FLEXENTIAL

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