# THE LANDSCAPE OF OBSERVABILITY IN 2026:

## Balancing cost and innovation in financial services

*A Survey of Observability Decision Makers*

dimensional research

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## Introduction

Observability has become foundational to how financial services companies ensure resilience, security, and trust in a data-driven, always-on environment. As adoption deepens, the focus is shifting from solving implementation and scalability challenges to maximizing strategic and operational value. Financial services leaders now view observability as essential for maintaining uptime, meeting regulatory expectations, detecting anomalies in real time, and strengthening both fraud prevention and customer experience. Their priority is no longer in proving its worth—but optimizing its impact: turning telemetry into actionable insight that improves performance, reduces risk, and accelerates AI-driven innovation across the enterprise.

This evolution is happening at the same time that major technology innovations are reshaping the observability landscape: the meteoric adoption of Generative AI (GenAI), including Agentic AI, combined with the growing uptake of OpenTelemetry (OTel). Observability leaders tasked with managing their complex environments must get the most from established solutions and practices, while being open to innovations.

This report examines the current state of the observability landscape. How are observability teams leveraging their experience and capabilities to support business outcomes? Are attitudes and approaches to cost control evolving? Has the use of observability solutions expanded beyond the core IT and cloud operations teams? How are companies leveraging innovative technologies like GenAI and OTel to meet their observability goals?

The following report, sponsored by Elastic, is based on an online survey of more than 100 IT leaders with decision making responsibility for observability solutions at a financial services company with more than 500 employees. Certain questions were repeated from a prior survey to allow analysis of trends.

## Key Findings

**Observability has evolved in maturity and complexity**

- 70% characterize their observability practice as mature or expert, up from 45% in 2025
- 71% regularly experience unexpected costs or overages related to observability tools
- 99% are taking steps to reduce observability costs
- 89% use observability to report on business impact
- 67% report cybersecurity teams leverage their observability solutions

**GenAI is upleveling teams and increasing observability efficiency**

- 94% currently use GenAI for observability; this number is projected to grow to 97% within two years
- The most common type of GenAI currently used is the capabilities built into vendor observability solutions (58%)
- 25% are using Agentic AI today, with a further 37% planning to use in the next two years
- 9% have already experienced significant gains from use of GenAI for observability; that number is projected to increase dramatically to 62% within the next five years

**OpenTelemetry (OTel) continues to build momentum**

- Adoption of OTel is up in the past year (3% in production in 2025 up to 10% in 2026)
- 89% of those using or evaluating OTel say it is important that observability solutions are OTel compliant
- Vendor sourced OTel distributions jump from 36% planning to use last year to 58% for 2026

**Financial services companies are embracing observability for compliance**

- 95% report challenges complying with regulatory frameworks
- 61% currently use observability tools for real-time compliance monitoring or audit trail generation
- 53% rate their existing observability tools as merely “acceptable” for audit and compliance readiness support
- 70% say it is “critically” or “very” important that GenAI observability tools provide explainability and traceability support compliance

## Detailed Findings: Observability has evolved in maturity and complexity

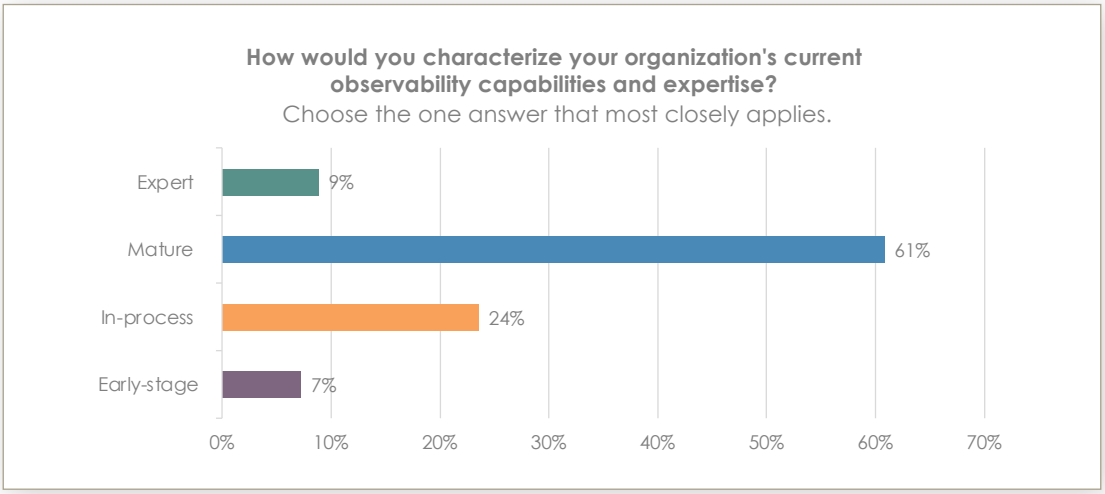
### Observability capabilities and expertise are advancing quickly

Great observability practices require a strong mix of tooling, expertise, team structure, and culture. Each of these areas requires evolution and experimentation to get it right for a company's technology footprint and business goals.

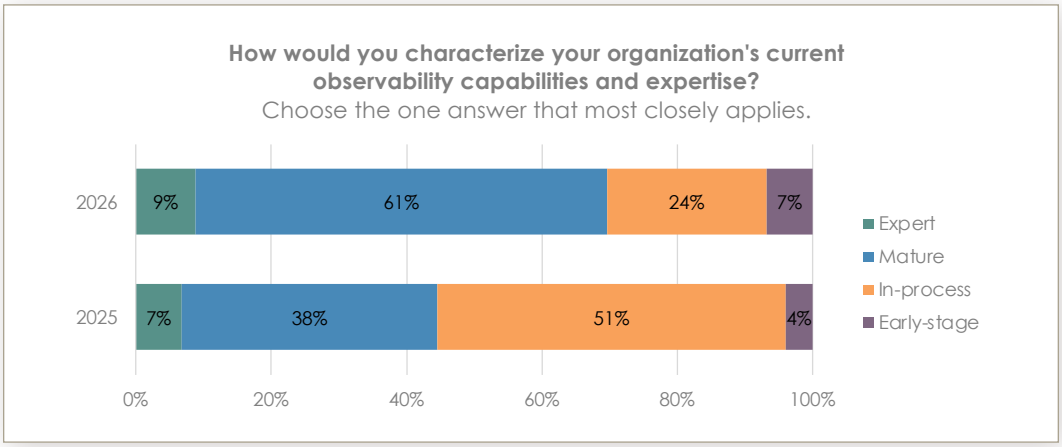
To understand where IT teams are in their observability journey, we asked participants to identify their maturity level based on the following definitions:

- **Expert** – We have implemented a strong observability practice based on comprehensive data collection and a modern AI-based technology ecosystem that supports our business.
- **Mature** – We are leveraging AIOps and already have or are considering establishing a cross-functional center of excellence.
- **In-process** – We are working on more effectively utilizing modern technologies for efficiency, scale, visibility, and root cause analysis and have fairly good visibility across our environment.
- **Early-stage** – Our primary source of intelligence is log data which we are in the process of enriching and transforming to gain better insights. We are looking to expand visibility across additional signal types: metrics, tracing, and profiling.

The data clearly demonstrates that financial services companies have made significant progress on observability, with only 7% reporting that they are still early with their adoption. Almost two-thirds (61%) of observability decision makers describe themselves as "mature" while a further 9% characterize their practice as "expert." A quarter (24%) put themselves in the middle of the adoption cycle, describing themselves as "in-process."



Observability teams are making excellent progress as time passes. These results are a **significant increase in maturity compared to just one year ago**. When we asked this same question for the similar 2025 study, only 45% of participants were in the top two levels of maturity (7% expert and 38% mature). That number has surged to 70% (9% expert and 61% mature) for this 2026 report.

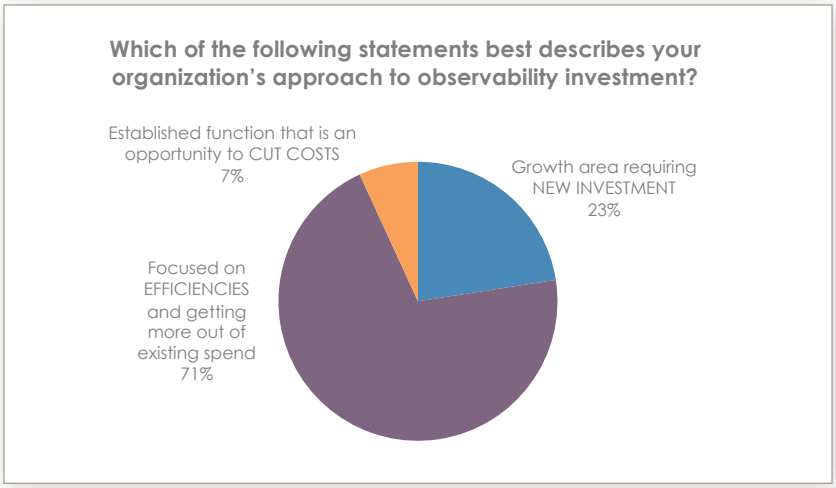



## Organizations are looking to control observability costs

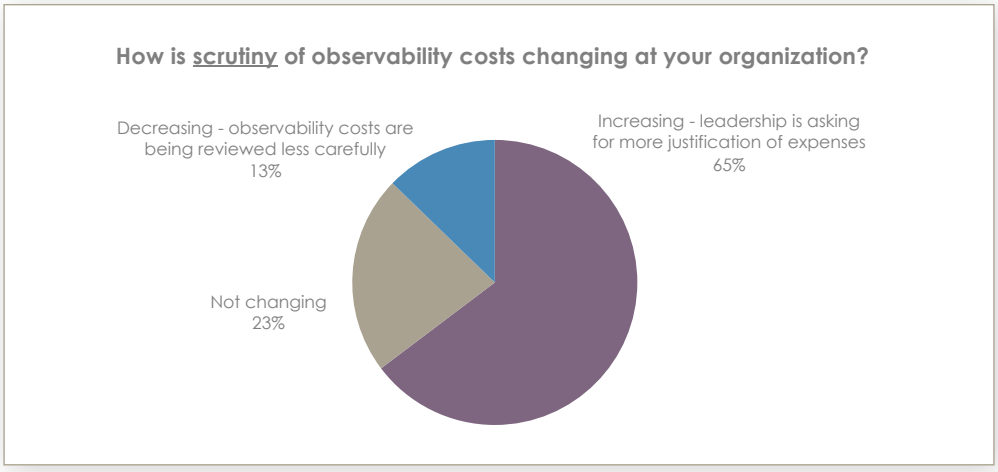
As any practice evolves and teams become more skilled, there is increased focus on the value delivered for the investment. Cost management assumes a larger role in evaluating business outcomes.

Observability is one of the areas of enterprise where cost management is highlighted due to unexpected costs. Unplanned data volumes, spikes in cloud infrastructure use, unexpected audits, variable tool licensing models, and more can all contribute to increased costs. These types of unexpected costs are the norm for observability teams at financial services companies. **Every observability team (100%) reports they have experienced unexpected costs or overages related to their tools, with 71% reporting that they happen regularly.** This includes an alarming 14% that report cost surprises happen frequently.

Observability decision makers who have seen a rapid evolution in their capabilities in recent years, and experienced the significant investments made to achieve those gains, may need to shift gears when building budgets in the coming years. Only 23% of organizations view observability as a growth area, requiring new investment. Fortunately, only a few (7%) see observability as an established function that is a candidate for cost cutting. **The majority (71%) see observability as a place to optimize budgets and get more value from existing spending by looking for efficiencies.**

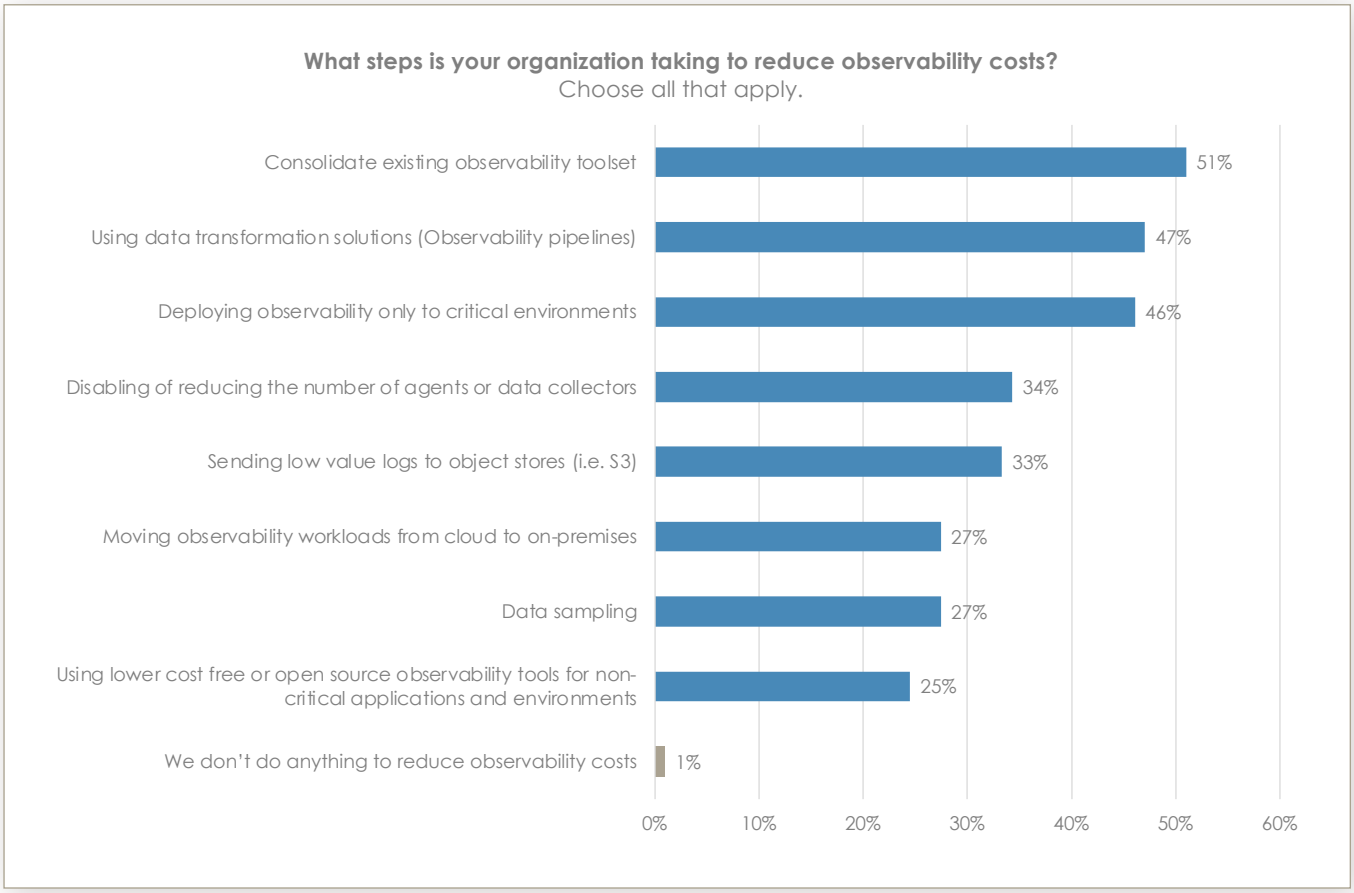



This focus on efficiency may be the new normal for many observability decision makers working at financial services companies. **About two-thirds (65%) report that their leadership is increasingly asking for justification of observability expenses.** It is not surprising that leadership will expect IT teams to justify their spending in any area. The interesting part of this data is the change in scrutiny and the way that it is increasing.



Observability decision makers are stepping up to deliver better cost management in the face of increasing expectations for operational efficiency. **The vast majority of teams (99%) are taking steps to reduce observability costs** including evaluating tool licensing costs, data volume expenses, infrastructure workloads, and more. These are detailed in the graph below, with consolidating existing observability toolsets at the top of the list (51%).

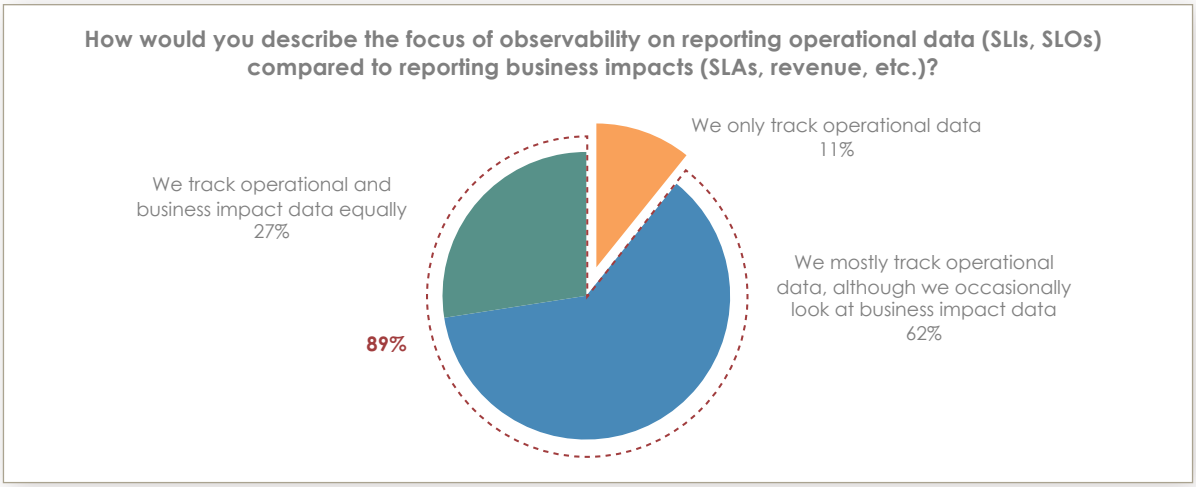
While most of these approaches are very sensible, it is notable that many are choosing to eliminate observability (46%) or use a lower cost tool (25%) for their less-critical environments as a way to cut costs. This could potentially create risk. Non-critical environments also require monitoring and analysis since problems can cascade into Tier 1 environments.



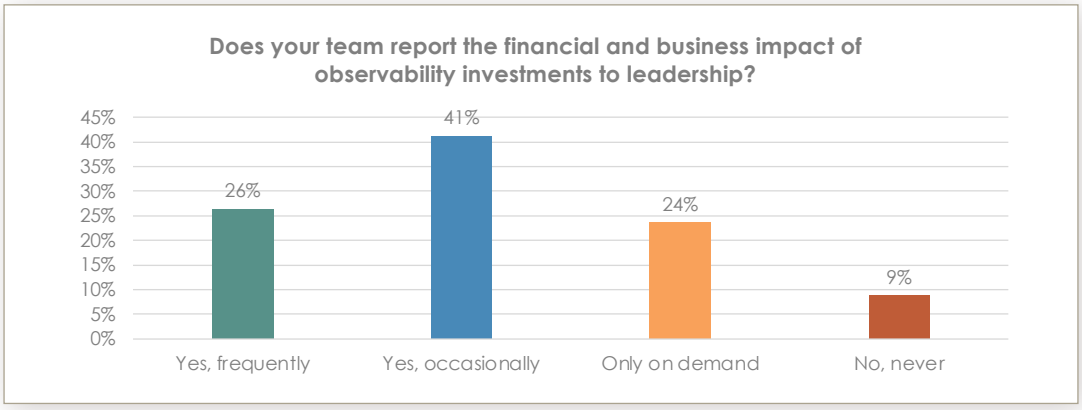
## Observability is evolving from IT priority to business impact

As observability leaders at financial services companies strive to optimize value and cost, their focus is expanding from the original goal of keeping IT systems and applications running, towards understanding how their efforts can improve broader business outcomes. As this research digs into the details of these efforts, a clear pattern emerges: observability teams see value in understanding business impact, but they still struggle to fully deliver with their current approaches.

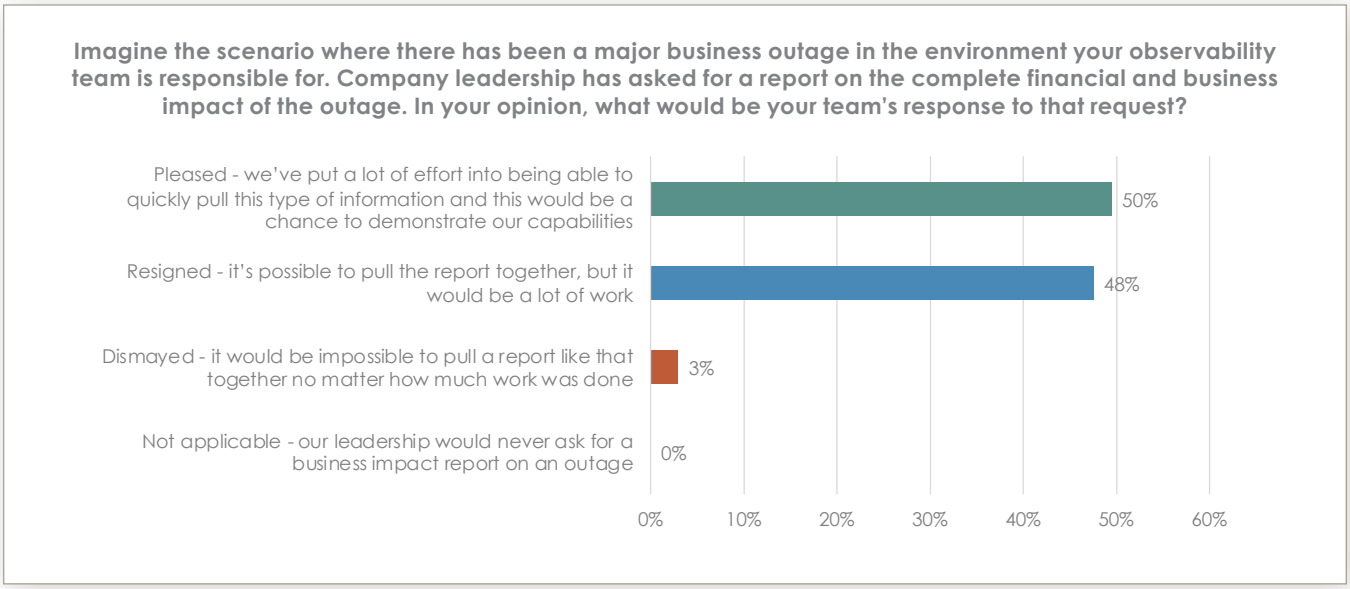
Observability teams who consider their job to be just about operational data and are focused on system performance (SLIs, SLOs, etc.) are becoming less relevant with only 11% indicating that is their team's focus. The majority (89%) are using observability data to report on business impact, but the transition to consider business impact data (SLAs, revenue, etc.) at an equal level as operational data is slow. Only a quarter (27%) put business impact metrics at the same level of importance as operational metrics. **Most observability teams (62%) focus primarily on operational data, with business impacting data a secondary consideration.**




We see a similar pattern when we ask about reporting financial and business impact of observability investments to leadership. This is something that most observability teams do (91%) but only a few have baked this into processes and frequently report outcomes to leadership (26%). For most, this is an effort that is done only occasionally (41%) or only when leadership requests it (24%).

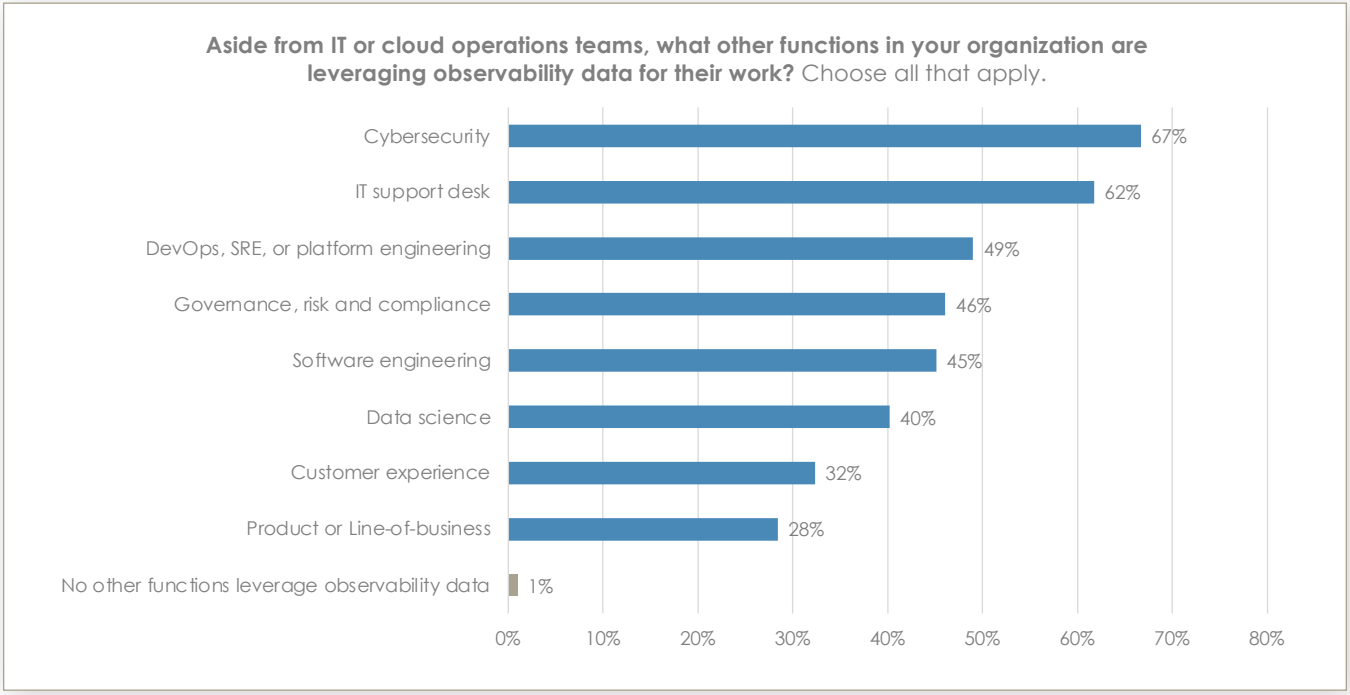


There are two factors that drive observability teams' focus on business impact. First is the culture and understanding of importance. Once a team embraces an interest and ability to consider business impact, the next barrier will be having the infrastructure to do the necessary reporting easily. This is a problem that many observability teams face. **Only half (50%) report that their teams have the ability to quickly pull together a report on the complete financial and business impact of a major business outage.** Just under half (48%) report their teams could put together the report, but it would be a significant effort. For some (3%) this would be an impossible task.

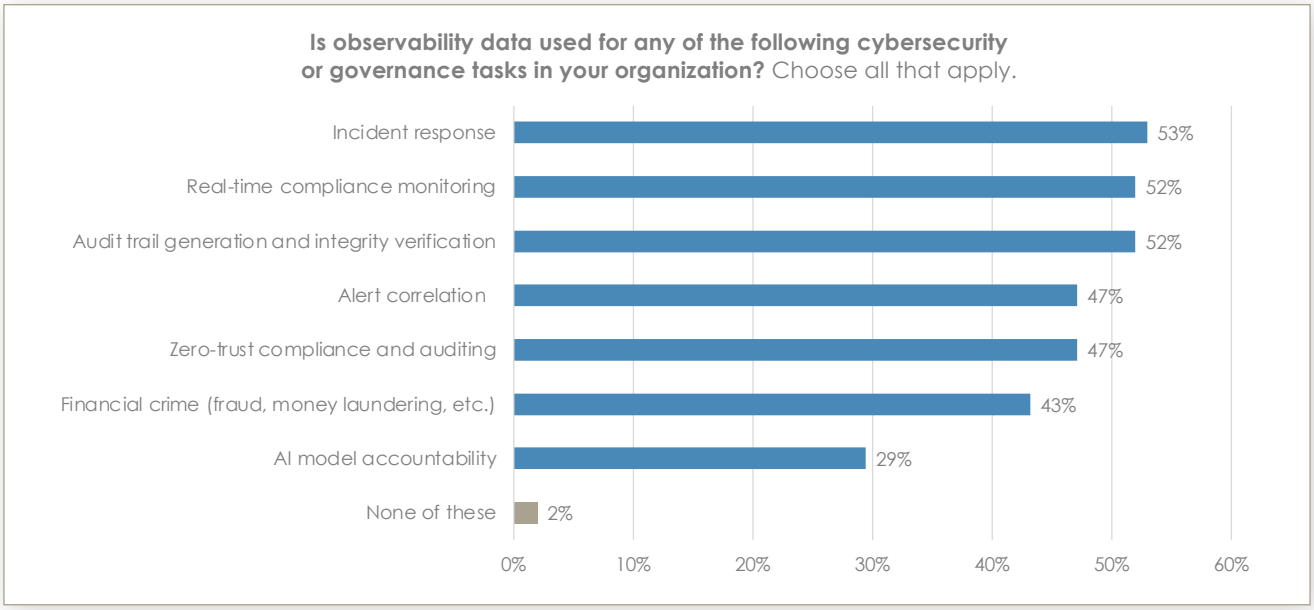


## Observability is converging with compliance, regulation, and cybersecurity

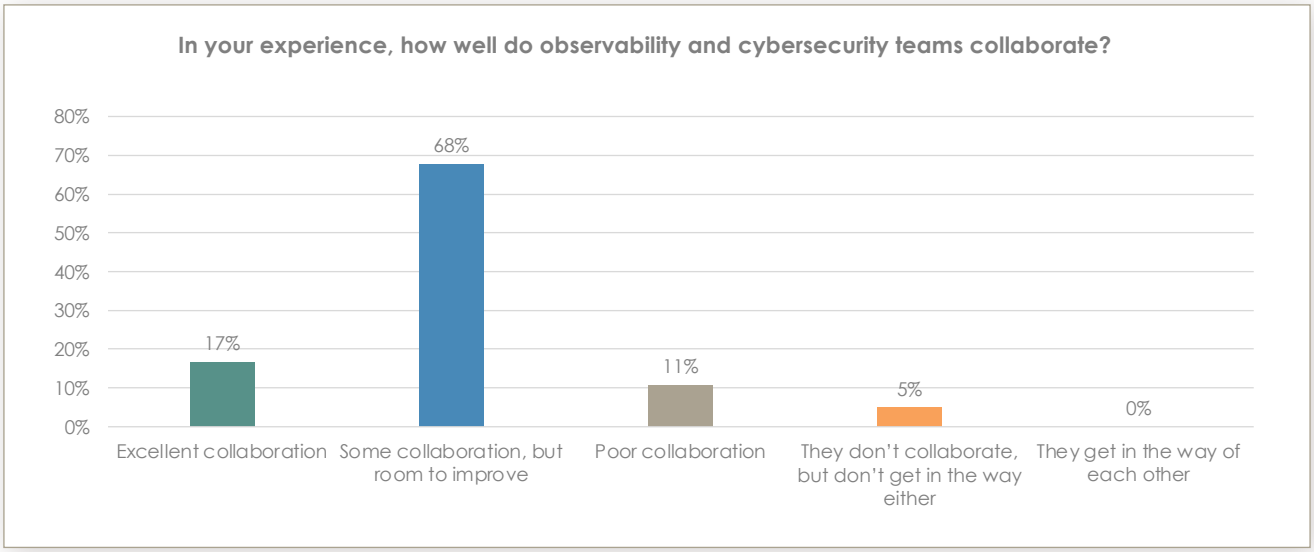
Observability investments are typically initiated to meet the needs of the IT and cloud operations teams, but one of the benefits of more mature practices is that other teams across financial services companies are also seeing value. It is typical (99%) for additional teams to leverage observability data. **At most companies (80%) there are three or more teams in addition to the IT and cloud operations teams that benefit from observability data with cybersecurity (67%) being the most frequent users.** Other uses of observability data include IT support desk (62%), DevOps or Site Reliability Engineering (49%), governance/risk/compliance (46%), software engineering (45%), data science (40%), customer experience (32%), and product or line-of-business functions (28%).



Observability data is widely used for a variety of cybersecurity and governance tasks (98%). The most frequently reported tasks that use observability data include incident response (53%), real-time compliance monitoring (52%), and audit trail generation and integrity verification (52%). Alert correlation (47%), zero-trust compliance and auditing (47%) and financial crime monitoring (43%) were also commonly cited.




Given that cybersecurity teams are active users of observability data and that a wide range of security tasks leverage it, this research wanted to capture perceptions on how these teams work together. This is rarely a problem area, as only 16% characterize their teams as having issues, but participants frequently agree that there is room to improve (68%).

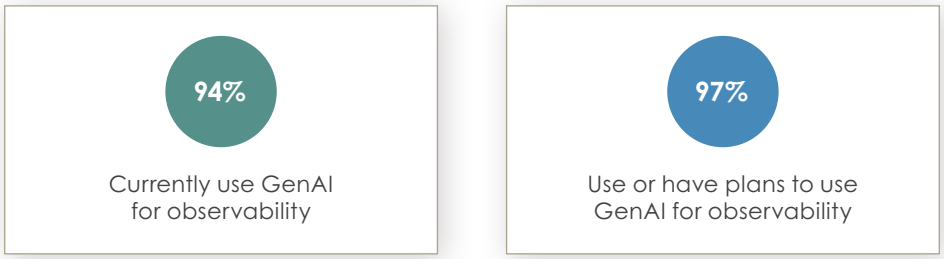


## Detailed Findings: GenAI is upleveling teams and increasing efficiency

### GenAI is already widely used for observability, with expectations for strong growth

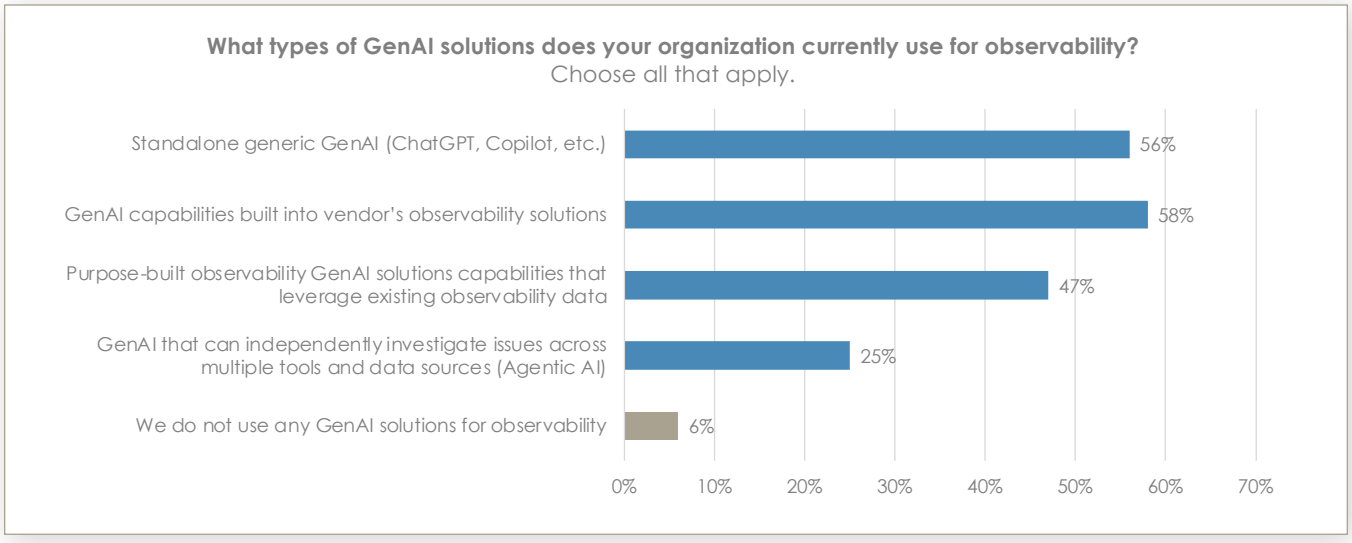
The launch of Generative AI (GenAI) has taken the world by storm. The ability to problem solve using natural language and Large Language Models (LLMs) has been a game changer across industries and tasks. Observability is no exception.

Financial services companies have already widely adopted GenAI for observability with **94% reporting that their teams already use some form of GenAI**. This number is expected to grow. Among the few organizations that haven't adopted GenAI yet, most plan on adding GenAI functionality to their existing observability solution set, for **a total of 97% reporting that they will use GenAI for observability two years from now**.




Observability decision makers have frequently demonstrated openness to trying new approaches, experimenting with a range of approaches to see what works best for their teams and business needs. GenAI adoption is following this pattern, with no single adoption path.

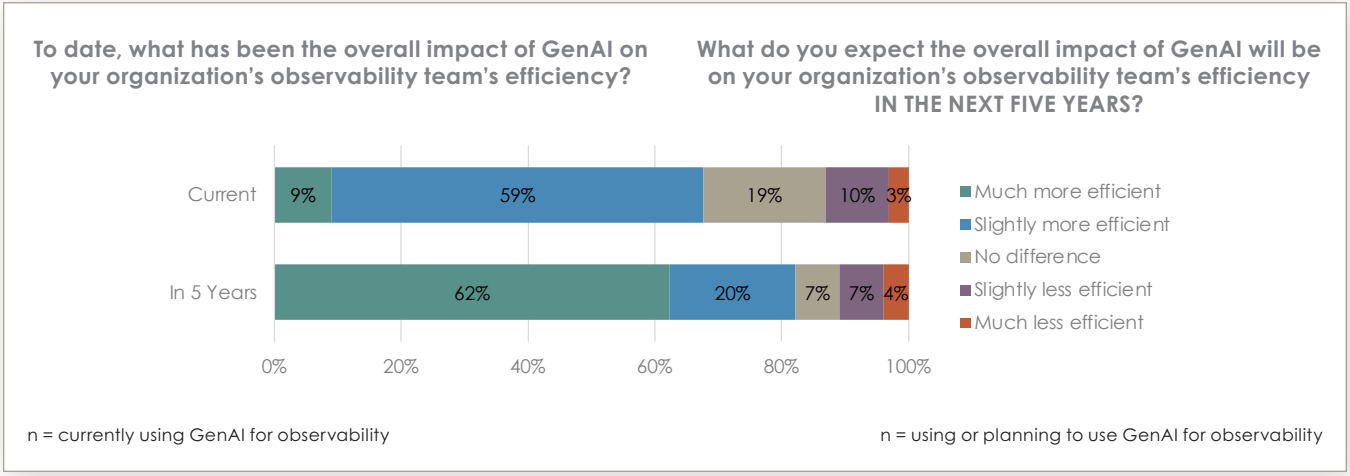
The most common type of GenAI currently in use is the built-in capabilities available through existing observability tools (58%). Companies are also frequently using standalone generic GenAI (56%). These are the two types of GenAI with the easiest adoption path as neither requires additional development or huge integration efforts. Both purpose-built observability GenAI and Agentic AI are drawing interest, but at a much slower rate, unsurprisingly given the additional effort needed to integrate and/or build these technologies.



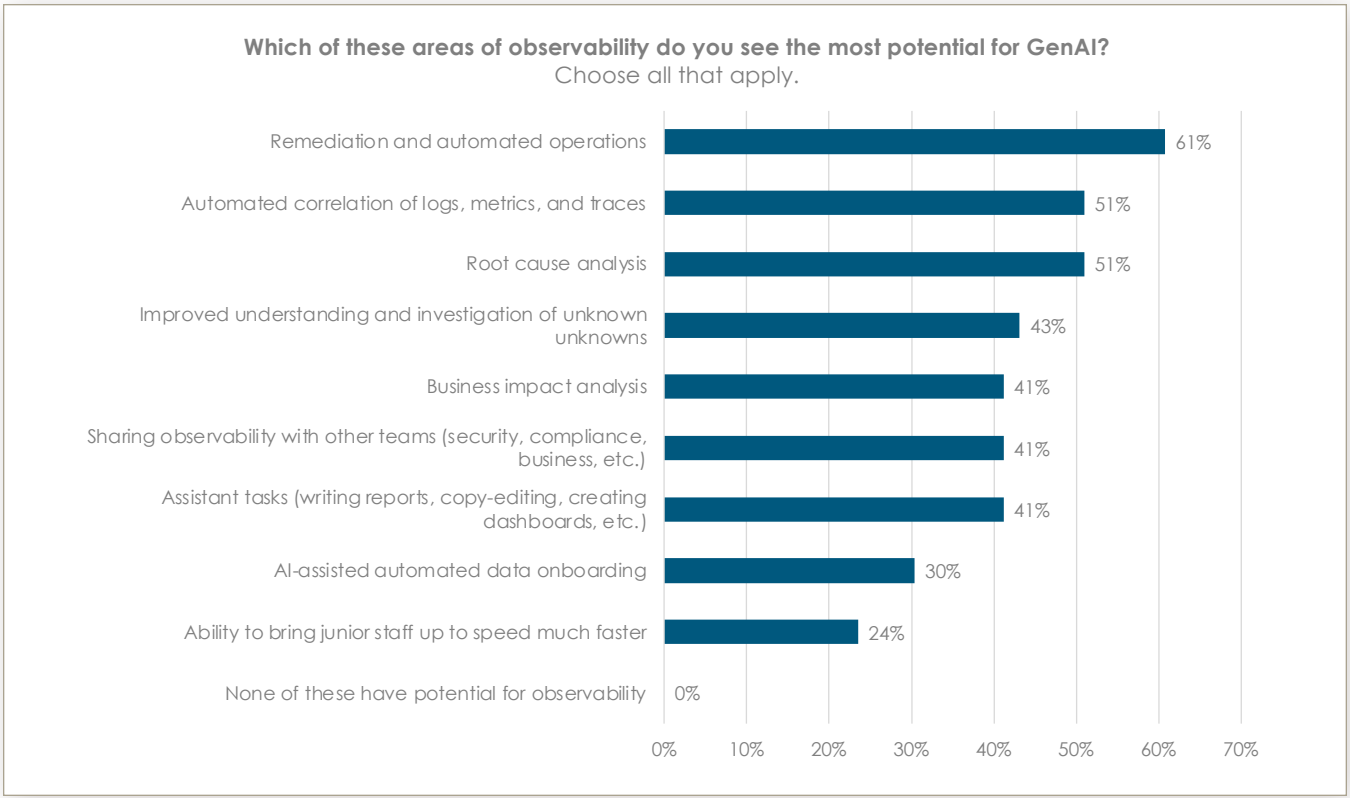
## GenAI is already positively impacting efficiency, with significant gains expected

Observability decision makers at financial services companies are very clear about their opinions of GenAI. Currently GenAI is helpful, but expectations are high for much better results in the future. Teams that are currently using GenAI were overall positive about its impact on efficiency, with over two-thirds (68%) saying that it was making their teams more efficient. That same number increases to 82% when these same stakeholders are asked about expectations for efficiency gains five years from now.

It is more dramatic to consider the scope of the impact expected in the next five years. The number who report they are currently "much more efficient" as a result of GenAI for observability is relatively low (9%). This number jumps dramatically to 62% who expect the same "much more efficient" impact five years from now—**an increase of 600% compared to the current experience**!

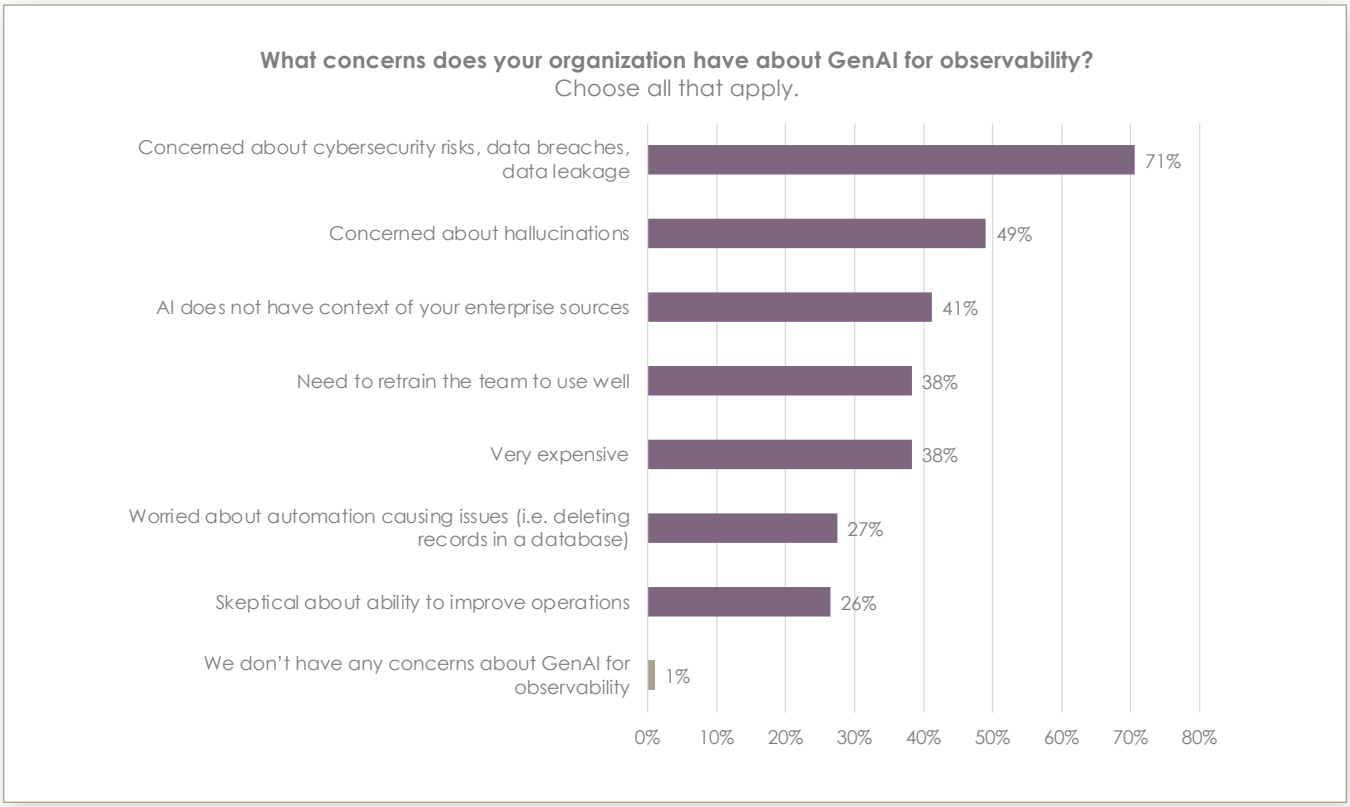


Even the observability decision makers who are most negative about the impact of GenAI on their team's efficiency, do see that there is potential for benefit. **All (100%) view GenAI as having potential for observability.** Our audience had a clear top three uses for GenAI and observability: remediation and automated operations (61%), automated correlation (51%), and root cause analysis (51%).



## Concerns must be addressed to gain full value from GenAI for observability

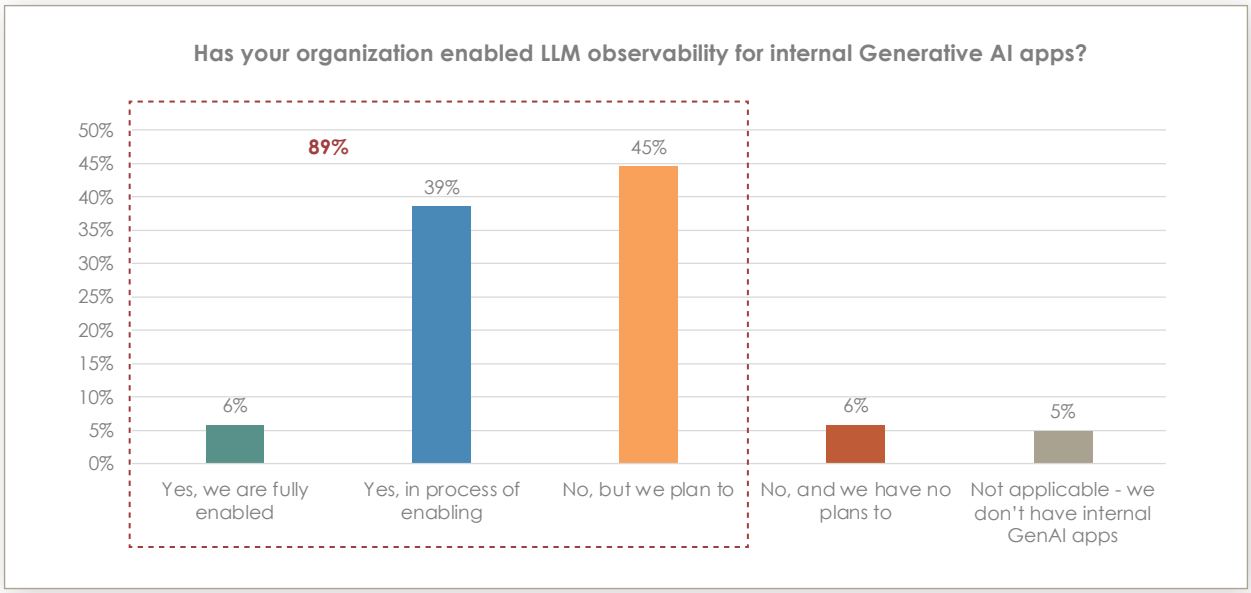
We have established that observability decision makers are generally positive about both the current and potential value of observability, however, concerns persist. These must be addressed to achieve the potential gains. **Almost all (99%) report that their organization does have concerns about AI for observability.** The most frequently reported issue is security (71%) including concerns about cybersecurity risks, data breaches and data leakage. Worries about hallucinations (49%) were also frequently reported. Other concerns cited include a lack of context of enterprise sources (41%), training existing staff (38%), cost (38%), and potential issues with automation such as deleting information (27%). Interestingly, only a few reported facing issues with teams that are skeptical about the value of GenAI for observability (26%).



## Companies are implementing observability for their internal LLMs, but it is a work in progress

This research was primarily interested in understanding how teams are leveraging GenAI to implement and deliver observability. We also wanted to consider the opposite question: are financial services companies using observability to manage their internally-developed Generative AI solutions? The answer is that they will, but they're still working on it.

Most (89%) expect to enable LLM observability for their internal GenAI apps, but only 6% have already enabled the capabilities. 45% have not even started, although they do have plans to implement. It should be noted that internally developed GenAI apps are ubiquitous, with only 5% reporting that their company will not be developing them.

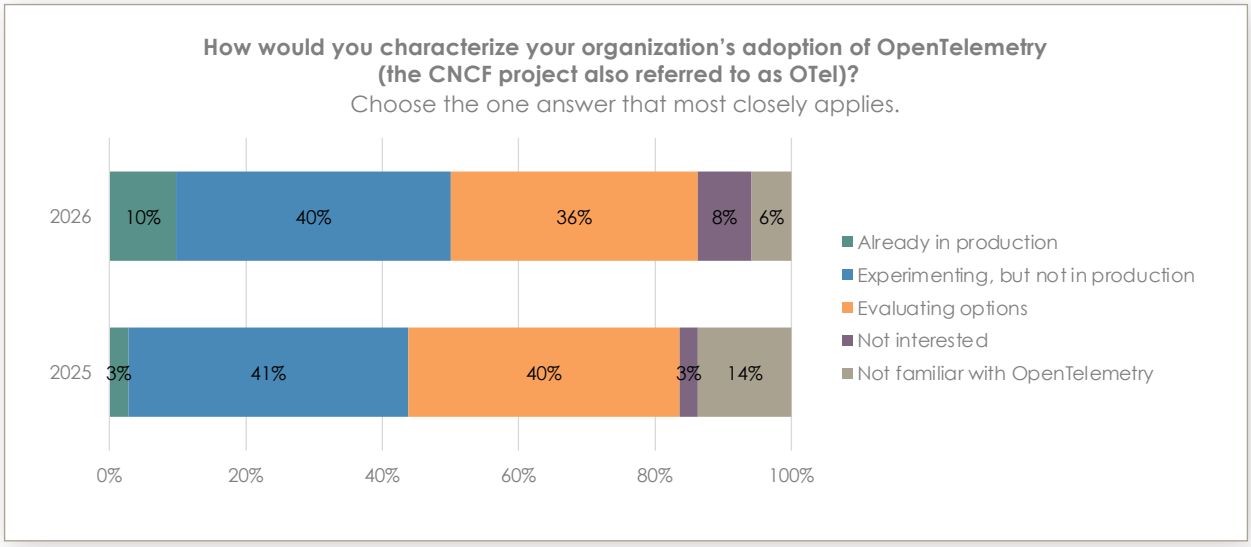


## Detailed Findings: OpenTelemetry momentum builds

### OpenTelemetry adoption takes a notable step forward in past year

OpenTelemetry, a CNCF (Cloud Native Computing Foundation) project often abbreviated as OTel, is an observability framework and toolkit designed to create and manage telemetry data such as traces, metrics, and logs. OpenTelemetry is tool agnostic and focused on open standards that allow it to be used with any observability solution that is OTel compliant.

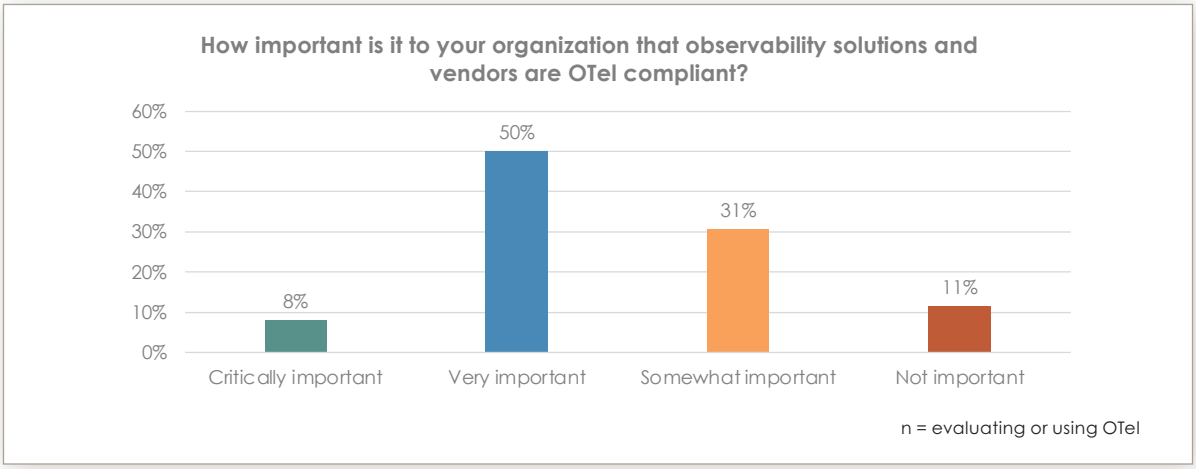
The interest we saw among financial services companies in the 2025 version of this study has seen slow but steady growth. **The number of observability teams who have OTel in production have tripled, (3% in 2025 to 10% in 2026),** although the number remains small and has significant room to improve. We see that shift in growth applying throughout the adoption cycle, with a clear shift in growth at each stage of adoption, mirrored by a drop in those who are not interested or not aware of OTel.



## Vendor compliance becomes increasingly important as OTel projects move into production

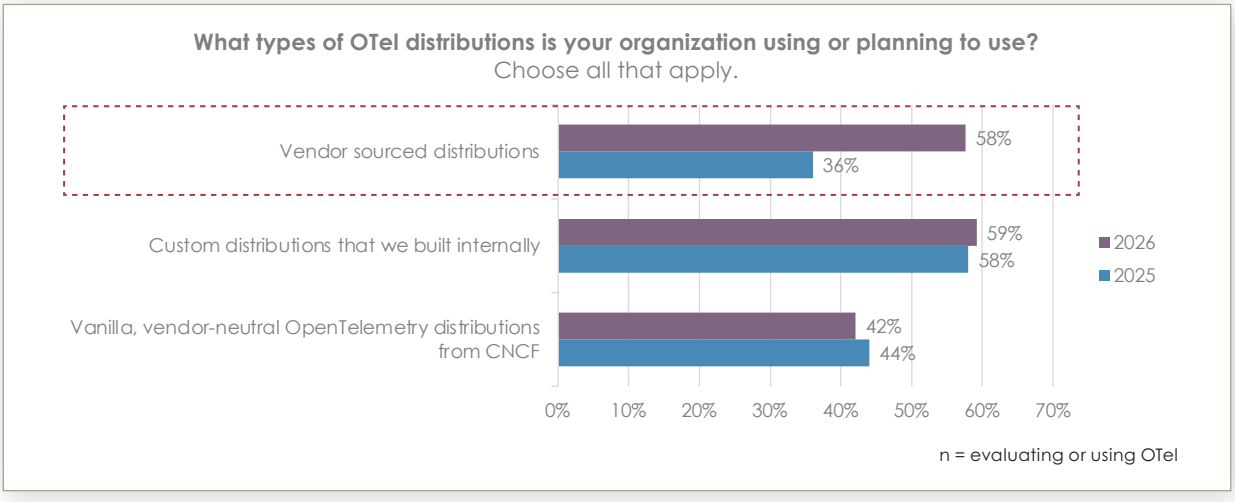
Industry standards like OpenTelemetry often take time to develop and establish themselves. Customer interest increases vendor support which in turn, creates more interest, adoption, and momentum for these standards over time. The data indicates that this industry cycle is currently happening with OTel and will continue in 2026.

As projects move from evaluation, to experimentation, to production the importance of OTel compliance in their observability solutions increases dramatically. **Most (58%) of observability teams say that OTel compliance is critically or very important.**




## Preference for vendor sourced OTel distributions is increasing

The past year has seen a shift in the types of OTel distributions that observability teams are using or considering using. **There has been a notable increase (58% in 2026 compared to 36% in 2025) in plans for use of vendor sourced distributions.** This may be a reflection of investments in vendor sourced OTel distributions during that same time.

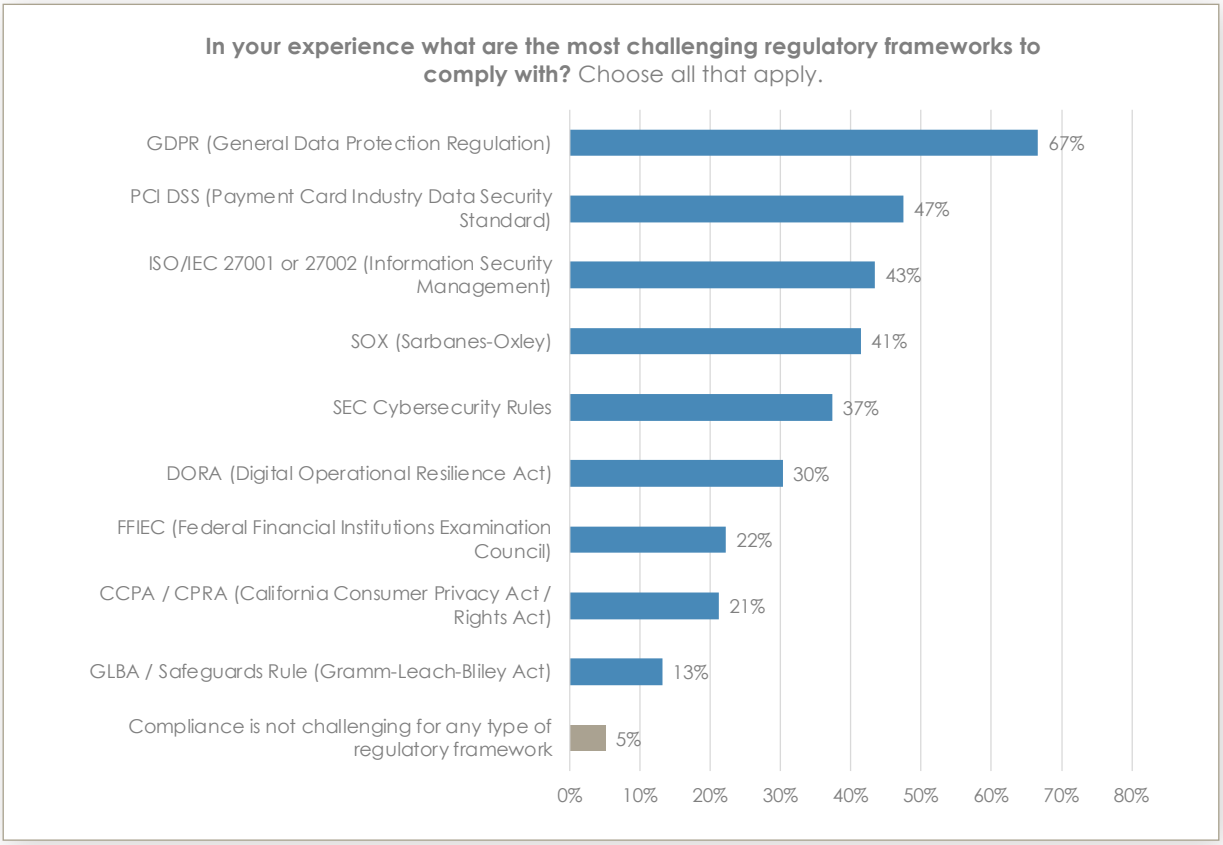


## Detailed Findings: Financial services companies are embracing observability for compliance

### Regulatory compliance continues to be challenging

Few industries face compliance pressures as intense as financial services. The pace of regulatory change, the cost of non-compliance, and the complexity of global operations make it one of the toughest landscapes to navigate. The IT and technology teams supporting compliance systems face ever-changing regulations, heightened scrutiny, and complex reporting requirements — all while trying to maintain efficiency and deliver business value.

Observability leaders in financial services companies are at the forefront of these efforts. The vast majority (95%) report that they face challenges complying with regulatory frameworks. Among the wide range of regulations that require support, **GDPR is the most challenging to comply with (67%)**. GDPR, the European Union's General Data Protection Regulation, applies to any company that processes the data of EU residents, so broadly applies to the globally diverse companies included in this study.



## Today's observability tools only "acceptable" for compliance needs

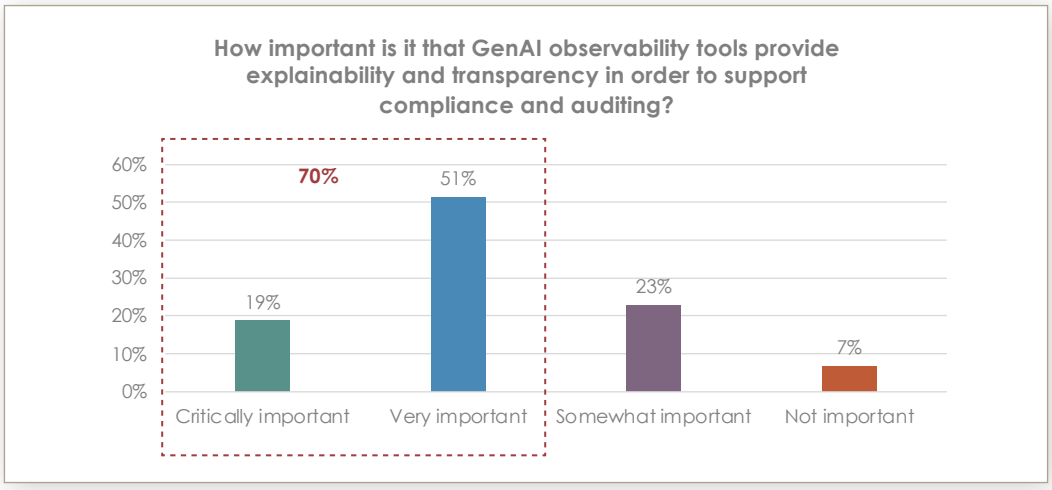
As we saw above observability is widely used for compliance reporting (61%) including real-time compliance monitoring (52%) and audit trail generation and integrity verification (52%).

However, few observability decision makers are excited about their existing functionality. While there is usually perceived value in existing observability tools, with only a small number (6%) referring to the tools as "bad" for audit and compliance readiness, and none (0%) going so far as to say they are "terrible," there is a clear lack of excitement.

Very few (7%) characterize their current observability tools as "excellent" for this task, and only a third (34%) say that they are "good." It is most typical to think of these tools as "acceptable" (53%). This is a clear sign that **there is room for improvement in observability tool capabilities for financial services compliance and auditing reporting**.

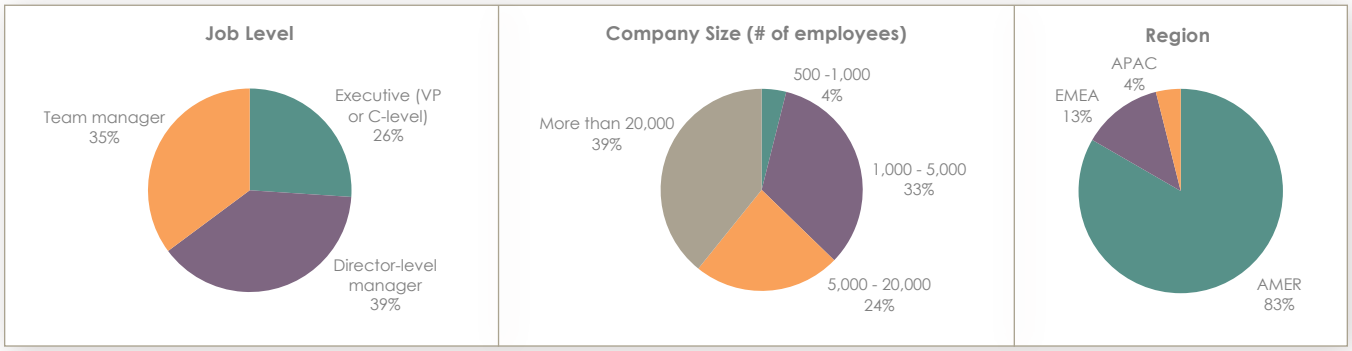

## Compliance and auditing capabilities are important for GenAI adoption

GenAI observability tools are already being implemented, and adoption is expected to grow dramatically over the next few years. For financial services companies, a key requirement for GenAI observability tools is that they support compliance and auditing. Almost all (93%) say that explainability and transparency are important, including 70% that characterize this capability as "critically" or "very" important.



## Survey Methodology and Participant Demographics

An online survey was sent to an independent database of enterprise technology managers and executives. A total of 102 qualified IT decision makers working at a financial services company completed the survey. All participants had decision making responsibility (technical selection and/or budgetary approval) for observability tools in a managerial role responsible for DevOps, SRE, IT Operations, and/or Engineering at a company with more than 500 employees. Participants included a mix of job levels, company sizes, and industries. Due to rounding, certain graph options may not add up to exactly 100%. This survey was conducted as part of a larger study that included more than 500 participants from a broad range of industries.

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