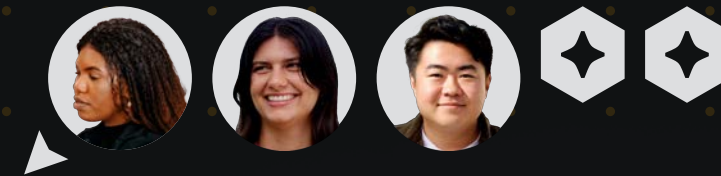


The State of Teams



How top teams avoid the
fragmentation tax and use
AI to work better together



Executive summary

AI makes it easier to get work done, but can make it harder for teams to work together.

89% of executives say AI has accelerated speed, but only 6% are sure they can point to specific ROI across their organizations.

Duplicative work, misaligned priorities, and coordination chaos are eroding AI productivity gains within the enterprise. We refer to this as the fragmentation tax, and it costs the Fortune 500 an estimated \$161 billion a year.

This report examines what top teams do differently to avoid the fragmentation tax and drive meaningful, durable results with AI.

➡ Most AI strategies have a team-sized blind spot

Just 24% of AI implementations focus on teams, and individual productivity remains the most common metric. But knowledge workers spend 80% of their time on collaborative work, which means the biggest AI opportunity is hiding in plain sight.

➡ Unaddressed, the fragmentation tax will grow

77% of executives say AI will create increasingly horizontal teams with fewer layers, and 61% believe the future is more cross-functional. Without a plan, coordination is set to get worse.

➡ AI capability gaps are widening

AI adoption and sophistication are uneven, with 55% of executives saying AI has widened performance and opportunity gaps across teams. Persistent data debt also slows transformation: only 22% of knowledge workers fully trust AI’s accuracy.

➡ Top teams do three things differently

The most successful teams cut the fragmentation tax nearly in half by equipping AI with full context, designing clear workflows for people and agents, and creating cultures that celebrate human-AI collaboration.





Non-strategic AI implementations
cost the Fortune 500 a \$161B annual
fragmentation tax.¹

¹ Calculated by mapping wasted time and AI-induced team coordination friction against average Fortune 500 labor costs.



Introduction

AI has delivered on its promise of speed. So why does work feel more chaotic than streamlined?

In a single morning, a product manager’s agent spits out a 40-page launch brief, designers create reams of imagery generated in seconds, and an engineer ships more AI-assisted code to their manager in an hour than they used to in a week.

On paper, that looks like a productivity miracle. In reality, it’s chaos.

AI is a stress test for ways of working

With so many disconnected workflows, no one can be sure which brief is current, design concepts don’t match the code, and three different teams might be racing toward different launch dates. With AI on board, tasks move from “to do” to “done” so fast that catching these snags feels like stopping a moving train.

Across the organization, the pattern repeats. Cross-functional teams spin up overnight and dissolve just as quickly, because there’s no shared roadmap for how human teammates and agents are meant to work together.

Then there’s the capability divide.

The AI haves sprint ahead, augmenting or automating everything in sight. Their peers, with less training, shakier data, and outdated systems, scramble to keep up and stitch together mismatched outputs they hope leadership might approve.

This is where many teams find themselves today. Work is moving faster, but handoffs are slowing things down. Reviews are piling up, and meetings are multiplying. The real bottleneck isn’t execution; it’s coordination.

“We are an orchestra without a conductor.”

Vice President of Information Security,
Fortune 500 hospitality company

Leaders feel this drag as a persistent tax on their AI wins. They’ve invested heavily in tools, but have largely overlooked the shared context, workflows, and culture that would let their teams actually harness those tools as a team.

While AI is supercharging individual output, it’s not doing the same for teamwork.

This report is about that growing fragmentation tax and provides a window into the small slice of winners who focus AI on where work actually gets done: teams.

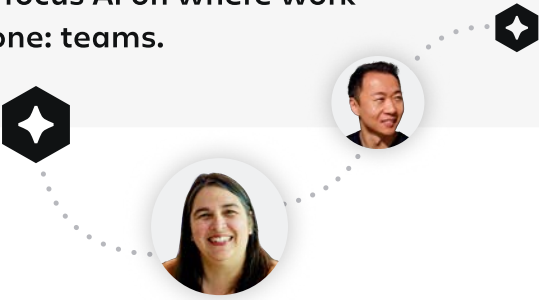




Table of contents

“Right now, AI allows people to work faster and more efficiently. But we're not on the ROI curve where we can get broader value.”

Vice President of Marketing,
Fortune 500 healthcare company

- 6 The key challenge
- 10 The AI fragmentation tax
- 15 The widening AI capability gaps
- 20 What top teams do differently
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The key challenge



The key challenge

Leaders are caught in AI’s speed trap

Most organizations pursuing AI transformation have yet to see ROI—largely because they focus on individual productivity rather than how teams work together.

There’s a reason this mindset is so common: broad ROI remains difficult to define, so leaders without clear alternatives default to measuring individual output rather than organizational transformation.

Leaders aren't clear on AI ROI

Only 6%

of executives are sure they have clear examples of AI's ROI

58%

of executives admit they don't know how to measure AI’s ROI

AI strategies are all speed, no direction

73%

of executives measure AI success through productivity and 59% through efficiency—the top 2 measures

2.3+

Knowledge workers who use AI daily work on 2.3 more projects at a given time than those who use it less frequently

46%

of executives agree their organization’s AI objectives are unclear

“When you look at team effort, how do you calculate ROI? That’s a simple black and white at the individual level.”

Vice President of Digital Technology, Fortune 500 healthcare company



A productivity mirage masks whether AI strategies actually pay off

• • • • • • • •

“Just because a developer gets 20% productivity improvement from AI doesn’t mean the entire cycle gets 20% gains.”

Chief Technology Officer,
Fortune 500 travel company

Most enterprise work is accomplished through team collaboration. One study found that knowledge workers spend only 20% of their time on individual tasks, while demand for collaborative work has grown by 50% over the course of a decade.

New academic research points to coordination as where AI will truly transform work. But there’s a disconnect. 70% of executives expect AI to create more collaborative roles, yet most AI strategies overlook the critical unit where this type of work gets done: **teams**.

Despite AI’s large gains in speed, many leaders are still searching for tangible benefits in their workflows.

AI is accelerating work faster than coordination

89%

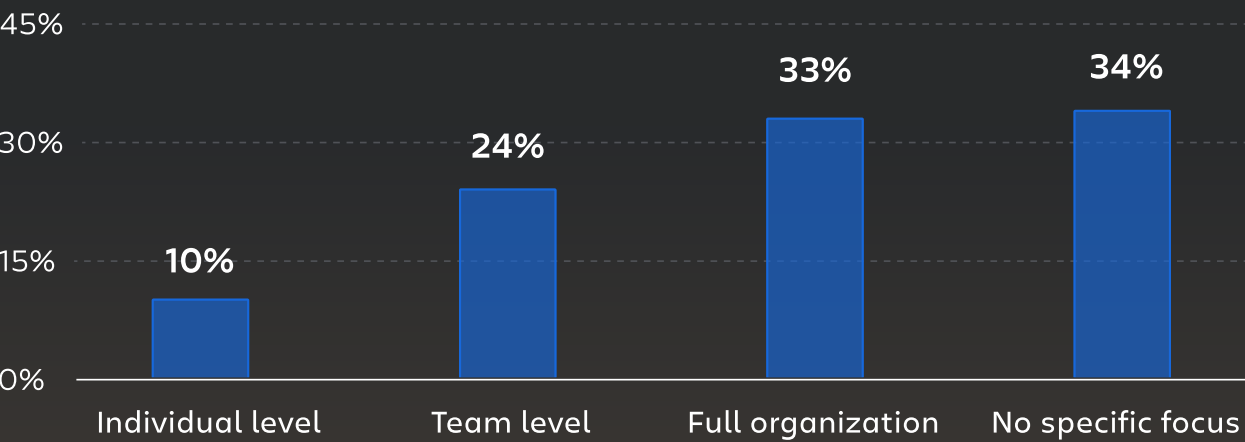
of executives say AI has increased the speed of work

48%

of executives say AI has improved collaboration

Enterprise AI strategies lack direction

Where executives focus their AI implementations



Numbers do not sum to 100% due to rounding.



SCENARIO

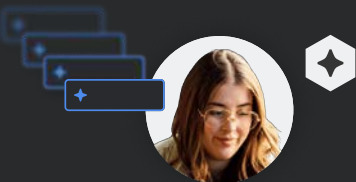
The power-user paradox

“A product has multiple components, but they don’t mean anything on their own. We need to connect them together.”

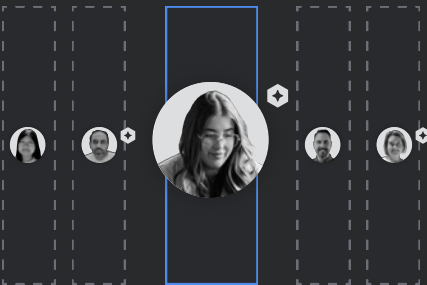
Global Head of Marketing,
Fortune 500 consumer goods company

Consider:

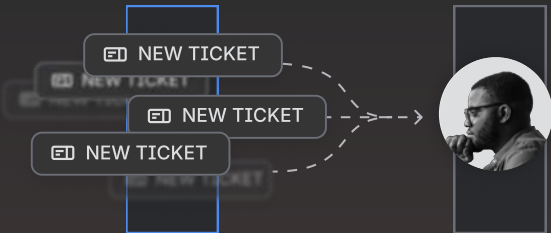
A manager celebrates a designer who’s far ahead of their peers in AI sophistication, generating dozens of concepts before lunch.



→ **On the surface**, the designer’s productivity has skyrocketed. But their success is siloed.



→ **In reality**, the engineering team is now flooded by a sudden, uncoordinated surge in requests coming from a single contributor.



What it means:

Speed without coordination isn't transformative.

Without a teams-first approach, AI acts as an accelerant for individual output that the broader team is not equipped to process. One person’s “win” can easily become a bottleneck for everyone else.



The AI fragmentation tax



The AI fragmentation tax

The two engines of AI ROI: execution and coordination

In an enterprise, true ROI depends on two distinct engines: **Execution** (how tasks get done) and **coordination** (how well teams work together).

Currently, companies are revving the execution engine while the coordination engine sputters. The result is a workforce that’s sprinting, but not syncing.

“We’ve improved the ability to search and get faster data delivered, but how much impact that has delivered at the team level, I’m not sure.”

Chief Technology Officer,
Fortune 500 travel company

Teams are stuck in (un)productive chaos

87%

of knowledge workers say that with everyone in execution mode, they often lack time or capacity to coordinate

71%

of knowledge workers find other teams working on duplicative projects or initiatives

70%

of knowledge workers say their processes aren't well optimized for AI

84%

of knowledge workers have unclear or conflicting goals and priorities



When coordination falters, quality is the first to go

• • • • • • • •

Enter “AI workslop,” a phenomenon of low-quality, unverified outputs produced by weak knowledge foundations, or poor user training.

These outputs often require more work to fix than they saved to create.

Workslop hurts teams and erases AI efficiency gains

Top pain points from low-quality AI outputs:

- 1 Extra work for those not responsible
- 2 Work took longer than if no AI were involved
- 3 No clarity on who is responsible for fixing

For many teams, AI speed comes at the cost of standards

49%

of knowledge workers say their AI outputs aren't reliably high-quality

48%

of knowledge workers admit their AI use requires compromise between speed and quality

“You think you’re moving faster, but you discover a quality gap and what we thought might be 20% faster gets pulled back.”

Vice President of Talent and Business Strategy,
Fortune 500 retail company



Adoption ≠ alignment

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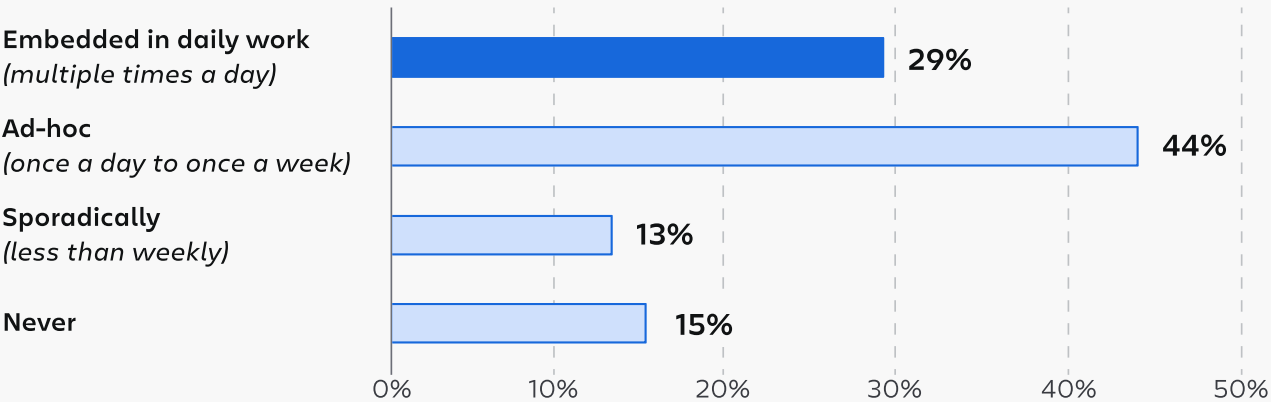
While 85% of knowledge workers use AI, only 29% have actually embedded it into their daily workflows.

Team-wide AI usage is uneven at best; users are still more likely to consider AI a personal assistant or utilitarian tool than a teammate.

With that in mind, it’s understandable that AI ROI can feel out of reach.

AI isn’t transforming workflows

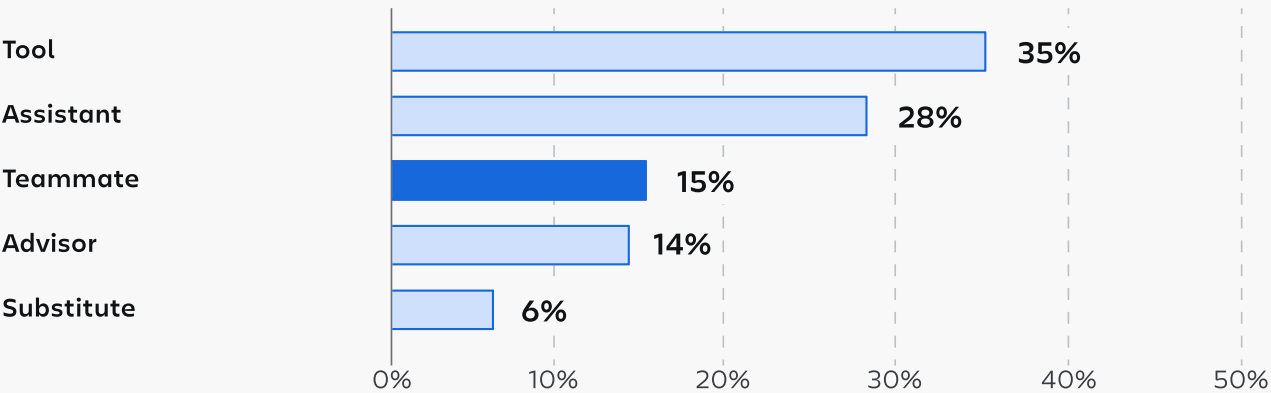
How often knowledge workers use AI



Numbers do not sum to 100% due to rounding.

AI isn’t being used strategically

How knowledge workers view the role of AI



Numbers do not sum to 100% due to rounding.

“We’re tracking increased AI adoption, but we’re not mature enough yet. We need to see what the true potential is.”

Executive Vice President of Cybersecurity Technologies, Fortune 500 financial services company

Expecting AI miracles, teams face workflow realities

45%

of knowledge workers think their leaders view AI as a magic switch

62%

of knowledge workers say their technology doesn't support collaboration well, despite heavy AI investment



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Decision deluge

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“The requirement for collaboration and communication becomes so great that it’s difficult to be effective.”

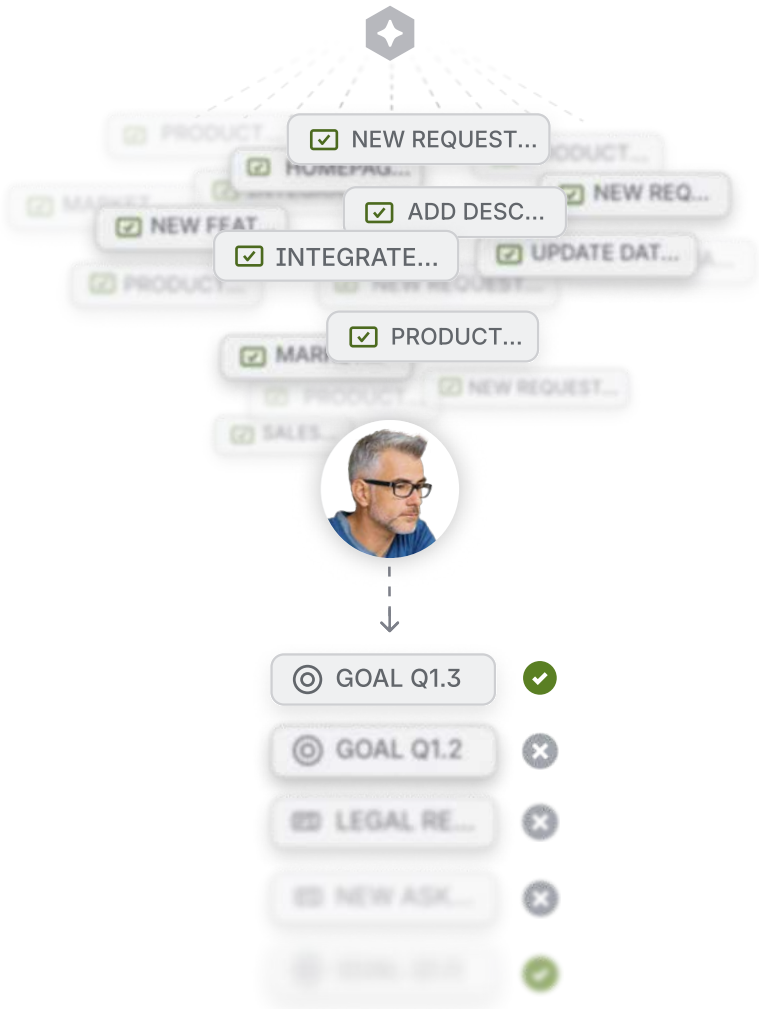
Senior Vice President of Cybersecurity,
Fortune 500 financial services company

Consider:

Developers used to spend most of their time writing code. Now, AI can ship code in an instant. But that doesn’t mean the project lifecycle now happens in an instant, too.

Consider a team that has supercharged their developers to use AI to generate and verify production-ready feature sets in a single afternoon, but hasn’t evolved how those outputs are integrated across the business.

The “magic switch” of AI-assisted execution hasn't eliminated the bottleneck; it has just intensified the cross-functional friction required to turn “done” into “delivered”.



What it means:

When AI handles both the "doing" and the "checking," it creates a decision deluge. The bottleneck has moved from the technical syntax stage to the strategic alignment stage

Even if an agent confirms the code is perfect, a human must still navigate the high-stakes trade-offs: Does this feature conflict with the current marketing roadmap? Does it introduce legal risks we haven't accounted for? Does the product lead actually want this shipped today? In automating the work, we have inadvertently multiplied the weight of every decision.



The widening AI capability gaps



The widening AI capability gaps

AI will reduce layers but increase complexity

The traditional corporate structure is changing as AI use grows, particularly as agents are deployed.

While these changes may appear nimble on the surface, they also reshape the familiar containers that once housed work.

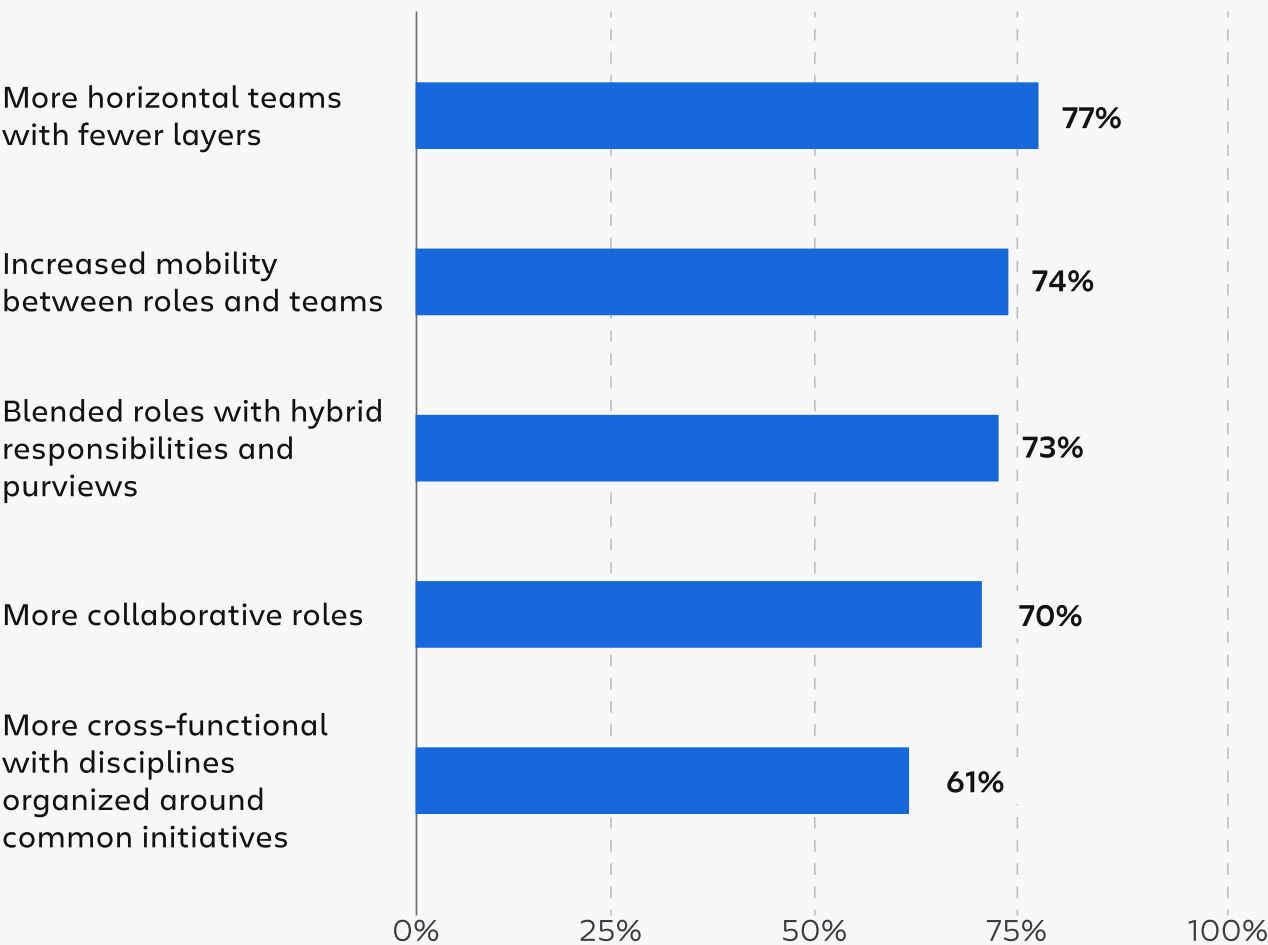
Without these structures, the responsibility for coordination increasingly falls on individual workers, who must navigate a complex web of shifting networks and dependencies, often without a clear roadmap.

“With agents, coordination will get worse before it gets better.”

Chief Technology Officer,
Fortune 500 travel company

AI-augmented teams need more coordination, not less

How executives expect AI to reshape teams and roles





SCENARIO

Unorchestrated human-AI workgroups

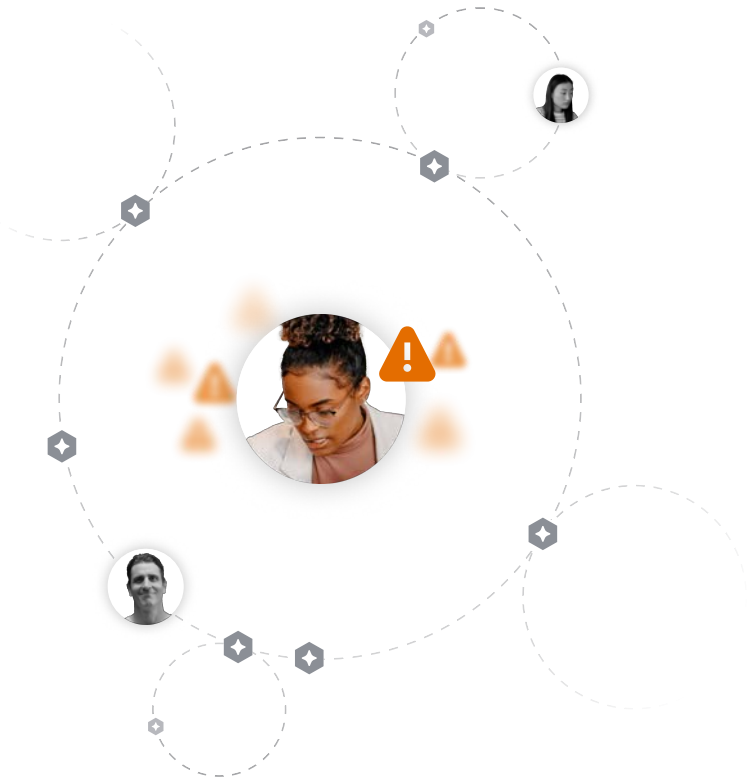
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“Teams are working hard but towards slightly different goals.”

Vice President of Information Security,
Fortune 500 hospitality company

Consider:

On a highly cross-functional team, employees manage a fleet of agents alongside their own collaboration, replacing conversations within familiar channels with **a dense "web of pings" among a complex stakeholder group.**



What it means:

Without an orchestration layer, AI-augmented team members become digital air traffic controllers who manually sync human strategy with a flood of unmediated agent outputs.

Every new stakeholder, human or machine, risks adding more friction than speed.



A team-tool divide stalls AI momentum

A dangerous gap is widening between AI power users, the minority of knowledge workers who have embedded AI in their work, and their peers across the organization.

Current approaches to AI drive innovation in isolation

55%

of executives say AI is widening performance and opportunity gaps among teams

Only 12%

of executives report widespread AI use across their organizations

This is at least in part due to underinvestment in the human side of human-AI collaboration.

Executives are almost twice as likely (84%) to invest in new tools and technologies than in upskilling their people for the AI era, and only 31% of knowledge workers say their companies offer extensive AI learning and development opportunities.

“If one part of the team isn’t AI-augmented, you won’t achieve the shared outcomes while others race toward their individual goals.”

Vice President of Digital Technology,
Fortune 500 healthcare company

Companies can re-channel AI anxiety into AI fluency

90%

Knowledge workers are 90% more likely to worry about lacking AI skills than they are about AI job displacement



Knowledge foundations need shoring up

Coordination requires a shared source of truth; AI increases the "garbage-in, garbage-out" risk and can worsen workslop without a plan. Enterprise data has long been a challenge, and the AI boom is magnifying it.

AI needs a library, not a junk drawer

69%

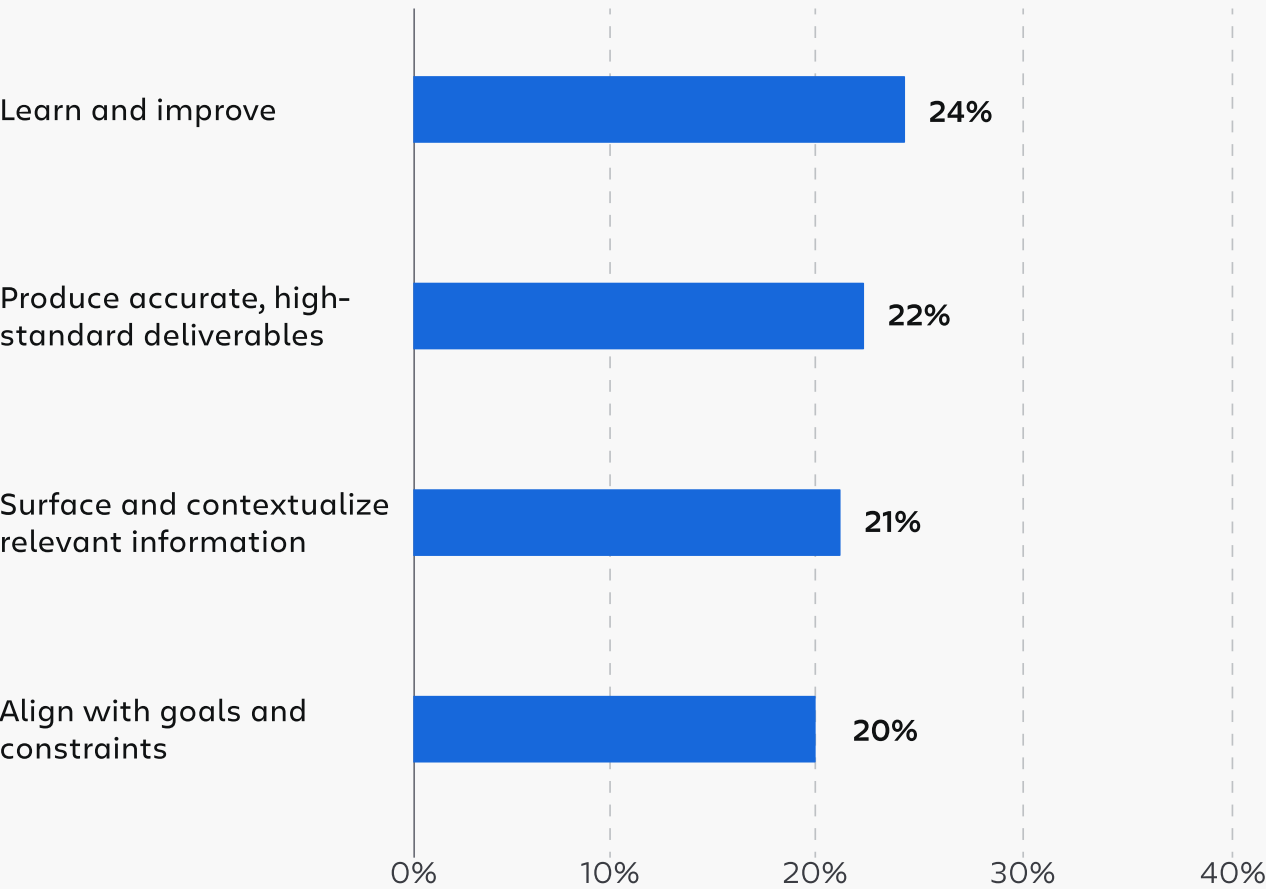
of knowledge workers say their data and knowledge foundations are not optimized for AI

“Bad data isn’t a new problem, but AI is exposing it more.”

Group Vice President of Product Development, Fortune 500 technology company

Data debt brings a crisis of trust in enterprise AI

Knowledge workers who fully trust their AI tools to:





What top teams do differently



What top teams do differently

What turns AI’s fragmentation tax into collaborative velocity

The teams whose productivity and coordination benefit from AI look beyond the technology itself.

Top teams focus on three AI coordination pillars:

1. Context

Documenting clear, shared goals across teams and grounding work in trusted data accessible to people and agents.

2. Workflows

Designing clear paths for how work flows and progresses across teams of people and agents.

3. Culture

Enabling people through continuous learning and experimentation that fosters innovative human-AI collaboration.

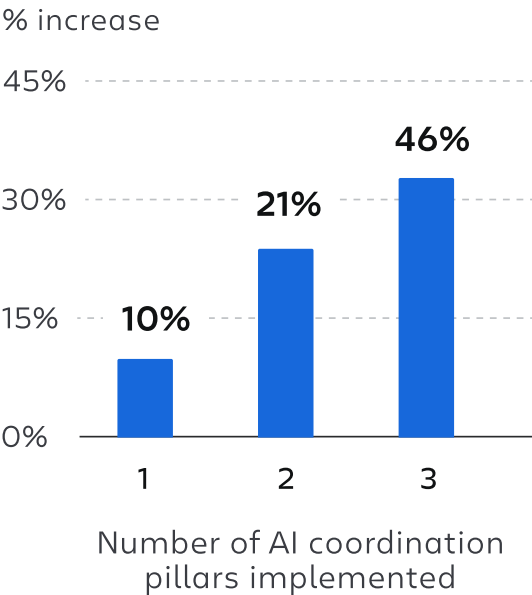
Factoring any one of these pillars into an AI strategy significantly increases a team’s **collaborative velocity—the extent to which they get both speed and alignment with AI.**

But teams who implement all three cut it nearly in half (46%). Only 14% of teams reach this threshold.

Top teams are up to:

- 5.6x more likely to say AI helps them better plan and prioritize work
- 9.4x more likely to say AI increases collaboration
- 13x more likely to feel increasingly connected to their teammates

How the 3 pillars increase collaborative velocity



“Without teamwork and collaboration, the business model falls apart.”

Executive Vice President of Human Resources, Fortune 500 retail company



AI COORDINATION PILLAR

1. Context:

The foundation of coordination

• • • • • • • •

Grounding people and agents in shared purpose and accessible knowledge is critical to human-AI collaboration. This is done through two deeply intertwined motions.

Aligning on purpose

AI can generate options, but humans determine direction. The most successful teams set clear priorities and decide when to trust or override AI outputs. That means defining what’s important, quality standards, and guardrails for high-stakes work, so everyday tasks ladder up to shared goals.

↑ Top teams are up to:

12x

less likely to experience unclear or conflicting goals and priorities

6.6x

less likely to experience misaligned goals and objectives across teams

Sharing knowledge

AI amplifies misalignment as easily as it amplifies productivity. Successful teams have strong habits for sharing context and closing the loop between humans and agents to eliminate data debt.

↑ Top teams are up to:

7.3x

more likely to say their data and knowledge foundations are optimized for AI

2.3x

more likely to fully trust their AI to surface and contextualize relevant information



HOW TO:

Contextualize for human-AI collaboration

• • • • • • • •

Customer story: See how Booksy uses Jira Product Discovery to unite product, engineering, and business teams around shared goals with 100% visibility.

[Read more](#)

➔ (De)prioritize what’s important, together

Focus on 3–5 goals. This forces teams to align on what does and doesn't matter. Use AI to draft common objectives, milestones and success measures that encourage effective collaboration.

➔ Create a centralized knowledge base

Shared documentation is table stakes, not a nice-to-have. People and agents need a reliable, accessible source of trusted information to surface insights and take action. Use AI as a first step in tracking down answers to build AI literacy and reduce one-off pings.

➔ Focus on quality over quantity

Standardized data and a logical taxonomy create the necessary environment for human-AI collaboration and combating data debt.

Put it into practice with research-backed plays

- [Maximize meeting impact with AI notetakers.](#)
- [Define and prioritize project trade-offs to invest resources wisely and meet important goals.](#)
- [Use the OKR goal-setting framework to define objectives, establish key results, and accelerate progress.](#)



AI COORDINATION PILLAR

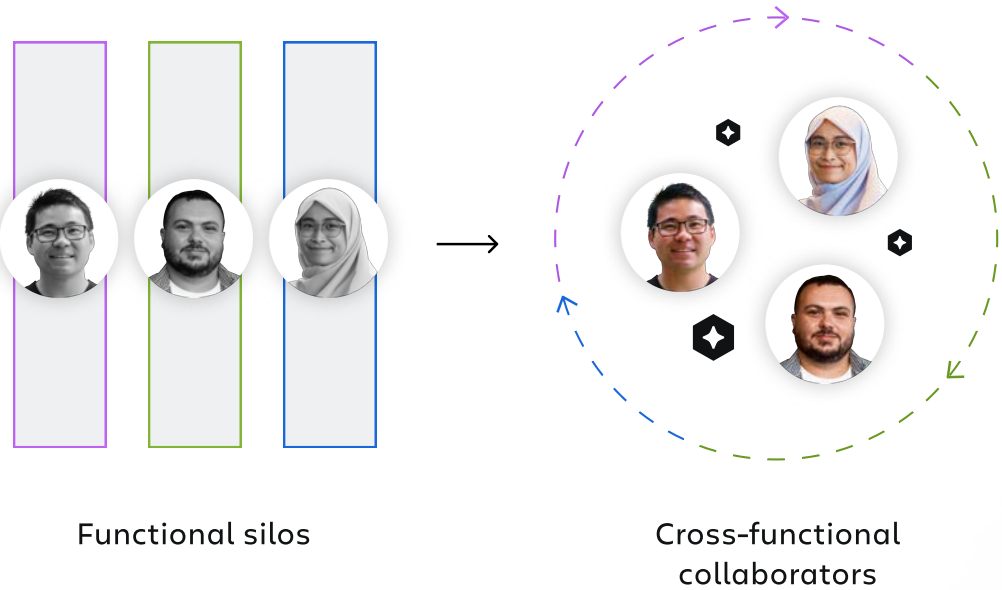
2. Workflows:

What propels human-AI collaboration from theory to reality

• • • • • • • •

Redesigning ways of working for human-AI collaboration

AI has tremendous potential to streamline collaboration and bring out the full potential of teams, but only when processes are designed for full workflows, not just pieces of the puzzle.



↑ Top teams are up to:

3.5x

more likely to reinvent how they work through new tools and routines

13x

more likely to say teams are aligned on how and where to use AI

7.7x

less likely to say there's no time to coordinate, with everyone in execution mode



HOW TO:

Set up workflows for a new era

• • • • • • • •

Customer story: See how Procore uses the System of Work and Rovo to save 23 hours per month per employee and give teams one shared view of strategy, roadmaps, and execution.

[Read more](#)

➔ Redesign human-to-human collaboration

Define communication rituals. Document everything on shared, AI-augmented platforms and default to asynchronous updates to ensure no action items fall through the cracks.

➔ Define how humans and agents work together

Map collaboration by defining clear roles and responsibilities for both people and agents. Task human managers with defining the value agents provide.

➔ Let agents sweat the small stuff

Look for opportunities to automate information flows. Let agents interact to keep gears turning, provide status updates, and free up people to focus on more strategic work.

Put it into practice with research-backed plays

- [Use AI working agreements to align teams on why, when, and how to use AI so it becomes a seamless, trusted part of their workflows.](#)
- [Explore and prioritize AI use cases that will help your team increase productivity and innovation during your next project.](#)



AI COORDINATION PILLAR

3. Culture:
The catalyst for context
and workflows

• • • • • • • •

Setting people up for AI success

AI is only half of the human-AI equation. Its full value emerges in cultures that embrace experimentation and learning—where agents handle operational heavy lifting and humans focus on creative, high-value work.

↑ Top teams are up to:

2.3x
more likely to view AI as a teammate

3.2x
more likely to say teams are encouraged to experiment with AI
and find ways it works for them





HOW TO:

Foster a culture to harness the collective intelligence of people and AI

• • • • • • • •

Customer story: Learn how Tempo builds fast, accurate agents with Rovo Studio that embed AI into workflows, automate reporting, and complete tasks up to 30% faster without writing a single line of code.

[Read more](#)

➔ Develop builders

Empower teams to experiment with and iterate on AI agents that participate in the processes that drive the most value.

➔ Celebrate wins and share lessons

Foster an inspiring culture that showcases how agents transform work. Use digital showcases or workshops to celebrate AI-driven successes.

➔ Embed learning

Knowledge workers are 90% more likely to fear being unprepared to work with AI than that AI will replace them, but the technology is evolving rapidly. Treat AI learning and development as an ongoing motion, not a one-and-done task.

Put it into practice with research-backed plays

- [Build your team’s confidence in AI with an AI Innovation Day.](#)
- [Build an agent specifically tailored to meet your unique needs and workflows.](#)
- [Explore and prioritize AI use cases that increase teams' productivity and innovation.](#)



About the research

This report is based on research conducted by Atlassian’s Teamwork Lab, a group of scientists dedicated to developing best practices for modern teams. Their findings guide the design of Atlassian’s products and practices.

Double-blind survey data was collected in January and February 2026.

In addition to surveys, live interviews were conducted with 25 Fortune 1000 executives representing marketing, HR, IT, and software development.

12,035

knowledge workers

🌐 Work across the U.S., U.K., Australia, India, Germany, and France

🏢 Representative of a broad variety of departments, roles, and seniorities

📁 Top industries represented:

- Technology (16%)
- Manufacturing and industrial (13%)
- Public sector and education (12%)
- Financial services (11%)
- Consumer & retail (10%)

172

Fortune 1000 executives

👤 VP level or higher

🏢 Lead the following departments:

- IT & software development (43%)
- Marketing (38%)
- Human resources (19%)

📁 Top industries represented:

- Financial services (28%)
- Consumer & retail (23%)
- Technology (16%)
- Manufacturing and industrial (9%)
- Healthcare & pharmaceuticals (9%)



About us

Atlassian unleashes the potential of every team.

A recognized leader in software development, work management, and enterprise service management software, Atlassian enables enterprises to connect their business and technology teams with an AI-powered system of work that unlocks productivity at scale. Atlassian’s collaboration software powers over 80% of the Fortune 500 and 350,000+ customers worldwide - including NASA, Rivian, Deutsche Bank, United Airlines, and Bosch - who rely on our solutions to drive work forward.

Learn more about our products, including Rovo, Jira, Confluence, and Jira Service Management, at <https://atlassian.com>.

Want to learn more?



How Domino’s Pizza Enterprises is cooking up faster, better delivery by unifying 130,000+ team members on Atlassian Cloud Enterprise

[Read more](#)



How Sprout Social saved \$180,000 and hundreds of hours per year with Teamwork Collection plus Rovo

[Read more](#)



Delivery Hero achieves efficiency and savings by centralizing 40,000+ employees on one System of Work

[Read more](#)



Appendix



Function profile:

Engineering/Software Development



of knowledge workers have embedded AI in their workflows

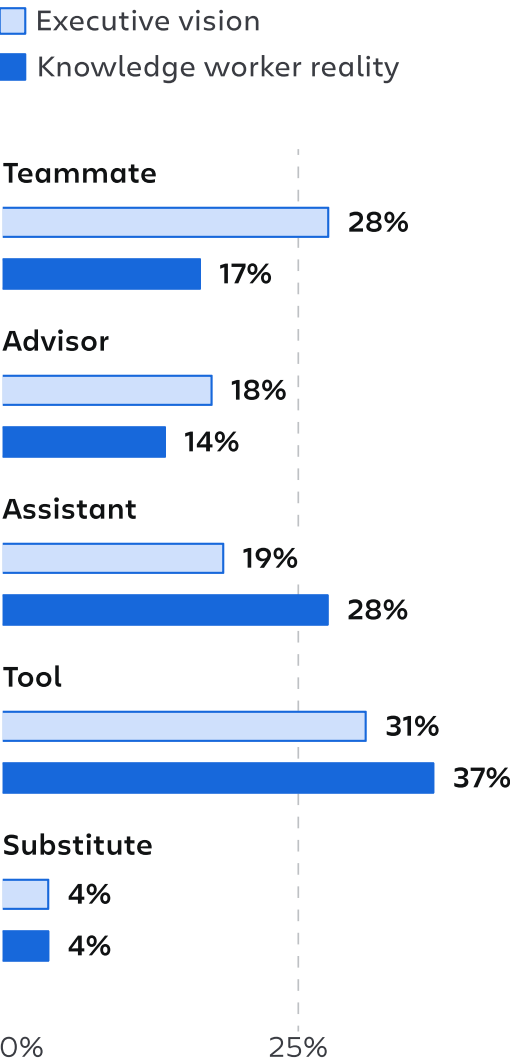


of executives say they can measure the ROI of AI

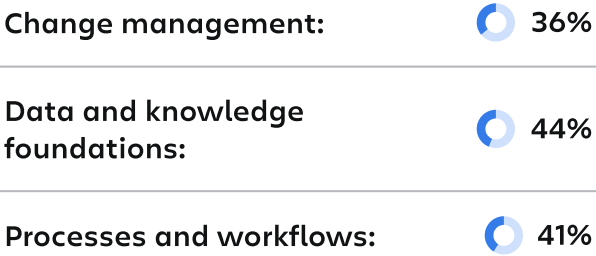


of knowledge workers fully trust their AI tools to function reliably and as promised

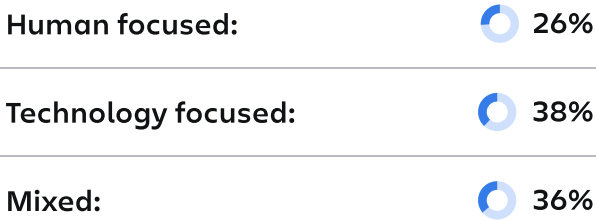
Role of AI



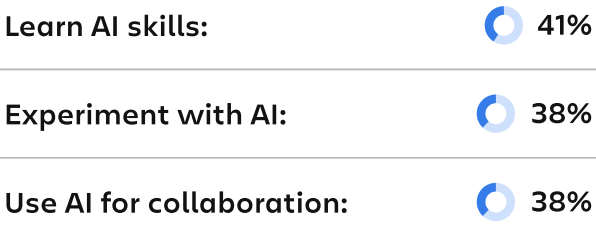
Knowledge workers who say the following are optimized for AI:



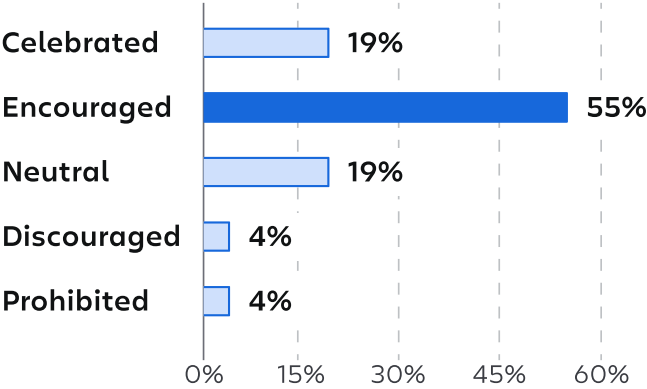
How knowledge workers describe their companies' AI strategies:



Knowledge workers with extensive opportunity to:



How knowledge workers describe their AI cultures:





Function profile:

Human Resources



of knowledge workers have embedded AI in their workflows



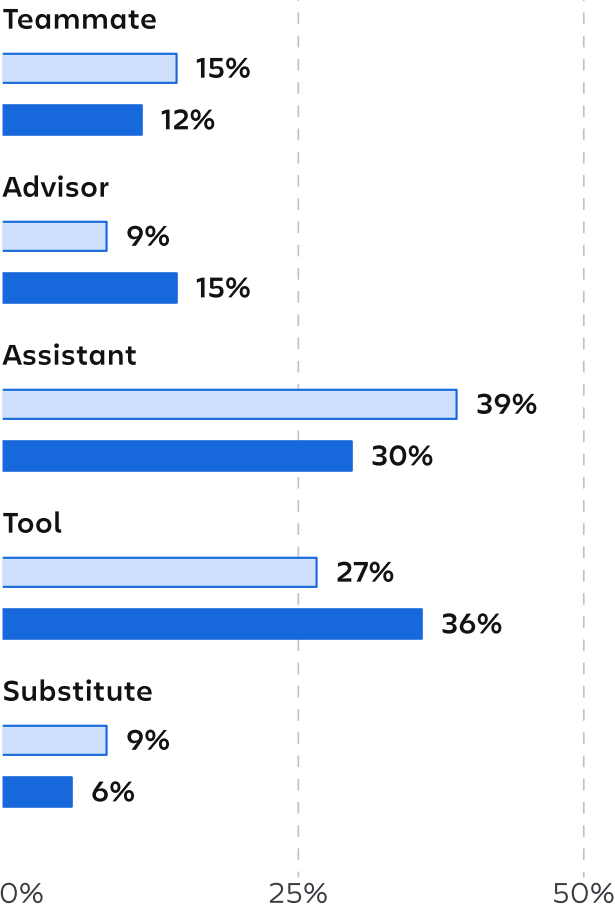
of executives say they can measure the ROI of AI



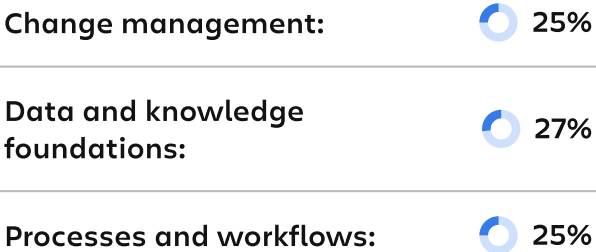
of knowledge workers fully trust their AI tools to function reliably and as promised

Role of AI

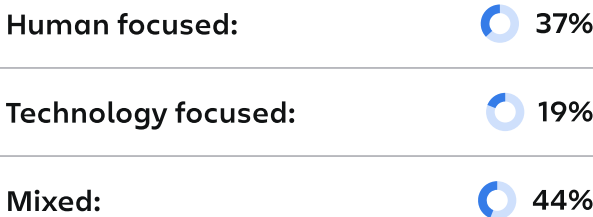
Executive vision
Knowledge worker reality



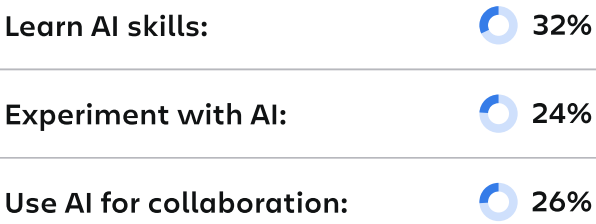
Knowledge workers who say the following are optimized for AI:



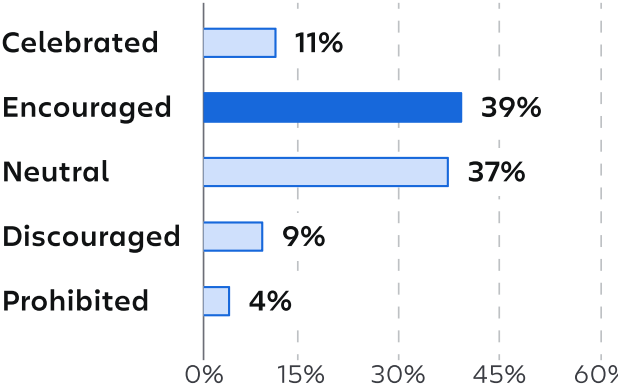
How knowledge workers describe their companies' AI strategies:



Knowledge workers with extensive opportunity to:



How knowledge workers describe their AI cultures:





Function profile:

Marketing



of knowledge workers have embedded AI in their workflows



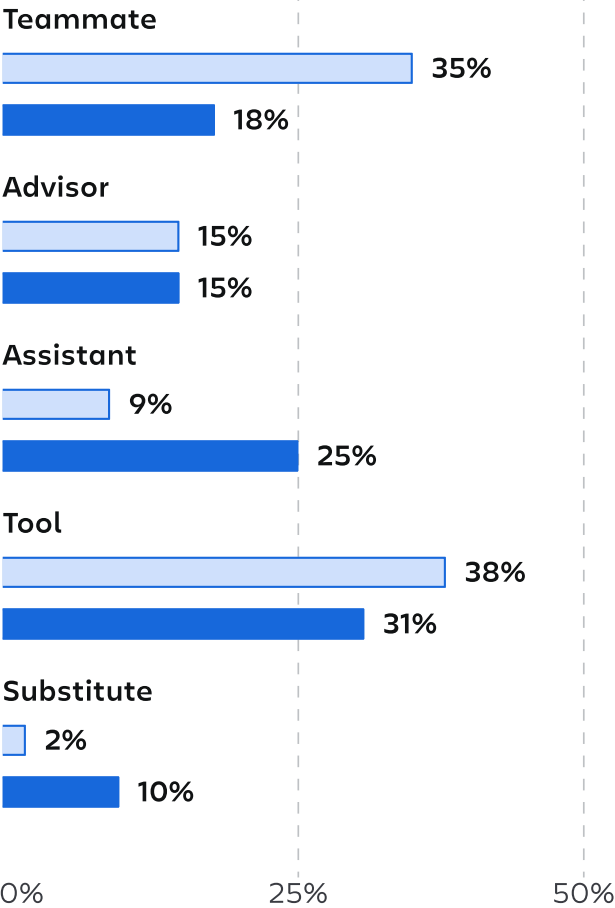
of executives say they can measure the ROI of AI



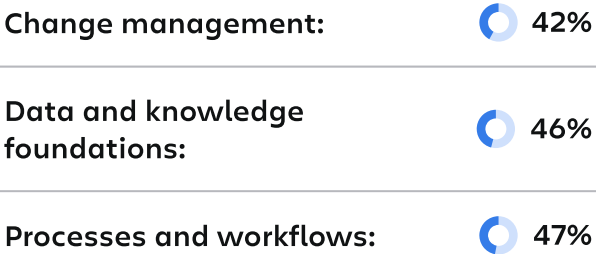
of knowledge workers fully trust their AI tools to function reliably and as promised

Role of AI

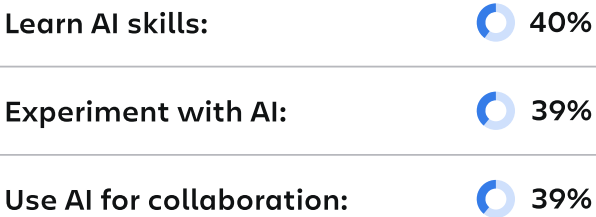
Executive vision
Knowledge worker reality



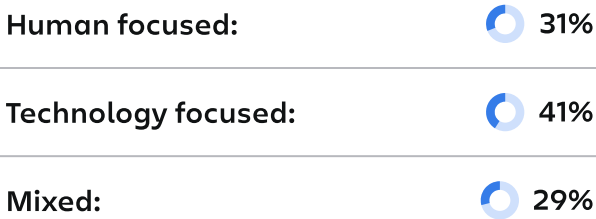
Knowledge workers who say the following are optimized for AI:



Knowledge workers with extensive opportunity to:



How knowledge workers describe their companies' AI strategies:



How knowledge workers describe their AI cultures:

