



THE DEATH OF THE CDO

**Why the role that drove change
can't keep up with it**

Once essential, the role of chief digital officer (CDO) has run its course. As digital embeds itself into business as usual and AI reshapes the next frontier, the chief AI officer (CAIO) has emerged — driven by urgency, technical depth, and business impact. This Viewpoint explores the end of a transitional role, the rise of another, and how organizations must evolve their digital leadership logic to build a resilient, forward-looking digital governance model.

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WHEN THE CATALYST BECOMES THE CONSTRAINT

Over the past decade, the CDO emerged as a symbol of transformation. Tasked with driving innovation, enabling digital capabilities, and challenging legacy thinking, the CDO was seen as the answer to a system not yet ready for change. And for a time, that answer worked. Digital initiatives gained momentum, transformation programs launched, and new technologies found their way into the enterprise. The CDO was the catalyst many organizations needed.

But the context has changed. Digital is no longer an exception; it is the norm. Technology, data, and agility are now embedded across functions. And just as digital spreads, the CDO's authority contracts. What once made the role powerful (its uniqueness) now limits its relevance. Today, many organizations are asking: "What happens when the catalyst becomes the constraint?"

This Viewpoint examines why the CDO role has reached a structural dead end and looks at what comes next for digital leadership in an AI-driven world.

THE RISE & FALL OF THE CDO

The CDO was never meant to be permanent

The rise of the CDO was a milestone in corporate digitalization — but it was never the final destination. CDOs were introduced to close a strategic gap: digital transformation was deemed essential, but it lacked clear ownership, budget, and/or execution capacity within traditional business lines. CDOs were tasked with orchestrating visible change, including launching innovation units, setting digital strategy, and building momentum around transformation narratives. Many organizations used the role as a signal (internally and externally) that digital had reached the boardroom. Over time, the role evolved from defining the "why" of digital to driving the "how," with a greater focus on scaling, platform integration, and capability building. This shift produced two distinct waves of expectations: the "early CDO mandate" and the subsequent "evolved digital task." Figure 1 illustrates this progression and shows where most of these responsibilities have now migrated.

Figure 1. The shifting center of digital responsibility

EARLY CDO MANDATE (2010–2015)	EVOLVED DIGITAL TASK (2015–2020)	TODAY OFTEN ANCHORED IN ...
Define digital vision & strategy	Lead digital transformation roadmap	CEO/strategy/BU heads
Set up digital innovation units	Scale cross-functional digital factories	COO/business/product
Drive e-commerce & digital channels	Orchestrate omnichannel customer experience	CMO/growth
Build digital capabilities & culture	Launch company-wide digital academies	HR/transformation office
Identify & pilot emerging technologies	Establish tech scouting & partner ecosystems	CTO/CIO/corp dev
Champion agile ways of working	Institutionalize agile governance	COO/PMO/BUs
Own enterprise-wide data strategy	Implement data platforms & governance	CDO (data), CIO, or chief data analytics
Report to CEO to signal change mandate	Align digital KPIs with business performance	CEO/CFO/strategy/line P&L owners

Source: Arthur D. Little

In many ways, the CDO role achieved what it set out to do: it activated digital transformation and helped embed its logic into the enterprise. Its gradual phaseout is not a sign of failure. The logic of a dedicated CDO weakens as digital becomes a shared language across the organization — spoken not by one, but by many.

Digital is everywhere, so it no longer needs a gatekeeper

Digital has evolved from a niche function into a core competency of every business unit (BU). Marketing, supply chain, HR, and finance all operate with digital tools, data-driven workflows, and technology-infused decision-making. In many cases, these capabilities outpace those of central digital teams. Power and influence have shifted. Rather than being driven from the center, digital initiatives increasingly emerge from the periphery — closer to the customer, closer to the product.

In this dynamic, central digital units tend to lose their operational relevance. Worse, they become bottlenecks: perceived as slow, overly conceptual, or disconnected from day-to-day business realities. As a result, they are bypassed by empowered BUs that build and deploy their own digital solutions faster and with clearer accountability. Without a redefinition of their mandate, many CDO-led teams drift into irrelevance, no longer aligned with how digital gets done.

At the same time, other executive roles have absorbed digital dimensions:

- CMOs deploy AI-powered personalization and data-driven campaign orchestration.
- CIOs and CTOs govern cloud infrastructure, enterprise platforms, and data security.
- Line-of-business owners lead agile product teams with direct commercial accountability.

Against this backdrop, a CDO can appear to be a role without executional leverage, reduced to coordination and stakeholder alignment and lacking ownership or decision rights.

Why the CDO model failed to scale

The CDO role's transitional nature also limited its ability to scale successfully. In many cases, CDOs were given broad ambitions without structural embedding. Four common limitations emerged:

- 1. Vague mandates, weak positioning.** Many CDOs were established outside core business or IT functions. Limited authority, lack of direct budget, and lack of line accountability severely restricted their impact.
- 2. Conflicting roles.** The CDO frequently operated in contested space: between CIO, CMO, COO, and strategy. Without clear boundaries, role conflicts and turf wars became inevitable.
- 3. No measurable impact.** Few organizations defined tangible KPIs for CDO success. Without hard evidence of value creation, the role often came under scrutiny, especially during efficiency and portfolio reviews.
- 4. The wrong altitude.** CDOs often operated at a strategic or conceptual level, while executional levers remained in the business. This created a persistent disconnect between vision and delivery.

These limitations had career consequences. In many organizations, the position remained a digital outpost that was high in ambition, low in integration. As a result, few CDOs successfully transitioned into broader executive roles. Internal progression was rare, and unlike CIOs or CTOs, CDOs seldom ascended to permanent C-level positions. This is not a reflection of individual failure but of structural disconnect. The person assigned to challenge the system was rarely the one chosen to lead it. This experience holds a crucial lesson for future digital leadership models: without integration, there is no scale. And without scale, there is no continuity.



How leading firms retired the CDO

- **Walmart (2021).** As early as 2021, Walmart began dismantling its standalone digital leadership by merging its e-commerce division into core operations. Rather than appointing a new digital chief after its US e-commerce CEO departed, the company declared that “digital is everyone’s job” and embedded it across business lines.
- **UBS (2023).** Following its acquisition of Credit Suisse, UBS consolidated its digital leadership by merging the CDO function into a broader COO/ CIO role. Former CDIO (chief digital and information officer) Mike Dargan became group chief operations and technology officer, effectively eliminating a separate digital office.
- **Boeing (2024).** In 2024, Boeing appointed a new chief information and digital officer, combining IT, analytics, and digital strategy into a single mandate. The move marked a deliberate step away from a separate CDO role, signaling a shift toward integrated tech-business leadership.

The parallels are striking:

- Like the CDO, **the CAIO is a catalyst and capacity-builder.**
- Like the CDO, **the CAIO is expected to drive change** across functions.
- Like the CDO, **the CAIO is likely a transitional role** — born of disruption, designed to accelerate impact, and ultimately meant to evolve or dissolve once embedded.

There are also key differences:

- The CAIO enters with stronger alignment to value creation, deeper technical grounding, and a clearer mandate for execution.
- The organizational context for AI today is more mature, more data-driven, and more product-focused than when early CDOs took the stage.

Unlike earlier waves of digital transformation (which were often technology-enabled but process-bound), AI systems can operate autonomously, adapt continuously, and scale with minimal marginal cost. This makes their potential impact both deeper and more variable. In sectors like media, software, or professional services, AI is already transforming core products and decision logic at a speed and scale that far exceeds earlier digital shifts. In contrast, industries like chemicals or food are thus far experiencing AI as an enabler, similar in nature to earlier digitalization efforts.

However, urgency alone is not enough. The CAIO is neither a guaranteed success nor a ready-made blueprint. Without structural clarity and enterprise integration, the CAIO risks becoming the next isolated change agent. Organizations must not repeat the same mistakes that once limited the CDO: unclear accountability, fragmented governance, and weak operational anchoring.

WHAT COMES NEXT

How the CAIO reshapes digital leadership

With AI reshaping business models, decision processes, and customer interactions, organizations face the need to redefine leadership once more. The emergence of the CAIO marks this next wave. Designed to spearhead enterprise-wide AI strategy, the CAIO occupies the same transformational space the CDO once held, but with sharper focus, higher urgency, and greater proximity to measurable business value.

To avoid this, AI leadership must be positioned deliberately at the intersection of business, technology, and data execution — typically close to product, tech, or line P&L ownership. The CAIO is most effective when embedded in the operating fabric, not floating above it.

Many organizations fall into a familiar trap: treating AI as a natural extension of the digital agenda and assigning it to CDO teams by default. This is a mistake. AI demands more than transformation fluency; it requires technical depth, architectural influence, and business-impact ownership. Most legacy CDO structures were not built for this.

Unless governance models evolve, AI will be absorbed into yesterday's frameworks, leading to promises of transformation that do not materialize. The organizational logic behind AI must be rethought. Figure 2 contrasts the structural needs of effective AI implementation with the typical characteristics of legacy CDO organizations.

As Figure 2 illustrates, the organizational conditions required for AI to succeed differ fundamentally from those that defined the CDO era. This is not about replacement; it is about conscious evolution. CAIO and CDO are not upgrades of one another. Rather, they reflect different waves of technological change and require different operating conditions. And like the CDO, the CAIO may prove to be a role defined by its time — necessary and catalytic, but not permanent.

BEYOND THE CDO

The end of the CDO is not the end of digital leadership. Quite the opposite: it is a call to reimagine how organizations structure accountability, capability, and strategic foresight in a world where digital is embedded and AI is accelerating. To move forward, leaders must make conscious decisions about which structures to retire, which roles to evolve, and which new models to embrace. The following priorities can help guide that transition.

Retire the CDO model with intent

Letting go of the CDO is a sign of maturity. Once digital has become embedded across the enterprise, a standalone transformation role loses its leverage. But phasing it out should not mean leaving a vacuum. Senior leaders must define what comes next. Will digital capabilities be integrated into business and IT lines? Will transformation units pivot toward AI, data, or platform delivery? And what happens to the person who held the CDO title?

For individual CDOs, the answer lies in reinvention rather than resistance. Some will transition into line roles with direct P&L ownership. Others will take on integrated mandates across digital, IT, or product. Common patterns include CDIO (digital and IT), CDMO (digital and marketing), and CDTO (digital and transformation), each reflecting a move toward structural embedding and outcome ownership.

Figure 2. Why AI doesn't belong in legacy CDO structures

AI REQUIREMENT	CDO LIMITATION
Strategic accountability	Mandates often vague, no line/P&L responsibility
Deep tech integration	CDO orgs often lack AI engineering & infra expertise
Business-side urgency & integration	Positioned far from day-to-day operations or commercial decision-making
Product & value chain integration	Historically transformation-focused, not product-centric
Cultural reframing, not continuity	Seen as an extension of "old digital" agenda, not new strategic chapter

Source: Arthur D. Little

ONCE DIGITAL HAS BECOME EMBEDDED ACROSS THE ENTERPRISE, A STANDALONE TRANSFORMATION ROLE LOSES ITS LEVERAGE

In both cases, relevance comes not from the title, but from proximity to execution and impact. Waiting to be redefined is not a strategy. Taking the lead in reshaping one's mandate is.

Modernize the digital target operating model

When the CDO role disappears, what happens to the work? In many companies, CDO-led teams have been responsible for technology scouting, cross-cutting digital enablers, and platform logic (covering capabilities like payment, customer identity, or search engine optimization). As organizations rethink their digital operating models, they must decide not just who leads, but how these foundational tasks are embedded, owned, and delivered going forward.

A modern digital target operating model moves away from coordination-heavy central units and toward integrated, business-led structures. Cross-functional product teams, domain-anchored data roles, and embedded AI expertise are fast becoming the new normal.

For example, one global retailer replaced its central digital function with cross-functional squads embedded in commercial units, all supported by a central platform team for shared capabilities like identity, personalization, and checkout. This shift increased delivery speed while maintaining architectural coherence.

Other organizations return this mandate to the CIO or CTO, but with an expanded scope that goes beyond infrastructure and operations.

To succeed in this role, technology leaders must combine architectural ownership with strategic sensing, ecosystem orchestration, and commercial relevance. We see many of our clients expanding the remit of CIOs and CTOs, backed by targeted change efforts, innovation hubs, and tech scouting networks to explore what's next.

Whatever the setup, one principle holds: digital capabilities must be operationally embedded and strategically aware. Without both, future readiness is a matter of chance. It is less about who owns the mandate and more about how it is positioned, empowered, and measured.

Anchor AI in accountable leadership

AI is not just another digital initiative — it is a capability that cuts across data, products, and decision-making. To unlock its potential, organizations must go beyond experimentation and assign clear ownership for AI strategy, execution, and impact.

This leadership responsibility must be anchored in roles with structural leverage. In many cases, that means establishing a dedicated CAIO to unify AI strategy, enable architectural coherence, and translate technological potential into measurable business impact. In other cases, it may fall to a CTO, CDIO, or domain P&L owner, provided they hold both the mandate and proximity to delivery.

Positioning also matters. In sectors like media, software, or professional services (where AI is already transforming core products), leadership often sits at the executive committee level, reporting directly to the CEO, COO, or CPO (chief product officer). In industrial and process-heavy organizations, such as chemicals or food, AI ownership tends to fall under the CTO or CDIO, typically at the n-1 or n-2 level. And in highly decentralized enterprises, domain-specific AI leads may emerge within individual BUs. Title matters less than traction, but marginal positioning rarely delivers either.

Wherever the role sits, its effectiveness depends on more than structure. The most effective models embed AI leadership close to product and tech teams — not as a coordinating function but as a delivery engine. That means mobilizing resources, shaping data foundations, and driving execution (e.g., on the top 10 AI use cases offering the highest operational impact on a business or BU).

Assigning AI to legacy digital structures by default (especially those shaped around past transformation agendas) may severely limit its potential. AI demands a distinct organizational logic, and without clear accountability, even the most promising initiatives risk losing traction.

Simplify governance, amplify impact

As digital, data, and AI continue to converge, organizations face a growing risk of governance overload: overlapping mandates, unclear decision rights, and fragmented accountability dilute impact and slow delivery.

The solution is not more control but a sharper structure. Senior leaders must actively streamline responsibilities across adjacent roles in IT, data, product, and marketing (where confusion is most common). Who owns architecture? Who drives business logic? Who integrates AI into core processes?

AS DIGITAL, DATA, AND AI CONTINUE TO CONVERGE, ORGANIZATIONS FACE A GROWING RISK OF GOVERNANCE OVERLOAD

In many cases, this means consolidating mandates: folding transformation into IT, merging digital and product leadership, or repositioning data governance closer to operations. Clear interfaces beat competing initiatives.

Simplification is not about cutting headcount; it's about increasing executional clarity. When digital governance is crisp, cross-functional teams can deliver faster, with fewer political barriers and stronger business alignment.

Retiring the CDO is not just a structural move; it's a trigger — one that prompts digital leadership evolution across the enterprise. That is where transformation truly takes root.



CONCLUSION

MOVING WITH THE TIMES

**THE EVOLUTION OF DIGITAL
LEADERSHIP WILL BE DRIVEN
BY THOSE READY TO LEAD
FROM WITHIN**

The CDO role was never meant to last — and that was precisely the point. As digital becomes infrastructure and AI becomes momentum, leadership must move with the times. This is not a question of replacing one title with another. It's about redesigning accountability, repositioning capabilities, and realigning governance for a world where transformation requires execution, not permission.

The evolution of digital leadership has begun. It won't be coordinated from the center. It will be driven by those ready to lead from within. AI raises the stakes. Pilots and platforms may start the process, but only clear structures can successfully scale it. Those who wait risk falling behind — not for lack of ambition, but for lack of structural clarity.





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