AI at a Crossroads: The State of the Industry on Trust, Leadership, and Execution

Host: Phil Fersht Founder and CEO, HFS Research

The HFS Global Advisory Board

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Why HFS?

We Don’t Follow the Narrative. We Create It.


Horses for Sources

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2030 HFS Services Technology Vision: The Future is Services-as-Software

September 13, 2024 | Phil Fersht, Saurabh Gupta

Why do enterprises buy services? Because they need “work” performed that can be managed more effectively by *people* outside of their company. However, by 2030, we will be engaging with “services” primarily through *technology*, minimizing human intervention and maximizing efficiency. In fact, services will barely even be *services* anymore…

HFS Shaping the Narrative

RPA (2012–13)
Pioneered the definition and adoption of robotic process automation.

Digital OneOffice™ (2016)
Unified front-to-back operations driven by data, automation, and customer-centricity.

Generative Enterprise™ (GBS) (2023)
Using generative and agentic AI to transform business operations into intelligent, adaptive systems that continuously create value.

Services-as-Software™ (2024)
The convergence of services and software into scalable, IP-led solutions

AI-first Deal Lab™ (2025)
Introduced outsourcing model to support services-as-software where value is delivered through AI, data, intelligence and IP.

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Former Global Managing Partner,
IBM Consulting

The AI velocity gap: fear is your biggest competitor. Individuals sprint ahead because they tolerate imperfection.

Enterprises stall because they fear losing control. The gap is not technical. It is psychological and institutional. While you deliberate, your competitors execute.

Closing our AI Velocity Gaps becomes critical

Individuals are becoming AI-empowered while enterprises fall behind

Individual Advantage
(Sunday experience)

- **Zero Friction Adoption.** Connect your Gmail, calendar, OpenTable. No IT approvals needed.
- **Tolerance for Imperfection.** If AI screws up, you fix it yourself. Stakes are manageable.
- **Immediate ROI.** Save time on routine tasks today. No business case required.
- **Rapid Experimentation.** Test, iterate, and adopt what works. No pilot purgatory.

Enterprise Barriers
(Monday experience)

- **Siloed Systems.** Data stuck in Salesforce, SAP, and ServiceNow. No unified access.
- **Tribal Knowledge.** Workflows live in email chains, not documented processes.
- **Compliance Paralysis.** Security teams debate ChatGPT while agents need system access.
- **Governance Vacuum.** Who's liable? How to audit? “Trust infrastructure” doesn't exist.

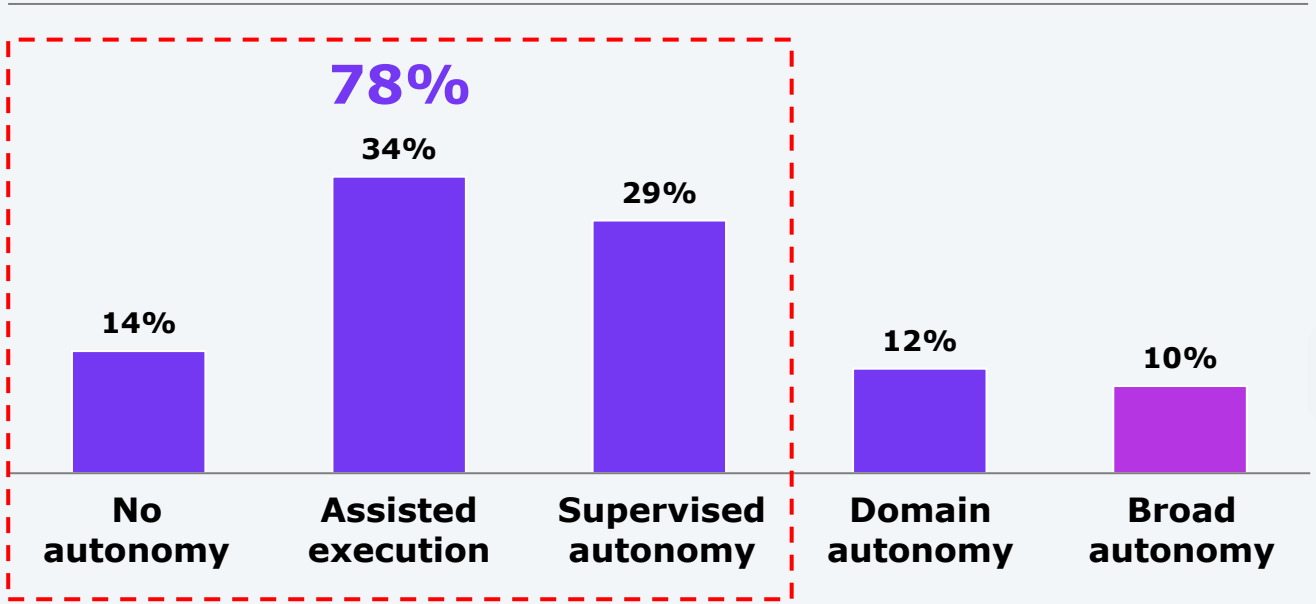
Your best employees are already AI-augmented…
While your enterprise is forming committees

The agentic tipping point: stop advising, start executing.

The shift from copilot to autonomous action is not a capability problem. It is a trust problem.

Humans remain in many loops: 78% of organizations are operating at low autonomy for agentic AI

What best describes your organization's comfort level with agentic AI autonomy?

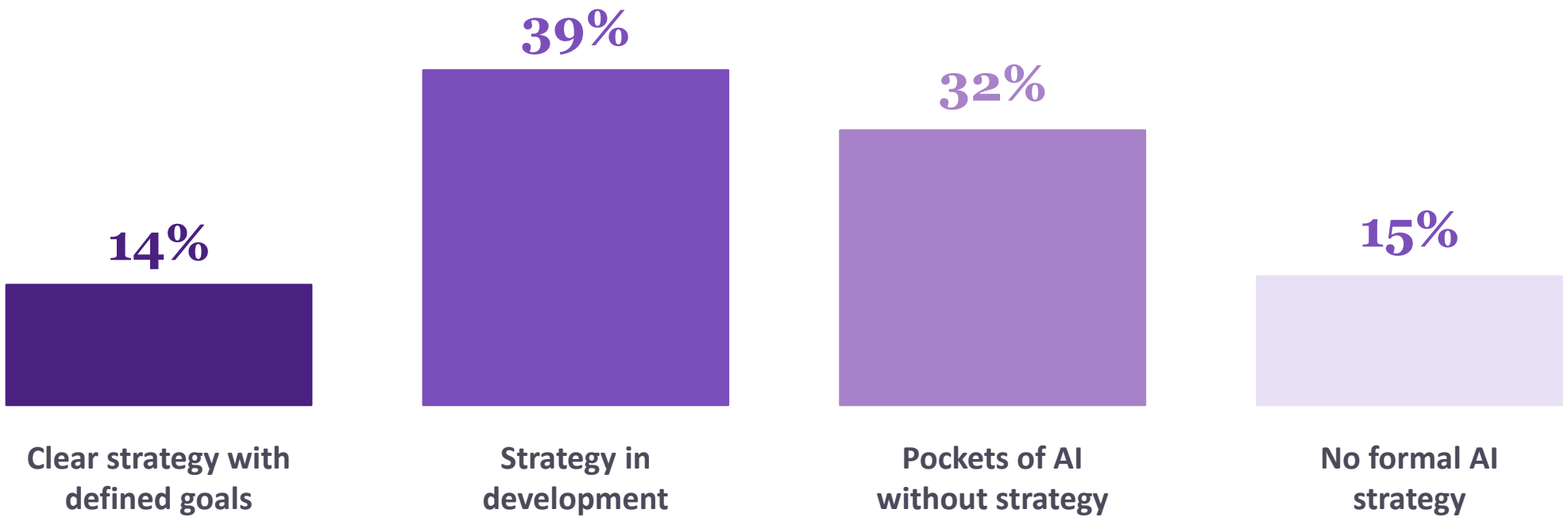


Industry	Broad autonomy
Retail	13%
High-tech	13%
Healthcare	12%
Insurance L&A	11%
Consumer products	10%
Banking and capital markets	10%
Manufacturing	9%
Life sciences	6%
Insurance P&C	5%

Sample: 545 major enterprise decision makers
Source: HFS Research, 2025

Only 14% have a clear AI strategy. Everyone else is improvising...

A destination-driven strategy requires someone to answer what the enterprise will become because of AI. Most have not asked the question.



HFS Research | n=505 Global 2000 executives driving AI initiatives | AI strategy maturity

Cyber at machine speed: govern what you empower.

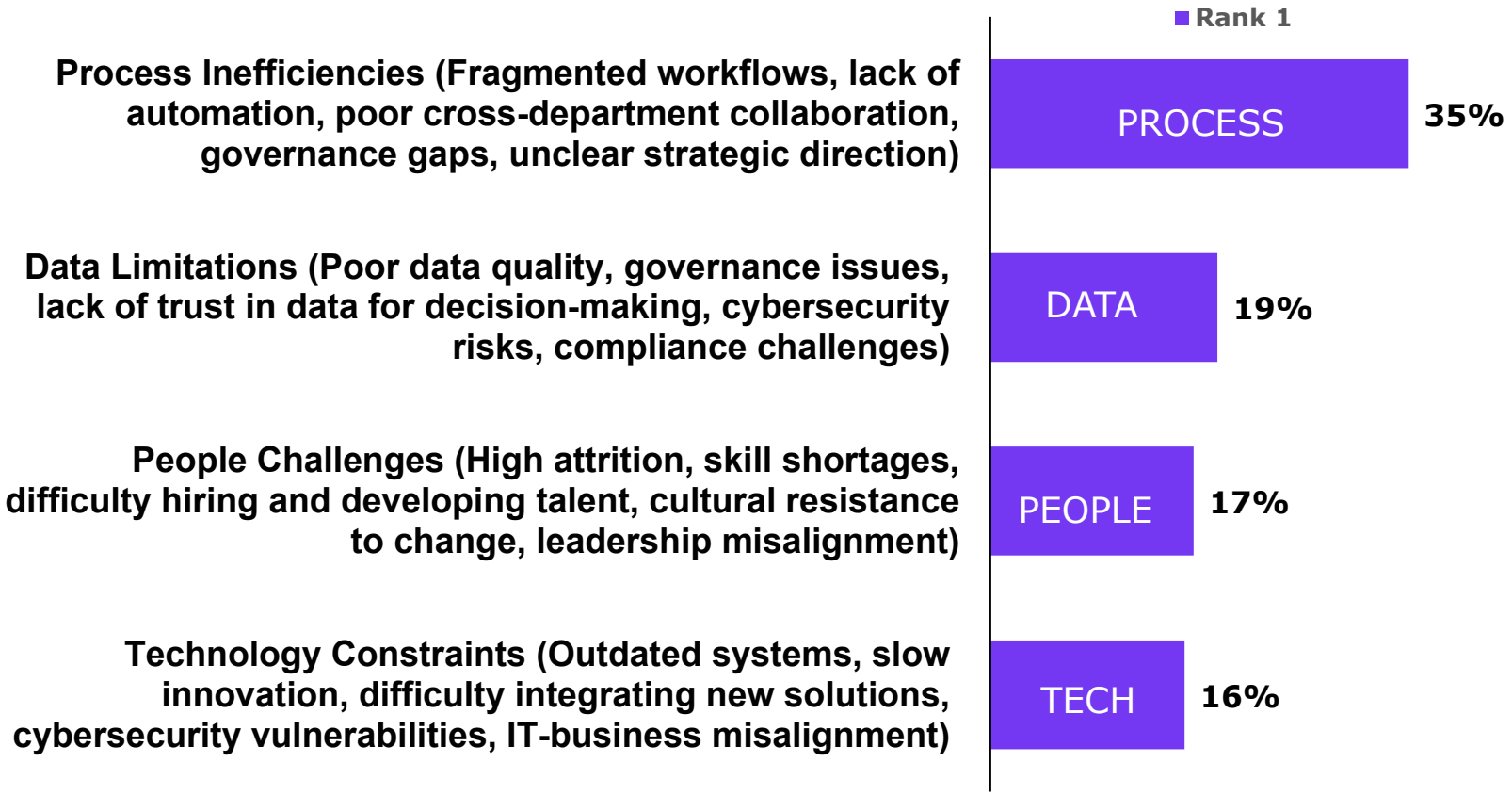
Giving agents system-level access without machine-speed security is reckless. The answer is architecting trust…

The enterprise debt overhang: brittle foundations breed fear.

Fragmented processes, dirty data, and broken governance do not just slow AI adoption. Fixing foundations is not a prerequisite to AI. It is an act of organizational courage…

Enterprises are aeons away from exploiting AI tech

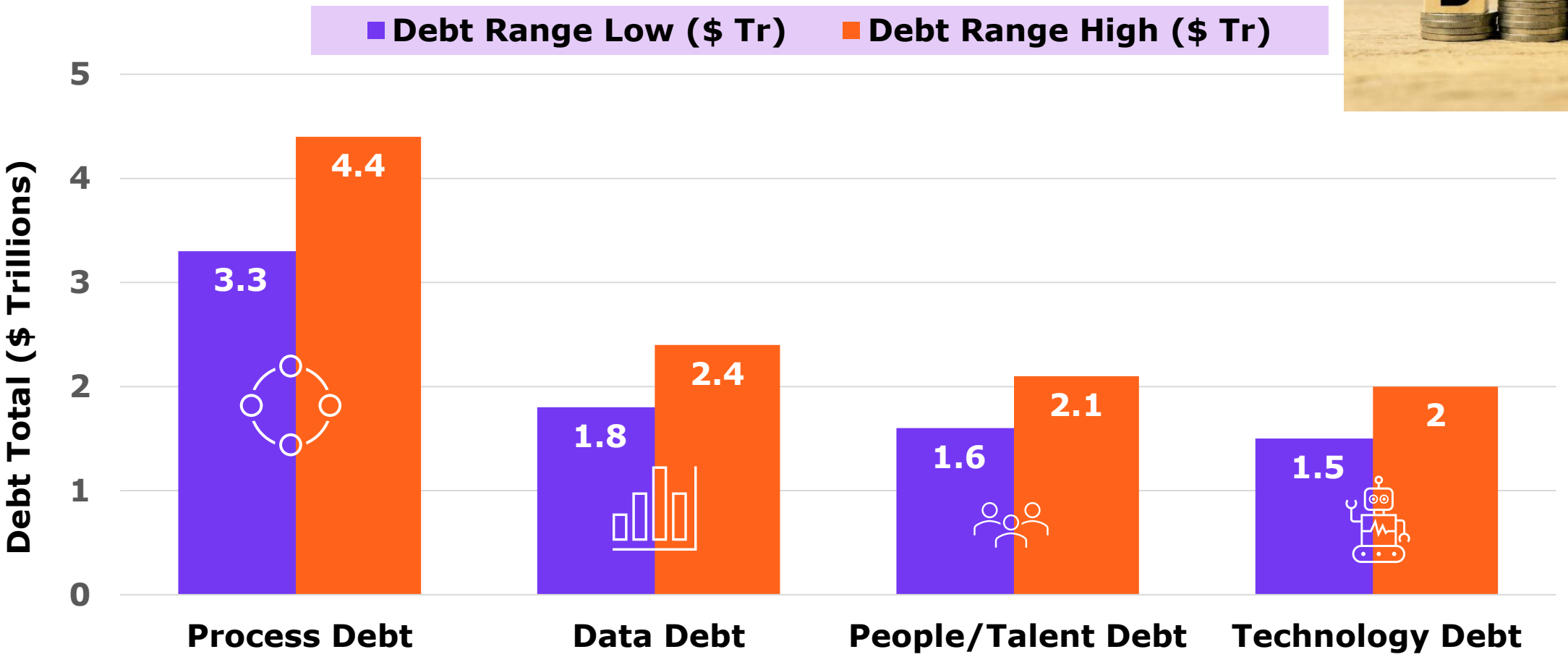
Please rank the following challenges based on their impact on your organization's ability to achieve its goals



Stop obsessing over AI Tech—first fix everything

Sample: 305 major enterprise decision makers
Source: HFS Research Pulse, 2025

Total enterprise debts = $10 Trillion



Sample: 305 major enterprise decision makers, various external data sources
Source: HFS Research, 2025

Leadership debt: the trust deficit in the C-suite.

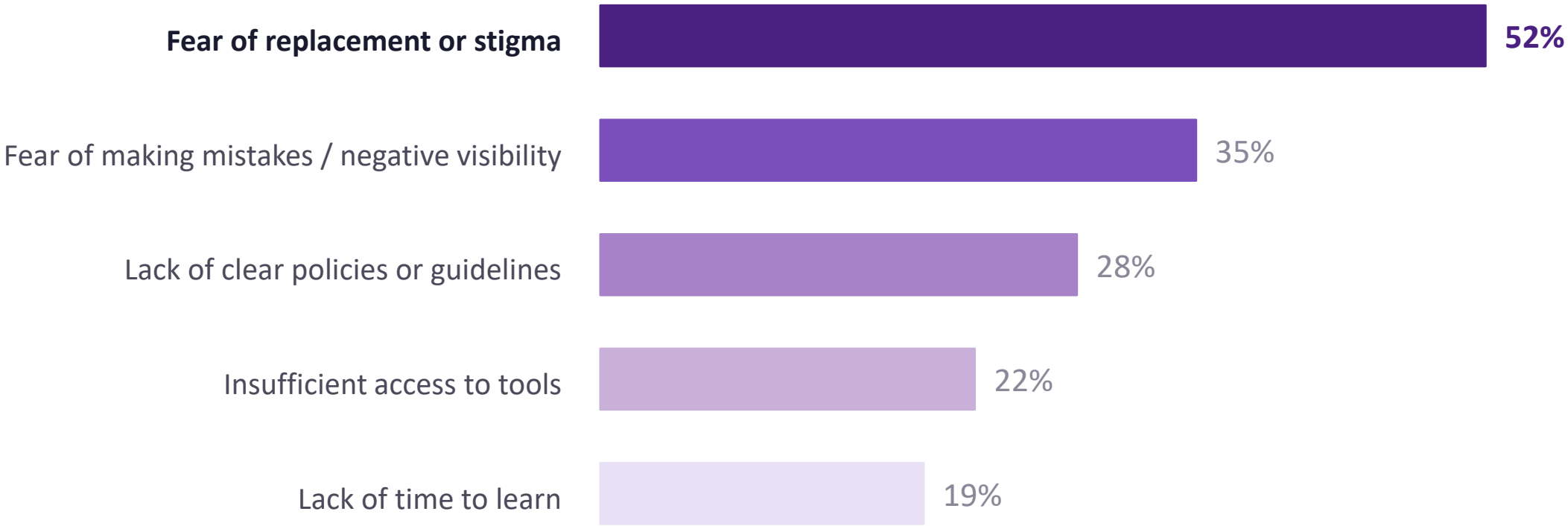
The real test is whether leaders will stand behind AI-informed decisions when outcomes are imperfect. Compute is not the constraint. Conviction is…

Reinventing talent: from job protection to value expansion.

Fear of displacement is natural and legitimate. But history is consistent: productivity gains expand opportunity when leadership manages transitions deliberately. The enemy is not the machine. It is the leader who refuses to redesign the work…

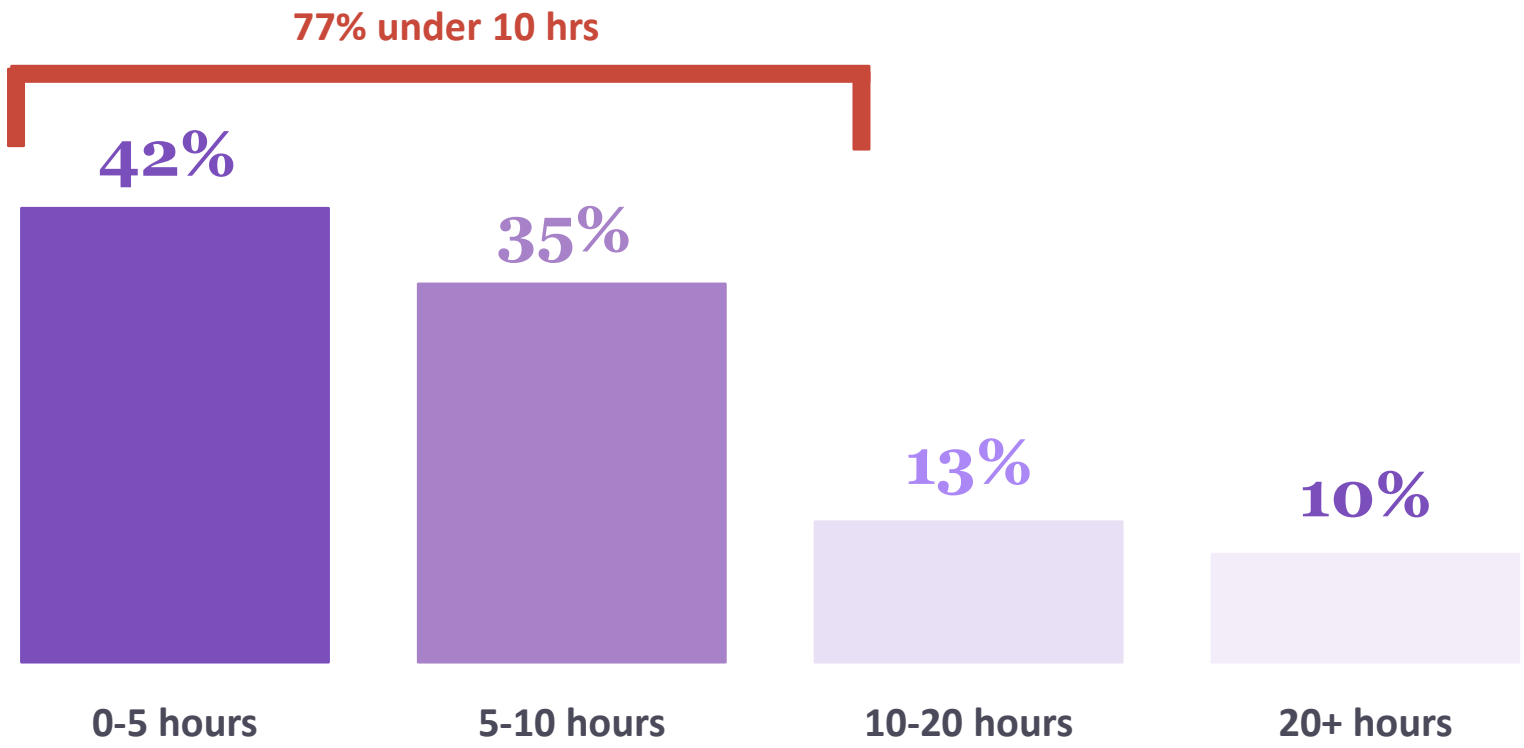
The biggest barrier to AI confidence is not a technology problem.

What barriers most limit employees from gaining confidence in using AI?



The confidence problem is rooted in psychological safety, not training. Adding more tools or mandates will not solve it.

Nearly 80% get fewer than 10 hours of AI training a year



43%

say AI imposter syndrome is common or widespread

Imposter syndrome is the predictable result of a capability gap that was never addressed…

Services-as-software: stop defending, start offending.

The services firms that thrive will stop protecting legacy effort models and start building outcome-driven, AI-native delivery. Defensive narratives are a market signal.

HFS Services and Ops Tech Vision 2030

Human | Machine

Staff augmentation

- Allows companies to quickly fill skill gaps, scale teams up or down as needed, and maintain control over project execution without the long-term commitments associated with permanent hires.

- **Key Features:**
  - **Flexibility:** Easily adjust team size based on project needs.
  - **Expertise:** Access specialized skills not available in-house.
  - **Control:** Maintain direct oversight of projects and processes.
- Typical commercial model: rate card

Technology-enabled services

- Primarily driven by people but supported by proprietary solution accelerators, tools, and software.
- Most service providers use this model to optimize processes and deliver value efficiently, such as Cognizant Neuro, Infosys Topaz, TCS WisdomNext & Wipro Lab45

- **Key Features:**
  - **Human-Centric:** Primarily driven by skilled professionals.
  - **Tool-Supported:** Utilizes a variety of technology tools and accelerators.
  - **Efficient:** Enhances service delivery through tech integration.
- Typical commercial model: FTE-based pricing

Platform-led services

- Leverage built-in delivery platforms to enhance service delivery and efficiency.
- Examples include Accenture SynOps, TCS Cognix, and Cognizant TriZetto, which streamline operations and provide consistent, scalable solutions.

- **Key Features:**
  - **Integrated Platforms:** Uses cohesive platforms for service delivery.
  - **Scalability:** Easily scalable and consistent across various operations.
  - **Efficiency:** Enhances productivity and efficiency through platform support.
- Typical commercial model: Transaction-based pricing

AI-led Agentic services

- Augmenting human capabilities with smart AI agents to optimize processes and decision-making.
- Examples of platforms include Amazon Q, GitHub, Lyzr, Copilot, Replit's Ghostwriter, Google Gemini, Einstein Agent, Mindcorp.
- Organizations like IBM and the Big 4 consulting firms are increasingly adopting this model.

- **Key Features:**
  - AI-Augmented: Combines human expertise with AI agents.
  - Cost-Effective: Achieves lower TCO through optimization.
  - Enhanced Capabilities: Expands service potential with AI-driven insights.
- Typical commercial model: Augmented FTE-based pricing or outcome-driven performance pricing

Service-as-a-Software

- Unlike traditional software-as-a-service (SaaS), this model focuses on delivering services primarily through technology, minimizing human intervention, and maximizing efficiency.
- Examples include startups like rhino.ai, Now Platform, and builder.ai

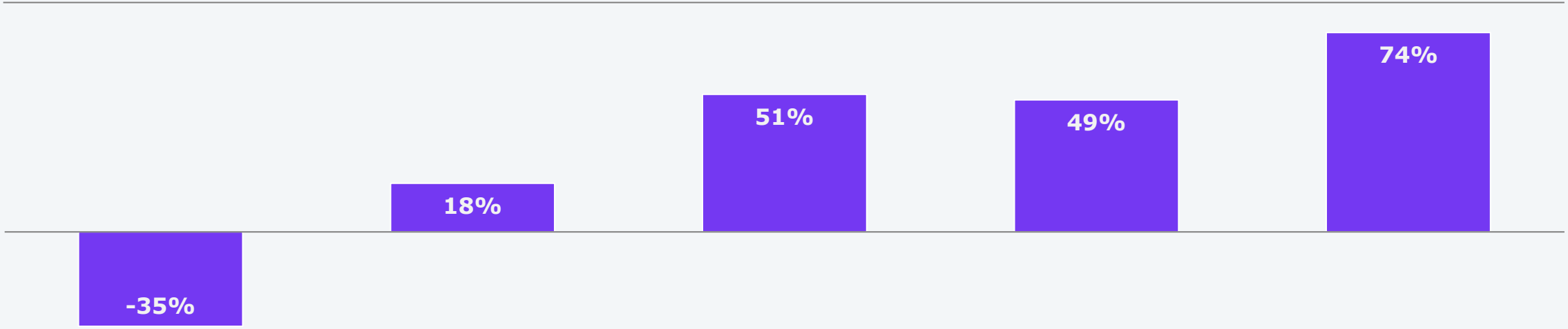
- **Key Features:**
  - Technology-driven: Primarily led by advanced software solutions.
  - Minimal Human Intervention: Reduces reliance on human resources.
  - Efficient and Scalable: Provides efficient, scalable, and consistent service delivery.
- Typical commercial model: License / Subscription-based

Current — 2000-2025

Emerging — 2025-2030

IT and business leaders want to displace labor-based outsourcing with AI-powered services

Please indicate if your organization's service models will increase, decrease, or stay the same over time?
(Difference between percentage of respondents who believe the model will increase versus decrease)



Staff augmentation (Traditional labor-based outsourcing rate-card pricing)

Technology-enabled services (Staff augmentation with provider-developed accelerators, FTE pricing)

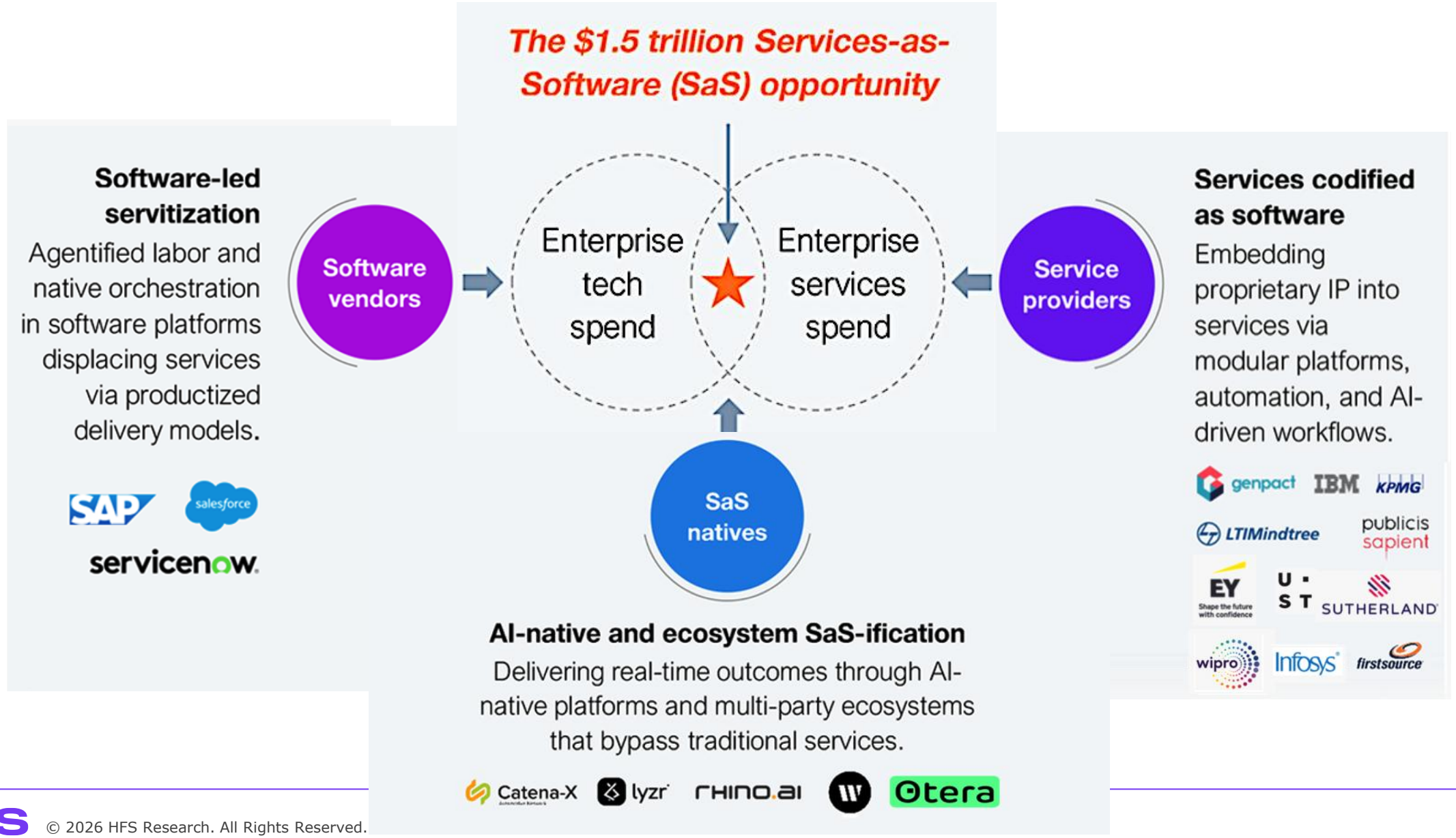
Platform-led services (Service providers use cohesive platforms for delivery, transaction -based pricing)

AI-led agentic services (AI agents and platforms handle service tasks, augmented FTE or fee-for-outcome pricing)

Services-as-Software (Highly autonomous AI-driven service delivery, outcomes-based or subscription pricing)

Sample: 608 IT and business leaders across Global 2000 enterprises
Source: HFS Research, 2026

Three swim lanes are emerging as the $1.5 trillion Services-as-Software market takes off



India’s $100 billion devaluation: inflection point or denial?

Is Vinod Khosla correct that IT services will be dead by 2030, or is this just the start if a new beginning?

Let’s get beyond the rhetoric!

Time for Questions

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