

The State of Teams

Insights for CHROs on driving
AI transformation across their
teams and organizations



Executive summary

“To unlock AI's true value, CHROs must look beyond the technology itself and redesign how teams of people and agents work together. The real gains come when AI is embedded into how teams operate, not just how individuals work.”

Avani Prabhakar, Chief People and AI Enablement Officer, Atlassian



➡ HR has a new mandate to lead AI transformation

AI transformation isn't just about technology: it's also about culture. HR leaders can lead not just their own teams, but their broader organizations into a new era of human-AI collaboration. The opportunity is ripe for ambitious leaders: Just 44% of HR professionals think their companies balance AI's technology and human elements.

➡ HR's AI-native transformation begins within their own teams

To lead org-wide transformation, HR leaders must model how their own cultures, contexts, and workflows can and should evolve. But there's work to be done. Although 94% of HR professionals use AI, only 27% have embedded it in their daily workflows.

➡ Unclear strategies keep AI's purpose—and ROI—a mystery

Many executives in HR and beyond view AI solely as a driver of individual productivity and efficiency. This overlooks AI's greater potential for teams, as 80% of enterprise work is collaborative. Only 3% of HR executives are sure of clear org-wide ROI from AI, and the friction between AI-accelerated output and old ways of working creates an estimated \$161B annual fragmentation tax across the Fortune 500.

➡ Top teams revamp context, workflows, and culture to make AI work for teams

Through trusted and shared context across people and agents, workflows designed for human-AI collaboration, and cultures that celebrate AI learning and experimentation, the top 14% of teams cut their AI fragmentation tax nearly in half and show their broader organizations what's possible.



Enterprise AI that overlooks teams curbs ROI

AI adoption has surged across departments and functions in just a few short years, and HR teams are no exception.

87%

of HR professionals use AI at work, compared to **85%** of all knowledge workers

But like other departments, HR's AI strategies remain focused on their natural starting point: increasing the speed and outputs of individual tasks. While there is indeed value here, it doesn't account for the collaborative workflows where 80% of work happens, and where recent academic research pinpoints AI's true value.^{1,2} Of all functions, HR executives are most likely to associate AI with speed over collaboration.

94%

of HR executives say AI increases speed, but **only 42%** say it improves collaboration

Only 24%

of HR executives focus AI at the team level

It's no surprise that so few HR leaders see the purpose of their organizations' AI implementations in the first place, let alone org-wide ROI.

Only 3%

of HR executives are sure they have clear examples of org-wide AI ROI

54%

of HR executives say their organizations' AI objectives are unclear

"With AI, I have not seen the transformational change I believe it can bring.

Vice President of Human Resources,
Fortune 500 automotive company

¹ Source: Cross, R., Rebele, R., & Grant, A. (2016). "Collaborative Overload." Harvard Business Review.

² Source: Choudary, S. (2026). "AI's Big Payoff Is Coordination, Not Automation." Harvard Business Review.



The AI fragmentation tax

Today's default approach to enterprise AI brings chaos, not coordination

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Only 27%

of HR professionals have embedded AI in their daily workflows

87%

of HR professionals lack time or capacity to coordinate, with everyone in execution mode

85%

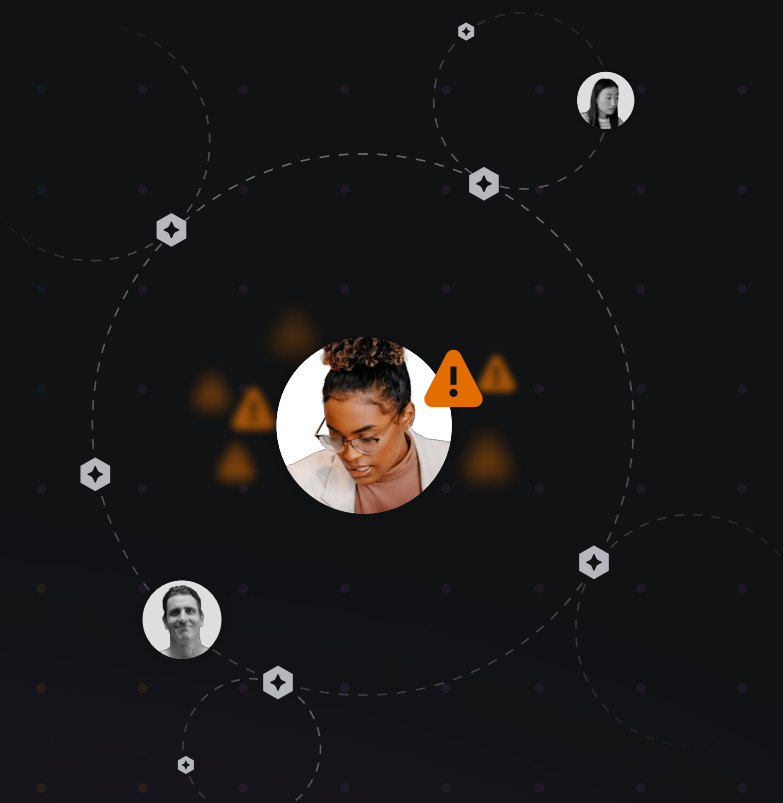
of HR professionals have unclear or conflicting goals and priorities

This is the cost of gaining speed from AI at the expense of alignment

This AI fragmentation tax, characterized by pain points like misaligned priorities, lack of coordination, and duplicative efforts, costs the Fortune 500 an estimated \$161 billion annually.

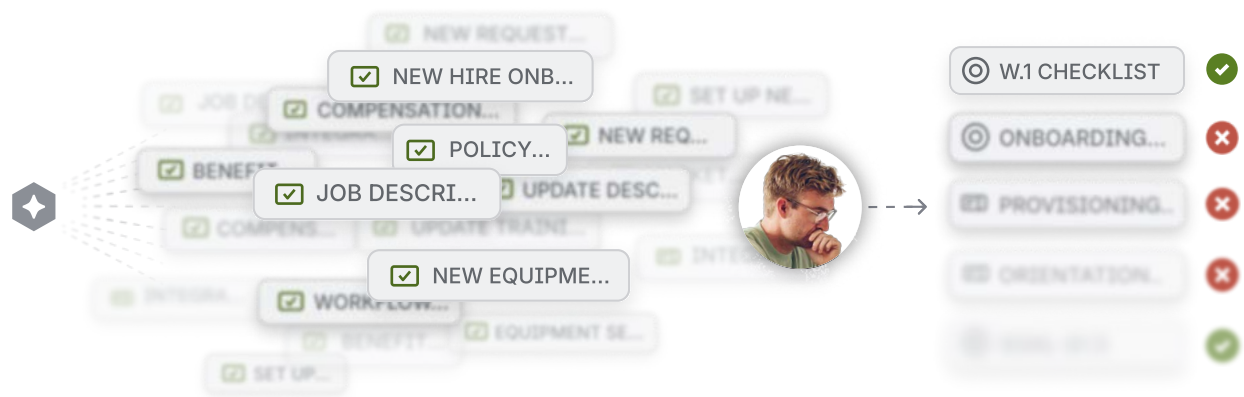
“Without teamwork and collaboration, the business model falls apart.”

Executive Vice President of Human Resources,
Fortune 500 retail company





Scenario: The fragmentation tax in HR



The cost of non-strategic implementation:

With AI, a manager generates their new hire's personalized 30/60/90-day plan in seconds.

An IT agent automatically provisions a standard software suite based on the job title, while the L&D team uses a generative tool to spin up a tailored learning path. Simultaneously, an HR agent drafts a welcome sequence for the candidate. On paper, every stakeholder has completed their "Day 0" tasks in record time. Individual productivity is at an all-time high.

But behind the scenes, the fragmentation tax accrues. The IT agent provisioned tools based on an old job description that excludes specialized software the hiring manager promised in their 90-day plan. The HR welcome sequence directs the hire to a wiki resource while the L&D learning path points to a new workspace. Meanwhile, the manager's personalized goals conflict with mandatory compliance milestones set by the automated HR workflow.

The result: The new hire spends their first week in a state of digital whiplash, navigating different "sources of truth" and conflicting checklists. Instead of welcomed, they feel overwhelmed. The hiring manager spends Friday fixing IT tickets and manually reconciling documents, nullifying the time AI purportedly saved earlier. The organization paid its fragmentation tax in delayed time-to-productivity, a degraded employee experience, and administrative rework.

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

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



The growing risk of fragmented AI

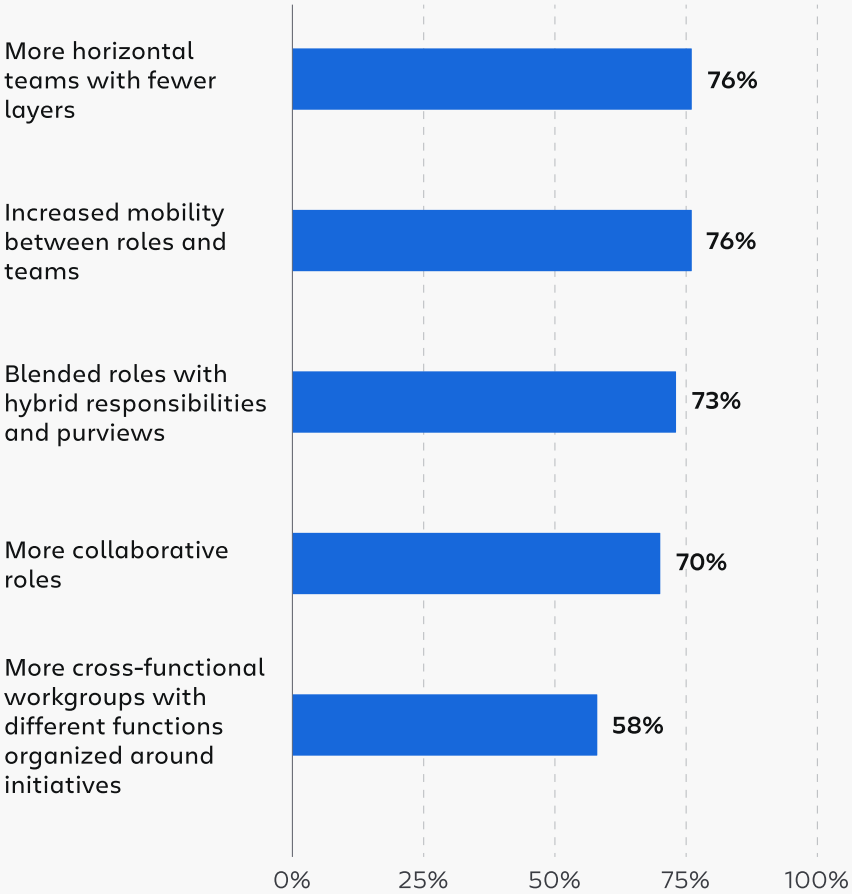
The individually-oriented approach to enterprise AI is creating schisms within and across teams

Ironically, AI is quickly making coordination more essential, not less. This is especially true as teams are increasingly comprised of people and agents. If not addressed soon, the tax will grow.

“It's a time for bigger conversation of, like, is AI a team member? How do we define what it does and what it doesn't? I think that is what's missing.”

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

How HR executives expect AI to reshape roles and teams:



64%

of HR executives say AI is widening performance and opportunity gaps across teams



Key capability gaps hold back AI transformation

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AI needs holistic strategies that account for technology, processes, and people

44% of HR professionals think their companies' AI implementations balance technology and human elements

39% of HR professionals think management views AI as “magic switch”

Work cultures need overhauls to empower people for the AI era

Only 11% of HR professionals say their companies have “celebrated” AI cultures with open demos and highlighted wins

69% of HR professionals don't have extensive AI learning and skill development opportunities

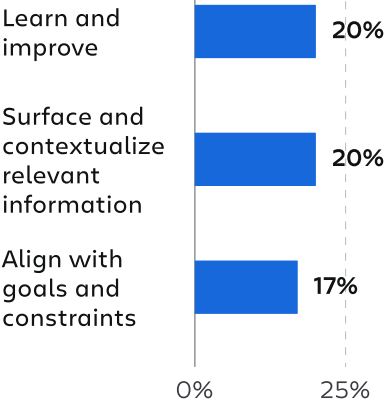
76% of HR professionals don't have extensive AI experimentation opportunities

"If AI acted as a teammate, that would let people do more. They could build the rules, act more strategically, think more critically."

Vice President of Human Resources Operations,
Fortune 500 healthcare company

Users need trusted, shared context to underpin AI

HR professionals who fully trust their AI tools to:



72% of HR professionals say their companies' data and knowledge foundations aren't optimized for AI

Teams need new ways of working that are built for human-AI collaboration

91% of HR executives believe the ultimate future of work will be run by humans and AI together

75% of HR professionals say their processes and workflows aren't optimized for AI

13% of HR professionals view AI as a collaborative teammate; **66%** view it as a simple tool or personal assistant



How AI coordination pillars cut the tax

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The teams who see the highest productivity *and* coordination gains from AI look beyond the technology itself, focusing their implementations 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



Teams with all three pillars cut their fragmentation tax by 46% and increase their collaborative velocity—the extent to which they get both speed and alignment with AI.

These 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
- **7.3x more likely** to say their data and knowledge foundations are optimized for AI

“We can do a lot with AI, but we need to build the groundwork first.”

Vice President of Human Resources Operations,
Fortune 500 healthcare company



The CHRO's mandate shift

“If there's one function sitting at the cross-section of everything that's happening with AI, it's HR. It's about leading the entire organization through a transformation that touches every role, every team and every workflow.”

Avani Prabhakar, Chief People and AI Enablement Officer, Atlassian

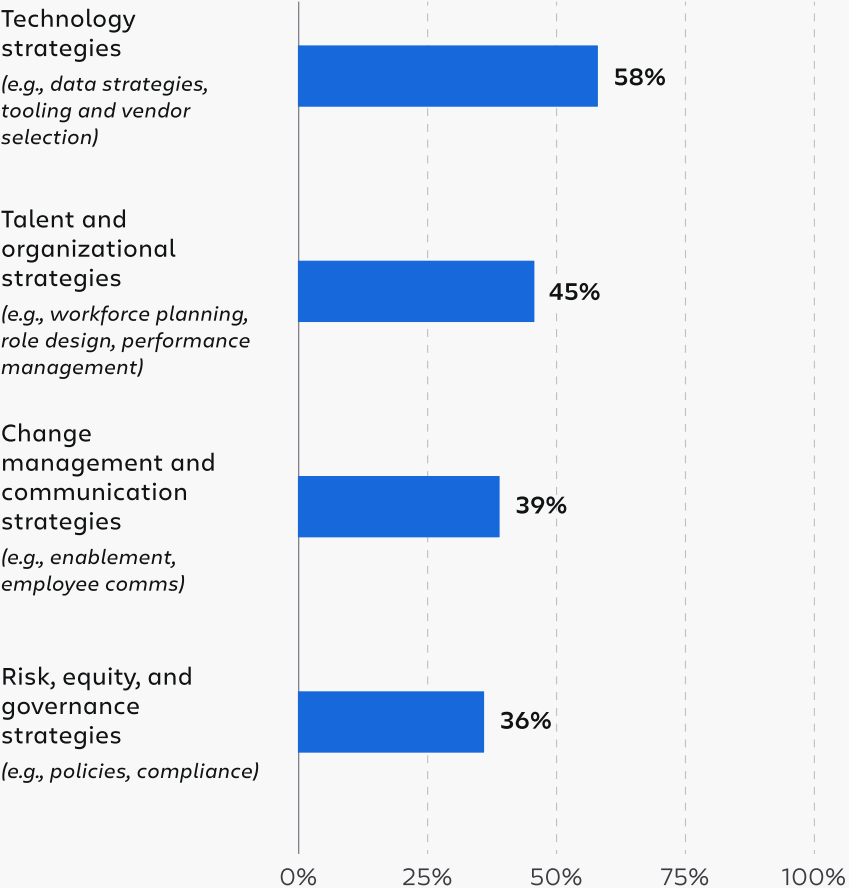
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Only 6%

of HR executives say they lead org-wide AI transformations

CHROs have a business-critical imperative to lead their broader organizations into a new era of human-AI collaboration holistically through people, processes, and technology. Now is the perfect, and critical, time.

HR execs who have made changes to account for AI in their:





CHRO action checklist

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CHROs can be the architects of how work gets done across humans and agents. The goal is enterprise-level outcomes that lead to faster capability shifts, workforce AI fluency, and higher value created per human-AI system through new ways of working.

Even as the landscape shifts, there are some steps CHROs can keep in their toolkit:

✓ Prioritize shared, trusted context for people and agents

Partner with teams across IT, operations, and beyond to centralize and standardize institutional knowledge. Ensure people and agents operate from a shared source of truth that keeps everyone aligned on purpose, priorities, and guardrails.

✓ Nurture a culture for human-AI collaboration

Define and redefine how people and agents work together through clear handoffs, SLAs, and decision criteria. Just as important as defining where agents should handle heavy lifting, be clear on what strategic duties people will own. Create "safe-to-fail" zones for experimentation and provide agile, individualized training.

✓ Be your team's role model

Visibly demonstrate how, why, and where you use AI in your own workflows and encourage deputies to do the same.





About the research

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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.

Survey: 12,035 knowledge workers, including 1,040 in HR

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

Top industries represented:

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

Survey: 172 Fortune 1000 executives, including 33 in HR

- VP level or higher
- Top industries represented:
 - Financial services (28%)
 - Consumer & retail (23%)
 - Technology (16%)
 - Manufacturing and industrial (9%)
 - Healthcare & pharmaceuticals (9%)

Interviews: 25 Fortune 500 executives, including 11 in HR



Read the full report:
atlassian.com/blog/state-of-teams-2026





About us

Atlassian unleashes the potential of every team

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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 atlassian.com.

Want to learn more?



Domino's unifies 130,000+ employees on Atlassian Cloud

Read more at: atlassian.com/customers/dominos



Sprout Social saves \$180,000 annually with Teamwork Collection

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Delivery Hero centralizes 40k employees on one System of Work

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