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Predictions 2026

Key Trends Shaping Technology, Pharma, and Consumer Sectors

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Why 2026 Matters for Every Business

2026 isn't just another year on the calendar – it's shaping up to be a turning point for businesses everywhere. The world feels faster, more connected, and more unpredictable than ever before. Markets are shifting, technology is rewriting the rules, and customers expect more than they ever have. For leaders, the question isn't **"Will things change?"** it's **"How quickly can we adapt?"**

Several big forces are driving this change:

Economic uncertainty is still with us.

Inflation, global tensions, and supply chain challenges mean businesses need to be sharper about costs while still finding room to invest in growth.

Technology is everywhere.

AI isn't just a buzzword anymore; it's becoming part of everyday business. From smarter decision-making to automating routine tasks, it's changing how we work. But with opportunity comes responsibility: governance, security, and trust will matter more than ever.

Regulation is tightening.

Governments are stepping in on everything from data privacy to sustainability. Businesses will need to stay agile while meeting higher standards.

These trends aren't happening in isolation; they're colliding. That means risk, yes, but also opportunity for those who can move fast, think differently, and put people at the heart of their strategy.

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Retail margins will be under pressure and innovation will decide who comes out on top

Rajeev Shaunak, Hannah Black, Alison Conley, Colin Johnson and Francesco Lepri

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Retailers are heading into 2026 with a lot to think about. This year's Autumn Budget offered a patchwork of positives and pressures, and for most of the sector — especially fashion and beauty — it's the cost side of the equation that's getting heavier.

A Budget that gives with one hand but takes with the other

There are supportive measures: freezes on transport fares and prescriptions, increases to the National Living Wage, pensions, and universal credit, plus the removal of the two-child cap for child allowance. These will help the lowest-income households. But they don't do much for the middle-income families who are already tightening their belts. That's the group many retailers rely on most, and the result is likely to be lower footfall — a trend that's been building for years and isn't reversing any time soon.

At the same time, the cost base for retailers is rising:

- **Wages:** For a typical high street retailer with around 100 employees, the uplift to NLW alone means £100k+ in extra direct costs.
- **Business rates:** Even though the multipliers are down, revised rateable values are mostly up. Many smaller retailers and hospitality operators will still see their bills increase, despite transitional relief.
- **Capital allowances:** For retailers with large store networks or hotels, the reduction in writing-down allowances will push tax bills up, especially where there are big carried-forward pools.
- **Other tax and VAT changes:** The combination of NIC freezes and VAT rule changes could squeeze sector margins by 3–5%, at a time when there's not much margin left to give.

None of this quite squares with the optimistic tone of the Chancellor's announcement. And for many fashion and cosmetics brands, January rent renewals — traditionally a pressure point — could add another layer of strain. This isn't doom-mongering; it's simply being realistic about the sector's annual cycle and current consumer sentiment.

It's a mixed outlook for investors

It's not all negative, but it is uneven.

Smaller retail assets, consumer staples, and logistics infrastructure still look attractive. Large-format retail, on the other hand, continues to face some of the toughest structural headwinds.

New green investment packages and export credits for sustainable brands are welcome, but they won't meaningfully change the picture until 2026 at the earliest — and even then, only for businesses that are able to navigate the grant landscape and actually access the funding.

So, where does the real opportunity lie now?

Pricing battles won't be sustainable in a year when every cost line is rising. The retailers that come out ahead will do so by rethinking how they operate and what their customers value.

Technology will be a major part of that.

Automation and AI can help offset labour cost pressures, speed up back-office processes, and support more personalised shopping experiences. For physical stores — especially in fashion and beauty — the focus will shift toward creating reasons to visit. Expect more blended digital-physical experiences, from AR/VR product trials to interactive styling tools.

Sustainability will also move firmly into the mainstream.

Resale, repair, refill and recycling aren't side projects anymore — they're becoming part of the everyday retail model. For fashion and cosmetics, this lines up neatly with the ESG expectations already shaping consumer choices.

The bottom line

2026 will be a challenging year for margins. Costs are rising, consumer confidence is fragile, and the structural shift away from traditional footfall isn't slowing down.

But there is opportunity in the change.

Retailers that invest in technology, build genuinely sustainable models, and focus on experiences rather than just price will put clear daylight between themselves and the rest of the market.

If you'd like, I can create a shorter version for clients, a more formal board briefing, or shape this into your ESG statement for fashion and cosmetics.

Staying competitive in 2026: Why retailers must rethink costs

Hannah Black

Read online

Retailers are heading into a tough year. Rising costs and the further tightening of household budgets - driven by an increase in the National Living Wage and frozen income tax thresholds - leave even less room for discretionary spending. For retailers, traditional tactics such as price cuts and increased marketing campaigns may no longer suffice. To stay profitable, businesses will need to look for new ways to manage costs and streamline operations, and do so quickly.

The margin squeeze

Higher wages benefit employees, but they put increased pressure on retailers already working with slim margins. Coupled with cautious consumers and slower spending, the challenge is not just selling more – it's doing so without eroding profitability.

Why price wars won't work

In the past, retailers have leaned on discounts and promotions to attract and retain customers. In 2026, that strategy may backfire. Cutting prices when costs are rising only accelerates margin erosion. Instead, the focus should shift from competing on price to competing on efficiency.

Where retailers can act

So, what does reinvention look like? Here are some practical steps to be considered:

1. **Negotiate smarter:** Review key supplier contracts to identify opportunities to secure better payment terms, bulk discounts and preferential rates.

2. **Optimise the supply chain:** Look for incremental improvements such as implementing real-time inventory tracking, enhancing returns processes or streamlining delivery routes, as even small improvements can add up to big savings.

3. **Broaden the lens on cost savings:** Explore additional ways to save costs across the business, such as:

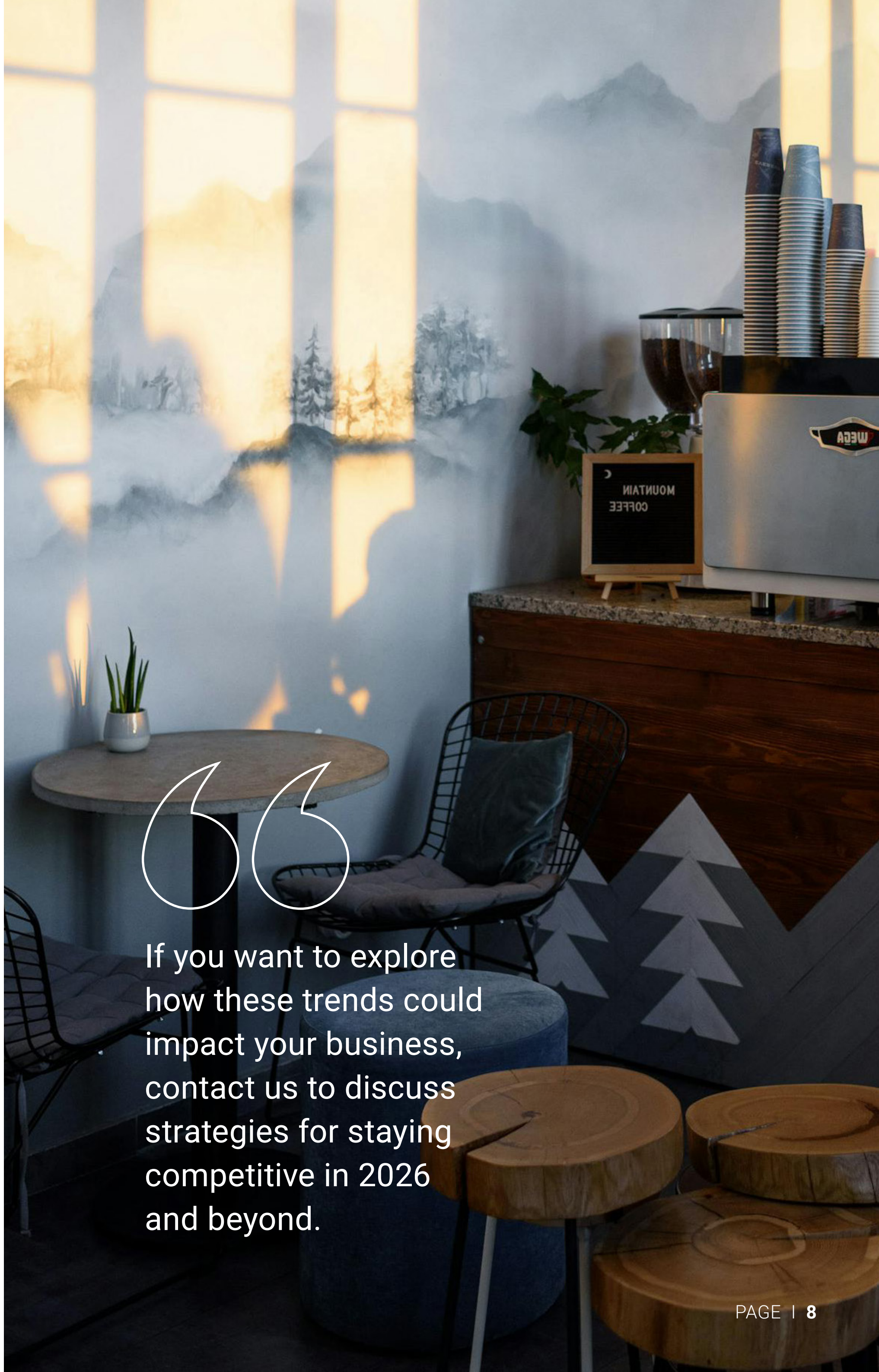
    - Using analytics to predict demand and optimise product ranges to reduce excess inventory and waste, while ensuring popular items remain available.
    - Automating repetitive processes within finance, supply chain and customer service departments
    - Exploring collaborations with suppliers to share logistics, warehousing or procurement costs
    - Consolidating or downsizing bricks-and-mortar locations and testing temporary pop-ups to meet demand without heavy overheads

More than just cost-cutting, these steps help build agility, resilience, and long-term competitiveness.

The bigger picture

This coming year could be when operational innovation becomes a critical competitive advantage. Retailers that embrace technology and rethink cost structures will be better positioned to weather uncertainty.

Marketing and pricing tweaks won't be enough to offset the pressures ahead. Retailers need to act now by investing in smarter processes, leveraging technology and building flexibility into their operations. The businesses that do this will not only survive but thrive in the evolving retail landscape.



If you want to explore how these trends could impact your business, contact us to discuss strategies for staying competitive in 2026 and beyond.

What this year's budget really means for retail & hospitality

Colin Johnson

Read online

The Budget may not have delivered the headline shocks some feared, but it has set the stage for a year of quiet but powerful shifts. For retail and hospitality, these changes will shape demand, cost structures, and competitive dynamics in ways that matter. Here is what I believe is coming, and what leaders should do now.

1 Spending power will keep slipping

Freezing income tax and NIC thresholds for another three years sounds benign, but it's a slow squeeze. Disposable income will erode, and more pensioners will pay tax for the first time. That means customers won't stop spending, but simply, they'll spend differently. We should expect smaller baskets, trading down within categories, and more focus on value. Businesses must protect their visit frequency. Build clear "good–better–best" price points and introduce value rituals—think fixed-price menus, bundles, loyalty perks—that keep customers coming back without destroying margins.

2 Labour costs will make businesses rethink

The sharp rise in the National Minimum Wage, especially for younger workers, will hit hospitality and retail hardest. These sectors rely heavily on entry-level staff, and the economics of hiring will change. Businesses will need to redesign roles, not just cut hours – this includes automating routine tasks while focusing human effort on service moments that matter. Businesses will need to invest in tech for ordering and back-of-house processes. Cross-training staff will be needed and measuring training ROI in terms of speed to competence and upsell success will be more prevalent.

3 Business rates will shape location strategy

Rates reform creates winners and losers. High-value properties including larger retail units and premium hotels will likely feel the pain. Expect capital to shift toward regional markets and smaller, experience-led formats. Companies should review their estate now, and consider a rebalance toward rate-efficient locations and negotiate turnover-linked leases where exposure is highest.

4 Domestic travel patterns will change

Higher fuel duty and an EV mileage tax will make long-distance UK breaks less attractive. Urban and rail-accessible destinations will gain share, while rural operators will need to work harder to attract visitors. Those in the industry should consider creating car-optional packages, partner with transport providers, and invest in EV charging as a visible amenity.

5 International visitor numbers are projected to increase

It is anticipated that international visitor numbers will continue to grow over the next year, generating around a quarter of economic activity in the sector. Global travellers are increasingly looking to enjoy rural locations, but continue to base their itinerary around travel into London. The new generation of travellers are focused on eco-friendly credentials, purpose and wellness driven holidays. Although the pound is strong, the UK remains an expensive destination, so it is imperative that operators understand their market and deliver the experience that is being sought.

The big picture

This Budget doesn't rewrite the rules…but it does tilt the board. The businesses that act now on pricing, labour, estate strategy, sourcing, and travel patterns will be the ones that thrive in 2026. Waiting for the P&L to tell you what's changed will be too late.

If you're asking, "How do we turn these predictions into a plan?" – you should start now.

1. Review your estate and labour model against these trends.
2. Stress-test your pricing and sourcing strategies.
3. Critically appraise your employee costs and ensure labour is being deployed in areas of the business that customers value and consider automation in areas where they don't.
4. Focus your business plan on providing the services that customers value and are willing to pay for.
5. Build a roadmap for automation, loyalty, and location strategy.

> At MHA, we're helping retail and hospitality leaders translate these signals into action, from tax planning and cost modelling to operational redesign and growth strategy. Let's talk about how your business can get ahead of these changes.

Beauty businesses face a cost crunch in 2026, but opportunity awaits

Mark J Lumsdon-Taylor

Read online

2026 is going to be a big year for the beauty industry and not all of it will feel glamorous. Salons and cosmetics businesses are staring down rising costs and tax changes that will squeeze margins hard. However, it's not all doom and gloom. There are some real wins coming too, from fairer import rules to better training options. The question is how do you balance the pain with the positives and come out stronger?

The tough stuff

Let's start with the reality check.

- **National Living Wage jumps to £12.71 in April 2026** which is another 4.1% on the wage bill overnight. In beauty, where people are everything, this hits hard.
- **HMRC is tightening its grip on VAT in the beauty sector,** with tribunal rulings confirming many aesthetic treatments are standard-rated—forcing businesses to review VAT treatment or risk higher prices or reduced margins.
- **Tax thresholds are still frozen**, so as wages go up, staff keep less. To stop people leaving, you'll need to pay even more gross.
- **Dividend tax rises by 2%** from April 2026 – this is not the best news for limited-company salon owners and self-employed therapists who take dividends.
- **Salary-sacrifice pensions capped from 2029** – NI relief limited to £2k. It's a future cost, but worth planning for now.

The bottom line is that costs are climbing, and profits will feel the pinch.

The good news

Now for the upside, because there is one.

- **Import loophole scrapped:** There is no more £135 exemption. Every parcel pays VAT and duty like UK businesses do. This is a huge win for British brands and high-street shops.
- **Growth and skills levy replaces apprenticeship levy:** From April 2026, you can spend levy funds on short courses....think nails, colour, digital marketing, not just full apprenticeships.
- **Training gets a boost:** Level 2 and 3 courses funded again, and SMEs won't pay a penny for apprentices under 25.
- **Business rates reform:** Lower permanent rates for retail, hospitality, and leisure properties, which means most salons benefit.

These changes open doors for upskilling, improving service, and strengthening your competitive edge.

What this means for salons

Yes, costs are rising. But the playing field is fairer now that imports pay their share. Training is easier and cheaper, and business rates reform offers some relief. The salons that win will be those that plan ahead i.e. review pricing, invest in skills, and lean into their local advantage.

2026 will be a balancing act: higher wages and taxes on one side, new opportunities on the other. Salons that embrace training, optimise costs, and market their UK-made edge will come out stronger.

Want to talk through what these changes mean for your business? Get in touch—we're here to help you prepare.

Customs duty changes will reshape UK retail competition in the coming years

Sue Rathmell and Andrew Thurston

Read online

The UK retail market could be on the brink of a major shift. The government is consulting on removing the current customs duty relief for goods under £135 - a rule that has given overseas sellers significant advantage for years. The latest date for the change is March 2029, but it's worth paying attention now. Why? This could reshape the competitive landscape for UK retailers and global e-commerce players.

Why does this matter?

Currently, some global platforms can ship low-value goods into the UK without paying customs duty. That means they can keep prices ultra-low, making it tough for UK retailers to compete. Removing this relief would level the playing field and close gaps that enable possible undervaluation and tax leakage.

This move also aligns the UK with global trends. The EU is phasing out its €150 threshold, and other markets are tightening rules on low-value imports. It's part of a bigger story: governments worldwide are rethinking how cross-border e-commerce is taxed and acting to protect their own retailers from cheaper competition.

A trend to watch for 2026 and beyond

Full implementation may be a couple of years away, but businesses should start planning now. The consultation could accelerate the timeline, and the direction of travel is clear: stricter rules on low-value imports are coming. Affected retailers should factor potential duty costs into pricing models and review sourcing strategies. This isn't just a UK issue, rather it's part of a global tightening of e-commerce regulation. Expect more scrutiny on parcel declarations and possible admin fees. For retailers, agility will be key.

What could change for pricing and consumers?

When the threshold goes, overseas sellers will face extra costs in terms of customs duty and compliance. That will mean higher prices for imported goods and fewer "ultra-cheap" options for consumers. UK retailers may finally see the price gap narrow, therefore creating an opportunity to win back customers with quality, service, and sustainability. Marketplaces will also feel the impact. Platforms will need to collect more data, appoint UK representatives, and manage new compliance processes. These costs will ripple through supply chains and could affect delivery times and product availability.

So, what should businesses do?

- Engage in the consultation, as industry voices matter and help shape the timeline. You can find the consultation **here**.
- Run scenarios to model the impact of customs duty on imports and adjust pricing strategies.
- Communicate value and highlight what makes you different i.e. quality, reliability, and sustainability.

Even if the change takes time, the direction is clear: tighter rules on cross-border trade and a push for fairer competition. Businesses should factor this into long-term planning, whether that means diversifying suppliers, investing in UK production, or doubling down on customer loyalty.

Removing the £135 threshold isn't just a technical change. It's a structural shift that could redefine retail competition. For UK retailers, it's a chance to reclaim ground, and for all businesses, it's a reminder that the future belongs to those who plan ahead.

Want to understand how this could affect your strategy? Get in touch to discuss how you can be prepared.

In 2026, retail will be immersive, intelligent, and circular

Aidan Scollard

Read online

Retail is on the cusp of a transformation that will change everything about how we shop and how businesses create value. In 2026, the experience of walking into a store will feel completely different. It won't just be about buying products, it will be about engaging with a brand in ways that are immersive, intelligent, and sustainable.

Augmented and virtual reality will make physical spaces interactive, with virtual changing rooms and AR-enhanced displays turning shopping into a whole event, rather than a transaction. At the same time, artificial intelligence will offer another level of personalisation, predicting what we customers want before we even know it ourselves.

From tailored offers to loyalty programs built on real-time data, AI will deepen relationships and drive efficiency behind the scenes, such as automating returns and streamlining operations to cut costs and improve service.

That being said, technology isn't the only force reshaping retail.

Sustainability continues to be an expectation, rather than an aspiration. The circular economy (think of resale platforms, repair services, and recycling initiatives) will become an even greater part of everyday retail as consumers demand greener choices. Fast fashion will give way to a more responsible approach, and brands that embrace this shift will earn trust and loyalty.

For retailers, the message is that the future isn't something to wait for, it's something to prepare for now. Those who invest in immersive technologies, embed sustainability into their business' roots, and harness AI responsibly will define the next era of retail. These trends aren't obstacles—they're opportunities.

Our Consumer team helps businesses turn insight into action, building strategies that drive growth and resilience in a rapidly changing market. Let's talk about how these shifts will impact your business and how we can help you stay ahead.

Big matters impacting retail and hospitality arising from budget announcements

Tax rises / general economic comments

- Consumer confidence plays a significant role in impacting the performance of retail and hospitality businesses, and whilst some of the measures won't be welcomed, they do at least draw an end to the uncertainty that the budget creates, especially given the delayed date for this year's event.
- Some of the widely rumored significant changes to direct taxes have not materialized, which will be welcomed
- Freeze in income tax and NIC rates for a further 3 years will erode the spending power of customers, making trading environment more challenging.
- Many pensioners will be drawn into income tax for the first time, which will impact demand

Operator specific matters

- Increase in National minimum wage increases pressure on hospitality and retail operators, particularly as they are sectors of the economy who employ proportionately more people earning at NMW. Particular pressure may be felt due to proportionally higher % increases in rates for 16-20 year olds where a large element of part time is sources in these sectors, with particularly large increases in the 18-20 rate of 8.5%. Given there are already high levels of unemployment in younger age brackets, this measure may discourage employing younger workers, who often need more support and training than more experienced colleagues.
- Business rates reform will see some winners and some losers (the losers with property over £500k of RV). Losers will effectively be subsidizing the winners. Due to high property values in London and SE, larger element of losers may be based in those areas. Supermarkets and high value hotels will likely lose out.

Customs duty

- Changes in the duty system for imported goods will be welcomed by UK retailers, removing the exemption from import duty for consignments with a value below £135. This measure puts the UK in line with the US and EU and will level the playing field for UK retailers who previously argued that there was unfair advantage given to online retailers of low value goods selling into the UK.

Fuel duty / electric car mileage tax

- Increasing fuel duty and introduction of an electric car mileage based tax act as a disincentive for people to holiday in the UK, due to the increased travelling costs. This may be particularly relevant to regional destinations (Lake district, Cornwall, Yorkshire, Scotland etc) where public transport options are less available than travel options into urban areas, such as London.

02 Pharma

2026 Might be the year life sciences goes preventive and AI-powered

David Boosey

Read online

As we look ahead to 2026, the life sciences and pharmaceutical sectors are entering a period of rapid transformation. Here are four key trends emerging:

1 AI will remain core to R&D

Artificial Intelligence is no longer a buzzword. It's a backbone of research and development and will continue to reshape timelines and improve success rates in drug discovery and clinical trials.

But as Jay Desai recently highlighted in his piece "In 2026, Data Quality Will Define AI's Impact in Pharma " the real challenge isn't the technology, it's the data. Old datasets are often incomplete and biased, which means companies must prioritise fixing data foundations before chasing AI… and those that do will lead the pack.

At the same time, the EU AI Act is set to introduce stricter compliance requirements, particularly around high-risk applications in healthcare. This raises critical questions about patient data security and ethical AI use and these are issues that will demand proactive governance from industry leaders.

2 The role of AI in prevention

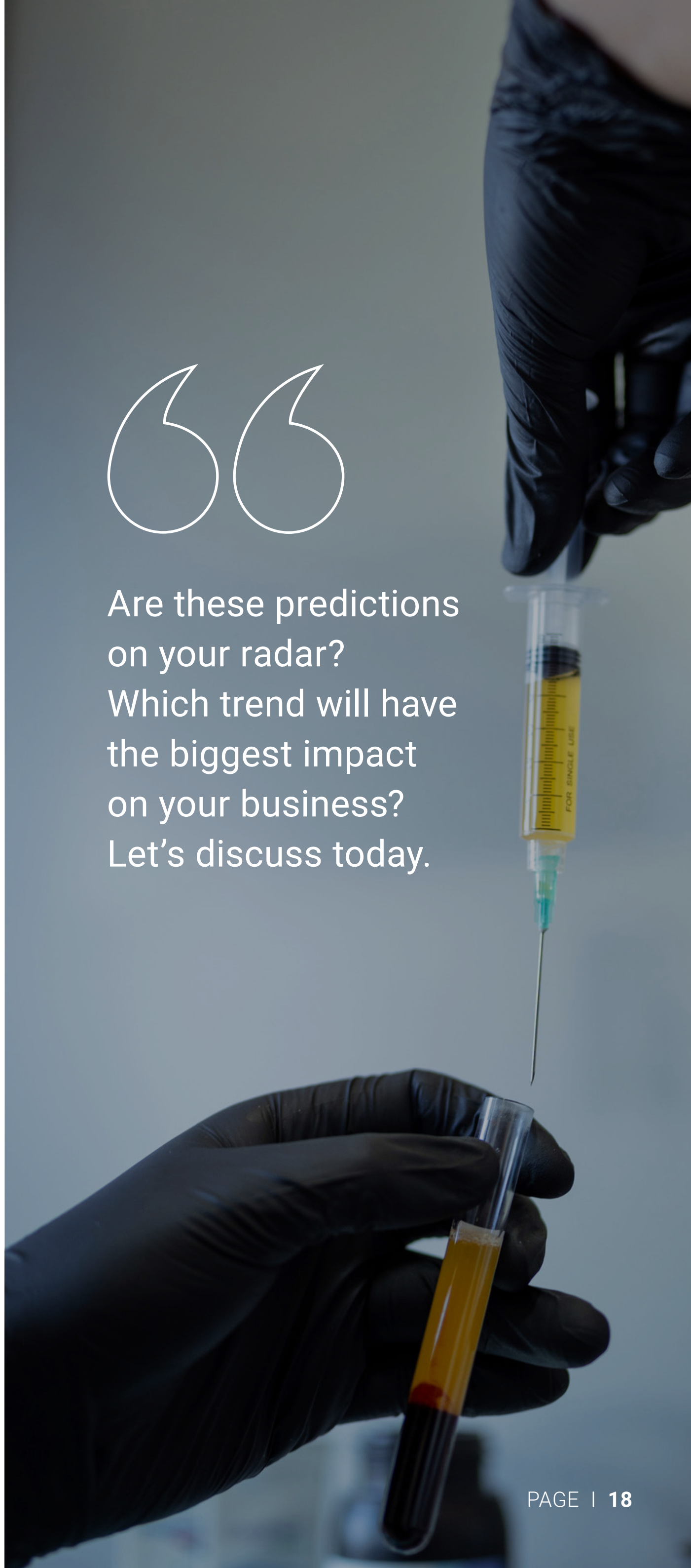
The explosion of personal health data through wearables, genomics, and digital health platforms will shift the focus from treatment to prevention. Predictive analytics and personalised interventions will help reduce disease incidence, creating new opportunities for pharma and health tech collaborations.

3 There will be regulatory friction around AI and ESG

Innovation is moving fast, but regulation isn't keeping pace. We can expect growing frustration as overly complex rules around AI usage and ESG compliance slow progress. This tension will spark political debate on how to balance safety, ethics, and global competitiveness. On that, the U.S. will continue its tough stance on overseas pharmaceutical competition, reinforcing domestic manufacturing and tightening scrutiny on foreign entrants. This could continue to reshape global supply chains and pricing strategies, with ripple effects across international markets.

4 What does this mean for industry leaders?

The year ahead will reward agility and foresight. Companies that embrace AI responsibly, invest in preventive health solutions, and navigate regulatory complexity will thrive. Those that cling to old models do risk being left behind.



In 2026, data quality will define AI's impact in pharma

Jay Desai

Read online

AI is everywhere in the life sciences conversation right now…and for good reason. It will be more deeply embedded across the value chain: helping researchers identify promising molecules, modelling how drugs behave in different populations, and streamlining trials that are increasingly complex and expensive to deliver.

It could help researchers identify promising molecules, design smarter trials, and bring new treatments to market faster and cheaper than ever before.

The opportunity is enormous. But there's a catch — and it isn't the algorithms. It's the data that powers them.

Why is AI looking so exciting?

AI can scan millions of compounds in days, predict how they'll behave, and even model trial outcomes before a single patient signs up. For an industry under pressure to innovate, that's a game-changer, and could cut years off drug development.

The pressure on this sector has never been greater. Pipelines are under scrutiny, global tariff changes are squeezing margins, and regulatory expectations around transparency are rising. Yet, advances in AI mean models can now:

1. Screen millions of compounds in days rather than months,
2. Simulate trial outcomes before a single patient is enrolled, and
3. Flag safety signals earlier and with greater precision.

For an industry criticised for long timelines and high costs, this represents a genuine step-change in productivity.

The dilemma in the data

AI is only as good as the data it learns from. Much of that data comes from old clinical trials and fragmented sources. It's often incomplete, inconsistent, and unfortunately, biased. Many datasets lack diversity; therefore, this means AI models might not work equally well for all patient groups. This is not just a technical issue; it's an ethical one. If we don't fix this, we risk creating treatments that fail large parts of our population.

Compounding the issue is a longstanding industry habit of success-bias. Data from failed trials is often unpublished or under-reported, despite being just as scientifically valuable as positive outcomes. This skews the evidence base, limits what AI can learn, and ultimately gives us an incomplete picture.

What can we expect in 2026?

We can expect that AI adoption will accelerate as companies chase speed and efficiency, and data quality will take centre stage, with investment flowing into cleaning, enriching, and diversifying datasets.

Regulators will also step in, demanding transparency and fairness in AI-driven decisions. The companies that lead will be the ones fixing the data first, before fixating on AI.

In a nutshell: AI will transform life sciences R&D, but the real race is to build better, unbiased data foundations.

> How is your organisation preparing for this? Are you confident in the data behind your AI?

- Nature Medicine Review
- Nature Feature
- Forbes
- Forbes: AI In Pharma
- STAT News: Embedded Bias
- Forbes: Beyond The Algorithm

AI, personalisation, and connected health will redefine pharma and life sciences in 2026

Jasmine Northeast

Read online

Pharma and life sciences are on the brink of major change. Technology is moving fast, and consumers are demanding more control over their health. In 2026, three trends will dominate: AI becoming a core part of research, personalised health going mainstream, and connected devices transforming patient care.

Here's what that means and why businesses need to start planning now.

Personalised health will go mainstream

People want more control over their health, and they want solutions tailored to them. This trend, accelerated by the pandemic, is driving demand for personalised supplements, medicines, and health plans.

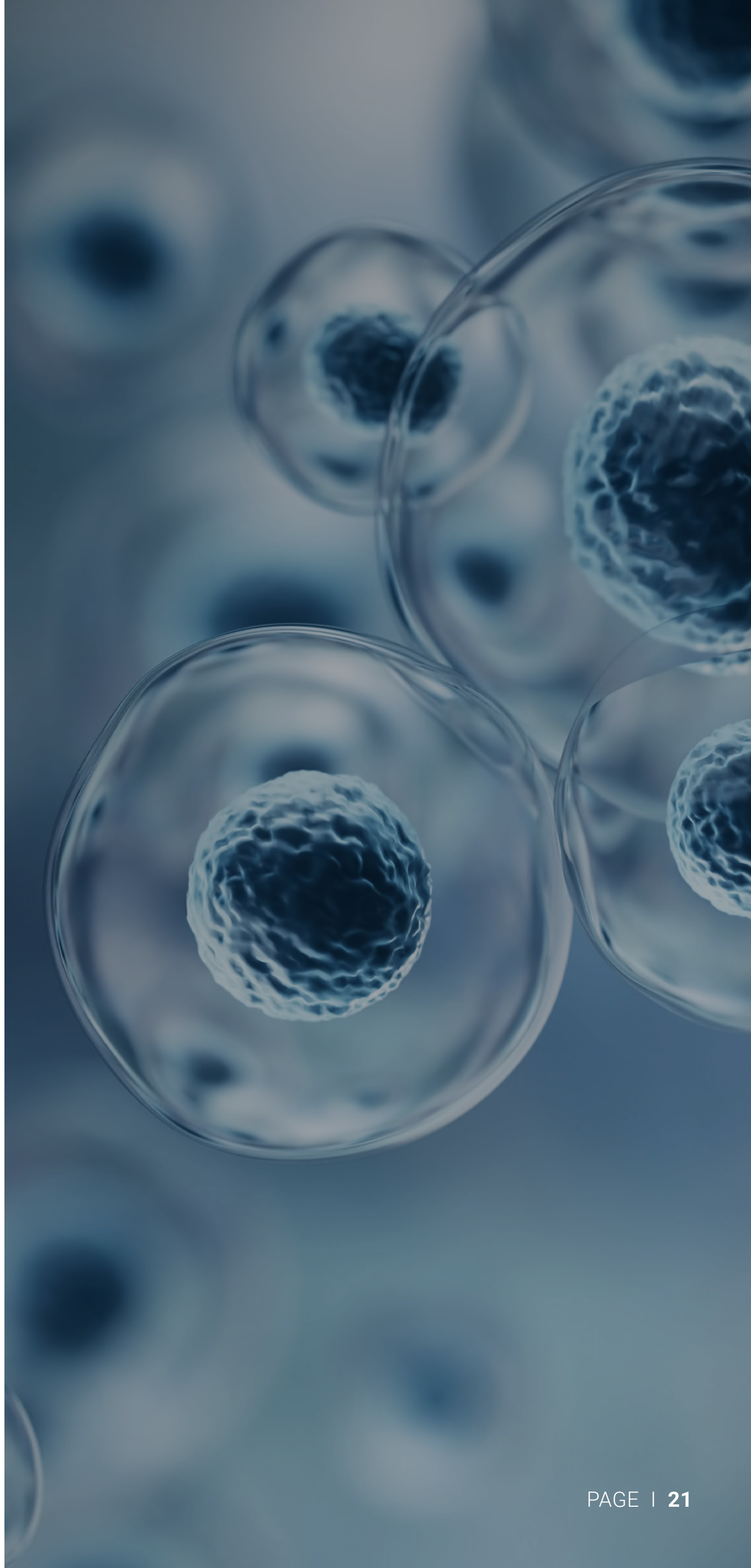
We've already seen at-home testing kits for food intolerances and vitamin deficiencies take off. Next up? Products based on genetic data, lifestyle habits, and personal goals like boosting energy or improving digestion. For pharma and wellness brands, this means building personalisation into product development and marketing strategies.

Connected devices will change the game

Wearable tech is just the beginning. In 2026, expect more devices that monitor health in real time, from smartwatches and glucose monitors to sensors that sit inside the body.

For patients, this means convenience: fewer trips to the clinic for routine checks. For doctors, it means better data for diagnosis and treatment.

But, for pharma? A huge opportunity to use real-world data to improve research and patient support. Partnerships between pharma and tech companies will become more common as data becomes the new currency in healthcare.



AI will be a game changer for R&D

AI isn't just a buzzword anymore, rather, it's becoming central to drug discovery and development. It can crunch huge datasets, predict how molecules behave, and speed up clinical trials. The benefits are lower costs and faster timelines for getting treatments to market.

But there's a catch: AI isn't perfect. If it gets something wrong, the consequences could be serious. That's why regulation and validation will matter more than ever. Expect new compliance rules and ethical standards to emerge alongside innovation. For businesses, the challenge is clear - move fast, but don't cut corners.

What businesses should do now

- Businesses absolutely must invest in AI, but do it responsibly. They need to build compliance and validation into every step.
- Embracing personalisation is key, as consumers expect tailored solutions, so make it part of your offering.
- Leveraging data partnerships is important - work with device makers and tech platforms to access real-time insights.

> 2026 will be a year of convergence, in that AI, personalisation, and connected health will reshape the industry. Companies that act now will lead the way.
>
> Want to talk through what this all means for your business?
>
> Get in touch—we're here to help you prepare.

03 Technology

Future-proofing tech: Why talent and AI will define success in 2026

Tasneem Bharmal

Read online

In 2026, the technology sector will face a defining challenge: how to manage talent and resources in an environment where innovation outpaces traditional workforce development. As tech evolves faster than people can adapt, organisations that master rapid upskilling and redeployment will gain a competitive edge. The ability to pivot talent into emerging roles will become critical.

Artificial Intelligence will play a transformative role, but not as a replacement for people, but as a co-pilot. Think of it as 'human with AI, not human replaced by AI'. Forward-thinking businesses will integrate AI into workflows to enhance decision-making, creativity, and efficiency. This shift mirrors how professional services firms are exploring AI tools like ChatGPT Enterprise to streamline complex processes.

Economic uncertainty will continue to influence hiring strategies. Instead of expanding headcount, companies will focus on optimising existing teams and leveraging technology to do more with less. Flexible, global, and project-based talent networks, which already are the backbone of tech firms, will become even more prevalent and enable organisations to access specialised expertise on demand.

In short, the winners in 2026 will be those who view talent and technology as interconnected assets. By embracing agility, AI collaboration, and resource optimisation, tech businesses can navigate uncertainty and position themselves for sustainable growth.

What leaders need to know about AI, resilience, and market risks in 2026

David Boosey

Read online

The 2026 technology landscape will be defined by accelerating AI adoption, heightened cyber-resilience expectations, and growing market volatility. Agentic AI is set to move into mainstream use—particularly in large, well-governed organisations —while more risk-averse sectors remain cautious.

Cybersecurity will become a board-level performance measure as recent high-profile breaches highlight the financial and reputational stakes. At the same time, fluctuating AI valuations and ongoing instability in crypto markets signal a period of economic correction. To succeed, leaders will need a disciplined, balanced approach that couples innovation with strong governance, resilience, and financial control.

Agentic AI goes mainstream, but with caveats

Agentic AI, which can make autonomous decisions within set parameters, is poised for rapid adoption. This is particularly prevalent in large organisations that can enforce strict governance and protocols. Traditional industries like insurance may remain cautious due to risk aversion, regulatory complexity, and legacy systems, but sectors with robust compliance frameworks will likely embrace agentic AI sooner to drive efficiency and innovation.

Cyber resilience becomes a board-level KPI

Cybersecurity will shift from being an IT issue to being a strategic imperative. Boards will expect clear KPIs around data integrity, recovery speed, and resilience against attacks. Recent high-profile disruptions such as ransomware attacks on major retailers and breaches affecting automotive brands underscore the financial and reputational risks. Investment in cyber resilience will become non-negotiable for businesses seeking to maintain trust and operational continuity.

Tech market volatility intensifies

The excitement around AI investment may lead to corrections as businesses realise that they have scaled too fast. Valuations might swing unpredictably, and crypto markets will remain volatile. Expect the risk of further market correction as investors reassess fundamentals.

Success in 2026 will require more than bold bets on emerging tech. It will require a balanced, holistic strategy in which innovation is combined with governance, resilience, and financial prudence. Those who strike this balance will not only weather volatility but turn disruption into opportunity.

Action points for leaders

1. **Audit AI Governance:** Establish ethical oversight and compliance frameworks before scaling agentic AI.
2. **Embed Cyber Resilience KPIs:** Make recovery speed, data integrity, and breach response measurable at board level.
3. **Stress-Test Financial Plans:** Model scenarios for market corrections and liquidity challenges to avoid overexposure.

"Success in 2026 will require more than bold bets on emerging tech. It demands a disciplined strategy that blends innovation with governance, resilience, and financial control.

Which of these trends is already shaping your business? Let's explore how you can prepare—connect with us today.

Ireland has a big role to play in AI regulation, green infrastructure, and talent challenges in 2026

Brendan Kean

Read online

As we look ahead to 2026, Ireland's technology sector faces both opportunity and challenge. Global trends in AI governance, sustainability, and workforce dynamics will shape the country's role as a leading tech hub.

Here are three predictions to watch:

1 Ireland will be Europe's AI compliance hub

With a concentration of major tech headquarters in Dublin and across the region, Ireland is well placed to become a regulatory nerve centre for AI governance. The rollout of the EU AI Act will demand strong compliance frameworks, and Ireland's reputation for hosting global tech giants gives it a strategic edge. Expect deeper collaboration between regulators, industry leaders, and legal experts to set standards that balance innovation with ethics.

2 Green data centres will take centre stage

Ireland's data centre footprint is expanding rapidly, but grid capacity is under pressure. In 2026, the conversation will shift toward green solutions, from renewable energy integration to advanced cooling technologies. Companies that invest early in sustainable infrastructure will not only meet ESG targets but also secure long-term resilience in a market where energy constraints are real.

3 Talent attraction will hit the (housing) wall

The housing crisis is becoming a critical barrier to attracting and retaining tech talent. Rising costs and limited availability could undermine Ireland's competitive edge. Expect companies to explore creative fixes…we can think remote-first models, regional hubs beyond Dublin, and enhanced relocation packages. Ireland risks slowing the momentum that made it a magnet for global tech investment if no action is taken.

"Ireland's tech ecosystem will thrive if it combines regulatory leadership with sustainable infrastructure and bold talent strategies. Those who anticipate these shifts and act decisively will turn challenges into competitive advantage.

Want to talk through what these changes mean for your business? Get in touch; we're here to help you prepare.

Baker Tilly International USA predictions

Ben Hobby, Brian Nichols, Bernard Regan and Christopher J. Tait.

1 AI will continue to be cybersecurity's double-edged sword

AI will continue to be cybersecurity's double-edged sword AI has become the defining paradox of modern cybersecurity. On one hand, organizations are rapidly adopting AI-powered tools to detect threats faster, identify anomalies in massive data sets and automate responses that once took hours or days to execute. On the other hand, the very same technology is being weaponized by attackers, giving rise to a new wave of cyber threats that are faster, smarter and increasingly difficult to defend against. The most concerning developments involve social engineering. In 2026, expect to see at least one major breach tied to AI-driven deepfakes or impersonation attacks. Cyber criminals are already using synthetic voices and hyper-realistic videos to fool employees into transferring funds, approving fraudulent requests or disclosing sensitive information. Every new AI model release expands these capabilities, lowering the barrier to entry for cyber-attackers and amplifying their ability to operate at scale. Meanwhile, defenders are racing to keep pace. Security teams are deploying AI to filter out malicious traffic, detect unusual behavior in real time and strengthen identity verification. But even these advancements carry risk. Feeding sensitive data into AI systems without proper guardrails can expose organizations to new vulnerabilities. In short, AI is both the sword and the shield — and mishandling it can cut both ways. The lesson is clear: organizations must treat AI as both an ally and a risk. It is no longer enough to invest in AI-driven defenses without also planning for AI-driven attacks. Strong governance, regular red-team testing and employee education around emerging impersonation threats are now table stakes. 2026 will test whether enterprises can strike the right balance, leveraging AI for protection without underestimating the ways adversaries will turn the same technology against them.

2 AI-generated code will introduce systemic vulnerabilities into the supply chain

AI is quickly becoming the developer's constant companion. From writing entire functions to patching bugs, AI tools promise faster delivery and cheaper development. But speed often comes at a cost. Many of today's AI-generated outputs are not built with secure coding practices in mind and over reliance on these tools is "dumbing down" human developers, reducing the critical eye needed to spot flaws before code is deployed.

The result in many cases is poorly vetted, machine-written code entering products and services unchecked. These vulnerabilities don't just affect a single application — they ripple across the supply chain. Downstream vendors may unknowingly introduce insecure code that becomes embedded in critical systems at banks, hospitals and government agencies. It's the same dynamic we saw with SolarWinds, only now, the risk is amplified by the scale and speed of AI-driven development. Compounding the problem, attackers are also harnessing AI. While human developers may take weeks or months to detect a weakness, malicious AI systems can analyze massive codebases in hours — spotting exploitable flaws and weaponizing them at a speed that humans cannot match. In effect, enterprises are not only introducing insecure code, but they're doing so into an environment where adversaries are better equipped than ever to exploit it. Organizations will need to rethink their approach to software assurance. Vendor due diligence can't stop at the first tier of suppliers — it must extend into the "fourth-party" risks buried deep in the software bill of materials (SBOM).

Secureby-design practices, continuous code review and real-time vulnerability scanning will be essential safeguards against an AI-driven flood of insecure software. In 2026, the risk is clear: unchecked AI-generated code won't just break products— it could compromise entire ecosystems. The supply chain has always been a weak link in cybersecurity, but AI threatens to make it the weakest one yet.

3 Chaotic AI regulations will collide with rising governance demands

In 2026, regulation will be one of the biggest forces shaping the future of AI, yet it will also be one of the messiest. On one side, we see regulators pushing harder than ever for accountability inside organisations. In the U.S., the Securities and Exchange Commission (SEC) and state agencies are already forcing faster, clearer disclosures around AI usage. Boards and executives are under growing pressure to show oversight, document their decisionmaking and prove that AI risks are being managed responsibly. Vendor risk assessments are also expanding to include AI governance, meaning companies can no longer treat AI as a "black box" tool. Compliance in this area will only become more resource intensive, adding strain to already stretched governance teams. But outside of corporate walls, the regulatory picture is far more chaotic. No single authority "owns" AI oversight and the technology's rapid spread is outpacing the ability to legislate effectively. Consumer-facing tools highlight the problem: from unregulated content generation to platforms like Grok AI producing inappropriate responses, the lack of guardrails is creating societal risks, especially for the younger generation. Global inconsistencies only make things worse; what one country restricts, another allows. Add to that the privacy nightmare of users pasting sensitive data into public AI tools, with no clear framework for controlling where that information goes, it's easy to see why regulators are scrambling. The reality is that 2026 will bring both increased pressure on organizations to demonstrate responsible AI governance and mounting complexities in how AI is used by the public. While corporate compliance will grow more structured and demanding, public regulation will remain fragmented and reactionary. Organizations need to prepare for both worlds, navigating the formal obligations regulators impose while also understanding the reputational and operational risks that come from AI's largely unregulated public use.

4 Rebuilding AI after a cyber event will be a massive operational challenge

As organizations rely more heavily on AI, a critical gap is emerging between technology, business operations and leadership. The reality is that many executives and boards don't fully understand how AI systems are embedded into operations or what's at stake if those systems fail. Increasingly, teams are using services like ChatGPT for decision-making, often without stress-testing outputs or validating reliability. The assumption that these systems are infallible is risky. If a major AI outage occurs, recovery could be slow, complex and expensive. Companies have often spent years building processes around AI, sometimes combining internal and external models. Petabyte-scale AI systems aren't easy to back up and few organizations have robust contingency plans. In the event of a failure, organizations may need to revert to manual processes, which are not only labor-intensive and costly but also heighten the risk of revenue losses. The risk is compounded if the AI solution cannot be rebuilt to its prior standard — a challenge that has already emerged in cyber business interruption claims. The insurance industry is grappling with this reality. Underwriting AI exposure requires confidence that organizations can recover, but technical knowledge often doesn't reach leadership. Insurers may pay claims up to policy limits, yet the organization could still struggle to restore operations fully. The lesson is clear: Organizations must stress-test AI, prepare contingency plans and ensure that leadership understands the operational risks. Without these steps, a major AI outage could reveal serious vulnerabilities, creating operational challenges and long-term costs. The post-event rebuild isn't just a technical challenge — it's a test of organizational readiness and resilience

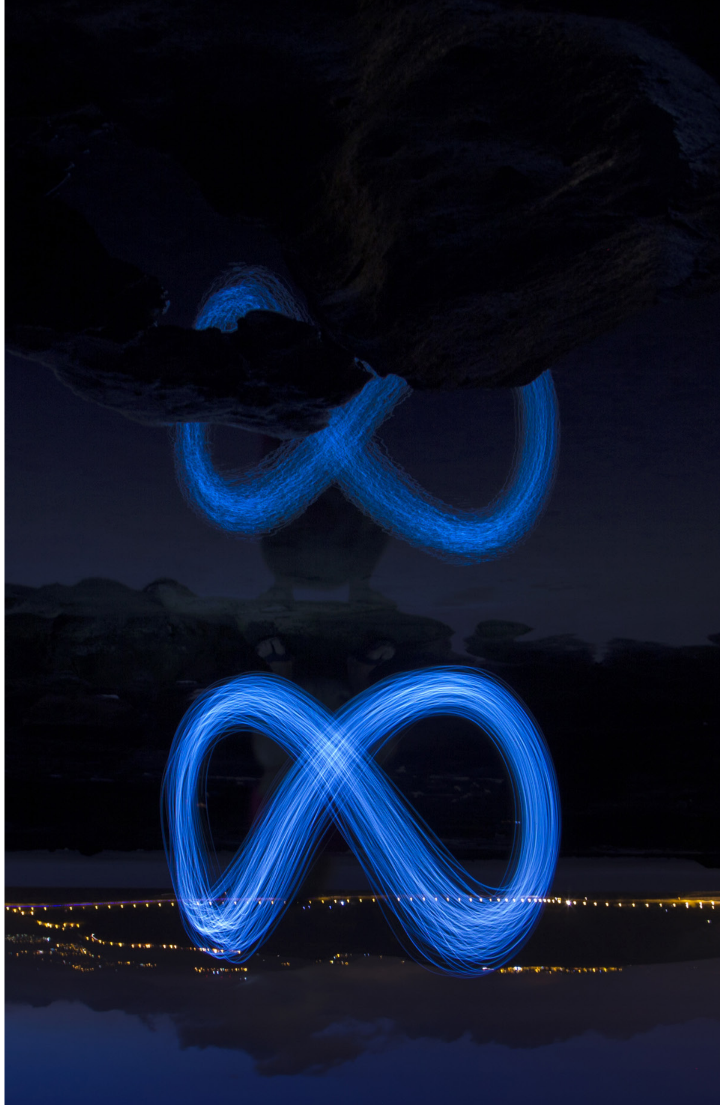
5 AI vs. AI warfare will accelerate the cyber security arms race

AI is transforming the way organizations and nations operate, but it's also fundamentally changing the rules of the cybersecurity battlefield. While governments and organizations leverage AI for faster insights, improved decision-making and operational efficiency, attackers — including state-sponsored groups — are using the same engines to probe, manipulate and exploit systems at unprecedented speed. The tools designed to enhance productivity are now fueling a global cyber arms race, where offense and defense are evolving in near real-time. This isn't just about tricking a corporate AI system — nation-states and cyberattackers developing AI-driven tactics to identify vulnerabilities, steal intellectual property or disrupt critical infrastructure. Clever actors can circumvent safeguards, exploit confidential data and automate attacks far faster than traditional human-led methods. In this interconnected environment, AI allows adversaries to operate across borders (often faster than defenders can react), amplifying the potential impact on global markets, supply chains and geopolitical stability. The dual-use nature of AI creates a delicate balance. Organizations and governments want to deploy it for legitimate, productive purposes, but every advancement can also be weaponized. Failure to recognize this reality risks being outpaced by attackers who can automate reconnaissance, adapt strategies and launch sophisticated campaigns across industries and nations. The takeaway for 2026 is clear: AI doesn't just enhance defenses — it also enhances threats on a global scale. Nations, organizations and security teams must treat AI as both an ally and a potential adversary, developing strategies that account for attacker use, cross-border risks and rapidly evolving AI-enabled attack techniques. Those who understand the rules of this new AI battlefield — and prepare accordingly — will be better positioned to defend themselves in a world where AI-powered offense and defense are locked in an escalating, international cyber arms race.

6 AI and automation will drive new cyber insurance solutions for SMBs

Small and mid-sized businesses (SMBs) are the backbone of every economy, yet they remain dangerously exposed to cyber risk. Many SMBs lack the budget, infrastructure and in-house expertise to implement strong defenses, leaving them far more vulnerable to attacks. Rising premiums and stricter underwriting standards have only made matters worse. Increasingly, SMBs either buy inadequate coverage or forego cyber insurance altogether, leaving them without a safety net if disaster strikes. The collapse of UK-based KNP Logistics serves as a stark warning of what's at stake. The challenge for insurers is that traditional underwriting isn't built for this segment. Evaluating a cyber policy for a SMB requires the same diligence as for a large enterprise, but the premium return is far smaller. As a result, insurers are disincentivized to spend significant time underwriting SMBs, even though they represent one of the largest untapped markets in the industry. That's where technology — particularly AI-driven underwriting and automation — comes in. In 2026, expect to see an increased push toward smarter tools that can efficiently assess SMB risk profiles at scale, analyze exposures and tailor coverage levels to match the real risks these businesses face, all without driving premiums out of reach. By leveraging AI alongside automation, insurers can expand coverage to this underserved market, grow the overall premium pool and deliver much needed protection for businesses that form the heart of global economies.

The takeaway: The cyber market can't continue competing over the same large accounts. To grow sustainably — andto protect SMBs from devastating losses — insurers will need to embrace AI-powered, tech-driven solutions that finally make cyber coverage accessible, affordable and viable for SMB.



Read the e-book here

04 Other

How Construction and Real Estate Will Navigate Change in 2026

Read online

2025 has been another challenging year for the construction and real estate sector, which approaches the new year facing a complex mix of pressure and potential.

The monthly Construction PMI has been sub-50 throughout 2025, with a particularly bruising 39.4 in November, marking the steepest contraction since May 2020 at the height of the pandemic. With delayed investment decisions in the face of business and political uncertainty, along with weak demand and a thin pipeline of new projects, it is unlikely to end the year in positive territory.

However, once the January cashflow crunch passes, a perennial stress point for the industry, we anticipate operating pressures will ease, and 2026 will carry a sense of gradual improvement; not because conditions will be buoyant, but because the benchmark is strikingly low!

Against this backdrop, performance will vary significantly across the industry. Our insights on some of its core segments are that:

1. **Infrastructure** stands out as the most reliable driver of activity. Multi-year programmes such as Thames Water's £20.5bn plan and OGEM's £28bn commitment is welcome news, which alongside defence, health and energy-security projects will help drive growth. Improvements to Gateway 2 approvals are also a positive sign, which will help erode backlogs, but skilled labour shortages, especially in areas such as civil engineering, remains a structural constraint.

2. **Social and affordable housing** delivery has struggled to keep pace with need, with volatility in funding cycles and contractor attrition hampering output, but 2026 should offer a more stable footing, with a greater dependence on public funding. Government housing targets and retrofit ambitions continue to grow, and more consistent procurement across maintenance and new build is anticipated. However, the sector's ability to translate policy into output will depend on planning capacity and access to skilled labour.

3. The **private residential** market continues to be constrained by weak buyer sentiment and borrowing costs that remain elevated compared to pre-2022 norms. Together, these factors continue to limit the pace of growth, keeping price inflation relatively contained. Policy uncertainty, including potential changes to SDLT and council tax reforms, as well as the recently announced high-value council tax surcharge (formerly speculated as a "mansion tax"), has caused developers to delay key decisions. At the same time, the Renters Reform Bill and additional taxes on private landlords continue to depress traditional buy-to-let activity. Build-to-rent and the institutional private rented sector may absorb some displaced investment, but overall activity is likely to remain subdued.

4. In **commercial property**, demand for Grade A, ESG-aligned office space and retrofit projects will continue to hold up well, while secondary offices face rising voids and value decline. Industrial and logistics remain supported by e-commerce, life sciences and reshoring trends, although growth has moderated. Retail is likely to continue its long-term contraction, with activity centred on repurposing and regeneration rather than expansion.

5. **Refurbishment, fit-out and facilities management (FM)** will remain comparatively resilient, supported by corporate ESG commitments, energy-efficiency targets and a decade-long shift toward lower-capex estate optimisation. Retrofit is likely to remain one of the most consistent sources of demand through 2026.

Across all subsectors, firms are looking to the government for the certainty that enables long-term investment. The (long anticipated) Budget offered some modest grounds for cautious optimism, particularly in areas like workforce development, investment incentives and infrastructure support.

However, our clients consistently tell us that stability, clarity, and predictability in policy are essential. Construction companies, investors and lenders plan on three, to five-year horizons, yet changes introduced in a single Budget can recalibrate the economics of a project overnight. The sector has shown its resilience time and again, but it can only convert that resilience into growth when operating in a stable environment.

What Needs to Happen in 2026

From government: use of the increased fiscal headroom to better resource much-needed planning reforms, whilst overhauling SDLT to avoid the predictable annual residential market distortions caused by 'budget butterflies', and; introduce targeted support to revive small-site development. This could include proportionate planning and regulatory requirements for schemes of three to ten homes, simplified access to finance for smaller developers, and incentives for local or incremental housing delivery. Supporting these smaller players would help restore diversity of supply, encourage locally delivered schemes, and relieve pressure on larger developers.

From business: labour shortages will only grow and competition for key skills will sharpen. Every pound devoted to developing and retaining your practical or intellectual talent is an investment, not a cost.