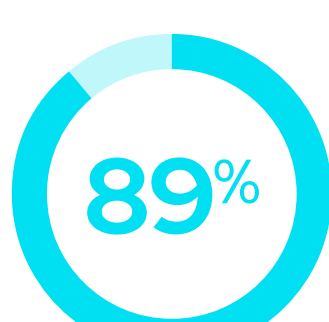


# Your AI strategy is ready. Can **your infrastructure** actually support it?

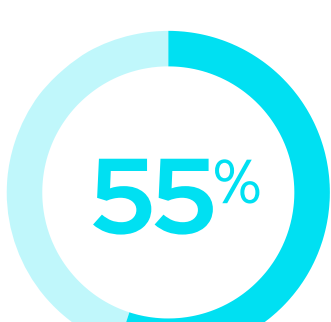
New data from the **Flexential 2026 State of AI Infrastructure Report** reveals what happens when AI ambitions collide with physical limits. Businesses have the **budgets and deployment plans** in place, but they're running short on **power, connectivity, compute capacity**, and predictable procurement conditions.

## INSIGHT 01

### Power now determines where AI can go and how much it costs to run



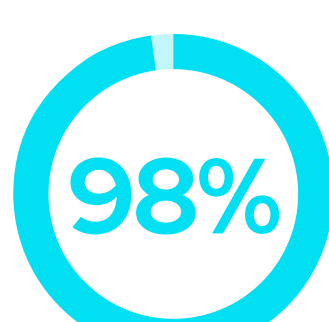
**89%** say reliable grid power availability is a major or deciding factor when selecting locations for AI workloads.



**55%** rank power cost or pricing differences as the top consideration when choosing a region for their AI deployments.



**90%** of respondents feel increased pressure to make their IT infrastructure more sustainable compared to a year ago.



**98%** view nuclear as a viable power source for AI infrastructure within five to 10 years, but only 2% believe it will play the largest role over the next five.

## POLL

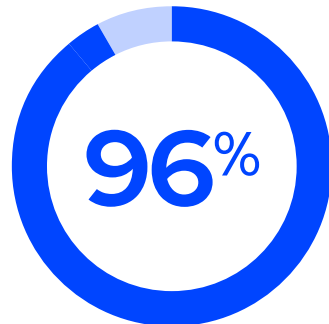
*How much does reliable grid power availability influence your organization's decision when selecting locations or regions for new or expanded AI workloads?*

It is one of several major factors	62%
It is our deciding factor	27%
We consider it, but it's rarely decisive	9%
It has minimal influence	2%
We do not consider it	0%

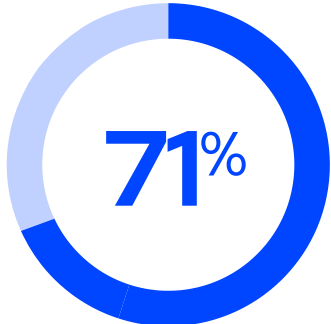
**72%** are moderately or extremely concerned about electricity price volatility affecting their AI operating costs.

## INSIGHT 02

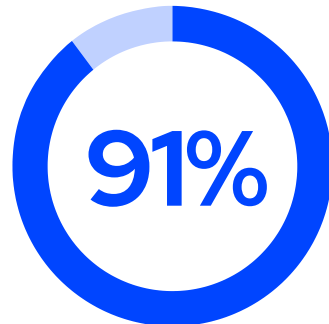
### Nearly every organization surveyed is hitting a network wall



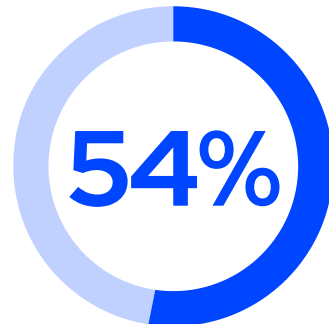
**96%** of respondents reported at least one network-related performance issue affecting their AI workloads over the past 12 months.



Excessive latency, the lowest-ranked issue just two years ago, now tops the list at **71%**, with bandwidth shortages at 56% and unreliable connections at 45%.



**91%** say fiber availability, carrier diversity, and low-latency connectivity have been a limiting factor when evaluating sites for AI workloads.



GPU deployment has consolidated toward the public cloud (**54%**, up from 30% in 2024), while the share of organizations housing AI data there dropped from 59% to 26%.

## POLL

*In the past 12 months, have you encountered any of the following performance issues with your AI applications or workloads?*

Excessive latency	71%
Bandwidth shortages	56%
Unreliable connections	45%
Difficulty scaling data center space and power to meet AI workload requirements	25%
Other	0%

## INSIGHT 03

### Tariffs and policies are affecting planning horizons and causing uncertainty in budgeting and procurement

**54%** say tariffs have already increased their reliance on domestic suppliers, and 40% have delayed or scaled back purchasing.

**94%** say AI-related policy uncertainty affects their planning, with 35% describing the effect as significant.

**81%** Planning windows are shrinking: 81% of organizations are projecting their infrastructure capacity less than four years in advance.

## POLL

*How have recent U.S. tariffs and related import restrictions on technology and industrial goods impacted your organization's AI vendor or supplier strategy?*

They increased reliance on domestic suppliers	54%
They increased reliance on long-term contracts	40%
They led us to delay or scale back purchases	40%
They prompted supplier diversification	38%
They increased focus on total delivered cost	19%
N/A; they have not affected our strategy	0%
Other	0%

## INSIGHT 04

### AI spending isn't slowing down, but how businesses define success is changing

**01**

**Cost reduction** and operational efficiency replaced revenue growth as the **top measure of AI success**, rising to 55% while revenue growth fell from 58% to 42%.

**02**

The share of businesses **expecting measurable financial returns** within a year fell from 51% to 36%. Meanwhile, the share already seeing returns held flat at 20%.

**03**

**Delayed time to market** (37%) has overtaken lost market share (21%) as the most consequential risk if **organizations fail to meet their AI goals**.

## SUMMARY

### AI infrastructure has become a system of connected constraints, and solving them demands the right partner

As organizations push AI deeper into their operations, they are encountering limits that budgets alone cannot overcome. **Power availability, networking capacity, procurement volatility, and regulatory uncertainty are all bearing down at once**, and addressing any one of them often depends on the stability of the others.

You don't have to travel through it alone. **The right data center partner** brings the geographic reach, high-density compute capacity, and interconnection fabric to help you place AI workloads where power and connectivity align.

For deeper insights, explore the complete **Flexential 2026 State of AI Infrastructure Report**.

flexential.com

Discover how Flexential powers secure, scalable AI infrastructure across more than 40+ data centers in 18 U.S. markets.

Schedule a Consultation

