence → new revenue	EUROPE (UK/IRELAND/BENELUX) Playing defence → platform and ecosystem
33% Creating new AI-enabled revenue streams beyond the traditional core business	32% Shifting investment towards platform or ecosystem capabilities to defend existing position
29% Expanding opportunities to enter adjacent or converging markets	29% Expanding opportunities to enter adjacent or converging markets
29% Accelerating the need for data and infrastructure modernisation	25% Increasing demand for integrated hardware-software-AI solutions
27% Increasing opportunities for acquisitions or strategic investments	24% Creating new competitive pressure from firms in adjacent sectors
22% Shifting investment towards platform or ecosystem capabilities	21% Creating new AI-enabled revenue streams beyond traditional core

Source: Economist Enterprise/HCLTech survey, 2025-26. Highlighted rows show the sharpest US-Europe divergence.

TELECOMMUNICATIONS:

“The second wave”

Telecommunications has experienced platform shifts in the past. When streaming took off, carriers merely ran the infrastructure. New entrants built the customer relationships and captured the upside. The lesson came at a cost: owning the pipe is not the same as owning the opportunity.¹³ “The currency of all economies is now data transfer,” observes Ms Coetzee. “AI finds itself at that intersection: you either use it to reshape your value chain and become part of a new growth era, or you move too slowly and become more and more displaced in the chain.” KPN is rethinking its model to capture its share of the opportunity, especially via the KPN Ventures fund. Ms Coetzee explains: “We actively search for scale-ups that can solve a problem we or our clients face. We want to run proofs of concept, and if we can get value points proven, we are likely to invest. It’s a complete fundamental shift—we used to have a push model; now, we pull.” Winners sit inside the emerging stack: embedded early, partnered tightly and positioned where value concentrates.

¹³ <https://www.theguardian.com/technology/2023/aug/22/techscape-teclos-netlix-streamers-broadband>

Owning the ground

The prevailing view casts AI as an arms race: build faster, partner wider, deploy everywhere. Evidence suggests a more selective logic, however: leaders who **focus on fewer use cases can generate up to twice the return**.¹⁴ In a converging value chain, advantage comes not from breadth, but from controlling the points where value is created and captured.

In AI, **value is embedded within the system**:¹⁵ proprietary knowledge and domain depth that others cannot easily access or reproduce. Competitive edge is decided on owned ground, before any expansion begins.

Knowing what you hold

When asked which governance and operational elements are included in their organisation's AI strategy—such as executive accountability, responsible AI principles, ROI frameworks, or AI risk

management—no individual element was selected by more than half of respondents. Even dedicated C-level accountability was cited by only one in three.

Without clear ownership, AI initiatives proliferate—**often misaligned with enterprise priorities**¹⁶—delivering the uneven results identified earlier. The difference between activity and value is focus. “Build what’s core to you, to your strategy, to how you service your customers,” advises Ms Adusumilli, formerly of BT. “Use, reuse, buy everything outside of that.”

The semiconductor industry illustrates the stakes when strategic focus is precise. Dominance in AI compute is widely assumed to rest on hardware superiority; the real advantage is built beyond it. “The hardware is just a gateway,” explains Ed Plowman, chief technology officer at semiconductor design company Imagination Technologies. “Having a foothold in the developer

“Telecom operators are uniquely positioned to become the gateway to the AI economy, combining trusted customer relationships with ubiquitous connectivity. By extending beyond networks into AI services, edge computing, and ecosystem partnerships, telcos can unlock significant new revenue streams and redefine their role in the digital value chain.”

Mano Mannoochahr, former Chief Data, Analytics and AI Officer at Verizon

¹⁴ <https://www.bcg.com/publications/2025/closing-the-ai-impact-gap>

¹⁵ <https://www.bcg.com/publications/2026/how-ai-is-paying-off-in-the-tech-function>

¹⁶ <https://www.pwc.com/us/en/tech-effect/ai-analytics/ai-predictions.html>

ecosystem—and the leverage that comes with it, built up over time—is what keeps others out.” That ecosystem, embedded across developer tools, training resources and programming frameworks, determines what engineers can actually build.

If they cannot engage with a new architecture, its technical superiority is irrelevant. “You probably can’t drain that moat,” concludes Plowman. “But you can build a bridge or tunnel underneath it, get into the castle that way.”

TECHNOLOGY

“Selling outcomes, not boxes”

Philippe Verlinde, chief digital and information officer at Barco, describes a business model being rewritten from the inside out for its specialised visualisation and collaboration solutions. “We’re very good at the box-moving business,” he says, “but the margin is no longer in the box.”

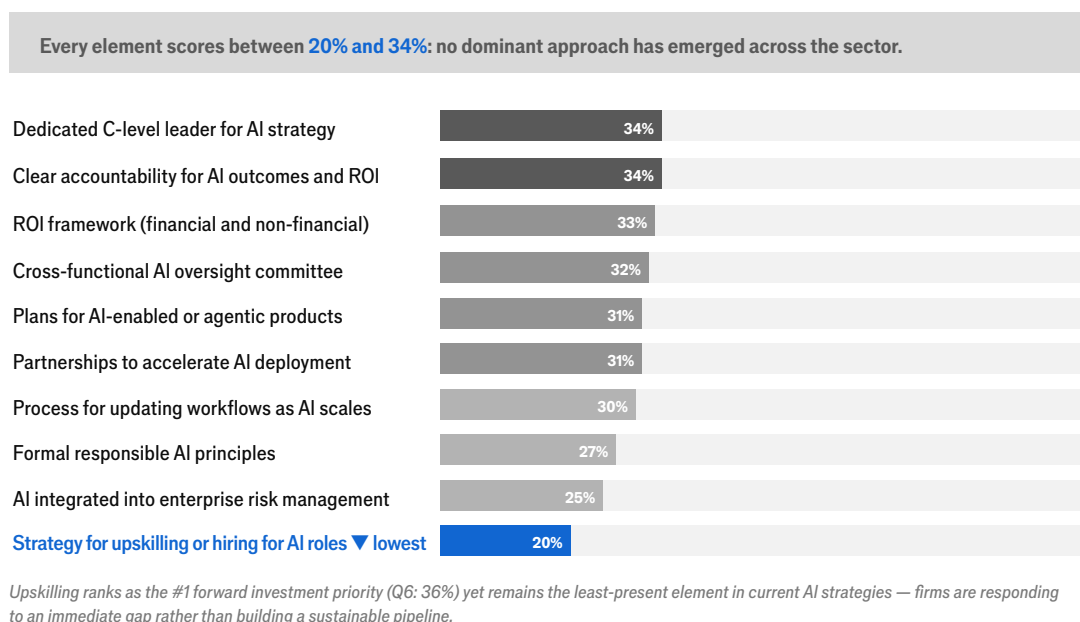
Nowhere was this clearer than in Barco’s cinema division, where the company faced a structural deadlock: studios would not invest in high-definition content without installed projectors, and cinemas would not invest in projectors without content to show. The breakthrough came from reframing the commercial model entirely. “We simply give the feature for free,” Verlinde explains, “and it’s by consumption that we get the return.” Instead of monetising hardware capability upfront, Barco tied revenue to usage—earning per screening rather than per unit sold. That same logic now underpins its AI-enabled pathology platform, where, as Verlinde puts it, “usage data becomes more and more relevant and is driving our recurring revenue”, with income linked to the number of tissue samples processed rather than the sale of imaging equipment.

“AI is what gets us to the user,” concludes Verlinde, underscoring how AI is redefining what customers pay for, when they pay, and how value is measured—away from hardware sales and **towards outcome-based revenue**.¹⁷

¹⁷ https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/upgrading-software-business-models-to-thrive-in-the-ai-era?utm_source=chatgpt.com

Figure 6: The strategy elements TMT organisations have, and haven't, built

Q12 – Which of the following are currently elements of your organisation's AI strategy? Select all that apply (n=202)



Source: Economist Enterprise/HCLTech survey, 2025-26

Nokia's partnership with Nvidia¹⁸ shows what building that bridge looks like in practice. Nokia has built a defensible position through hardened network software and deployment knowledge; Nvidia's accelerated compute and a **developer ecosystem built around compute unified device architecture (CUDA)**.¹⁹ Neither can replicate the other. "There is no one singular company in the world who can deliver that end-to-end solution," says Ms Mahajan, whose portfolio spans radio to transport to data centres. "It's all about partnerships for Nokia and co-creating with our customers and partners." These allow Nokia to evolve its own identity as: "no longer just about connecting people, but about connecting intelligence".

Where value lands

Across TMT, AI is changing how value is created and what can be sold. Asked which AI-native business models offer the greatest potential, TME and technology firms diverge in their priorities—with TME focusing on customer experience and monetisation, and technology firms on operational and ecosystem optimisation. However, both point to the same direction: advantage increasingly sits in how systems are designed, integrated and run.

The regional split is also telling. European firms skew toward foundational investments: customer experience platforms, automated content pipelines, supply chain optimisation

"Always look at where the moat is, where the value is, and then create partnerships based on that."

Pallavi Mahajan, chief technology and AI officer at Nokia

¹⁸ <https://www.ft.com/content/075c6d4e-7319-45c7-9de8-49da908aa594?syn-25a6b1a6=1>

¹⁹ <https://www.businessinsider.com/ian-buck-nvidia-moat-cuda-2025-6>

and US firms lean closer to the revenue layer: service orchestration, developer ecosystems, agentic workflows. The distance between those two positions measures how far each has moved towards changing what is actually being monetised: away from products and towards usage, outcomes and performance guarantees. Two examples—one from each side of the Atlantic—show how these new business models are already in operation.

“By the time they’d built all the stabling and clean-up systems, Henry Ford was selling cars hand over fist and nobody wanted horses anymore. We are in a very similar situation with AI.”

Ed Plowman, chief technology officer at Imagination Technologies

In Europe, KPN is designing the commercial model before the traffic arrives. As AI agents scale, demand shifts from intermittent human use to continuous, software-driven activity. “You as a user may employ an AI that runs ten agents calling for you at once—that’s a tenfold increase in demand on the network,” explains KPN’s Ms Coetzee. This introduces a completely new type of connectivity that is paid for differently. It requires “managing subscriptions, managing security, managing tokens—and doing it at mass scale”. As carriers seek to avoid a repeat of the “dumb pipe” economics of the last platform shift, KPN is already developing a dedicated agent subscription with its own security layer, allowing the ability to isolate agent activity from the personal line.

Across TMT, the pattern holds: companies that understand precisely what they control in the value chain, even before the category is fully visible, are better placed to monetise and establish the terms.

Figure 7: Same convergence, multiple commercial bets

Q16 – AI-native business models with greatest potential over next two to three years; TME (n=100), Tech and semis (n=102)
Respondents selected up to two.

TELECOMS, MEDIA & ENTERTAINMENT Convergence felt as a product imperative	RANK	TECHNOLOGY Convergence felt as market pull
40% AI-enhanced customer experience and personalisation	1	38% AI-driven supply chain and operations optimisation
35% AI-driven commercial and revenue optimisation	2	31% AI-enabled developer and safety ecosystems
34% Automated or low-human content pipelines	3	28% AI-driven assurance and service orchestration

Source: Economist Enterprise/HCLTech survey, 2025-26



TELECOMMUNICATIONS

“When connectivity becomes a product”

Telecommunications firms occupy a structurally advantaged position in the AI economy, sitting at the point where AI-based services meet users, with both network and billing relationships already in place. “Most of the AI is going to get consumed on phones that are in people’s hands throughout their day,” says Mr Mannoochahr. “Telecommunications companies are an integral link in the delivery of AI.”

That position opens adjacent plays beyond infrastructure: edge compute, bringing AI closer to use; service distribution, packaging AI tools for consumers and small and medium enterprises; and ecosystem orchestration, partnering with model providers and device makers.

“Could these services be branded and sold through carriers? That’s a huge opportunity,” Mannoochahr says. “AI companies don’t have that channel.”

Verizon’s **Network API Marketplace**²⁰, developed with Samsung, Ericsson, Nokia, Qualcomm and Meta, offers a glimpse of where this is heading: operators as service gateways, potentially **unlocking up to 31% in revenue diversification**²¹ through expansion into platform- and service-layer roles.

²⁰ <https://www.telecomtv.com/content/digital-platforms-services/verizon-unleashes-the-power-of-its-5g-network-to-developers-through-apis-49662/>

²¹ https://reports.weforum.org/docs/WEF_Artificial_Intelligence_in_Telecommunications_2025.pdf

Conclusion: claiming the last mile

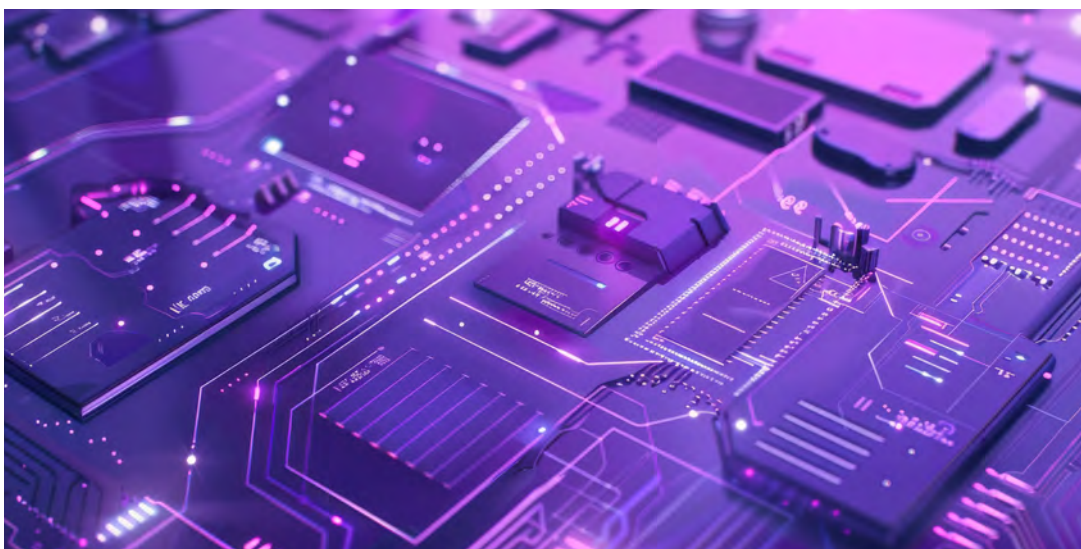
The story this research tells is not, at its core, about AI. It is about who owns the relationship with the end customer when every layer of the technology stack can compete. AI is the mechanism, but the strategic question it has unlocked is older and more fundamental: where does value accrue when every layer of the stack can reach the customer directly?

The answer divides organisations into two camps. The first is still asking what AI can do within their existing business—automating workflows, reducing costs and running pilots. The second has reframed the question entirely: not what AI can do for the current model, but what new model AI makes possible. The gap between those

two postures is widening, and it is measured in three areas: clarity about what you own; the commercial imagination to monetise it differently; and the organisational will to move before the window closes.

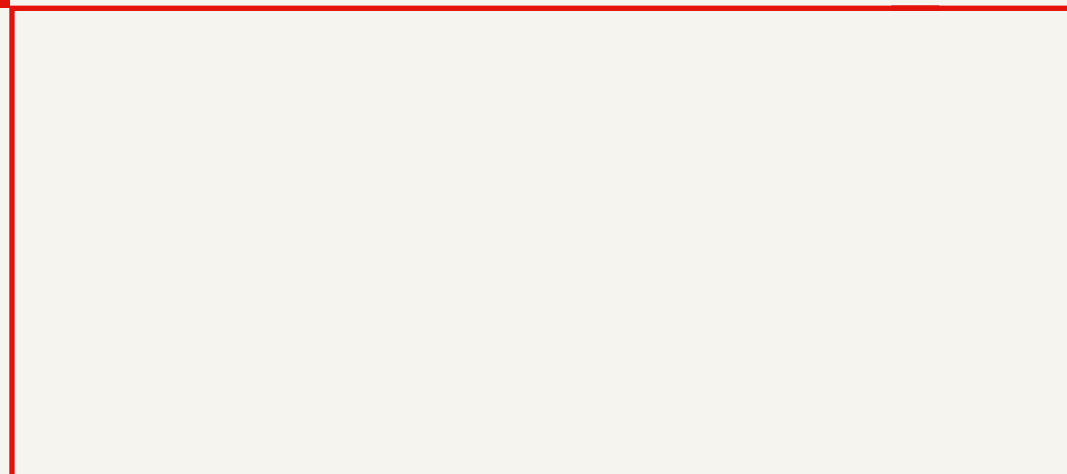
The organisations positioned to adapt are those that have built for flexibility rather than locked themselves into the architecture of today.

The last mile has always been the most contested stretch of the TMT value chain. In the AI era, every layer is racing to own it, and the organisations moving now are the ones who will find it still available when they arrive.



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