2026 Outlook: Revisiting Our Tech Predictions

What's Tracking, What's Not

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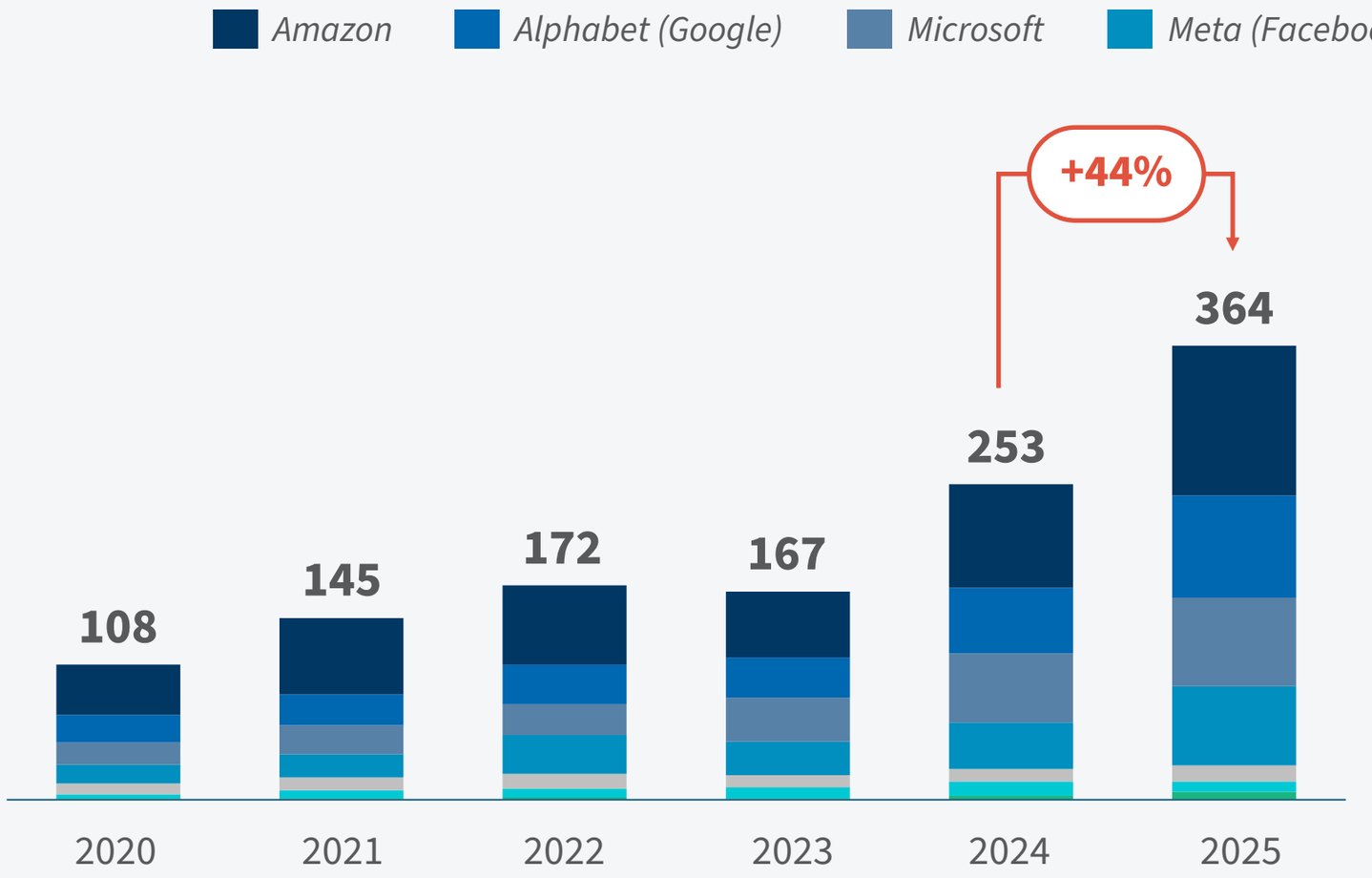
2025 marked an acceleration of investment across the tech sector, as an AI arms race came into full force

CAPEX of Magnificent 7 rose by 44% in 2025, driven mainly by ramped AI investments



Magnificent 7 CAPEX (~USD 364 Bn) reported to be primarily driven by AI investments, up from prior ~USD 325 Bn estimates

Magnificent 7 share price increased by +21% since Q1 2025

[1] *MAGS ETF;*
Source: Bloomberg, S&P Capital IQ, Yahoo Finance, FTI Consulting

At the beginning of 2025, we made 7 predictions of what to expect for the year ahead

Our predictions in ‘What’s Ahead for the Tech Sector in 2025’

1	Generative AI will reshape industries with multimodal models and autonomous workflows
2	The future of AI infrastructure will benefit from sustainable and energy efficient data centers
3	Extended reality (“XR”) will enter the mainstream, transforming digital interaction
4	Emerging markets will lead AI democratization
5	AI-driven infrastructure and physical AI will transform smart cities and mobility
6	Synthetic data will revolutionize how we overcome data scarcity and privacy challenges
7	Quantum computing will redefine computational limits

Source: What's Ahead for the Tech Sector in 2025 – Opportunities and trends identified by our experts (FTI Consulting, 2025)

Starting 2026, we reflect on what we got right, what we got wrong and what is still too early to tell

	Our predictions in 'What's Ahead for the Tech Sector in 2025'	Prediction grade
1	Generative AI will reshape industries with multimodal models and autonomous workflows	Got it right
2	The future of AI infrastructure will benefit from sustainable and energy efficient data centers	Directionally right but still early
3	Extended reality ("XR") will enter the mainstream, transforming digital interaction	Too early To tell
4	Emerging markets will lead AI democratization	Got it wrong
5	AI-driven infrastructure and physical AI will transform smart cities and mobility	Directionally right but still early
6	Synthetic data will revolutionize how we overcome data scarcity and privacy challenges	Got it right
7	Quantum computing will redefine computational limits	Too early To tell

Source: What's Ahead for the Tech Sector in 2025 – Opportunities and trends identified by our experts (FTI Consulting, 2025)

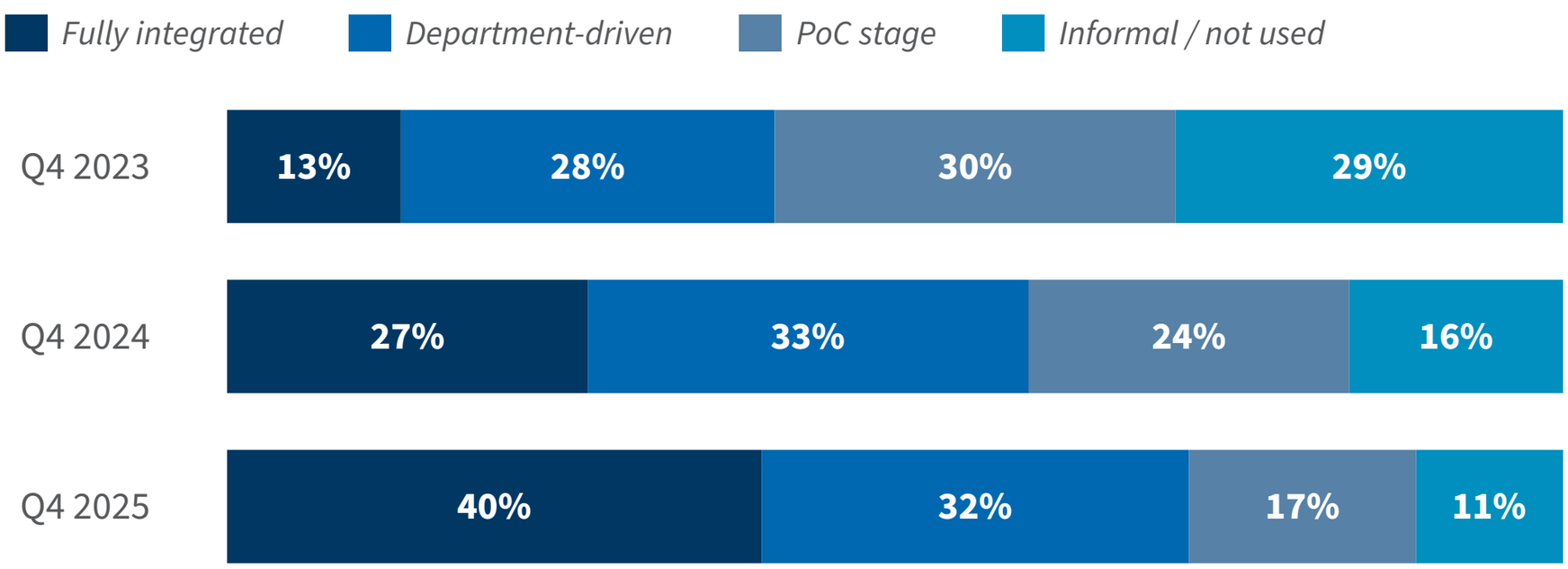
What we got right

‘25 Prediction: Generative AI will reshape industries with multimodal models and autonomous workflows

What played out in 2025: Gen AI has become a commonplace tool, enabled by multimodal and agentic capabilities, with cost discipline emerging as a key priority going forward

Gen AI entered the mainstream

70+% of business are adopting Gen AI



Multimodality moved from a demo feature to the default capability in flagship models and products in 2025

	OpenAI	Google	Anthropic	Meta	Alibaba	X.ai
Flagship Models	GPT-5.2	Gemini 3	Claude Opus 4.5	LLaMA 4 Maverick	Qwen3-Max	Grok 4.1
Multi-modal	✓	✓	✓	Hybrid	✓	✓
Notes		Video input as differentiator	No native audio output	Core model text only		

Multimodal AI models are those that can understand and work with more than one type of data at the same time, such as text, images, audio, or video

2025 was the year of ‘Agents’

OpenAI launched **AgentKit**, a **no-code agent builder** with ability to invoke **3rd party apps** in **ChatGPT**

~20% of **non-technical knowledge workers self-deployed agentic workflows**, delivering up to **~40% faster** end-to-end execution

Note: (1) Percentage of total respondents; methodology based on an online survey of 1,006 mid-level and senior IT and line-of-business professionals across North America and Europe;
Source: S&P Global, Verizon, FTI Consulting

‘25 Prediction: Synthetic data will revolutionize how we overcome data scarcity and privacy challenges

What played out in 2025: Synthetic data shifted from a niche research technique to an enterprise-grade strategy, with strong progress in manufacturing and autonomous systems

	Established platforms offer synthetic data generation capabilities or host partner tools in their marketplace	New synthetic data tools are raising substantial VC funding and are being acquired by major players
Major cloud platforms and tools integrating synthetic data as a standard offering	**Databricks:** Enables end-to-end synthetic data generation pipelines for perception AI **NVIDIA:** Generates through Omniverse physics-accurate 3D scenes with labeled outputs (e.g., 2D, 3D point clouds) **AWS:** Generates realistic, privacy-safe synthetic data using Amazon Bedrock to enable enterprise testing & development without relying on sensitive data	**Tonic:** Raised $45M to date **Gretel:** Acquired by in 2025 for $320M+ **Datagen:** Raised $150M to date

Cross-industry adoption of synthetic data underway

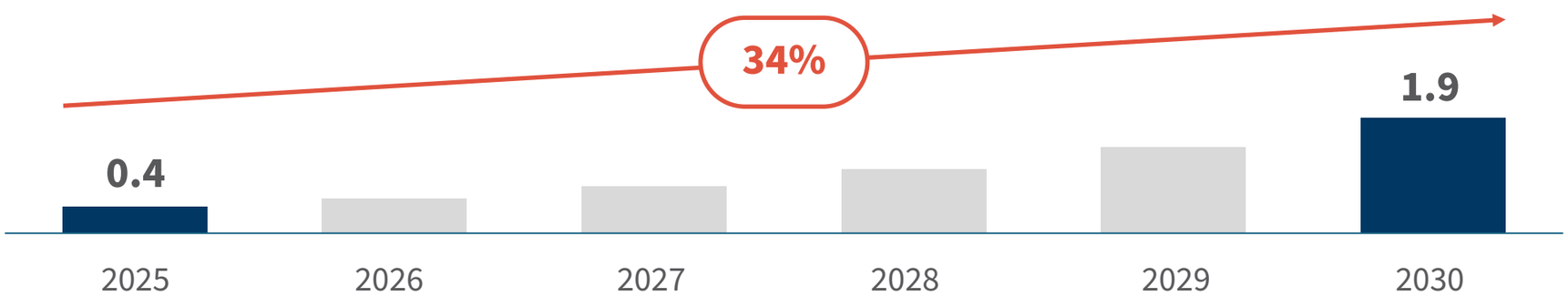
Autonomous vehicle
Waymo trains and validates the Waymo Driver using large-scale simulation to generate and replay rare “corner-case” scenarios beyond what real-world fleet mileage can cover

Healthcare
Johnson & Johnson is leveraging Isaac to generate high fidelity digital twins to accelerate future product innovation, optimize clinical workflows, and improve training for clinical teams

Manufacturing
BMW Group in collab with different parties launched SORDI, an open-source synthetic dataset for computer vision in the field of manufacturing

Rapid growth in synthetic data market value forecasted

Global synthetic data generation market forecast (USD Bn, 2025, 2030)



Source: Desktop research, Databricks, Sordi, Google Cloud, Microsoft, Johnson & Johnson, BMW Group, Waymo, FTI Consulting

What we got directionally right but are still early

‘25 Prediction: The future of AI infra will benefit from sustainable and energy-efficient data centers

What played out in 2025: Efficiency and clean energy data center deals have increased, shaping AI infra. planning; However, access to power capacity remains the primary constraint.

Leading tech firms are investing in low-carbon energy deals and deploying more efficient infrastructure architectures

Meta

Meta established nuclear partnerships with TerraPower, Oklo, and Vistra, totaling ~6.6 GW of low-carbon electricity

Google

Google signed a USD $3 Bn hydropower PPA with Brookfield, securing ~670 MW of carbon-free electricity in Pennsylvania, with expansion pathway to ~3 GW

Cooling and efficiency tech are being adopted widely, and energy metrics are improving in some fleets

67%>

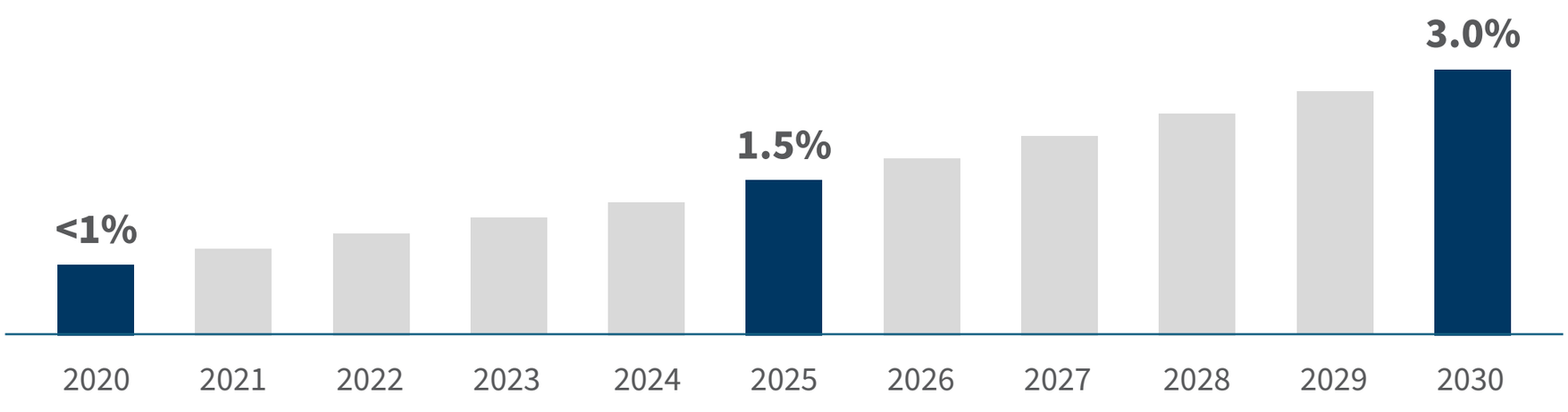
Potential energy saving from liquid cooling vs. traditional methods

73%

of new AI facilities deployed in 2025 use liquid cooling

However, AI workloads continue to expand massively, outpacing pure efficiency gains

Global DC Share from Electricity Consumption (% in TWh)



Source: IEA, Google, AP News, Forbes, Financial Times, ScienceDirect, FTI Consulting

‘25 Prediction: AI-driven infrastructure and physical AI will transform smart cities and mobility

What played out in 2025: 2025 marked the shift of AI-driven mobility and smart infrastructure from concept to pilots; However, commercial scale deployment remains limited.

Real-world autonomous vehicle deployments & pilots

Advancements in AI across sensor fusion, low latency inference, and safety validation have enabled autonomous driving to shift from limited pilots to permitted, scalable commercial operations

RIYADH — KSA

First autonomous driving permit granted to WeRide’s Robotaxi autonomous taxi pilot, in collaboration with Uber

ABU DHABI — UAE

Commercial operations for Level 4 autonomous vehicles, issuing permits to WeRideUber–Tawasul and AutoGo–K2–ApolloGo

AUSTIN — USA

Uber and Waymo launched an autonomous ride-hailing service using 100+ all-electric Jaguar I-PACE vehicles

Smart Traffic & Urban Optimization Systems are live across select cities

BARCELONA — SPAIN

Hayden AI partnered with public authorities to deploy automated bus-lane and bus-stop enforcement, targeting reduced obstructions, ~5% higher bus speeds, and ~20% fewer collisions

CHENNAI — INDIA

Traffic authorities deployed AI-driven adaptive signals across 165 junctions, dynamically adjusting green phases based on real-time congestion, targeting up to ~40% reduction in average wait times

Whilst AI infrastructure and physical AI are beginning to transform parts of smart cities and mobility, the shift is still ongoing rather than fully realized

Source: Arab News, WeRide, Waymo, Uber, UAE Integrated Transport Center, Ministry of Transport and Logistics Service – KSA, Its International, FTI Consulting

?

Too early to tell

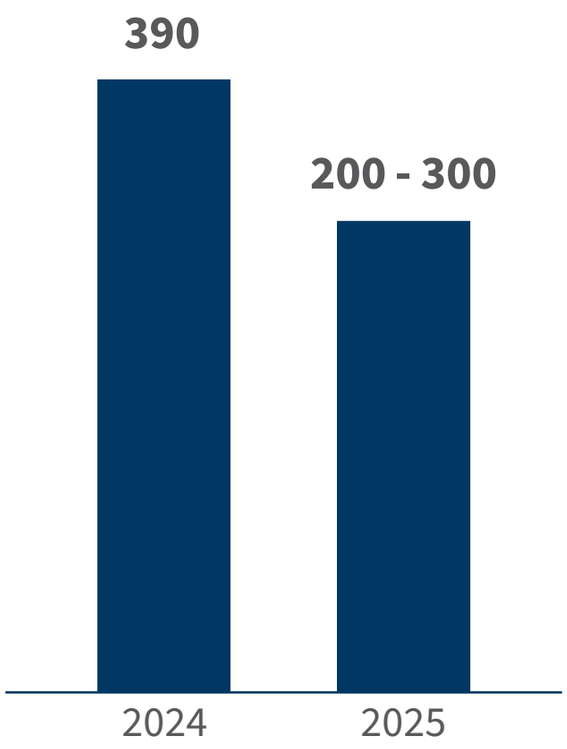
‘25 Prediction: Extended reality (“XR”) will enter the mainstream, transforming digital interaction

What played out in 2025: Early high-end devices proved too futuristic for current market maturity, leading to increasing traction on new simplified products focused on wearable AI

Initial XR devices failed to enter the mainstream, due to price, design and limited use cases

Apple

Apple VisionPro estimate global sales (000’s)



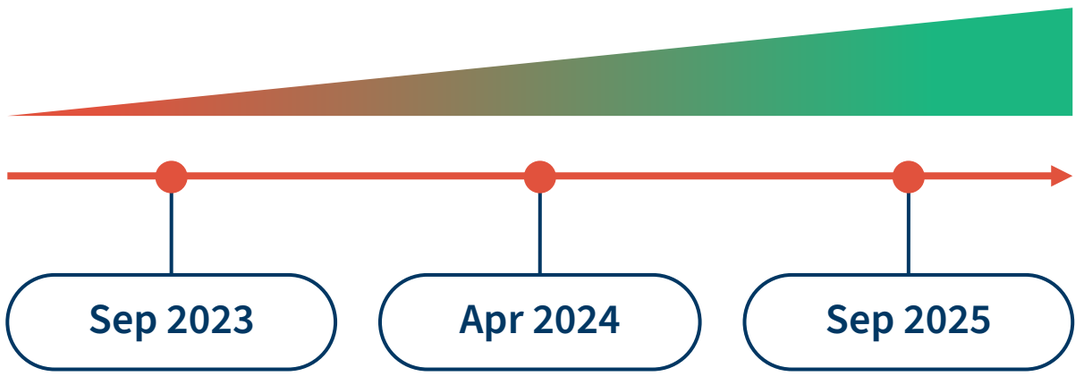
Apple Vision Pro Production Halted as Sales Collapse. Only 45,000 Units Expected in Q4 2025

- High Price **3,500$**
- Design Comfort Issues
- Lack of Native Apps

Devices with simplified features are gaining higher traction

Meta

Ray-Ban Meta glasses gradually shifting from “smart glasses” to “XR device”

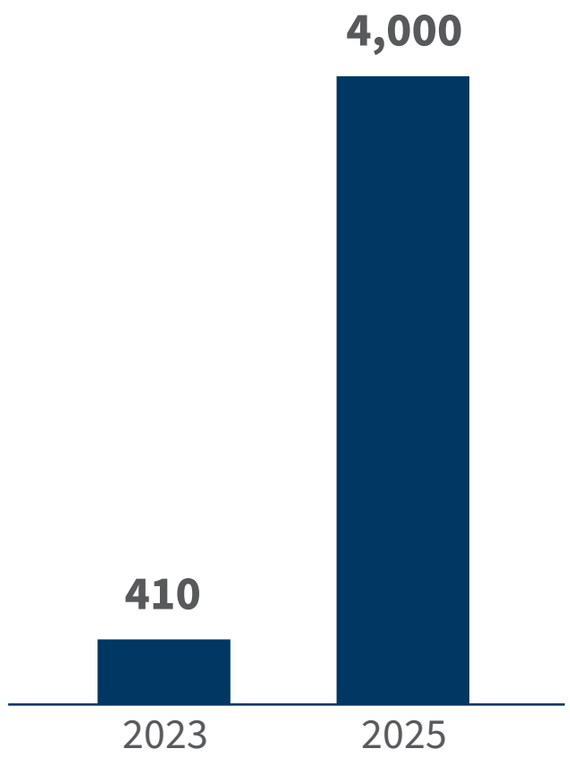


Initial launch

Multimodal input added

Head-updisplay feature added

Meta Ray-Ban global shipments (000’s)



Source: IDC, Sensor Tower, Omdia, FTI Consulting

‘25 Prediction: Quantum computing will redefine computational limits

What played out in 2025: Strong technological breakthroughs occurred; However commercial deployment remains early-stage, with funding limited to research and proof-of-concept

2025 marked major technological breakthroughs in quantum computing

Google

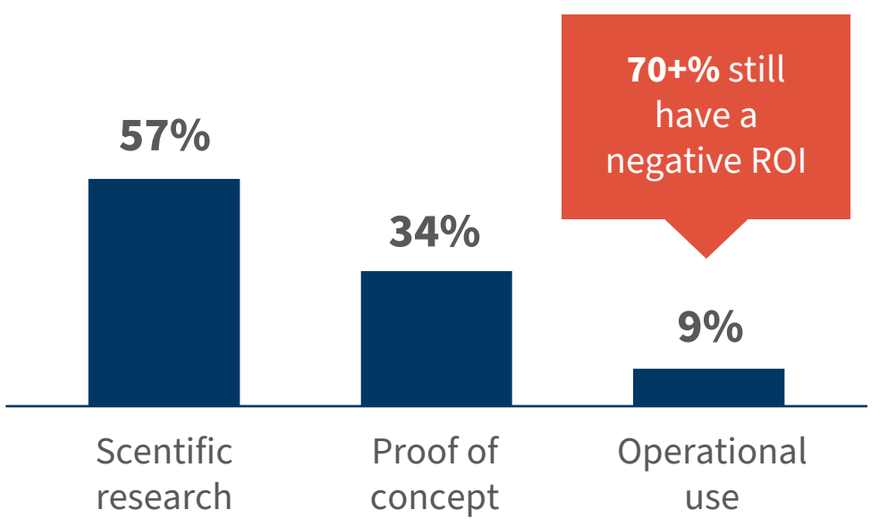
Google achieved the first verifiable quantum advantage using its Quantum Echoes algorithm, delivering performance measurably beyond classical supercomputers

Harvard University

Researchers demonstrated the first continuously operating quantum computer, enabling extended runtimes without frequent resets and overcoming a key stability and reliability constrain

Yet, commercial deployment remains nascent, with most use cases limited to research and POC

Primary intent for using quantum computers (%)[1]



Select use cases

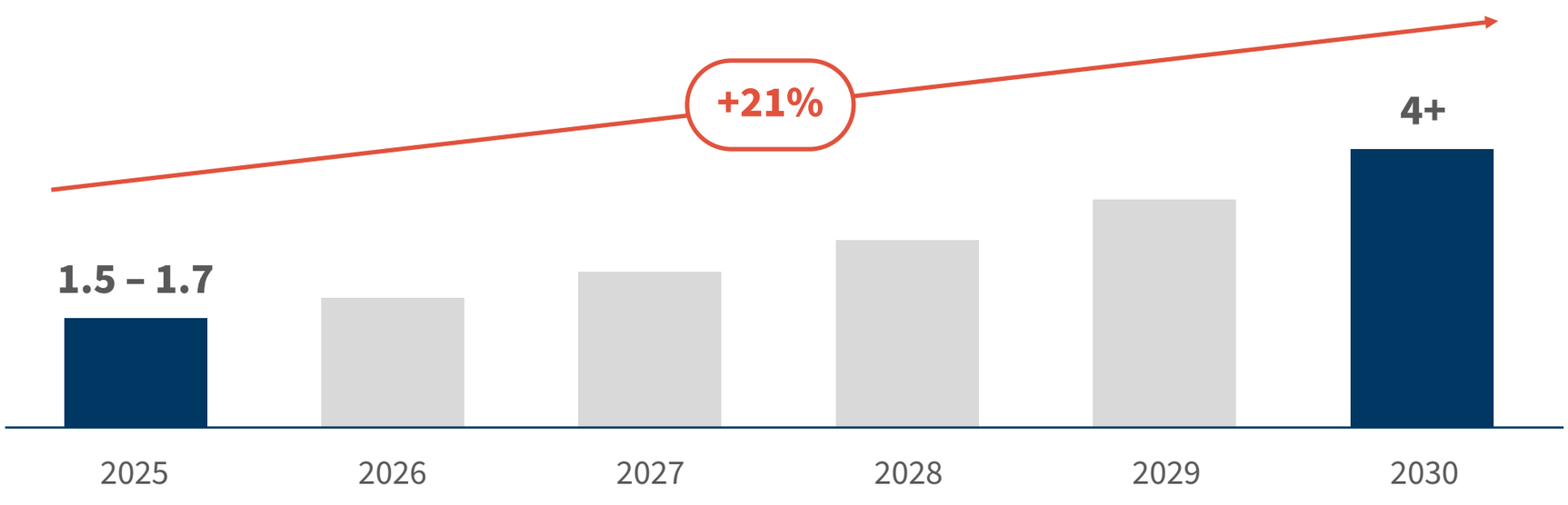
JP Morgan: Applies quantum computing for complex financial risk modeling.

Volkswagen: Uses quantum optimization to simulate traffic and autonomous driving scenarios.

Quantinuum: Leverages quantum computers to improve machine learning and generative AI frameworks.

However, ongoing technological progress is expected to accelerate market growth toward 2030

Global quantum computing market size (USD Bn)



Note: (1) Percentage of survey respondents;
Source: qUeRA, Builtin, Google, Harvard, FTI Consulting

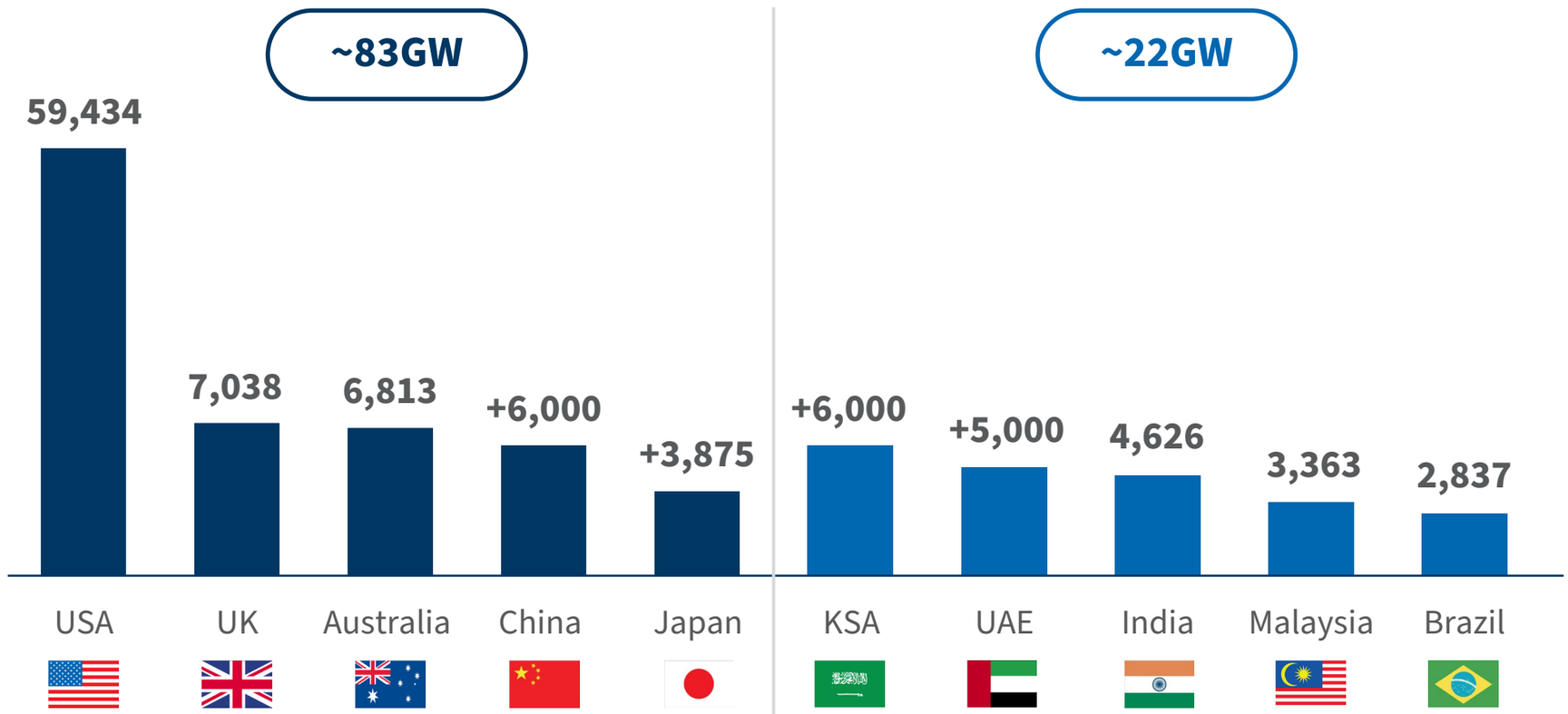
What we got wrong

‘25 Prediction: Emerging markets will lead AI democratization

What played out in 2025: Established markets continued to dominate AI leadership across infrastructure & AI innovation, with the UAE and KSA leading emerging markets growth

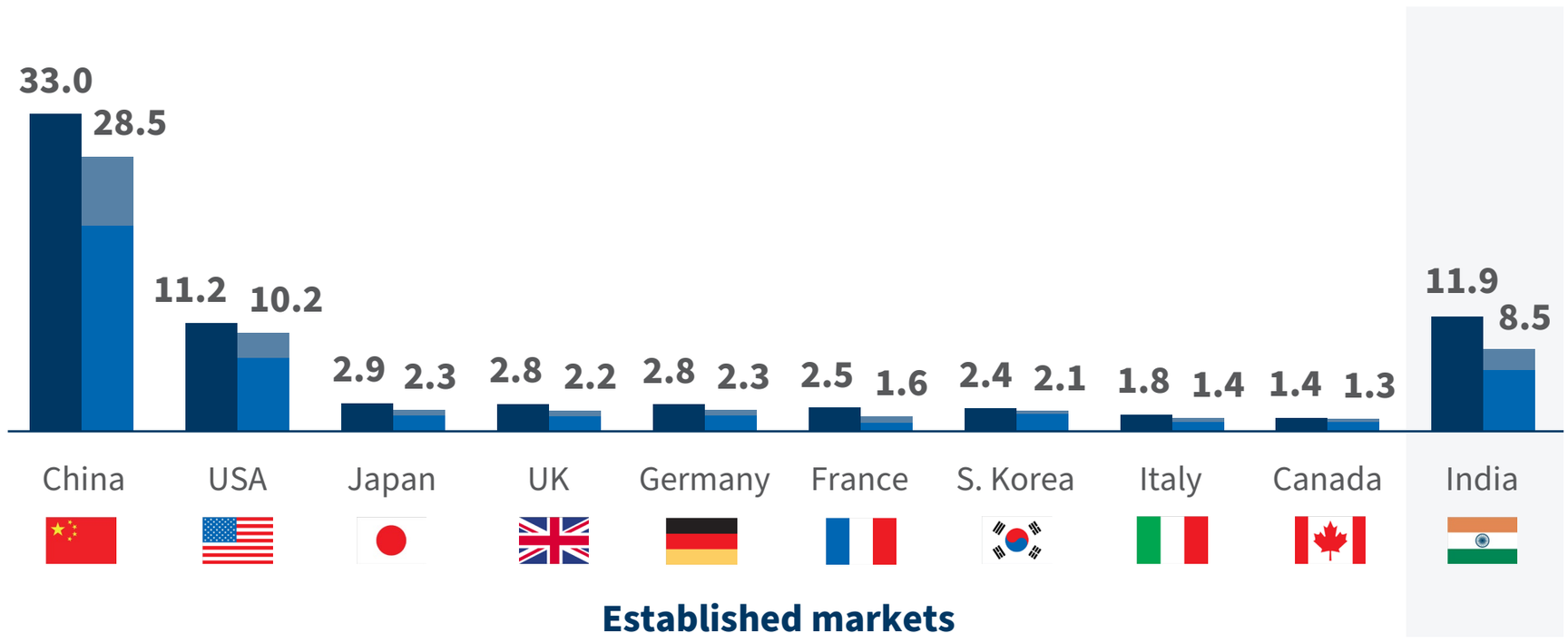
Established markets continue to lead planned capacity, with emerging markets scaling more gradually and delaying any near-term shift in compute leadership

Planned DC capacity in Top 5 established and emerging markets (MW, 2025)



AI publications remain concentrated in established markets, with India the primary emerging-market challenger

Top 10 countries in AI publications (# of publications, 000s)



Notes: (1) Estimated based on the quarterly average of previous years;
Source: DC Hawk, OECD.AI Policy Observatory, FTI Consulting

FTI Consulting Technology Practice 2026 Tech Predictions highlight a shift toward AI economics, growth challenges, and integration-led value creation (1/2)

Our FTI Consulting Technology Practice 2026 Tech Predictions

1. AI economics become a key topic

AI economics will become the main discussion at board level, increasingly focused on cost per token, real productivity gains, and margin improvement. This will lead to reduced experimentation, tighter ROI discipline, and vendor consolidation

2. AI sovereignty re-shapes infrastructure decisions

Geopolitical fragmentation, export controls, national AI strategies, and data residency requirements will dictate where compute is located and how models are trained and deployed

3. Power & memory limit AI growth

AI growth will be constrained by two major elements: (1) power and grid capacity, increasing the importance of long-term energy contracts and transmission access; and (2) shortages in AI-grade high-bandwidth memory

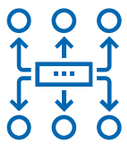
4. Telcos converge on Edge AI offering

Edge AI and telecom infrastructure will converge more clearly. Telcos will reposition as distributed AI infrastructure providers, leveraging their network footprint to offer GPU-as-a-service, private AI clusters, and edge inference capabilities

Source: FTI Consulting

FTI Consulting Technology Practice 2026 Tech Predictions highlight a shift toward AI economics, growth challenges, and integration-led value creation (2/2)

Our FTI Consulting Technology Practice 2026 Tech Predictions



5. Semi-conductors competition intensifies

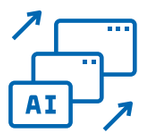
Hardware and architecture diversification will continue. Established providers will remain central to AI infrastructure, while custom silicon and edge inference chips gain momentum across cost-sensitive and distributed workloads

6. Physical AI remains focused on niche use cases

Physical AI will scale in controlled environments. Warehouse automation, industrial systems, and defense drones will see stronger deployment. However, consumer humanoid robots are unlikely to become mainstream in 2026.

7. AI security becomes mission-critical

AI security and resilience will become critical priorities. AI-driven cyber threats will increase, and companies will need stronger monitoring, governance and defensive AI capabilities



8. Value driven by AI integration rather than AI models

Value creation will move beyond model performance toward integrated, industry-specific AI solutions embedded in core enterprise systems

Source: FTI Consulting

Reach out to our Technology Practice to learn more about how FTI Consulting can help

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