EXECUTIVE PERSPECTIVES ON TOP RISKS AND OPPORTUNITIES

for the Near- and Long-Term

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Global Business Consulting

AI can't transform what the foundation can't support

COOs are confronting an expanding blend of forces and pressures interacting in ways – by turns conflicting and complementary – that generate new waves of opportunities, threats, pressures, questions and innovations.

Tariff costs and inflationary pressures, labour and skills gaps, cybersecurity threats, data privacy risks, and AI opportunities and risks pose acute challenges to operating leaders. Yet COOs and their C-suite colleagues are responding to these constraints by expanding ecosystem development activities, deepening vertical integration, charging into new markets, standing up native AI workforces, integrating AI outputs into core operations, modernising physical and digital infrastructure, and embracing new approaches to human capital management and workforce skilling.

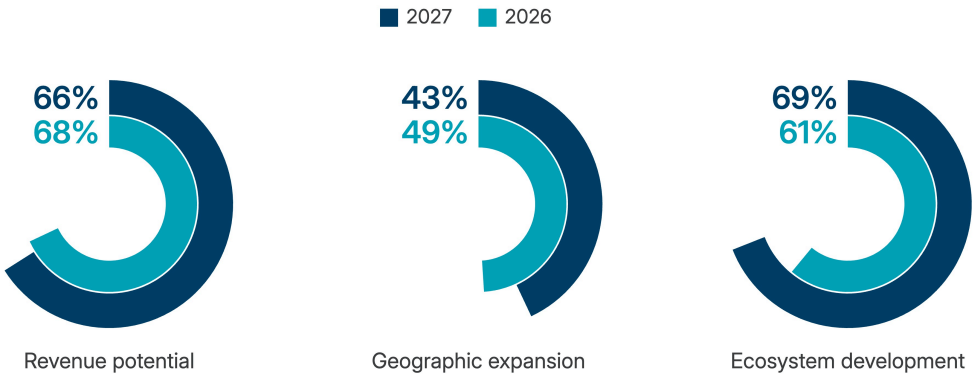
The COO results from this year's Top Risks and Opportunities Survey reveal that COOs are balancing a growing appetite for disruptive innovation with an emergent need for governance guardrails that provide sufficient oversight without curbing implementation speed or organisational agility. The focus of AI-powered advancements is shifting from efficiency gains to the transformation of core operations – a push driven less by margin pressure than by skills shortages, ecosystem expansion and revenue growth.

These survey results signal that COOs possess growing confidence in their organisation's ability to transform the enterprise and protect enterprise value while prioritising new responses to technological advancements, shifting supply chains and geopolitical disruptions – responses that instil greater resilience throughout business operations.

Where do COOs see the greatest opportunities for their organisation over the next two to three years?

COO views on near-term growth underscore that sizeable, rapidly evolving opportunities exist when it comes to expanding and rethinking strategic alliances and partnerships that organisations leverage to strengthen their market position. COOs also see significant opportunities to expand beyond their domestic market and core offerings into new regions and business lines. These leaders are comparatively less sanguine about opportunities to grow revenue within existing product and service lines. These findings track with our global survey results, as other C-suite members also view ecosystem partnerships as the best bet to drive growth in the next two to three years.

Views about opportunities for growth – COOs



Based on a five-point scale assessing agreement/disagreement.
Percentages reflect sum of "Agree completely" and "Agree somewhat" responses.

The findings also reflect the rapidly changing nature of ecosystem development. Previous models were largely one-sided, with a single party capturing the lion's share of the value generated by the alliance. That approach is giving way to more expansive models, in which multiple companies – including competitors – develop complex arrangements that are more difficult to manage but generate substantially more (and more evenly distributed) value.

We've seen more organisations partner with, aggregate and/or acquire ecosystem partners in the pursuit of greater vertical integration (to help land much larger contracts and customers) or to enter new markets. The boom in AI infrastructure and other high-growth markets also has COOs looking for

69%

view ecosystem development as an organisational growth opportunity in the near term.

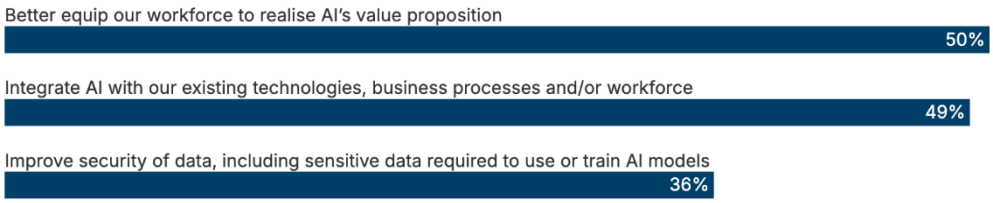
partnership and alliance opportunities that will enable their organisations to enter adjacent markets.

What priorities do COOs see as most important to maximising the value of AI deployments?

Like other C-suite leaders, the COO's AI priorities centre on upskilling, integration and governance, pointing to a fundamental shift in how organisations view, deploy and manage AI.

Operating leaders appear committed to moving beyond the ask-and-respond model of early generative AI solutions to integrating AI outputs into core operations at scale. This represents a profound shift, one that requires fresh thinking on upskilling, innovative approaches to resourcing scarce AI skill sets, infrastructure modernisation, and overhauls to traditional business processes and job roles.

Top AI opportunities – COOs



In a growing number of organisations, operating leaders view AI as part of a broader technology transformation – often as an intelligence layer that sits above the existing systems environment while deriving deeper, more predictive insights from those systems. While few organisations to date have fully implemented this type of AI systems environment, the direction is clear. COOs are also learning that AI upskilling has its limits. In response, they are turning to external and ecosystem partners to access expertise through flexible sourcing models that support AI scaling objectives.

Process and role redesign is an equally consequential AI priority for COOs. Early AI deployments typically focused on making existing processes faster, cheaper or more efficient. Today, operating leaders are asking a more fundamental question: Should these processes exist in their current form at all? More and more, the answer is no. Rather than simply automating legacy workflows, organisations are redesigning work from the ground up, rethinking operating models, reshaping job roles and eliminating activities

that no longer create value. Bottom line, many COOs see the greatest opportunity lying not in optimising existing processes but in reinventing how work gets done.

Another key point: If these AI-driven process and role redesigns are to succeed, the data that new tools use must be governed and protected, even as it is exposed to more users, systems and third parties. Without a robust and resilient data foundation, even the most advanced AI solutions will fall short of expectations.

We asked COOs three specific questions about their views on the organisation's ability to (1) transform the enterprise, (2) protect enterprise value, and (3) respond with agility to market opportunities and risks. What did they tell us?

Transformation and the protection of enterprise value are essential mandates of the COO role, and respondents express elevated levels of confidence in their ability to help the organisation advance its transformation while protecting enterprise value in the face of threats and disruptions to the business model. COOs are less confident in the organisation's ability to respond with agility to emerging opportunities and risks while building greater resilience into the overall business operations, mirroring a trend in the overall global results.

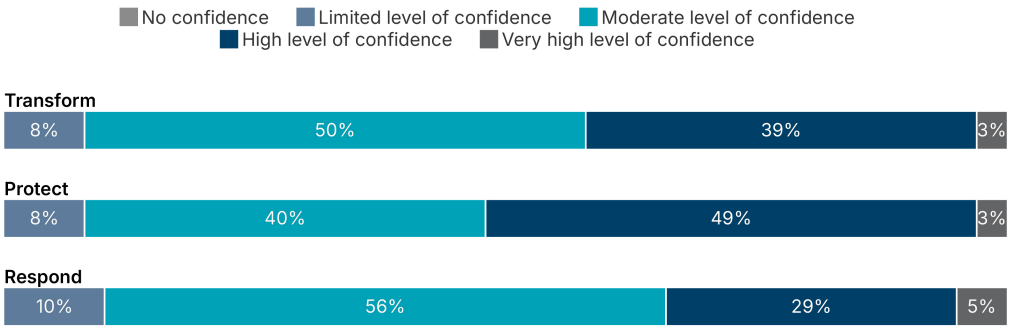
These findings make sense in the context of the COO's role, which is focused much more on transformation and protection than it is on responding to emerging market opportunities. That said, COOs play a central role in fortifying operational resilience and managing emerging operational risks.

Related findings from Protiviti's Global Transformation Survey, conducted in partnership with Oxford University, reveal an important distinction: While 68% of COOs in that study are confident that transformation initiatives are achieving their stated objectives, including being delivered on schedule, only 42% of COOs in our Top Risks and Opportunities Survey express high confidence in their organisation's broader ability to transform the enterprise, sustain competitiveness and create value. The contrast suggests COOs are more confident in executing individual transformation initiatives than in the enterprise's overall capacity to adapt to competitive pressures.



Industry dynamics also come into play. Transformations are proceeding aggressively in sectors hammered by raw material cost increases or the need to offset tariff-related costs. In these industries, COOs approach transformation as a comprehensive change in how work is performed rather than a one-off improvement. Other sectors are contending with massive sunk investments that have yet to bear fruit. COOs in these industries are focused on far-reaching cost-reduction initiatives.

Views about the ability to transform, protect and respond – COOs



While the pace and magnitude of operational transformation depend on the unique pressures and threats an organisation confronts, COOs in all industries and companies are well served by planning in lockstep with their commercial and revenue functions. This alignment enables operational capabilities to flex quickly when new threats and opportunities materialise.

52%

have a high level of confidence in the organisation's ability to protect enterprise value.

What are the most significant near-term concerns and risks on the minds of COOs?

Two findings leap out here. First, COOs' level of concern rose for 27 of the 28 risks they rated this year compared to 2026 (two new risk issues were added to this year's survey). Second, cybersecurity and data privacy concerns dominate operating leaders' top five risk concerns.

COOs are most concerned about compliance with data privacy regulations and expectations, cyber threats, and AI-related risks. Economic conditions (including inflationary pressures) and limited access to technological skills round out operating leaders' top five risk concerns. Interestingly, the remaining issues on their top 10 list displaced several of their 2026 top risk concerns. This year, operating leaders are attuned to heightened regulatory change, uncertainty and fragmentation; the speed of disruptive innovations;

talent management, leadership development and succession planning challenges; and organisational resilience/agility in the face of unexpected crises.

Top five near-term risks – COOs

Risk description	2027	2026
Ensuring privacy and compliance with growing identity protection regulations and expectations	3.52	2.71
Cyber threats	3.50	3.09
Emergence of new risks from implementing AI	3.44	2.85
Economic conditions, including inflationary pressures	3.43	2.76
Limited access to workforce skills needed to adopt new and emerging technologies	3.40	2.85

Averages based on a five-point scale where 1 reflects "No impact at all" and 5 reflects "Extensive impact."

The industry breakdown of our COO respondent group – well represented by heavily regulated industries – may have contributed to the leap in concern over compliance with privacy and identity protection rules. Yet this "protect" priority is closely related to cybersecurity concerns and emerging AI risks. COOs, like CFOs, have a pressing need to invest more time and effort in data protection even as their concerns about risks in their traditional wheelhouse rise.

Moreover, cyber threats, unfolding AI risks, inflationary pressures and access to technology skills are pervasive risk concerns across all industries, and they affect nearly every investment decision and strategic initiative. Operating leaders hungry for AI-powered insights and analyses must balance this need with the mandate to protect the data consumed by AI tools within the organisation and across an expanding portfolio of third parties.

At the same time, new AI investments are being driven not only by transformation and innovation objectives but also by persistent workforce shortages. Across industries, operating leaders view AI as a way to perform work that organisations struggle to staff, rather than simply as a tool for reducing costs. In manufacturing environments, for example, some organisations are already applying AI-recommended equipment adjustments in real time because skilled production workers are increasingly difficult to



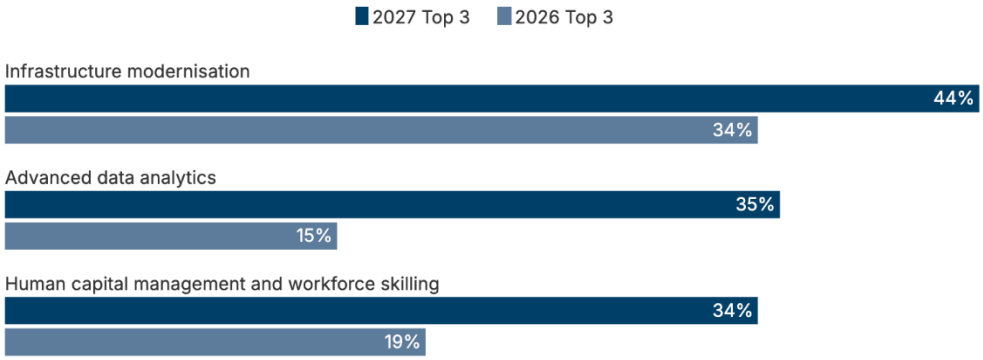
find. The conversation around AI has shifted from labour substitution to labour availability and scalability.

Operating leaders also face a difficult balancing act as disruptive technologies continue to evolve at breakneck speed. Organisations want to move quickly to capitalise on new innovations, particularly AI-enabled capabilities, yet they recognise that speed without adequate oversight introduces new operational, regulatory and reputational risks. As a result, many COOs are working to establish governance guardrails that reduce risk without stifling innovation.

Given these near-term risk issues, where do organisations plan to invest most?

The COO's ability to transform operations and help their organisations respond to emerging opportunities hinges on foundational capabilities such as data management and governance, the systems environment, and technologies on the plant floor. It's no surprise, then, that infrastructure modernisation is their top investment priority by a wide margin.

Top strategic investment priorities – COOs



44%

rank infrastructure modernisation as a top strategic investment priority.

Whether they take the form of ERP cloud migrations, digital twins, IoT-enabled logistics tracking or other forms of operational technology upgrades, infrastructure modernisation efforts are surging across most industries. Aging systems impede an organisation's core transform, respond and protect capabilities; outdated technology environments also hinder the integration of AI tools.

COOs clearly recognise the urgency of getting their foundations in order. By doing so, they can develop and expand capabilities that generate deeper insights and deliver better business outcomes. Importantly, operating

leaders are not just investing in more dashboards, reports or visualisation tools. They also are looking for AI-enabled capabilities that influence decisions, automate actions and improve operational performance. COOs see the next generation of analytics being less about producing information and more about producing measurable outcomes.

Human capital management and workforce skilling represent another top investment priority among COOs – in keeping with a theme running across this year's survey. Operating leaders want to determine the degree to which upskilling can realistically support AI-enablement and optimisation objectives so that alternative resourcing approaches can be deployed as needed. On the operations side, a primary aim is to hand off repetitive, monotonous tasks to AI while having human workers focus more on higher-value activities. For management and engineering teams, the objective is to equip them with the skills and knowledge they need to perform their own analysis with AI tools – or to build tools that solve problems directly.

While investments in cybersecurity and business process improvement remain top priorities, COOs remain focused on putting in place the foundational data, systems and skills enablers required to optimise their AI investments.

How do leaders view the 10-year risk outlook for their organisation?

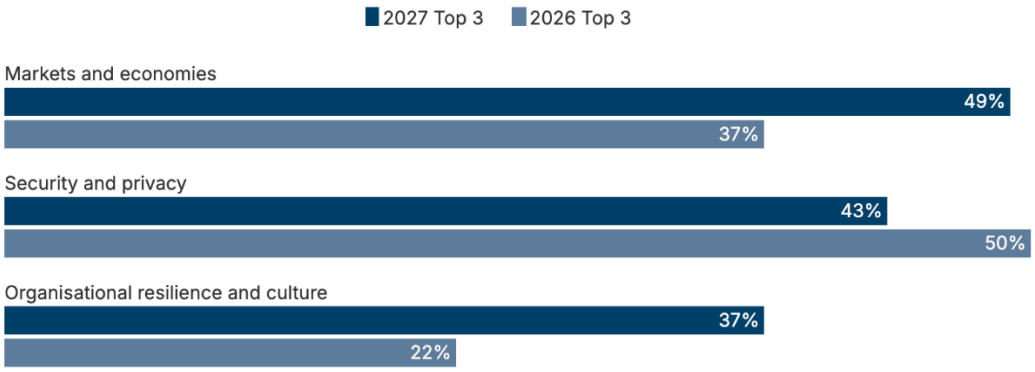
As COOs scan the 10-year risk horizon, they identify challenges with staying power and mechanisms that will help address those challenges.

Given the highly dynamic nature of markets and economies anticipated to prevail in 2027, it is understandable that operating leaders expect these risks to figure prominently a decade from now. The same holds true for data security and privacy risks, which seem unlikely to lessen any time soon given the rapidly growing use of AI tools and the fact that we will have fully entered the era of post-quantum cryptography before 2037. COOs view security and privacy as a long-term risk management priority – and, in many cases, a systemic feature of the risk landscape as opposed to a temporary problem that can be fully solved. While the bad actors responsible for data security and privacy breaches may change over time, they will remain active.



Even though AI's ultimate impact on business models has yet to be determined, COOs understand that its relevance as a distinct risk is likely to diminish 10 years from now as it is subsumed by successive waves of frontier technologies.

Top long-term risks – COOs



The blistering pace of technological advancements makes COOs' other top-rated 10-year risk considerations especially relevant. Organisational resilience and culture represent an evergreen risk management asset and priority. A healthy, purpose-driven organisational culture enhances an enterprise's ability to anticipate, adapt to and recover from disruptions while leveraging new opportunities the disruptions generate.

49% of COOs view markets and economies as a top long-term risk theme for their organisations.

Calls to action for COOs

- **Modernise** ERP and operational technologies – AI-driven operations can't run on outdated infrastructure.
- **Establish** a data governance strategy that ensures sufficient access to data and protects that data, regardless of where it is consumed.
- **Explore** partnerships and alliances with multiple ecosystem partners; while these arrangements are more difficult to manage, they often generate substantially greater value for all participants.
- **Research** fast-growing adjacent markets for new revenue opportunities.
- **Strengthen** collaborations with sales and other revenue-generating teams so operations can respond with agility and resilience to market disruptions and opportunities.

About the survey

Our 15th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,330 board members and C-suite executives around the world regarding their views on:

- Ability to transform and protect the enterprise and respond to market opportunities and risks;
- Opportunities for growth considering the current environment;
- Priorities perceived as most critical to maximising the value of AI deployments;
- The top risks on the horizon for the near-term (two to three years ahead) related to 30 specific risks across three dimensions (transform, protect and respond);
- A discussion of their organisations' near-term strategic investment priorities, given the opportunities and the risks they face; and
- The long-term horizon based on 11 risk themes that encompass the 30 near-term risk issues.

Our survey participants shared their views through an online survey conducted in June and July 2026.

About the author



David Petrucci leads Protiviti's COO advisory service and is the Supply Chain and Operations practice leader. He has more than 30 years of global operational improvement and innovation experience working across industry, technology and consulting organisations. His specialty is developing new business and organisational models at the intersection of business and technology. David has worked for multinational organisations like Honda, IBM, Genpact, Oliver Wyman and Microsoft in leadership roles.

Contact David at david.petrucci@protiviti.com.

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