

2026

# Advertising Agency Report

By **Basis**<sup>®</sup>

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# Executive Summary

The advertising agency world is at a crossroads. After several turbulent years, the pressures bearing down on the industry have reached a critical threshold—one that threatens not just how agencies operate, but whether the business model that has sustained them for decades can survive.

To understand what this moment means for the advertising industry, Basis surveyed more than 200 advertising industry professionals from leading agencies, exploring how they feel about their jobs, their agencies, and the challenges and opportunities shaping their futures.

Select findings include:

## Work Is Getting Harder

Agency life has become measurably more difficult:

- Two-thirds of agency professionals (66.2%) now say that digital advertising has gotten harder over the last two years, and nearly three-quarters (70.0%) say their own jobs are more difficult today than they were just two years ago.
- Client relationships are also increasingly strained, with 54.0% of agency professionals reporting more tension with clients than two years prior, as brands bring higher expectations and shorter patience to the relationship.
- A decisive 88.3% believe there should be more transparency across digital advertising, reflecting widespread frustration with accountability gaps that have persisted throughout the industry.

## Operational Challenges Persist

Despite years of investment in new technologies, the most common obstacles facing agencies remain stubbornly familiar:

- Inefficient processes topped the list of agency challenges (44.1%), followed closely by siloed and disconnected systems (40%)—which, not coincidentally, are a primary driver of inefficiency.
- Shrinking profits (39.0%) and rising costs (36.6%) round out the top four most-identified challenges, reflecting the cascading financial consequences of unresolved operational dysfunction.
- Tech stack sprawl is a significant contributor: More than one-third of full-service and media agencies are now managing 10 or more tools—more than double the share that did so in 2024.

## The Traditional Agency Model Is Under Threat

The cumulative weight of these pressures has brought the industry to a stark reckoning:

- An overwhelming 87.3% of agency professionals believe the traditional agency model is either broken today or racing in that direction, including 91.5% of senior leaders.
- The billable-hour model, long the foundation of agency revenue, is proving increasingly difficult to maintain in an era where AI compresses timelines and clients expect more for less.

## AI: Both the Solution and the Risk

Agencies have turned to AI as their primary answer to these challenges, and adoption has been swift:

- The technology is now used at over 99% of agencies, with nearly 60% of professionals using it daily—up from just 15.9% in 2024.
- For the second consecutive year, agency leaders named AI their top investment priority, with 77.7% planning to increase their AI spending over the next 12 months.

But the relationship with AI is increasingly complicated. The same technology agencies are counting on to drive efficiency is also the technology most likely to accelerate brand in-housing, upend the billable-hour model, and redefine (or eliminate) a significant number of agency roles:

- Nine in 10 agency professionals believe AI poses a threat to their agency's primary revenue streams, and the number of AI pessimists has grown sharply—from 19.9% of respondents last year to 32.0% in 2026.
- Nearly two-thirds of agencies (65.3%) have already had clients move work in-house in the past 12 months.
- Nearly half of agencies (40%) have conducted layoffs over the last 12 months.

## A Workforce Feeling the Strain

The uncertainty is registering throughout the agency workforce:

- For the first time in this survey's history, fewer than half of agency professionals (48.8%) say they feel optimistic about the future of digital advertising, down from 62.8% in 2024.
- Industry confidence among leaders has fallen even faster, dropping more than 21 points over two years.
- And while senior leaders remain relatively confident about the future of their own agencies (73.4%), a growing confidence gap with junior employees—whose roles are the most vulnerable to AI disruption—points to a potential talent pipeline problem that could prove as consequential as any operational or financial challenge the industry faces today.

### The Path Forward

The agencies that will succeed in the coming years are the ones that treat this moment as a mandate for action rather than a reason for caution. That means consolidating fragmented tech stacks, eliminating the silos that breed inefficiency, rethinking revenue models for an AI-driven world, and investing in the infrastructure—including unified platforms, centralized data systems, and AI-ready workflows—that will enable them to deliver the efficiency and effectiveness their clients now demand as a baseline.

The opportunity has not disappeared. Advertising spend is projected to surpass \$1 trillion globally for the first time in 2026, and brands still need partners who can help them navigate an increasingly complex and fragmented media landscape. But the agencies best positioned to capture that opportunity may look very different from those that have dominated the last decade. The time to start building toward that future is now.

# Introduction

After several up-and-down years marked by wild economic swings, increasing consolidation, growing client expectations and a revolutionary new technology threatening to upend traditional agency/client roles and disrupt key revenue streams, the advertising agency world is at a crossroads.

The pressures bearing down on the industry aren't abstract. They're being felt in hiring freezes and layoffs, in account reviews that end relationships overnight, in junior roles that are disappearing before the next generation of talent can fill them. The question of what an advertising agency is—and what it needs to become—has never been more urgent or more unsettled.

And yet, for all the disruption, advertising spending continues to grow—it's projected to surpass \$1 trillion for the first time in 2026<sup>1</sup>. Brands still need to reach audiences, and to navigate a fragmented constellation of channels in order to do so. And consumers still need to discover and decide and to form relationships with brands they trust. The opportunities for advertising agencies, then, have not simply vanished. But the agencies that will be best positioned to capture them may look radically different from those that have dominated the last decade.

## **Change is coming. Are agencies ready?**

To find out, we surveyed more than 200 advertising industry professionals from leading agencies, exploring how they feel about their jobs, their agencies, and the challenges and opportunities that are shaping their futures. The findings reveal an eye-opening and, at times, sobering account of the industry's health. Collectively, they signal the need for significant and decisive action on the part of advertising agencies that wish to succeed—and survive—in the age of AI.

<sup>1</sup><https://info.dentsu.com/AdSpendDecember2025>

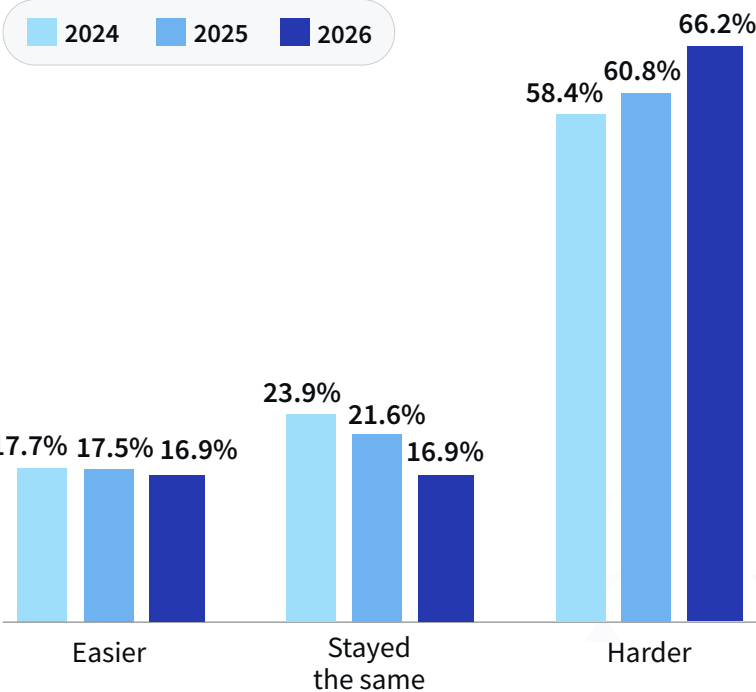


# The Challenges

# Agency Work Is Getting Harder and Harder

Amidst rising complexity, an intensely competitive landscape, and fluctuating economic conditions, working in advertising is growing increasingly difficult. A growing majority of agency professionals (60.8%) believe that digital advertising has gotten harder over the last two years, up slightly year-over-year.

Do you think digital advertising has gotten easier or harder over the last two years?

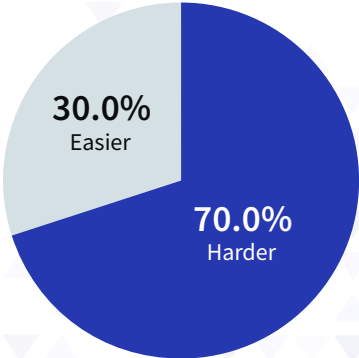


(2024: 113 respondents, 2025: 171 respondents, 2026: 213 respondents)

Perhaps more dramatic is how people feel about their individual jobs, with nearly three-quarters of agency professionals (70.0%) feeling their job is harder today than it was just two years ago.

Do you believe your job is easier or harder today than it was two years ago?

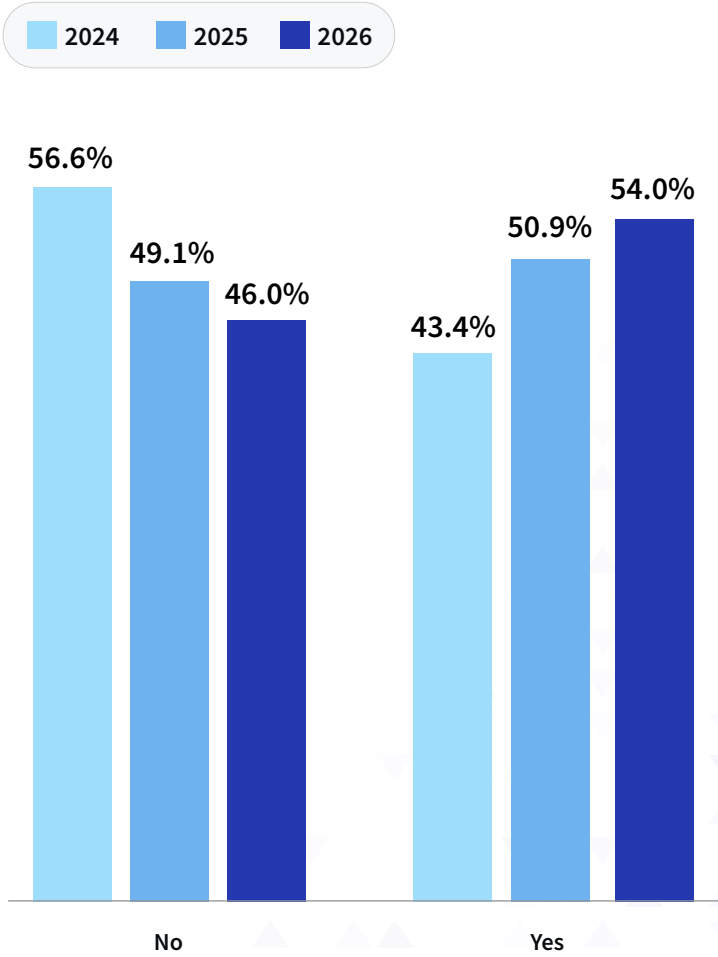
(213 respondents)



# Strained Client Relationships

Simultaneously, agencies' relationships with their client are growing increasingly tense. Over half of all agencies say their client relationships are more strained today than they were two years ago, up slightly from last year. These ongoing struggles are emblematic of clients' ever-growing expectations and rising pressure on agencies to grow more nimble, more effective, and more efficient in the AI era.

Do you feel like your agency's client relationships are more strained today than they were two years ago?



(2024: 113 respondents, 2025: 171 respondents, 2026: 213 respondents)

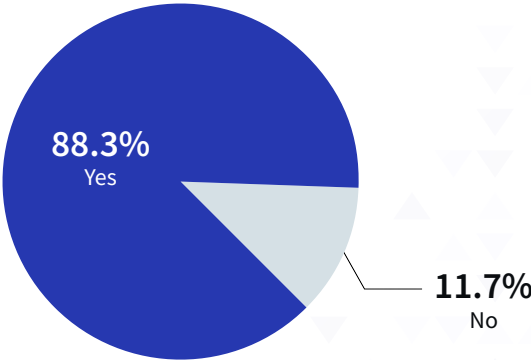
# External Pressures

Then there is the matter of transparency, which has proven to be a persistent concern across the digital advertising industry.

From ad fraud and made-for-advertising (MFA) websites, to blurry and incomplete performance data, to supply chain optimization barriers, to brand safety, lackluster transparency has proven to be an ongoing nuisance for ad agencies. A decisive 88.3% of agency professionals believe there should be more transparency across digital advertising, reflecting an ongoing desire for more accountability, efficiency, and ethical business practices across the industry to ensure that campaigns—and agencies—can reliably deliver trustworthy and measurable results.

**Do you believe there should be more transparency across digital advertising?**

*(213 respondents)*

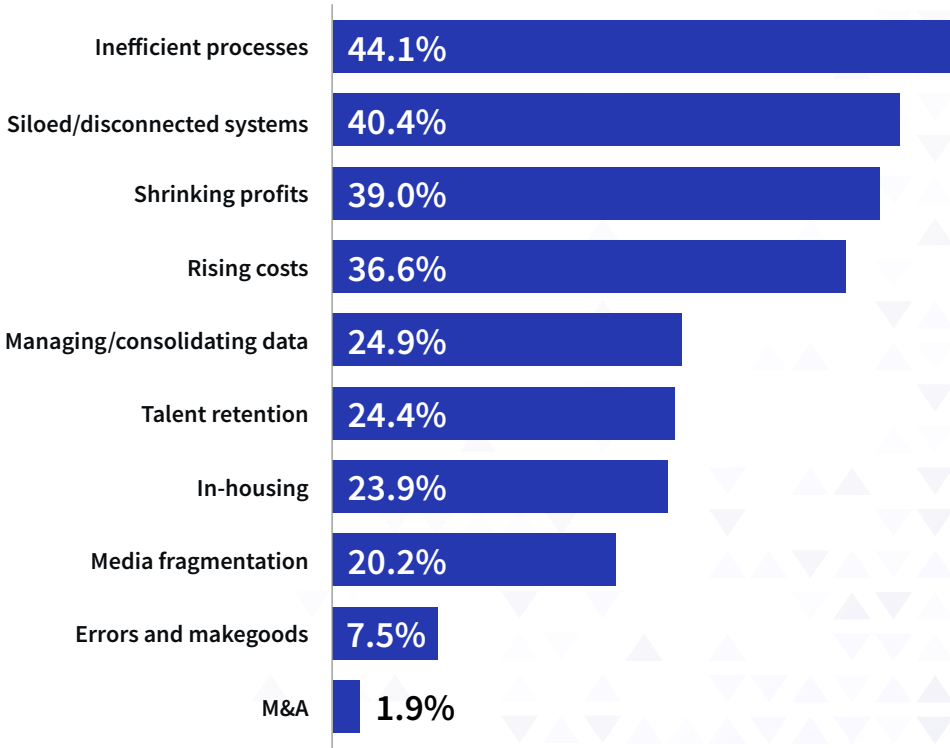


# Agencies' Greatest Challenges

Across the industry, agencies are grappling with a set of challenges that cut to the core of how they operate—and, increasingly, determine whether they can do so profitably.

While there has been at least some progress made since last year, most likely due to increased AI implementation<sup>2</sup>, agencies professionals continue to view inefficient processes as their greatest obstacle to overcome. This is followed closely by siloed/disconnected systems—which is, of course, a significant contributor to inefficiency. Shrinking profits and rising costs were also broadly identified as significant challenges, reflecting the cascading effects of agencies' ongoing inefficiencies and stubborn silos.

**Which of the following are the biggest challenges currently facing your agency?**  
*(Respondents could choose up to 3 answers)*



*(213 respondents)*

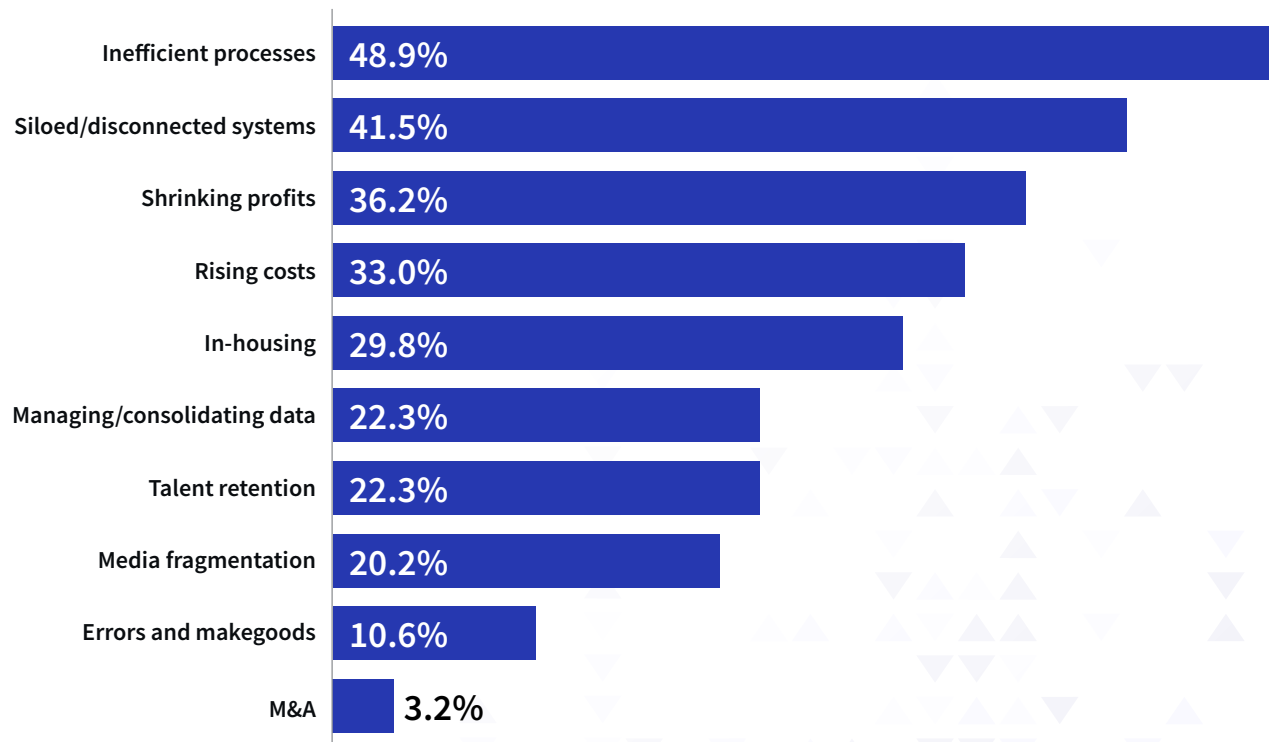
<sup>2</sup><https://basis.com/reports/ai-and-the-future-of-marketing-2025>

## AGENCIES' GREATEST CHALLENGES (CONT.)

The challenges of inefficacy and siloes stood out even more among the responses of senior agency decisionmakers, indicating that leaders remain focused on solving those operational challenges to ensure the future health of their organizations.

### Which of the following are the biggest challenges currently facing your agency?

(VP or higher) | (Respondents could choose up to 3 answers)



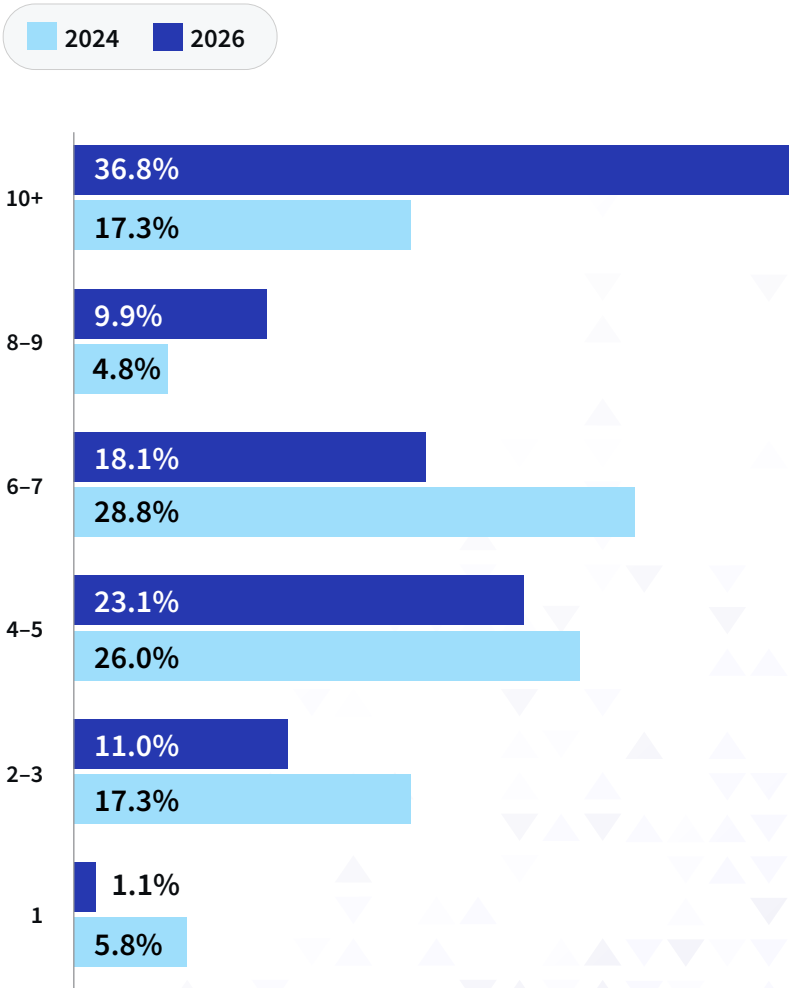
(94 respondents)

# Tech Stack Complexity Persists

At full-service and media agencies, many of these operational frustrations continue to stem from tech stack sprawl, which forces agencies to juggle an array of disconnected point solutions.

Nealy half of respondents (46.7%) said their current adtech/martech stack consists of eight or more tools, with over one-third managing 10+ tools to handle their clients' campaigns. The numbers mark a dramatic growth in the size of agency tech stacks since just two years ago, when only 22.1% of full-service and media agencies were managing 8+ tools, and help explain the persistence of inefficiency and silos as widespread agency challenges.

How many different tools make up your current adtech/martech tech stack?



(2024: 104 respondents, 2026: 182 respondents)

# The Traditional Agency Model is Broken

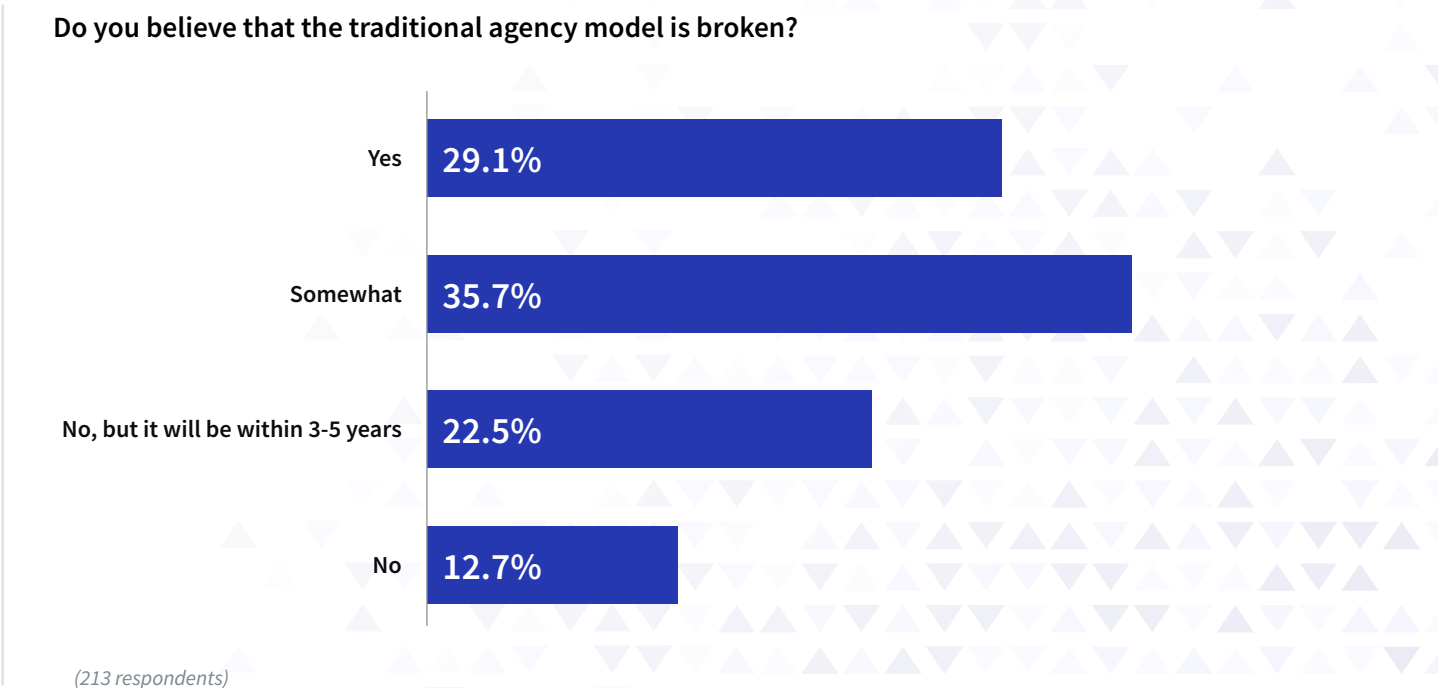
Amidst all the turbulent changes, growing challenges and new complexities, advertising agencies are worried.

And with good reason: The forces bearing down on agencies—complex and inefficient operations, intensifying competition, shrinking margins, and clients with more options and less patience—are now threatening whether the business model that has sustained the industry for decades can survive without meaningful change.

The traditional agency model was built on billable hours, bundled services, and human-driven execution, and industry professionals have started to question whether they can remain profitable, competitive, and relevant in this rapidly changing landscape.

Nearly two-thirds of agency professionals believe that the traditional agency model is either broken or partially broken, while another 22.5% think that the model will be untenable within three-to-five years.

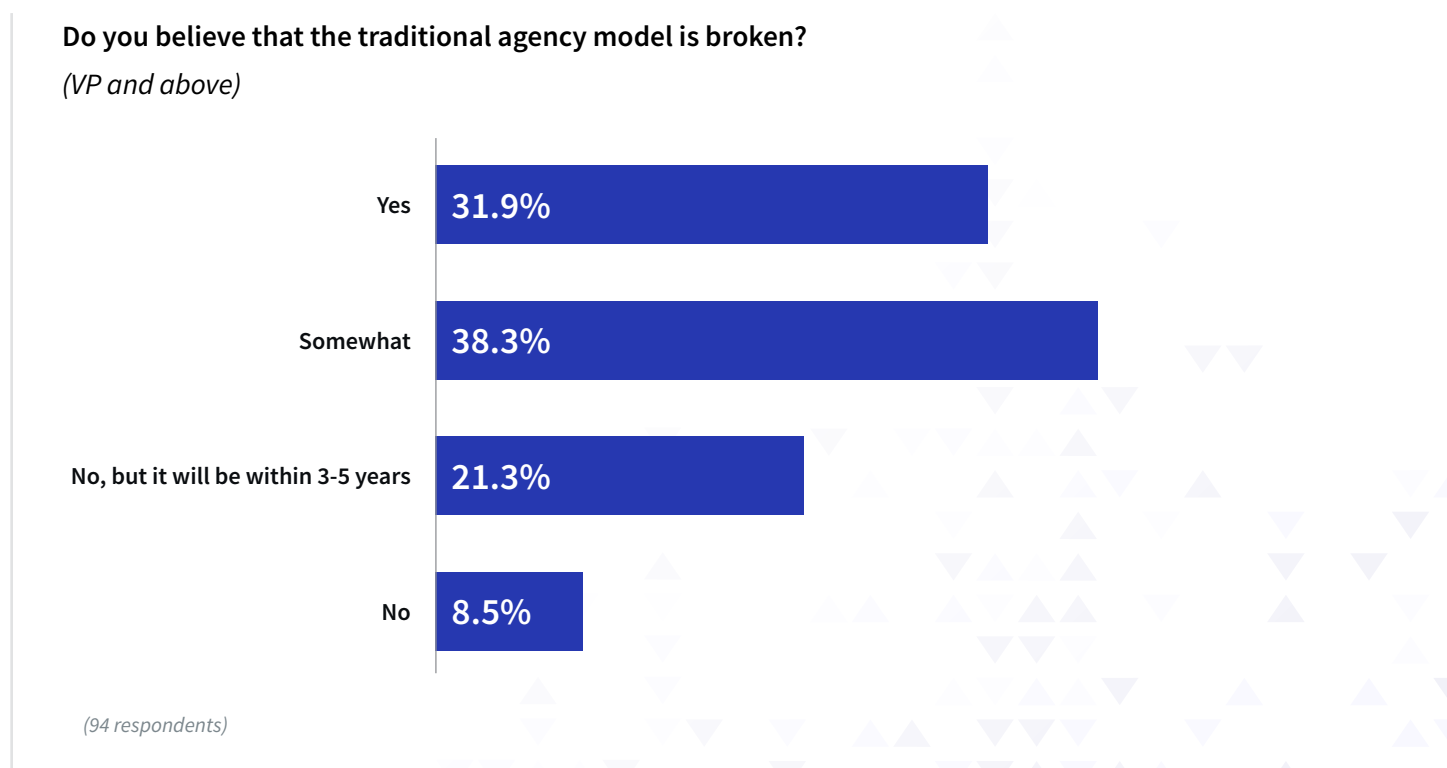
All together, that means an overwhelming 87.3% of agency professionals believe that the traditional agency model is either broken today, or that it is racing in that very direction. It's a startling finding that signals a looming crisis for the industry, as well as a recognition that agencies must make critical and decisive changes in order to survive.



### Concern Rises Among Senior Leaders

Among agency leaders, the outlook is even more stark: 91.5% of senior leaders believe that the traditional agency model is either broken today or that it will be within three-to-five years, including more than 70% who believe the model is already broken.

The results show the pressure that those leaders are under to identify new solutions for these existential threats. And, as in in the past, they are doing so by turning to technology.





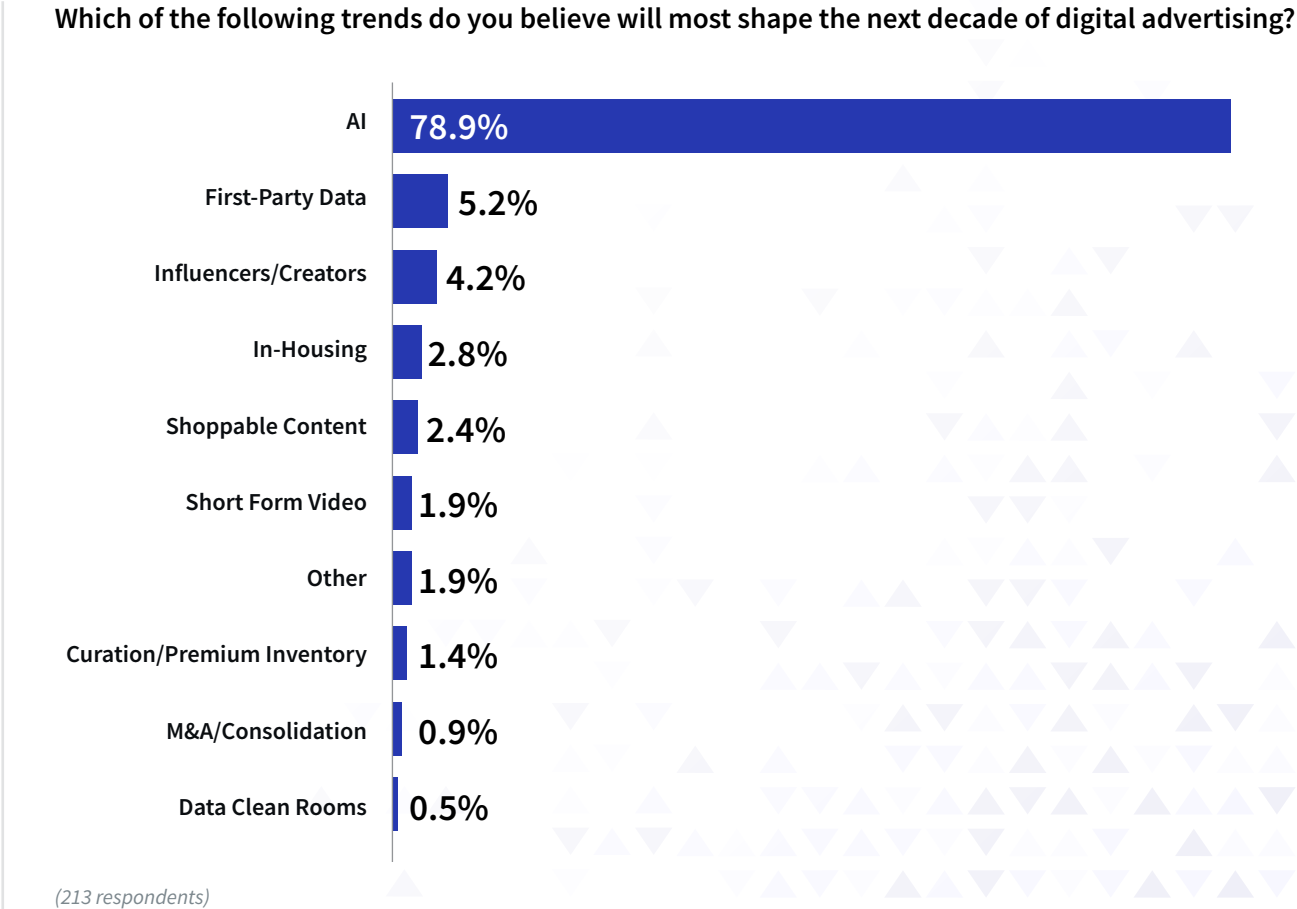
Advertising  
Agencies and AI

# The Industry's Defining Trend

Facing a host of pressing challenges that are negatively affecting operations, workdays and profitability, agencies have turned to AI for solutions.

While AI's reputation across much of the consumer landscape is decidedly mixed<sup>3</sup>, the ad industry has greeted it with open arms, viewing the technology as a disruptive force with the potential to optimize, personalize, and drive efficiency and effectiveness throughout the advertising process.

Agency professionals overwhelmingly named AI the trend they believe will most shape the next decade of digital advertising, vastly outpacing any other topic.

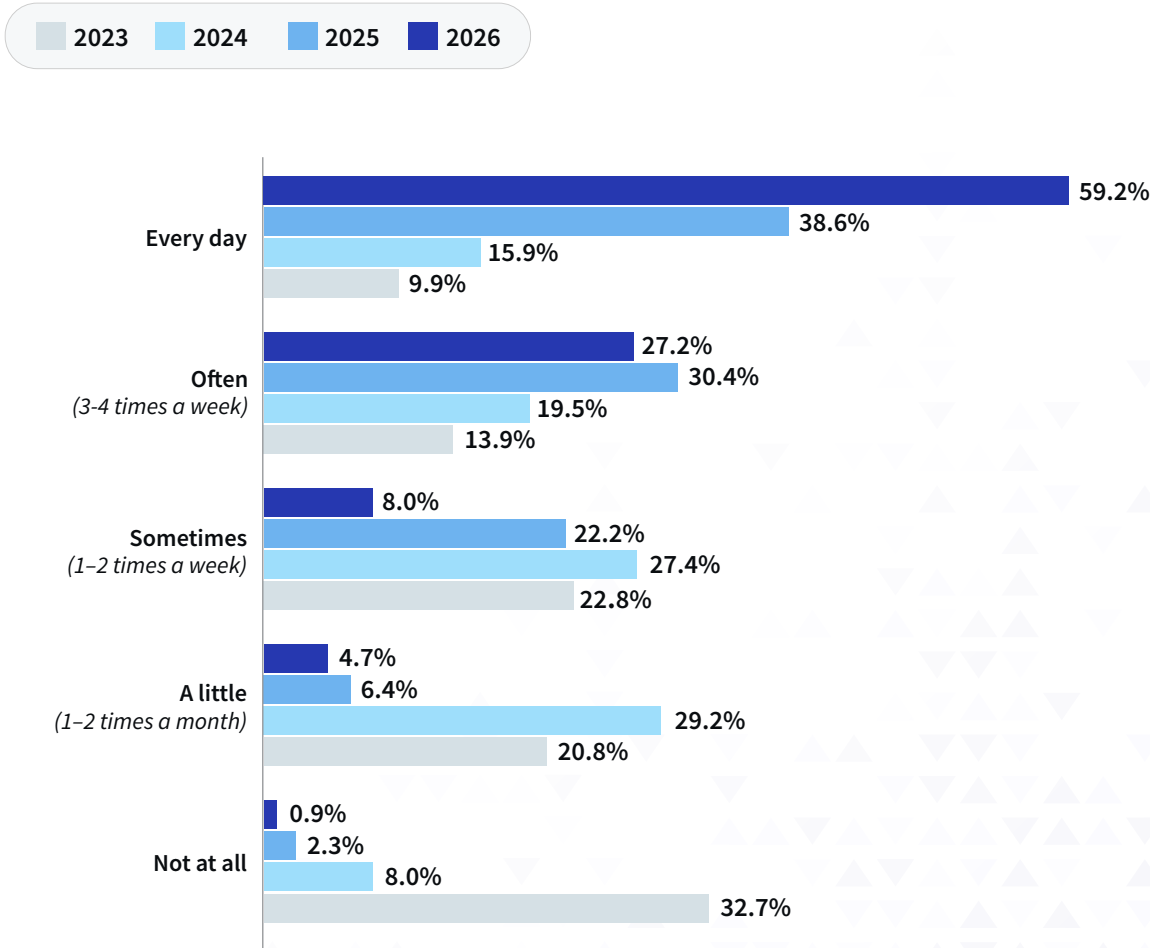


<sup>3</sup><https://www.pewresearch.org/short-reads/2026/03/12/key-findings-about-how-americans-view-artificial-intelligence/>

# Agency AI Usage is Skyrocketing

In just over three years, AI has grown from an experimental fascination into an essential, universally adopted part of agency workflows. The technology is now used at over 99% of agencies, with 59.2% of agency professionals using AI daily and 86.4% turning to it at least 3-4 times per week.

Approximately how often do you or your organization use AI tools as part of your marketing/advertising work?



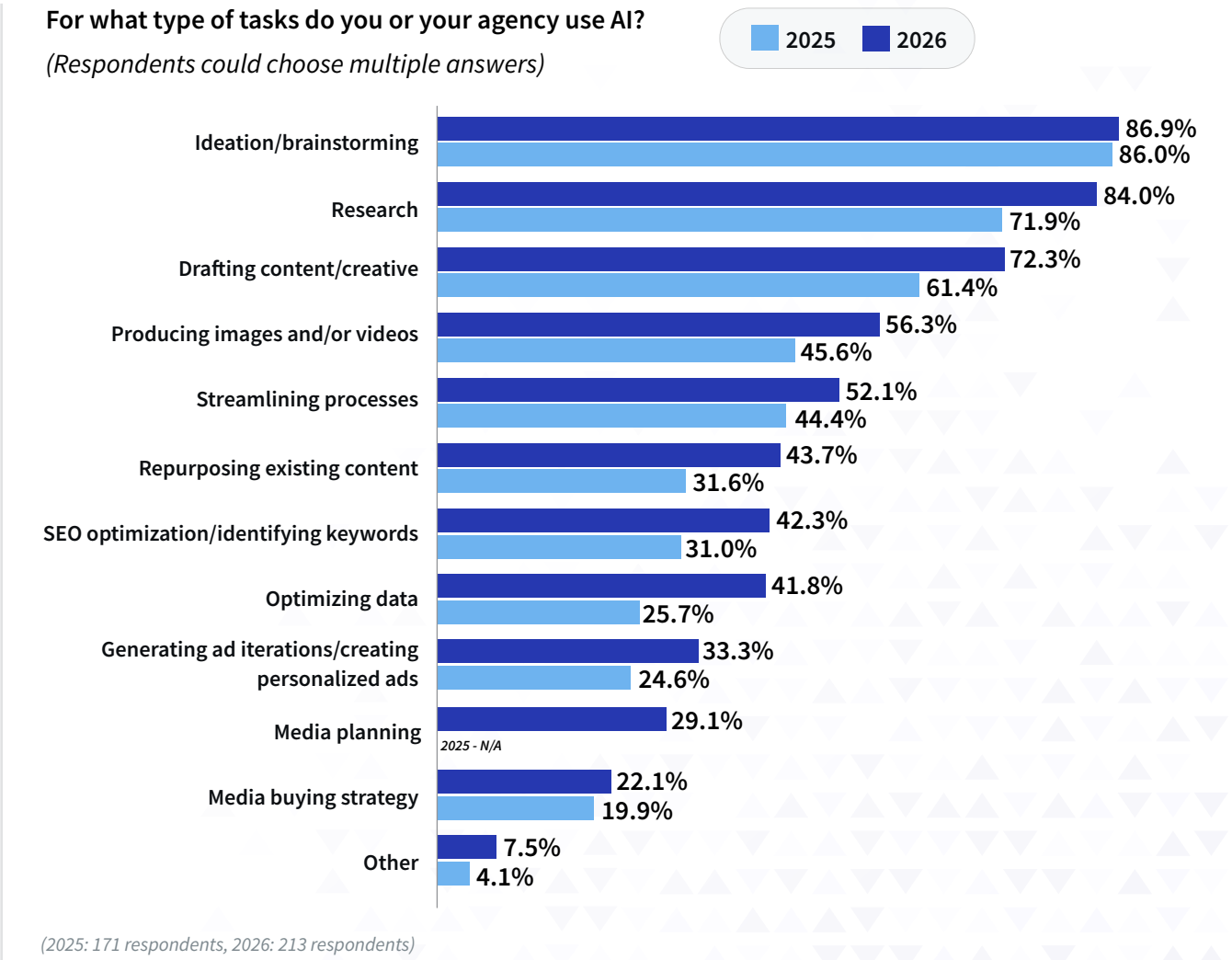
(2023: 101 respondents, 2024: 113 respondents, 2025: 171 respondents, 2026: 213 respondents)

# How Agencies Are Using AI

Agencies have largely embraced AI during the early stages of their work: 86.9% of agency professionals using it for ideation, and 84.0% are leveraging AI for research. AI has also become an essential tool for asset creation, with nearly three-quarters (72.3%) of agencies relying on the tech for drafting content/creative, 51.2% utilizing AI for producing images and/or videos, and 41.8% using it to repurpose existing content.

More tellingly, though, is the way that agencies have steadily begun to embrace and deploy AI for optimization purposes, as leaders continue to seek out further efficiencies. More than half (56.3%) say they have turned to AI to streamline processes, and 42.3% are using AI for optimizing data—both up significantly from last year.

However, despite growing usage and a proliferation of use cases, significant opportunities remain, particularly during the media campaign lifecycle. Only one-third of agencies are using AI to generate ad iterations and/or create personalized ads, and even fewer are using AI for media planning (29.1%) or media buying strategy (22.1%)—all tasks to which AI is especially well suited.



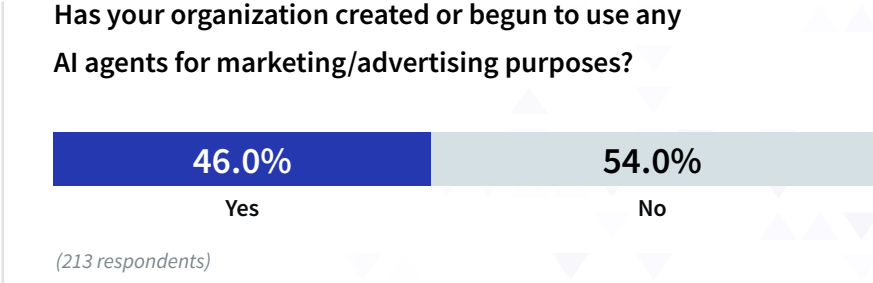
# Agentic AI at Ad Agencies

Agentic AI—widely expected to be the next major leap in artificial intelligence—is poised to fundamentally reshape digital advertising operations. Agentic systems can comb through vast datasets and move from insight to action without waiting to be asked, taking the technology from “assistive tools” to “autonomous collaborators.”

The resulting operational efficiencies could transform how agencies operate, significantly compress campaign cycles, reducing reliance on fragmented point solutions and enabling human employees to focus on management, strategy, new business, innovation, and differentiation.

In the short term, agentic AI may also help solve some of agencies’ trickiest pain points. AI agents are well positioned to manage increasingly complex, data-heavy processes like media planning, media buying strategy, and cross-channel optimization—all of which present significant opportunity to increase both efficiency and effectiveness at agencies that are eager for both.

Nearly half of agencies say they have created or begun to use AI agents for marketing and/or advertising purposes, showing meaningful adoption but ample room for further growth. That number is expected to rise in the coming year, as agencies look to AI for competitive advantages such as speed, adaptability, and cost-savings.

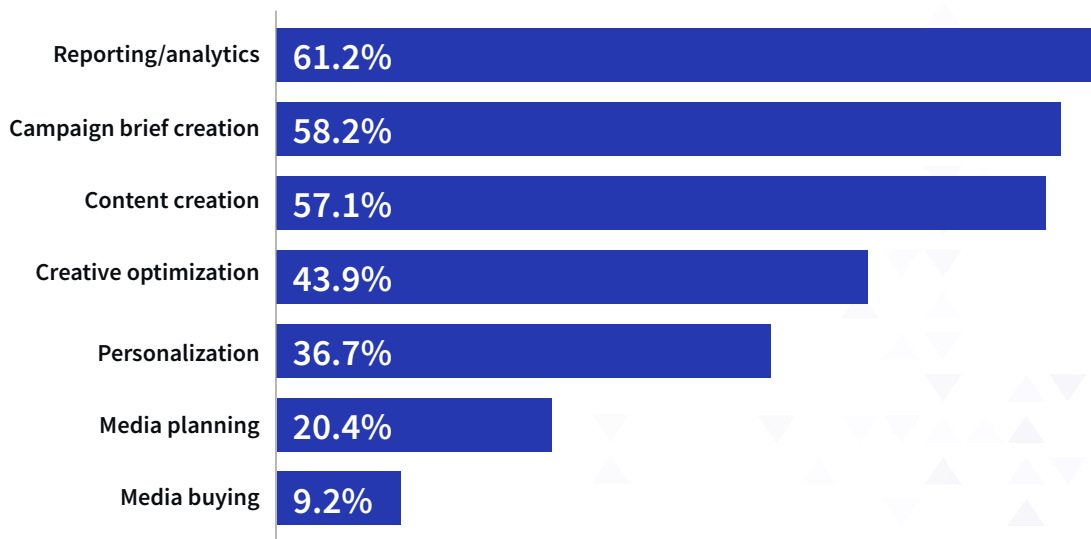


## AGENTIC AI AT AD AGENCIES (CONT.)

Among those agencies that have begun using AI agents, the popular assignments are reporting/analytics (61.2%) and campaign brief creation (58.2%), both of which involve the strategic interpretation of massive data pools. Agents have also made their way onto creative teams, with content creation (57.1%), creative optimization (43.9%) and personalization (36.7%) all seeing meaningful adoption.

### What kinds of AI agents has your organization created?

*(Respondents could choose multiple answers)*



*(98 respondents)*

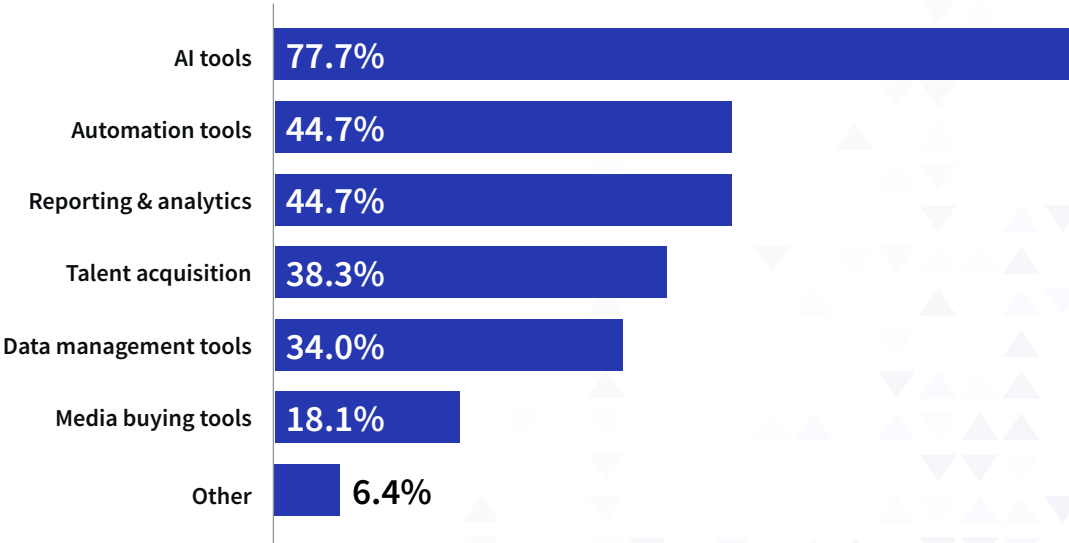
# Investment Priorities

Looking forward, agency leaders appear broadly committed to embracing AI and harnessing its extraordinary potential to address their biggest pain points and transform their agencies for the future.

For the second-consecutive years, agency leaders named AI as their top investment priority, with more than three-quarters (77.7%) saying they plan to increase their investment in the technology over the next 12 months. Additionally, nearly half of leaders have plans to invest in automation tools (44.7%), tied for the second most-popular priority in the coming year along with reporting and analytics capabilities (44.7%).

## In which of the following priorities do you plan to increase your investment over the next 12 months?

*(VP or higher) | (Respondents could choose multiple answers)*



*(94 respondents)*

## INVESTMENT PRIORITIES (CONT.)

Altogether, nearly than three-quarters of agency professionals said their organization has plans to invest in new technology to help automate or streamline processes within the next 12 months, demonstrating that overcoming inefficiencies and empowering teams is top of mind—and a top priority—throughout the agency world.

**Does your organization currently have plans to invest in new technology solutions to automate or streamline processes within the next 12 months?**



*(213 respondents)*



# Agencies and AI: The Risks

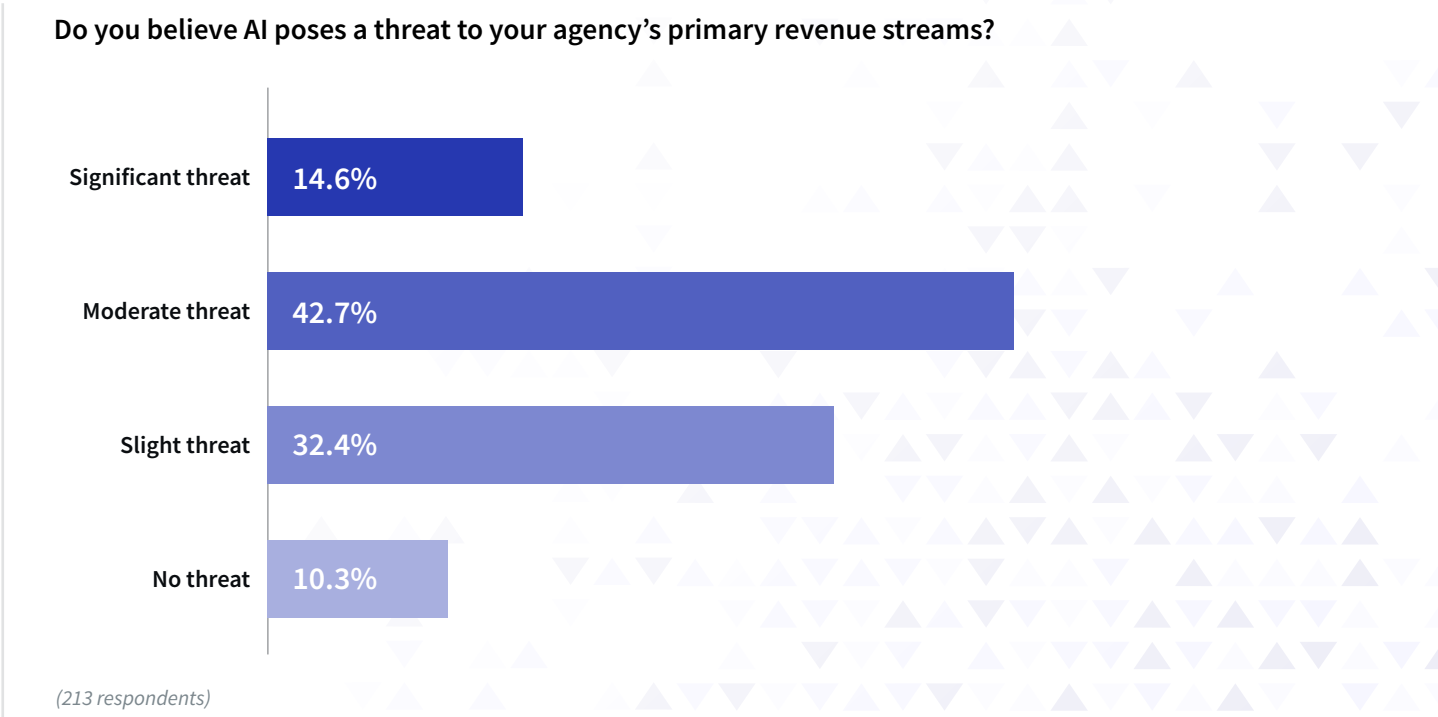
# AI: The Double-Edged Sword

Of course, for all its promise and potential, not everything about AI's relationship with advertising agencies is quite so rosy. And as AI adoption and usage have continued to grow, so too have concerns around the technology's impact on the future of advertising agencies.

Most prominently, perhaps, is the way AI is poised to reshape the traditional agency revenue model.

For years, agencies have generated the bulk of their revenue by charging clients for dedicated time and headcount. But as AI begins to introduce efficiencies across a range of campaign processes—from media planning, to strategy, to creative development, to buying, to reporting, to account management—it is compressing (or outright eliminating) the labor involved in nearly every one of those functions. And when a task that used to take 20 hours now takes two, the old-school billable hour model collapses.

Agencies have come to recognize this looming risk: 90% of agencies believe AI poses a threat to their agency's primary revenue streams, including more than half (57.3%) who believe AI represents a moderate-to-significant threat.

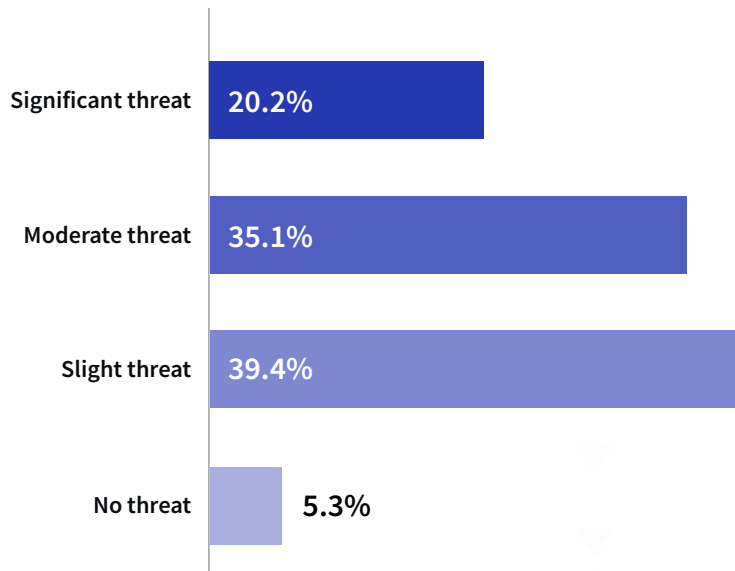


## AI: THE DOUBLE-EDGED SWORD (CONT.)

That weariness is even more pronounced among senior-level employees, with 95% of agency leaders saying they believe AI poses a threat to their agency's primary revenue streams.

### Do you believe AI poses a threat to your agencies' primary revenue streams?

*(VP and above)*



*(94 respondents)*

# In-Housing

AI has begun to radically change how agencies operate and generate their revenue. Just as critically, though, is how AI has transformed brand's expectations for how agencies will operate—both in terms of efficiency and effectiveness. If an agency doesn't have a compelling story to tell about how it is using AI to gain an advantage, then a client is more likely to leave for someone who does...or, in some cases, even bring that work in-house.

The primary barriers to in-housing used to be talent and infrastructure. But AI has dramatically lowered both, and a lean internal team armed with the right training and the right AI tools can now do what once required a full-service agency—a direct threat to agency revenue at scale.

With AI democratizing media buying for more teams across more channels, brands are becoming increasingly less reliant upon agencies for the wholesale, end-to-end management of their marketing and campaigns. Nearly two-thirds of agency professionals said they'd had clients who moved some (or all) of the work that their agency previously did for them in-house, adding to the friction that has already been growing between agencies and brands in recent years.

**Over the past 12 months, have any clients moved some (or all) of the work you previously did for them in-house?**



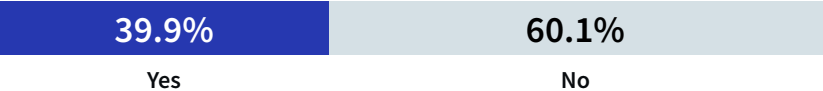
*(213 respondents)*

# Agency Layoffs

With the increasing prominence of AI and many agencies eager to invest in technology that handles what has long been human work, the threat of layoffs continues over the heads of agency employees.

Nearly 40% of respondents said their agencies have conducting layoffs within the last 12 months, as agencies work to stabilize their profit margins and rightsize their workforces for the AI era.

Has your agency conducted layoffs in the last 12 months?



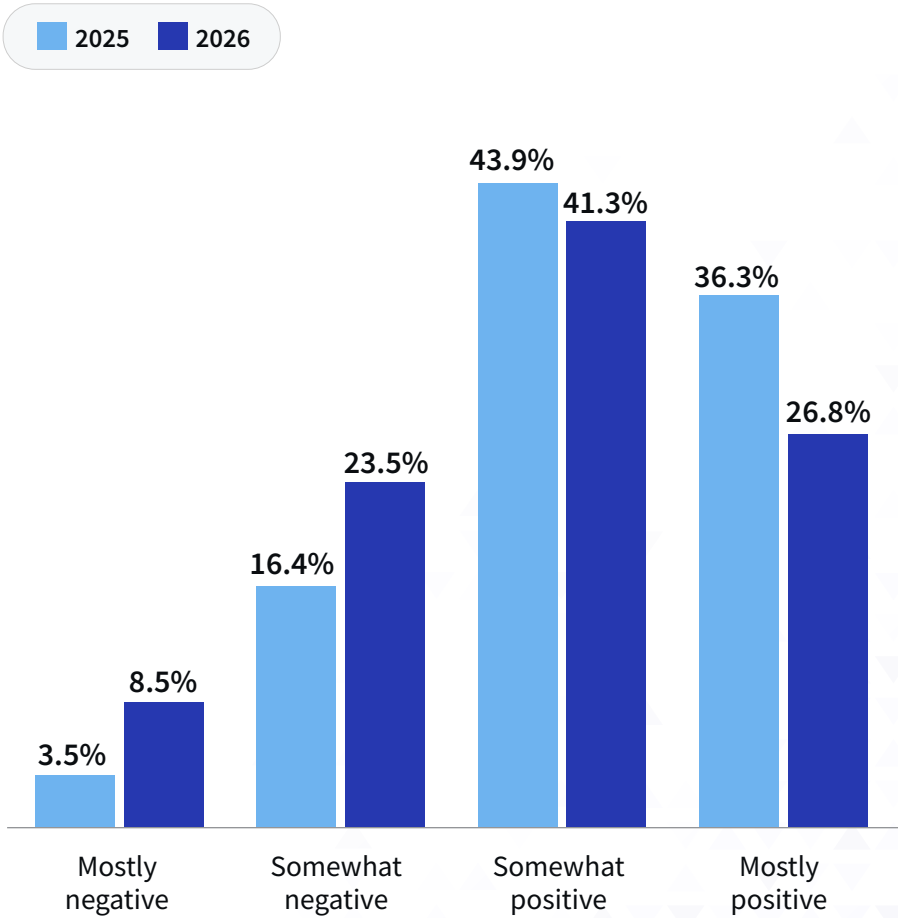
(213 respondents)

# The Future Impact of AI on Agencies

As AI’s potential impact on advertising agencies has grown increasingly cloudy, so too has the industry’s sentiment toward the technology. And though the outlook is still largely positive, some cracks in the relationship have begun to emerge.

While two-thirds of industry professionals still believe AI will have a positive impact on agencies over the next three-to-five years, the number of AI pessimists has spiked since last year, growing from 19.9% of respondents to a full 32.0%. And even among those who believe that AI will have a positive impact, that optimism has at least somewhat diminished, with just 26.8% believing AI’s impact will be “mostly positive” (vs. 36.3% who felt that way last year.)

**What impact do you believe AI will have on advertising agencies over the next three-to-five years?**



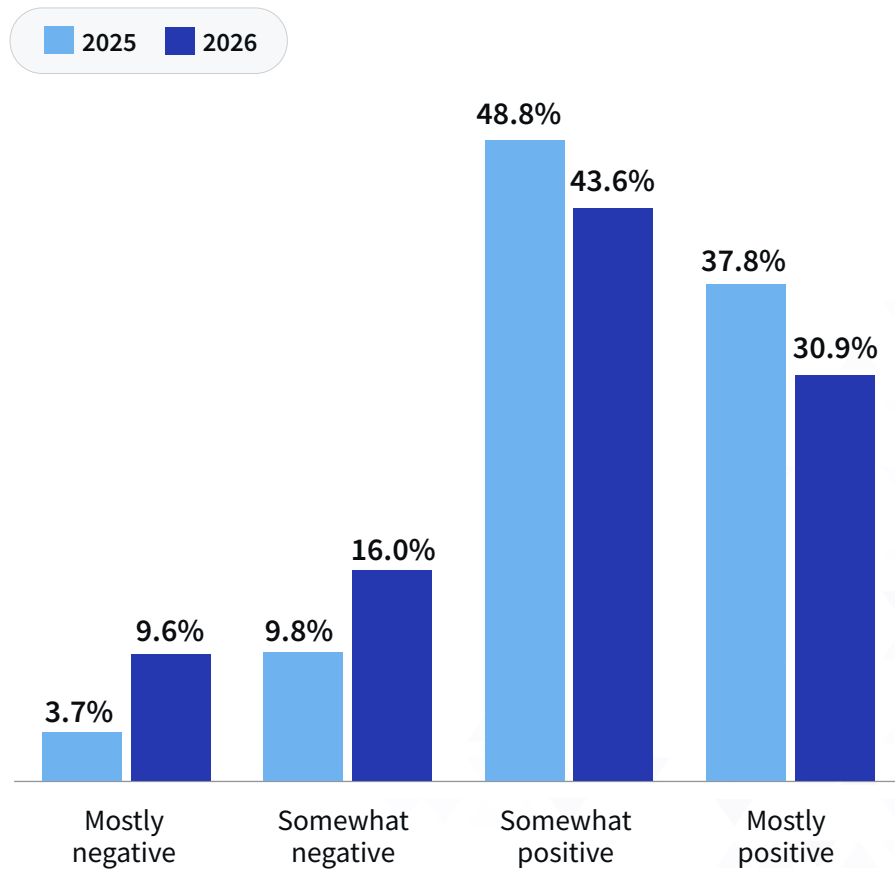
(2025: 171 respondents, 2026: 213 respondents)

## THE FUTURE IMPACT OF AI ON AGENCIES (CONT.)

That increased skepticism has also taken hold among senior decision makers, more than 25% of agency leaders now believing that AI will have a negative view impact on agencies, nearly double the number who felt that way just last year.

### What impact do you believe AI will have on advertising agencies?

(VP-level or higher)



(2025: 85 respondents, 2026: 94 respondents)



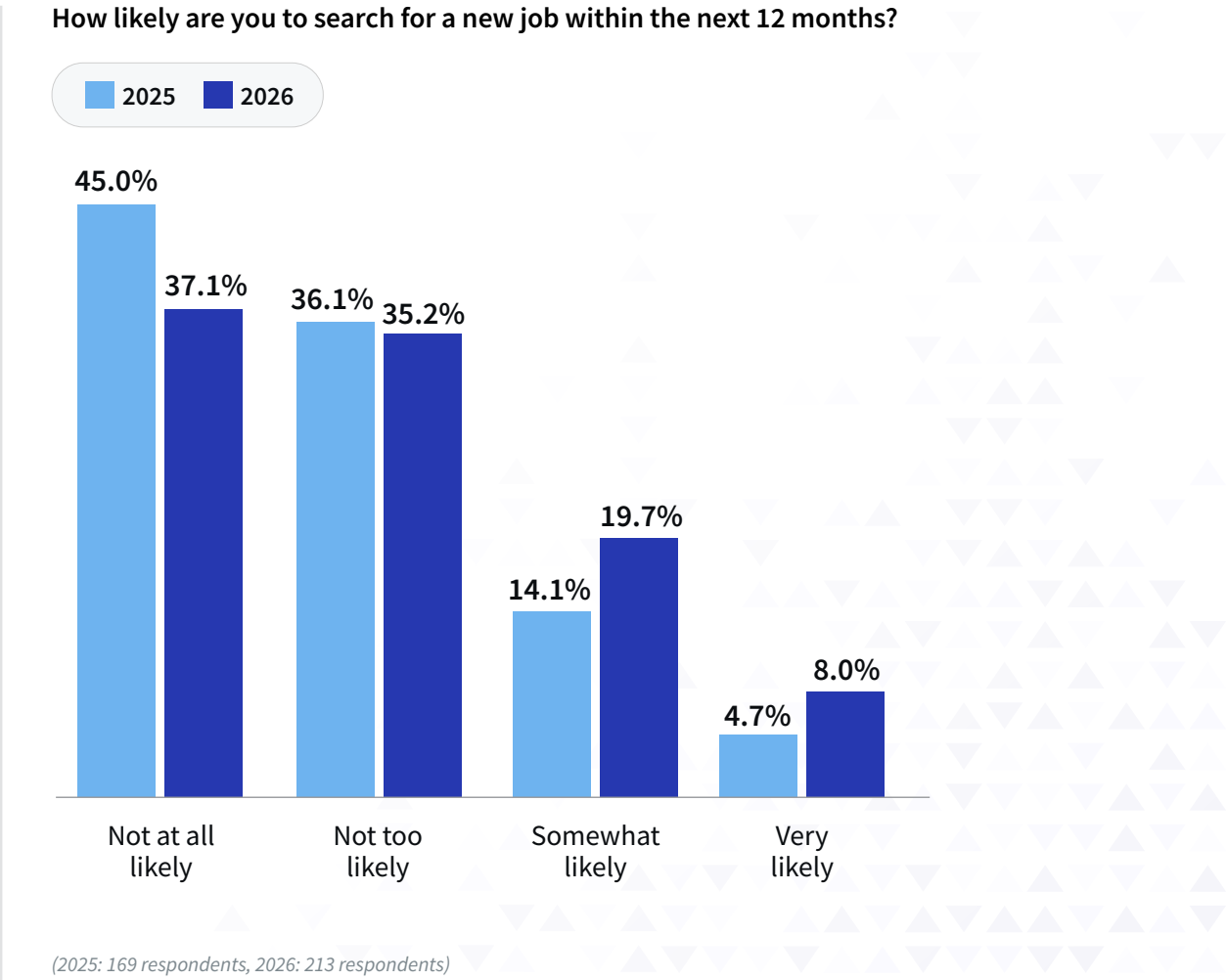
The Future  
of Agency Work

# Job Searching and the Agency Talent Pipeline

The uncertainty that's rattling the industry has also begun to affect its workforce, and it's starting to reshape how agency professionals think about their own futures.

With work getting harder, the cloud of layoffs seemingly ever-looming and AI threatening to upend agency work itself, most industry employees appear to be valuing job security over the prospects of a new position.

Nearly two-thirds of agency professionals (62.9%) are open to looking for a new job within the next 12 months, up from 55% last year. More tellingly, however, may be that only about one-quarter of respondents (27.7%) said they were somewhat or very likely to go job hunting in the year ahead, signaling that while agency pros are largely content holding onto their current roles—or, at the very least, that they don't feel like the grass is any greener on the open marketplace.



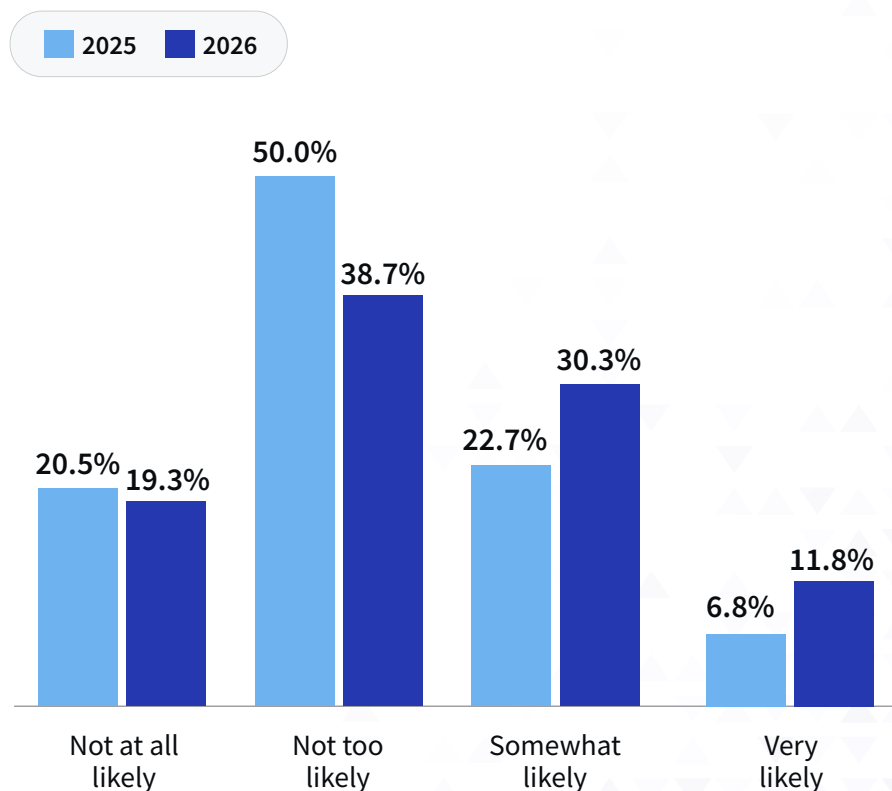
## JOB SEARCHING & THE AGENCY TALENT PIPELINE (CONT.)

The response among more junior staffers, however, tells a different story. More than four out of five entry-to-mid level employees (80.7%) say they are likely to search for a new job within the next 12 months, with just under half (42.1%) saying they are somewhat or very likely to peruse the job market. It's a notable contrast, and one that suggests that a meaningful portion of entry-to-mid level staff are beginning to weigh their options as the ground beneath their current roles feels increasingly uncertain—and, potentially, reconsider whether they wish to continue their careers in the agency world.

If it is indeed the latter, then this may well prove to be an early warning sign for the industry's talent pipeline. If agencies see an exodus of entry-to-mid level employees whose roles are the ones most likely to be redefined—or eliminated—by AI, then the industry could face significant long-term talent gaps that ultimately prove as consequential as any of today's operational or financial challenge.

### How likely are you to search for a new job within the next 12 months?

(Director or below)



(2025: 88 respondents, 2026: 119 respondents)

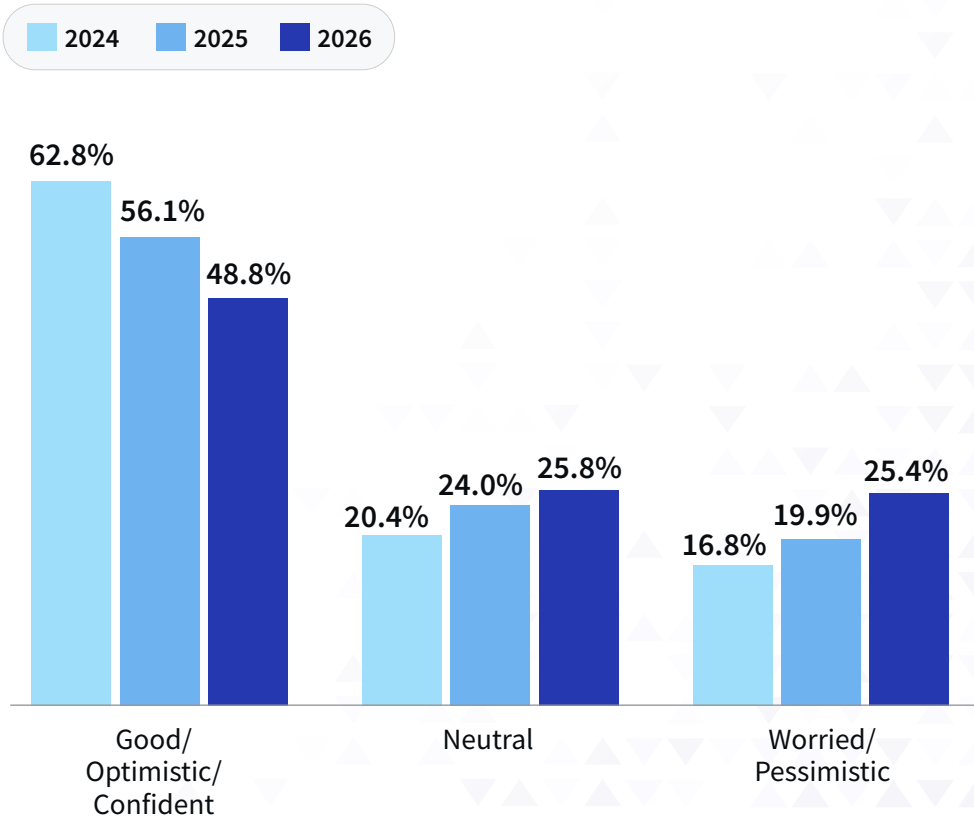
# Feelings About the Future: Our Industry

Across agencies, employee sentiment about the industry’s future is generally positive. But with work getting harder, client tensions growing, and existential threats to revenues looming, there are signs that that sense of optimism is beginning to diminish.

Less than half of agency professionals (48.8%) now say they feel good/optimistic/confident about the future of digital advertising, down from 56.1% last year and 62.8% in 2024. It marks the first time in the survey’s history that industry confidence has fallen below the 50% threshold—a milestone that reflects a sustained, compounding erosion of faith in the road ahead. Reinforcing that shift: A full one-quarter of respondents now describe themselves as worried or pessimistic about digital advertising’s future.

Notably, the outlook is not much among agency leaders: 51.1% say they feel good about the future of digital advertising, down sharply from 64.6% in 2025 and 72.5% in 2024.

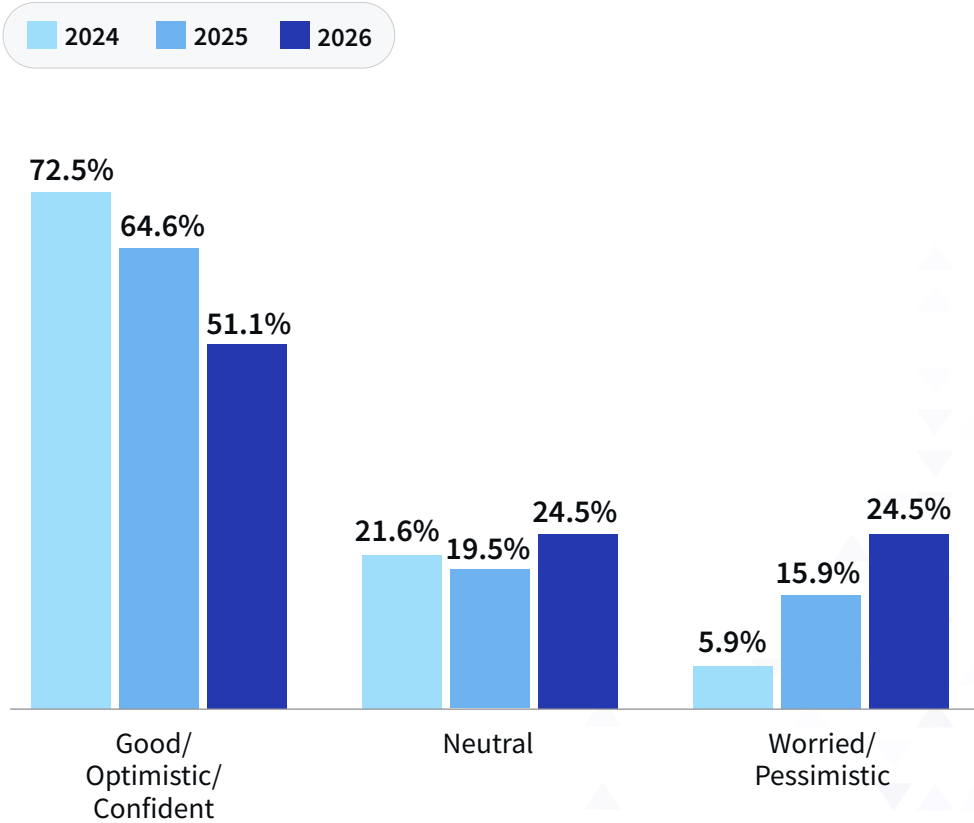
How do you feel about the future of digital advertising?



(2024: 113 respondents, 2025: 171 respondents, 2026: 213 respondents)

How likely are you to search for a new job within the next 12 months?

(VP and above)

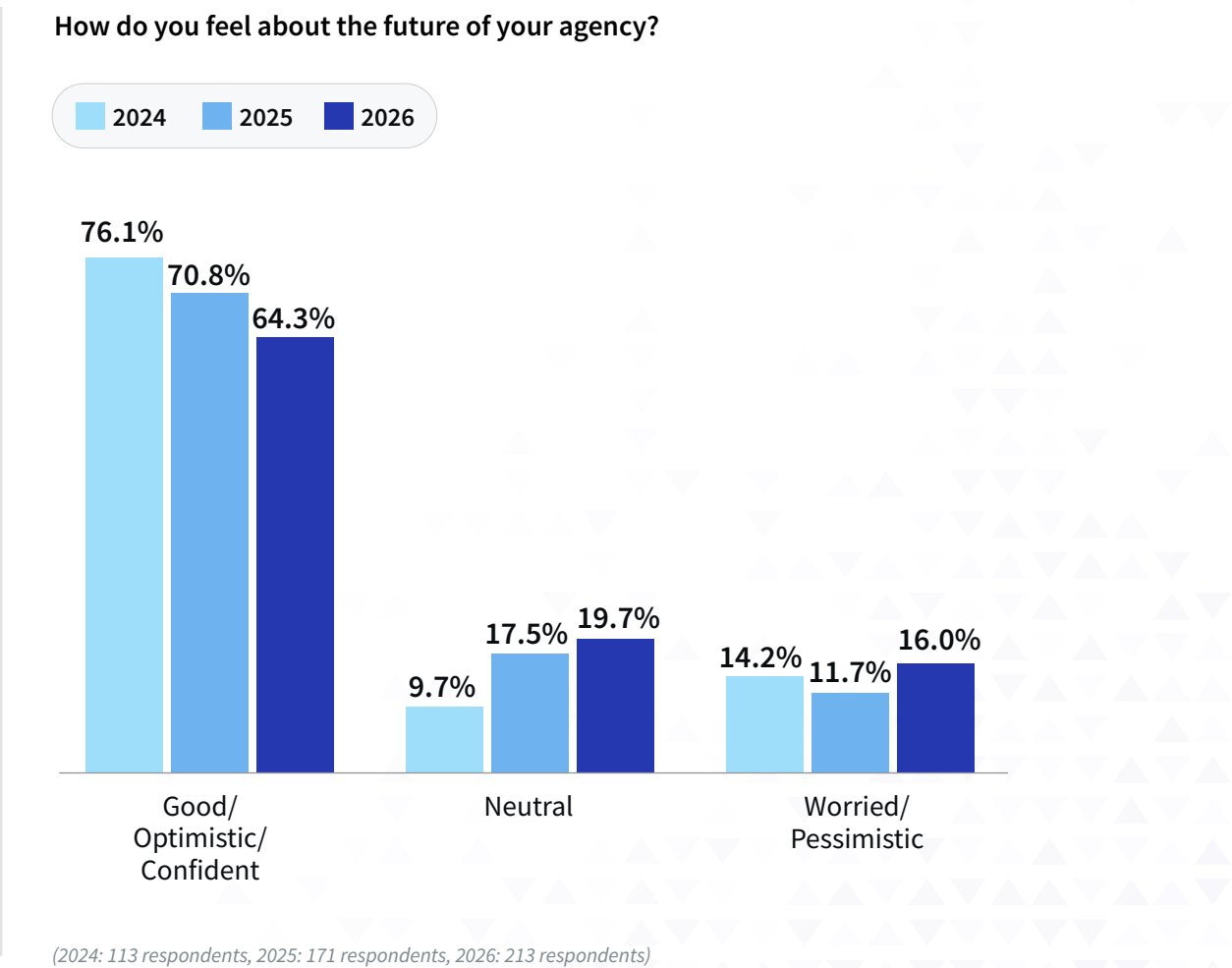


(2024: 51 respondents, 2025: 82 respondents, 2026: 94 respondents)

# Feelings About the Future: Your Agency

Employees feel a bit more confident about the fate of their own agencies—though those numbers, too, are down year-over-year. A little under two-thirds of respondents (64.3%) say they feel good about the future of their agency—down from 76.1% in 2024. Among entry-to-mid level employees, however, that number is just 57.1%.

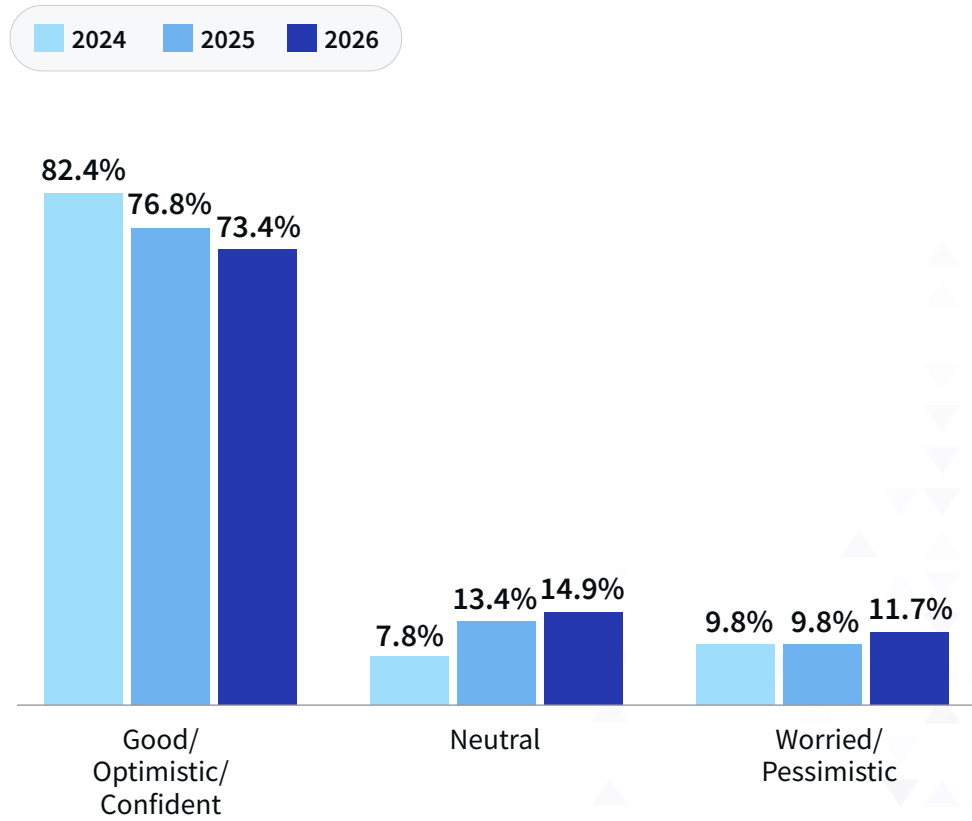
Agency decision makers, on the other hand, feel a bit more bullish about the organizations they lead, with 73.4% feeling confident about their agency’s future, about on par with last year. That optimism hardly surprising, given the visibility and autonomy that decision-makers have over strategy, pipeline, and financial health. But a 16-point confidence gap between leaders and employees at the same organizations suggests that the anxieties circulating inside agencies—whether about AI disruption, job security, or the industry’s overall direction—are landing harder on the people who are doing the work than on the people leading.



## FEELINGS ABOUT THE FUTURE: YOUR AGENCY (CONT.)

### How do you feel about the future of your agency?

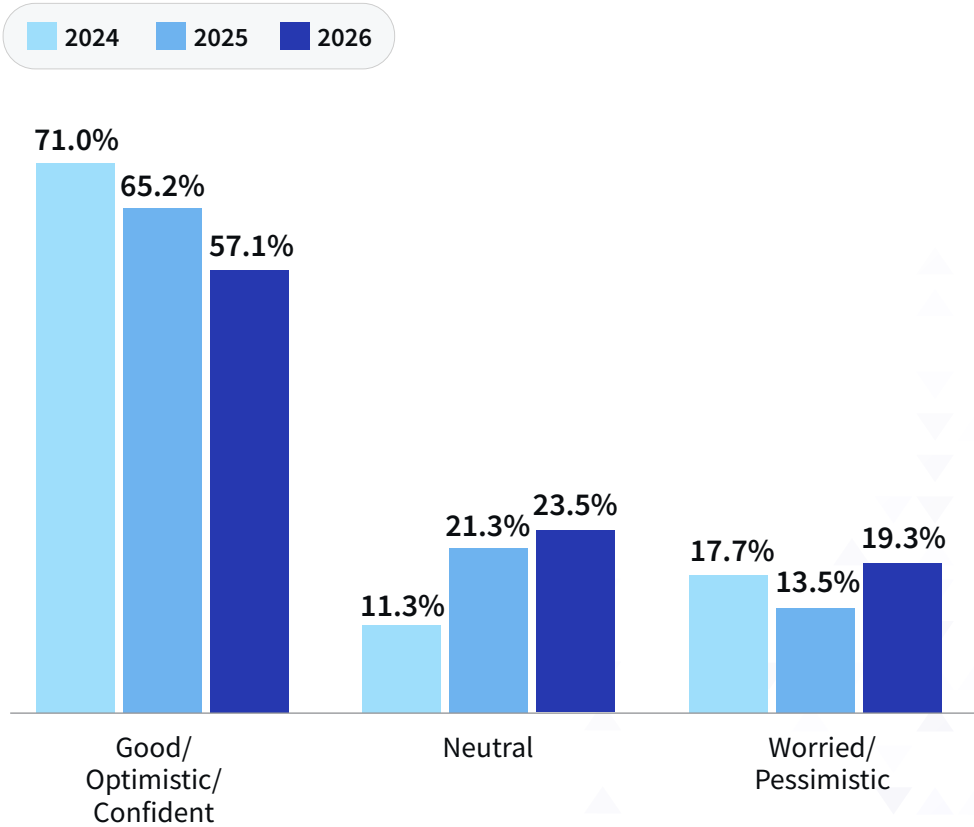
(VP and above)



(2024: 51 respondents, 2025: 82 respondents, 2026: 94 respondents)

How do you feel about the future of your agency?

(Director and below)



(2024: 62 respondents, 2025: 89 respondents, 2026: 119 respondents)

## Conclusion: The Road Ahead

**The findings in this report tell a story that is impossible to ignore, and one that demands a response.**

Work at advertising agencies is getting harder. Client relationships are more strained than they have been in years. A wave of consolidation continues to reshape the competitive landscape. Inefficiency and disconnected systems remain the industry's most persistent and debilitating pain points, eroding margins and frustrating the professionals trying to do their best work. And looming over all of it is a technology whose implications are still coming into focus—one that promises to solve many of those problems even as it threatens to unravel the revenue model that has sustained the industry for decades.

The numbers are stark: Nearly 90% of agency professionals believe the traditional agency model is broken, or that it will be within the next few years. More than half have already seen clients move work in-house. A full quarter of the industry now describes itself as worried or pessimistic about the future of digital advertising. These are not casual signals about how agencies are going through a rough patch, or signs that they've hit a few little bumps in the road. They are indicators of an industry at an inflection point.

At the center of it all is AI. Agencies have embraced the technology faster and more broadly than nearly any other industry, but adoption alone is not a strategy. But the uncomfortable truth is that the same technology agencies are counting on to drive efficiency and effectiveness is also the factor most likely to upend the billable-hour model, accelerate in-housing, and displace the junior talent that makes up the future of the agency workforce. And in the age of AI, when brands increasingly expect agencies to deliver more for less, paying for hours rather than results is no longer a sustainable proposition.

## CONCLUSION: THE ROAD AHEAD (CONT.)

This report is, in many ways, a canary in the coalmine. The data collected here reflects an industry that is aware of its challenges and anxious about its future. But that awareness, in and of itself, is not enough. Agencies must take deliberate and decisive action in next 12-24 months to ensure they can survive—and thrive—in the age of AI.

The good news is that optimism has not disappeared. A majority of agency professionals still feel good about the future of their own agencies, and leaders remain broadly committed to investing in the tools and technologies that can help them adapt. The opportunity is real. But so is the urgency.

The agencies that will succeed in the coming years will be the ones that move decisively: consolidating their tech stacks, eliminating the silos that breed inefficiency, rethinking their revenue models, investing in their talent, and embracing AI not as a cost-cutting measure, but as a strategic lever for differentiation and growth. Moreover, it will mean setting up the right infrastructure to support an AI-powered future, embracing systems and platforms that can unify data, channels, tools and teams while providing AI agents with the foundation they need to meet new standards for efficiency and effectiveness.

The road ahead will not be easy. But for agencies willing to make the hard calls now, it is full of possibility.

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