



UNLOCKING ITALY'S AI POTENTIAL 2026

The next wave of AI is here – Italy must act to harness its impact

AI adoption in Italy is rising rapidly and already delivering measurable business impact. Today, **40%** of Italian businesses have adopted AI, up from **30%** [last year](#) – a **33%** year-on-year increase – while **62%** now identify AI as a top or high strategic priority. Among adopters, **66%** report productivity gains and **91%** expect AI to increase their growth in the year ahead, highlighting the technology's growing role in accelerating innovation and competitiveness across the Italian economy.

While this momentum is strong, the next phase of adoption presents a critical opportunity for Italy to unlock greater value. Currently, **13%** of AI-adopting businesses have reached advanced use cases that enable deeper transformation. Building on this foundation, Italy is well-positioned to accelerate progress — yet at the current pace, it would take until 2034 for even half of AI adopters to reach this stage.

As next-generation AI compresses innovation timelines globally, Italy faces a pivotal choice: translate adoption into broad-based transformation, or risk a two-tier future in which only a small group of firms, sectors, and regions capture the full benefits. In such a scenario, high-potential startups may increasingly look abroad for the scale, capital, and market access they need to grow.

The next wave of AI, including agentic systems, advanced automation, robotics, and physical AI, offers a significant opportunity for Italian businesses to deepen adoption and unlock new productivity gains. However, many organisations are still building familiarity with these technologies, leaving a clear gap between potential and deployment.

At the same time, businesses are clear that competitiveness must guide the path forward. While investment in European infrastructure can strengthen research, skills, and strategic capability, there is limited appetite for approaches that increase costs without delivering clear performance or innovation benefits. In a fast-moving, global AI landscape, access to the best technologies and the ability to scale efficiently remain central to success.

Italy's opportunity is therefore clear: to convert strong adoption momentum into a truly national AI transformation, spreading innovation across sectors and regions, while strengthening the ecosystem that enables companies to scale and compete globally.

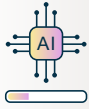
Key findings: AI adoption in 2026

- AI adoption in Italy is continuing to increase, with **40%** of businesses having adopted AI, up from **30%** last year. This is a growth rate of **33%**, accelerating from **30%** last year.
- AI adoption is similarly strong among SMEs, at **38%**.
- Among AI adopters, **66%** report productivity gains from AI, and **91%** say that they expect AI to increase their growth in the next year.
- In particular, **72%** of those who have adopted AI say that their timeline for innovation has accelerated in the past two years, rising to **88%** of startups. AI is the number one driver of these changes, reported by **40%**.
- Cloud adoption is similarly strong across the region: **70%** of businesses have adopted cloud technologies, up from **67%** last year.
- **62%** say AI adoption is a top or high priority, while **58%** say AI plays a critical or important role in their overall business strategy.
- **13%** of AI-adopting businesses are harnessing the technology's most advanced use cases for transformation, up from **11%** last year.
- Next-gen AI technologies are emerging rapidly and crunching innovation timelines. In a speed-driven AI era, this lag is no longer temporary. It is more critical than ever that businesses be empowered to move beyond AI's most basic use cases and harness the technology for transformative innovation and impact. **72%** of AI-adopting businesses report an accelerated innovation timeline, and **70%** anticipate that AI will accelerate their innovation timelines further.

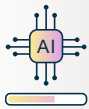


A growing digital divide: Many businesses are not using advanced AI tools

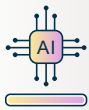
Looking deeper into how businesses are implementing AI — from initial experimentation to full transformation — most organisations still remain at basic levels of AI adoption.



Basic adoption: 58% of businesses remain focused primarily on more basic uses of AI and incremental gains (e.g. driving efficiencies and streamlining processes), rather than innovation (e.g. developing new products or disrupting industries). These businesses are using publicly available chatbots for routine tasks or purchasing ready-made AI solutions.



Intermediate adoption: 24% have advanced to the intermediate stage of AI adoption. These companies are integrating AI across multiple business functions, resulting in efficiency improvements and more innovative customer experiences.



Transformative adoption: 13% of businesses have reached the most transformative stage of AI integration, using advanced AI systems, combining multiple models, creating custom AI systems, or deploying agentic or autonomous AI – up from **11%** last year. At the current pace of growth, it would take until 2034 for half of Italy's AI-adopting businesses to reach this level of advanced AI use. This is where the real productivity value concentrates and drives growth and competitiveness. Transformational AI is not only about doing existing work faster; it enables new products and services, new routes to market, and new operating models.¹

Progress toward these advanced use cases is stalling – up only 2 percentage points from last year. Italy is behind the European average (**22%** at the transformative stage), and is not keeping pace with rapid advances in AI capabilities. This is reflected in declining innovation outputs: the share of AI-adopting businesses launching new AI-driven products or services has fallen from **40%** in 2025 to **34%** this year.

SMEs, who make up the majority of the Italian economy and therefore guide the national averages, have not yet progressed to the most advanced stage: **60%** of AI-adopting SMEs remain at this most basic stage, while **11%** are harnessing AI's most advanced and transformative use cases.

This poses a core competitiveness challenge. As innovation cycles compress, the ability to deploy advanced AI safely and at scale becomes a key differentiator. In practice, this means moving beyond isolated pilots toward AI that is embedded into core systems, supported by high-quality data, strong governance, and AI-ready talent.

Without deliberate action to enable that shift, the gap between early leaders and the long tail of enterprises will widen, limiting the extent to which today's adoption momentum translates into broad-based productivity growth and long-term economic transformation.

Case study: Vection Technologies: Scaling AI-powered accessibility across Italy



[Vection Technologies](#), an ASX listed Italian technology company, is using AI to make communication more accessible for deaf and hard-of-hearing people. Its Algho AI Sign Language platform translates spoken or written language into Italian Sign Language (LIS) in real time using a digital avatar, and can also convert sign language back into text or speech. Built on AWS services including Lambda, Step Functions, SageMaker, Bedrock, and Textract, the solution enables organisations to offer instant, two-way communication without the need for a human interpreter.

Deployed across critical public infrastructure, including Trenitalia stations in Milan and Rome, Cagliari Airport, and emergency services in the City of Turin, Algho enables seamless, real-time communication for deaf and hard-of-hearing users. In just 20 days across two locations, the system supported around 1,000 conversations and over 10,000 messages, including 230 sign language interactions.

By enabling real-time, accessible communication at scale, Vection is helping public services and businesses meet growing accessibility requirements while improving the everyday experience of users. The solution supports compliance with European accessibility regulations and demonstrates how cloud-based AI can remove barriers to participation in

essential services. As adoption grows, it has the potential to expand access to transport, healthcare, and public services, contributing to a more inclusive digital economy across Italy and beyond.

The platform's ability to transform structured enterprise data into accessible, real-time communication, including voice, text, and multilingual capabilities into a single interface, also has the potential to extend beyond deaf and hard-of-hearing people to a broader audience, enabling various organizations to deliver truly inclusive digital experiences at scale.

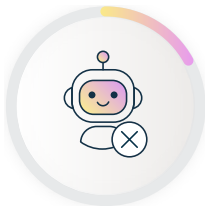




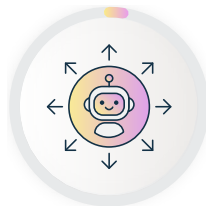
Businesses don't yet feel ready for the next wave of AI

Next-generation AI technologies – such as agentic AI, physical AI, and advanced robotics – will play a defining role in the next phase of AI-driven innovation. These technologies move beyond traditional AI tools by enabling systems to plan, reason, and take actions autonomously across complex tasks. As these capabilities mature, they have the potential to reshape industries, accelerate innovation cycles, and unlock entirely new business models.

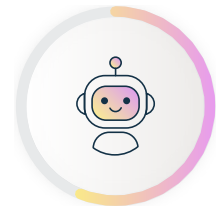
Awareness of agentic AI is increasing, but the gap between familiarity and deployment remains significant:



Less than 2 in 10 businesses (**18%**) say they have heard of agentic AI.



Of those who are familiar with the technology, only **2%** report that they have fully deployed agentic AI, while **8%** are experimenting or piloting the technology.



When the technology was explained, **55%** say they have plans to use agentic AI or are considering it, while **22%** say they'd have no plans to adopt it.

The majority of businesses do not yet feel ready to adopt these emerging technologies, reinforcing the gap between interest and capability. Startups, however, stand out as a clear exception:



Only **15%** of businesses say they feel fully or very ready to adopt next-generation AI technologies such as agentic AI – contrasted by the **74%** of startups who report they are ready.



38% of all businesses say they are only somewhat ready, and **40%** say they are slightly ready or not ready at all.

Those that have adopted agentic AI are realising benefits across their business: **38%** report faster decision-making and execution, **30%** report increased operational efficiency or productivity, and **20%** report improved scalability of operations.

Businesses point to persistent constraints that hold them back from further adoption of AI. **38%** cite skills shortages as a barrier to adopting next-generation AI technologies, while **32%** cite insufficient internal financial resources, **24%** cite legal uncertainty arising from AI and digital regulation, and a further **20%** cite regulatory complexity operating across borders.

Unless these barriers are addressed, the next wave of AI innovation risks reinforcing the two-tier AI economy – where a small group of early adopters rapidly deploy advanced capabilities while the majority of organisations remain in earlier stages of experimentation.



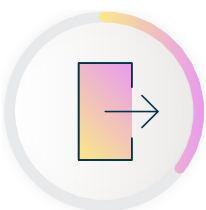


Italy risks losing its leaders

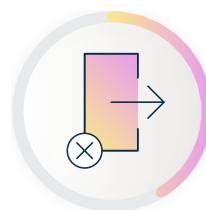
Italy's startups are at the forefront of next-generation AI, but as they scale, they face growing constraints. This raises a critical question: can Italy retain and scale its most promising companies, or will they look abroad for better conditions?

The priority is clear: to make both starting and scaling a business in Italy as straightforward as possible. Without this, founder flight risks becoming a structural challenge, as high-potential startups increasingly consider relocating outside Europe to access capital, talent, and global markets more easily.

A substantial share of startups indicate openness to relocating to secure faster growth.



34% of Italian startups say they would consider leaving Europe to scale their business.



42% say they would not consider leaving, while 24% are unsure.



When asked why they would consider leaving Europe, startups consistently point to their ability to grow and scale. The top reasons are:

- | | |
|--|-----|
| 1. Greater availability of funding, cited by 52% | 52% |
| 2. Faster ability to scale internationally, cited by 48% | 48% |
| 3. Better access to global markets, cited by 44% | 44% |
| 4. Lower operational costs, cited by 42% | 42% |
| 5. Stronger support (e.g. incubators, accelerators, partnerships), cited by 40% | 40% |
| 6. More favourable or predictable regulation, cited by 38% | 38% |

These findings reinforce a central theme of this year's report: the AI era is increasingly defined by speed and founders will follow the pathways that reduce friction and shorten time-to-market.

Founder flight is not inevitable. Startups are clear about what would make Europe a more attractive environment for scaling. Among startups that say they would consider relocating, the following factors would encourage them to stay:

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|--|-----|
| 1. Strong access to European customers and markets (63%) | 63% |
| 2. The availability of venture and growth funding (50%) | 50% |
| 3. Strong ties to local ecosystems – partners, universities, accelerators (46%) | 46% |
| 4. A predictable and stable policy environment (44%) | 44% |
| 5. Favourable or well-understood regulatory environments (38%) | 38% |

These levers align with a broader competitiveness agenda: making sure Italy is the best place to scale a business, as well as to start one.

Businesses value choice and flexibility in the AI and Cloud landscape

When businesses consider what matters most for their technology use, flexibility and access to the right tools emerge as key priorities. In a rapidly evolving technological environment, companies report that accessing the best-in-class tools and services is central to maintaining competitiveness.

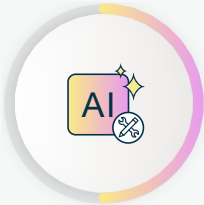
Businesses across Italy report that access to the broadest range of technology solutions supports competitiveness as they seek to innovate, deploy AI solutions, and scale beyond domestic markets. **80%** of businesses say access to global technologies is important for their adoption of AI – including both current AI users and those who are still considering its use – while **78%** say such access is important for innovation, and **81%** say it is important for enabling them to scale quickly. These findings reflect the increasingly global nature of the digital economy, where AI capabilities are often developed across international landscapes.

When selecting tools and technologies, businesses consistently report that their priorities are speed, scalability, resilience, and security. In practice, this means organisations prioritise solutions that meet the needs of their customers and support rapid growth, rather than focusing primarily on the geographic origin of a technology provider.

As a result, companies typically combine services from multiple technology providers, regardless of whether they are based in Italy, in the EU, or elsewhere. Businesses select services and tools based on capability, performance, and compatibility with existing systems.



90% report that they currently use a mix of technology providers from different regions, rather than working primarily with providers from their home country.



For businesses that use technology from providers based outside their home country, the top reasons for this are a wider range of features or product offerings (**50%**), competitive pricing or favourable commercial terms, and better scalability, performance or integration options (**45%**).

This choice matters. When selecting their AI tools, **76%** of AI-adopting businesses say they have adequate choice to select and switch between different providers of AI technologies – **82%** say having this ability to choose and switch is important to supporting their adoption of AI.

Data also suggests a limited appetite for sovereignty strategies that increase cost without clear competitiveness outcomes. While public investment in European infrastructure can play an important role, particularly in building research, skills, and strategic capacity, businesses appear cautious about investments that would raise costs without delivering greater capability: only **9%** of all businesses believe that public investment in Europe-based AI and cloud infrastructure should be a priority.

Case study: ARPA Sardegna: Using cloud and AI to improve environmental decision-making



[The Regional Agency for Environmental Protection of Sardinia \(ARPAS\)](#) is using AWS to modernise how it manages and uses environmental data at scale. Through a cloud-native data lake built on AWS, ARPAS processes millions of daily data points from air quality, water, and soil monitoring, and makes them accessible in near real time to support policymaking, research, and public transparency.

By moving to a cloud-based system on AWS, ARPAS can now process and share up to 36 million environmental data records per day, making dozens of validated datasets available as open data through the [dati.gov.it](#) portal, and a catalogue of services (ReST) exposed via standardised interfaces and accessible through the PDND (National Digital Data Platform). This allows public and private stakeholders to access up-to-date information easily, to access always up-to-date environmental data for use in strategic decision-making processes.

The goal is clear: to create value from data, improve environmental knowledge, and make information more accessible to all. This shift has not only improved technology but also strengthened the Agency's ability to innovate – simplifying internal processes and enabling better collaboration across public and private stakeholders.

Looking ahead, ARPAS is exploring generative AI to make data even easier to use, including through natural language queries. This ongoing transformation shows how digital innovation can enhance public services, making them more efficient, transparent, and responsive to the needs of the community.



Three critical barriers hold back businesses from transformative AI use in Italy

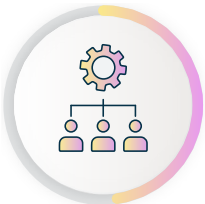
1. Navigating fragmentation

Even where AI adoption is progressing, businesses report that scaling AI solutions across borders introduces additional complexity. Companies operating in multiple markets must navigate different regulatory frameworks, compliance processes, and legal interpretations, which can create operational friction and increase the cost of deploying AI at scale. For many organisations, this fragmentation slows the pace at which AI-driven solutions can be expanded internationally.

This scaling friction is compounded by the broader compliance burden businesses already face as they navigate regulatory fragmentation:



Businesses estimate that **34%** of their total tech spend goes toward compliance with national and international regulations – rising slightly from **30%** last year. This is compared to **42%** across Europe.



When asked what makes up this **34%**, **48%** of businesses cite relationship management with supervisors and responsible government authorities, followed by legal consultations or external advisory services (**42%**), and employee training on compliance requirements (**36%**).



76% say compliance costs have increased over the past three years, and **72%** expect these costs to rise further over the next three.

Fragmentation across regulatory systems can introduce additional barriers for businesses seeking to scale. Addressing these challenges will be important to ensure that companies can expand AI-driven innovation.

2. Access to a skilled workforce

Skills shortages remain a major structural constraint on the adoption and expansion of AI. Deploying AI solutions at scale often requires sustained investment not only in infrastructure and data systems, but also in talent and organisational capabilities. However, many businesses report that they lack the internal resources required to move from experimentation to full deployment.



48% cite shortages of AI and digital skills as a barrier to adopting or expanding AI.



43% cite insufficient internal workforce capacity.

These challenges are reflected in businesses' self-assessment of capability. Only a minority report having a strong AI skillset today, while most say their skills need improvement:

- Only **18%** say they currently have a strong AI skillset.
- **52%** say they have some AI skills but need improvement, and **26%** say they are only just beginning to develop AI skills.
- **79%** expect AI skills to be important in their industry over the next five years.
- The technical roles that businesses feel will be more important in the next five years are: software developer (**46%**), solutions architect (**38%**) and data governance or privacy officer (**34%**).





3. Innovation without incentives

Finance remains a structural constraint. Many businesses report that they lack dedicated AI budgets, and those that do often allocate only a small share of IT spend toward AI – limiting their ability to move beyond pilots and narrow use cases:

- **26%** cite insufficient internal financial resources as a barrier to adopting or expanding AI.
- **22%** cite unclear ROI or an unclear business case as a barrier.
- **40%** say they do not have a dedicated AI budget.
- **86%** expect AI to take a larger share of IT spend over the next three years, predicting it will rise to **18%** of their total IT budget.

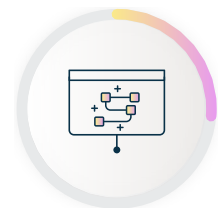
Businesses report that limited external support, weak demand signals, and complex procurement processes make it harder to justify the risk and investment required to scale AI across operations or develop new AI-driven products.



54% say government support — such as grants and tax incentives — is crucial or very important in their decision to adopt AI.



20% say a lack of incentives or external support discourages investment in AI.



26% say other business priorities take precedence over AI investment.

Public sector demand can help accelerate diffusion, but procurement remains a consistent barrier:

- **32%** cite complex or slow public procurement processes as a challenge to scaling AI solutions.
- **28%** say opportunities to sell to the government are crucial or very important in their decision to adopt AI.

If these barriers persist, Italy risks missing its window of competitiveness just as global AI capabilities accelerate.



Recommendations: Unlocking Italy's AI future

Italy has a clear opportunity to build on its strong foundations and translate rising AI adoption into a broad-based economic transformation. The findings of this report point to a set of targeted actions that can help accelerate this shift – by enabling businesses to scale more quickly, supporting the diffusion of advanced AI across sectors, and ensuring that both established firms and startups can fully capture the benefits of the next wave of AI innovation:

1. Scale on Italy's own strengths

Italy is not starting from zero. The country already has many of the foundations required to compete in an accelerated AI era.

- When asked what matters most for supporting growth in their business and industry, Italian businesses point to:
- Private investment and venture capital (**55%**)
- Access to the most advanced AI tools and services (**52%**)
- Skilled AI talent (**48%**)

72% of all businesses agree that Europe has the infrastructure and ecosystem needed to scale globally, while **55%** rate Europe as highly or somewhat competitive as a global hub for AI and innovation. Italy's startups are a testament to the support given to these innovative businesses. The challenge is now how quickly Italy can scale what already works so that innovation spreads beyond a handful of businesses and into the wider economy.

2. Continue to foster public-private collaboration to drive AI adoption

AI's most transformative applications are emerging through deep partnerships between government, academia, and industry. Building on the [Strategy for Artificial Intelligence \(2024–2026\)](#) and the [Memorandum of Understanding \(MOU\)](#) with the United States, which promotes cooperation on AI research and responsible development, Italy should expand its public-private collaborations, including:

- Scaling joint AI research initiatives and innovation sandboxes between public institutions and cloud providers to pilot advanced AI use cases.
- Expanding AI R&D tax incentives and cloud-first procurement models to encourage experimentation and innovation across sectors.
- Strengthening support for cloud infrastructure and providers as a critical enabler of AI and digital transformation. 7 in 10 Italian businesses have already adopted cloud technologies, driving accelerated AI adoption. As the next wave of AI is innovated rapidly, continued access to scalable, secure, and high-performance cloud infrastructure will be key to unlocking their full potential.

3. Drive targeted investment

Italy must tackle the funding barrier by investing strategically, transforming its strategic bets into action through clear, outcome-driven funding mechanisms. This requires focusing on innovative startups offering new technologies, supporting SMEs in their digital transformation, and accelerating public sector innovation through modernised procurement models. This will direct funding and support where it is most needed, while ensuring that this wave of transformation includes citizens and the public sector.

4. Accelerate digital transformation across industries through skills development

To accelerate private-sector digital adoption, Italy should foster a cycle of investment and growth centred on digital transformation and developing a highly skilled workforce.

Embedding AI and digital skills into all levels of education, from primary to university, with a focus on core digital literacy, data interpretation, and responsible AI use will work to close the digital skills gap for Italy's workforce.

AWS is supporting a digitally-skilled Italian workforce: [AWS and Amazon are committed to training 200,000 students in Italy in STEM education by 2026](#), and launched 'Amazon Future Engineer'.

The window for AI transformation is narrowing – Italy must act to translate adoption into impact

Italy enters the next phase of AI adoption with clear momentum, but also with a growing need to translate that momentum into deeper and broader-based transformation. Adoption is rising, investment is increasing, and many businesses are already reporting tangible productivity and growth benefits. Yet, progress remains uneven. Advanced AI use is still limited, readiness for next-generation AI technologies is low across much of the business landscape, and too many businesses remain constrained by gaps in skills and finance, while reporting that regulatory fragmentation limits their ability to scale. As innovation cycles compress and AI capabilities continue to evolve, the distinction between basic adoption and transformative use will become increasingly important.

The challenge, therefore, is not simply to increase the number of firms using AI, but to ensure that more businesses are able to deploy it at scale to innovate and disrupt their industry. That will require reducing fragmentation, improving access to skills and funding, supporting businesses as they scale, and ensuring that businesses have the flexibility to choose the technologies that best meet their needs. Without these shifts, AI adoption risks remaining broad but shallow, with the benefits concentrated among a relatively narrow group of firms. With these shifts, Italy will be better placed to ensure that the next wave of AI contributes to productivity, resilience, and innovation across the wider economy.

Appendix

Methodology

The fieldwork for this study was undertaken by Strand Partners' research team for Amazon Web Services. This research has followed the guidance set forth by the UK Market Research Society and ESOMAR. For the purposes of this study, business leaders are defined as founders, CEOs, or members of the C-suite in organisations.

'Citizens' are nationally representative members of the public based on the latest available census.

For inquiries regarding our methodology, please direct your questions to: polling@strandpartners.com.

In Italy:

- We conducted a survey targeting 1,000 nationally representative members of the public, ensuring representation based on age, gender, and NUTS 1 region (Nord-West, Nord-Est, Centre, South, Islands).
- Additionally, we surveyed 1,000 business leaders, representative by their business size, sector, and NUTS 1 region.

Sampling

Our sampling process used a mix of online panels that are recognised for their validity and reliability. These panels are carefully curated to ensure diverse representation across various demographics. For the business leaders, the panels are selected with a consideration for organisational size, sector, and position within the company. Our objective with the sampling strategy is to achieve an optimal mix that mirrors the actual distribution of our target populations in the respective markets.

Weighting Techniques:

Post-data collection, we applied iterative proportional weight to correct any discrepancies or over-representations in the sample.

Survey:

This study was designed with the objective of delving deep into the digital landscape:

- **Usage Patterns:** This survey gauges the evolving patterns of digital technology usage. We are particularly interested in examining the adoption and implementation levels of technologies, focusing on cloud computing and artificial intelligence.
- **Perceptions and Attitudes:** The survey seeks to unearth the prevailing perceptions and attitudes towards digital technologies, understanding the perceived benefits, challenges, and potential ramifications of both present and emerging tech solutions.
- **Barriers and Opportunities:** The survey scrutinises the predicted challenges and potential avenues that both businesses and individuals anticipate on their digital trajectory. This involves pinpointing challenges, from skill deficits to regulatory complications, and recognising opportunities for growth, innovation, and market development.
- **'Size of the Prize':** The survey shed light on the economic repercussions and growth prospects linked with digital transformation. By elucidating the 'size of the prize', we aspire to stress the importance of digital transformation and foster further investments and technology adoption.

References:

1. The remaining 5% of AI-adopting businesses indicated that they don't know or can't say their most advanced use of AI.