

HFS 2030 Vision for the Future of Services and India's Role in it

***We Must Fight our Fobo...
our Fear Of Becoming Obsolete!***

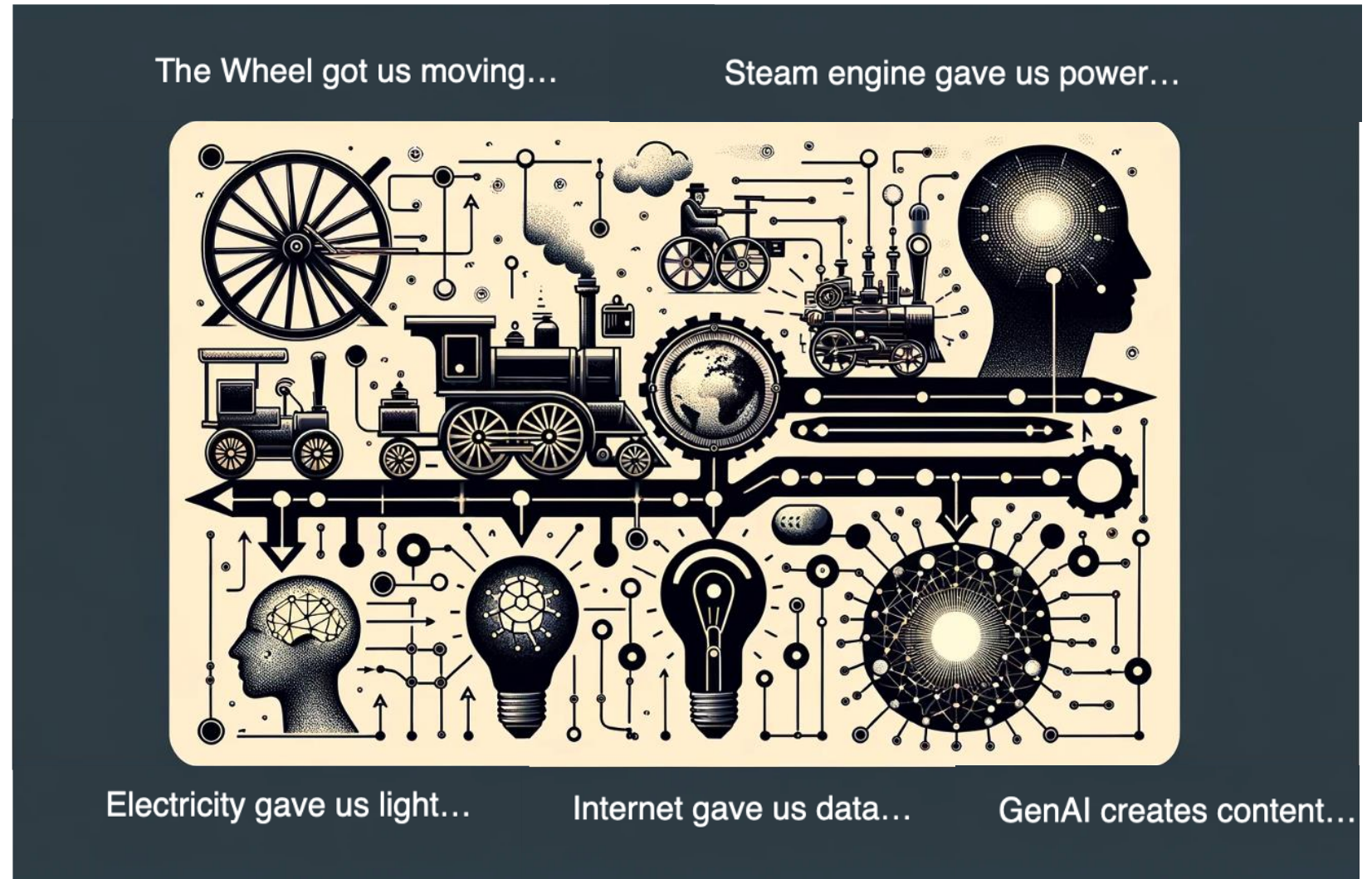
Phil Fersht, Founder CEO and Chief Analyst HFS Research

HFS India Summit, February 13th 2025

Five Seismic Human-made Disruptions

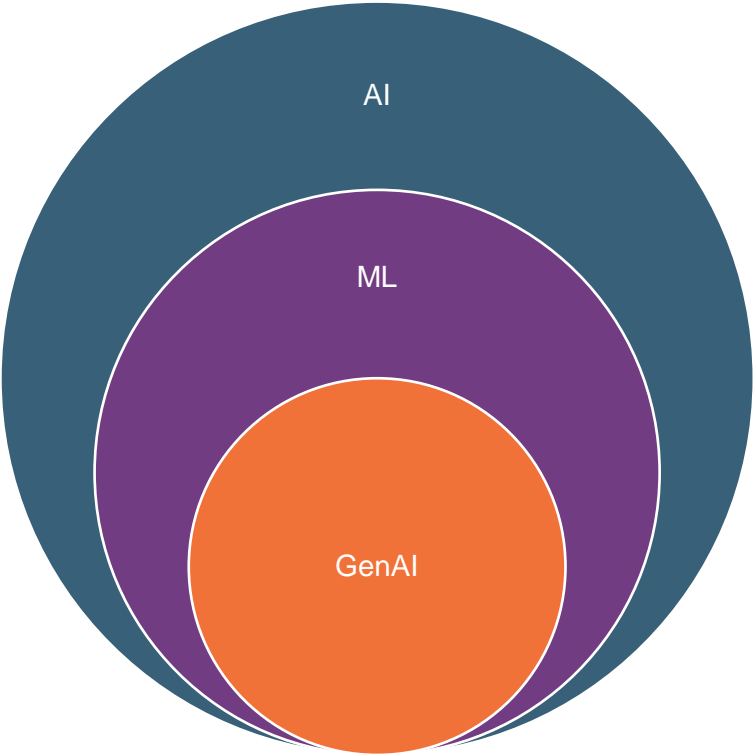
Disruption...

“Radical change to an existing industry or market due to technological innovation”

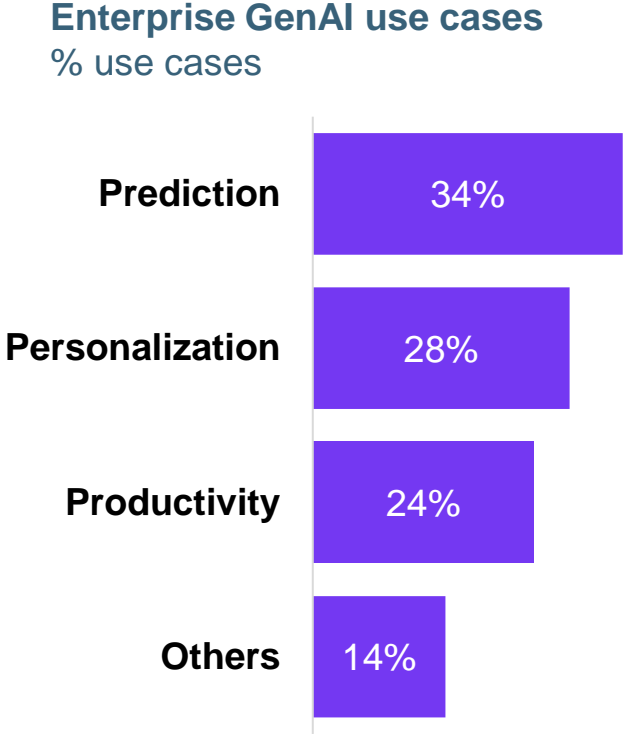


Source: HFS Research, 2025

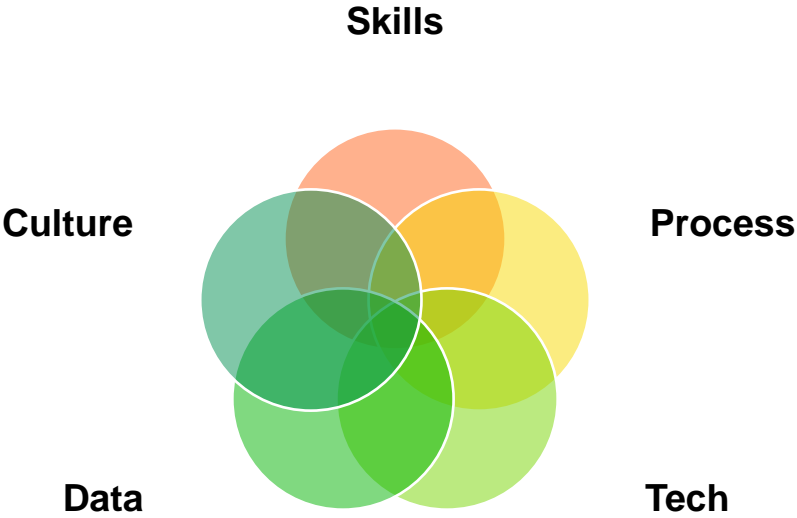
2023 was about the WHAT



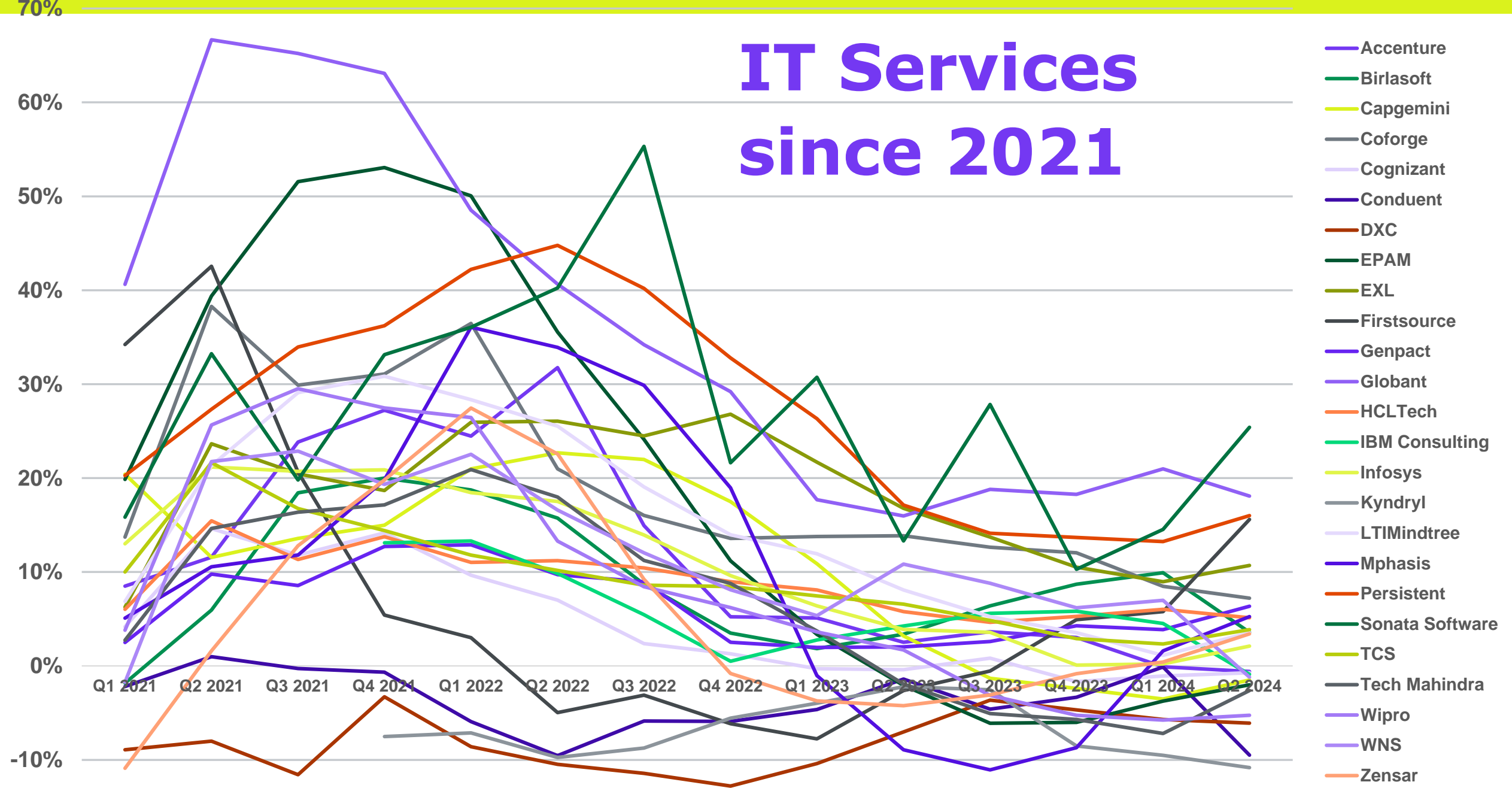
2024 was about the WHY



2025 is about the HOW

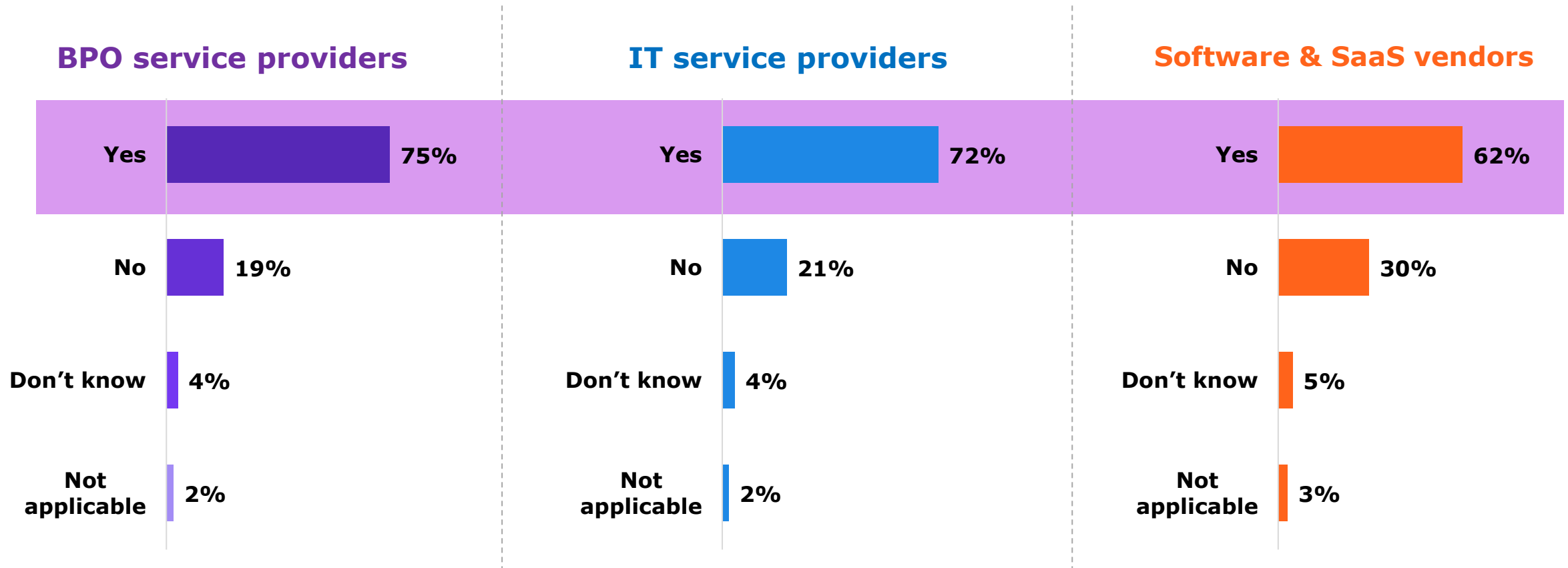


IT Services since 2021



Vast Majority of Enterprises will renegotiate with their Services and SaaS Providers

Is your firm seeking to renegotiate contracts with your service and SaaS providers in 2024?

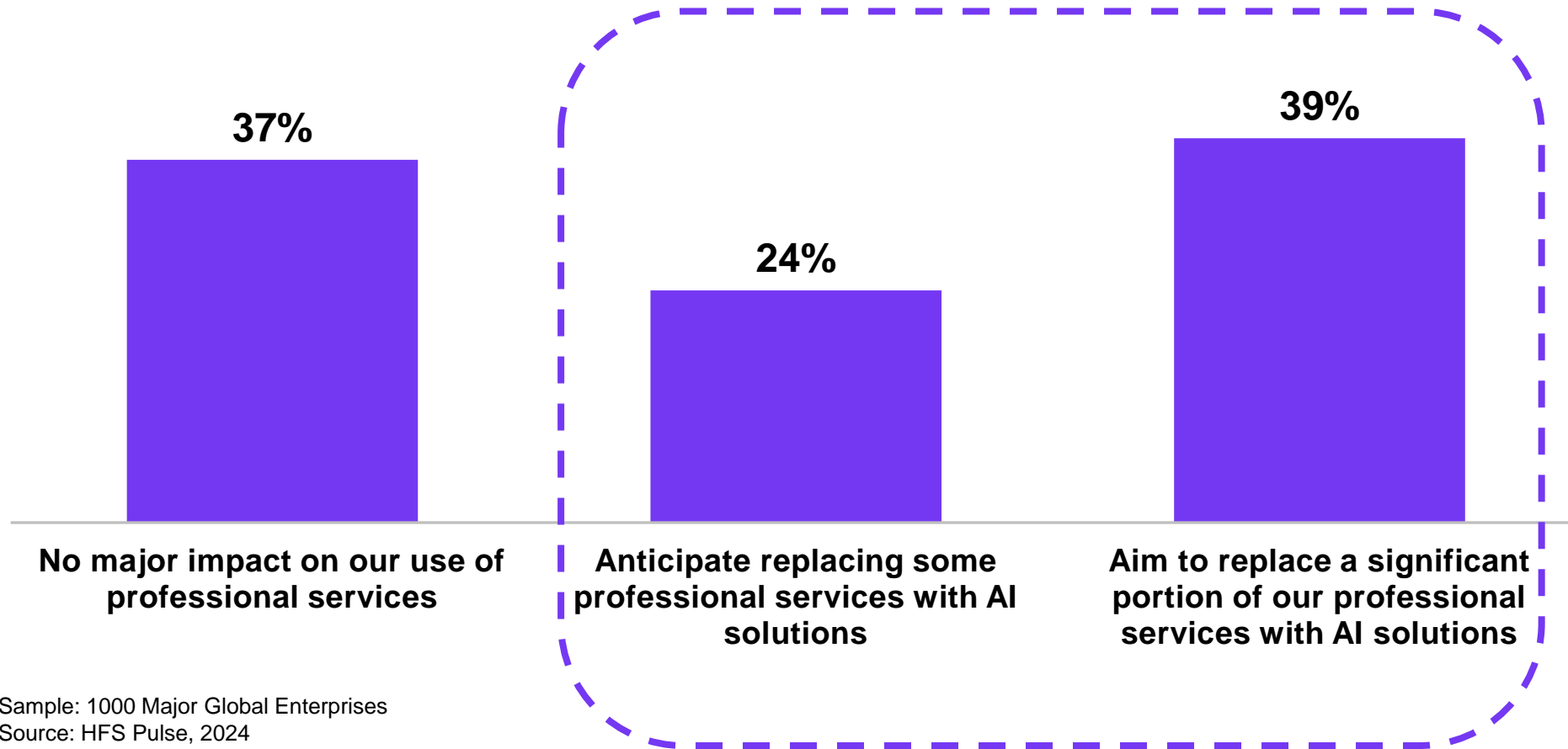


Sample: 605 executives across Global 2000 enterprises
Source: HFS Research, 2024

Organizations are planning a phased implementation strategy to replace services with AI by 2030

Enterprises' approaches to adopting AI to replace professional services

■ In 3-5 years

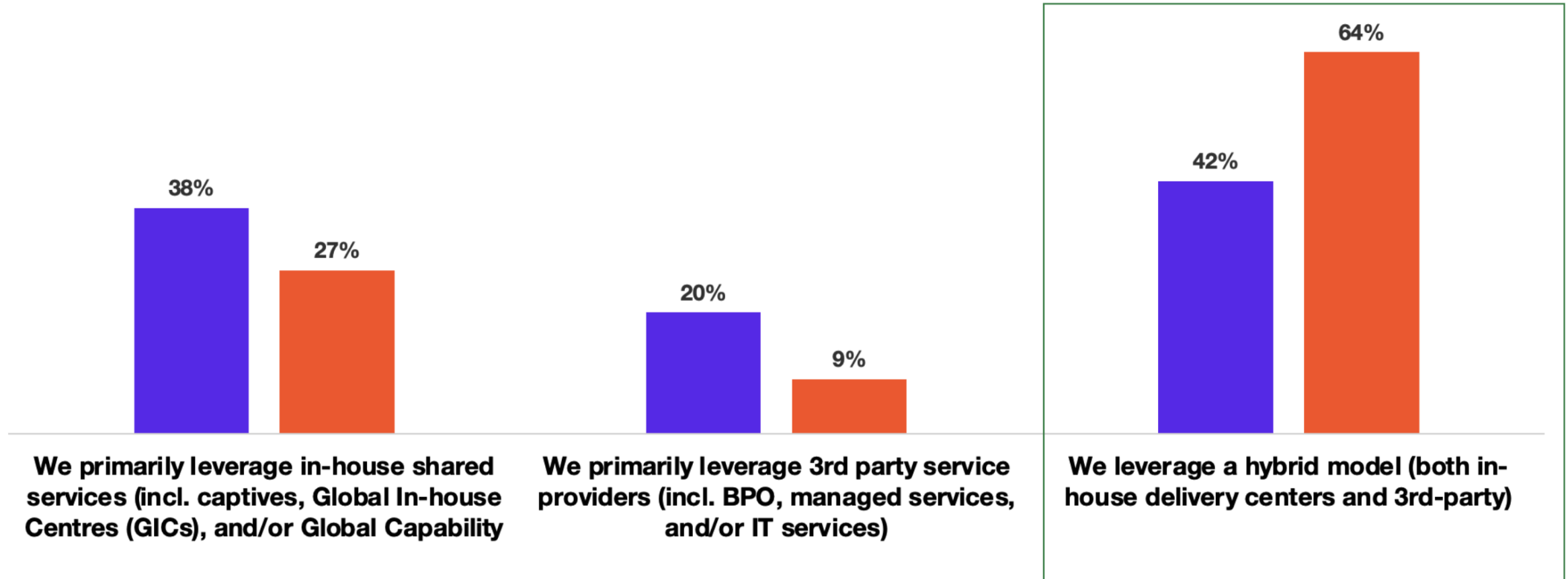


Six out of ten enterprises plan to replace *people-run* services with *software-run* services before 2030

Sample: 1000 Major Global Enterprises
Source: HFS Pulse, 2024

Enterprises are more likely to adopt a hybrid model on a long-term basis

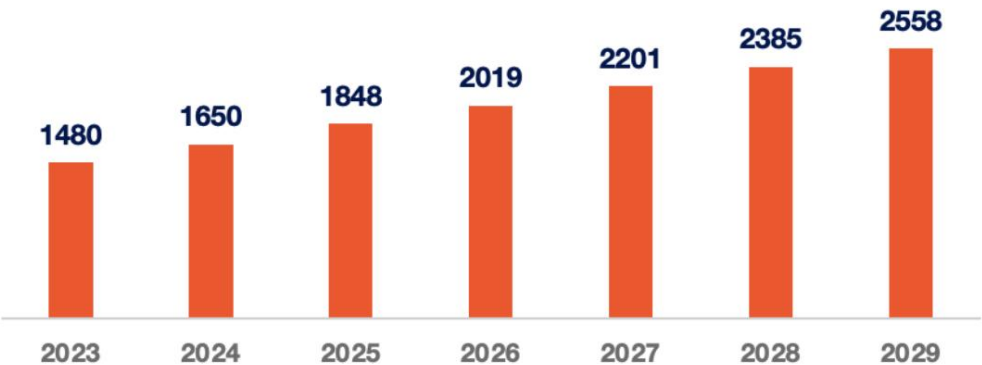
■ All enterprises ■ Enterprises that started their GBS journey 15+ years ago



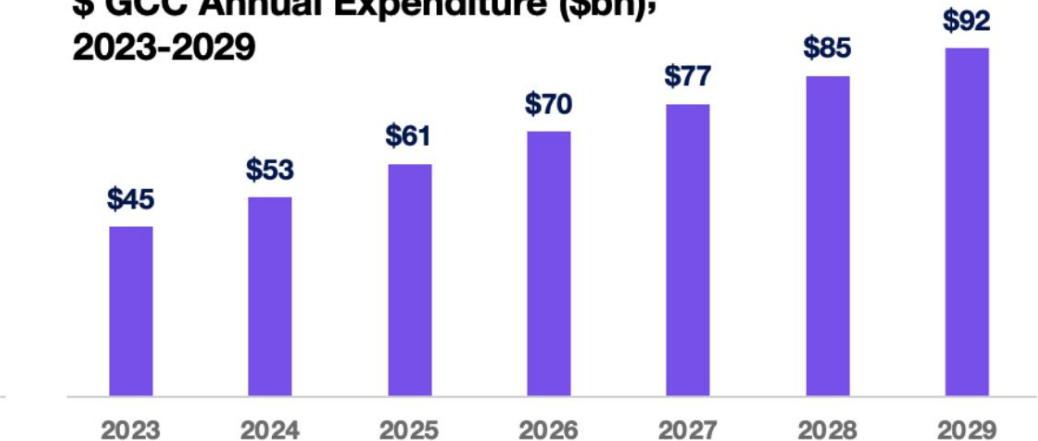
Source: HFS Research, 2024
Sample: 510 GBS Leaders

India's GCCs on double-digit growth trajectory

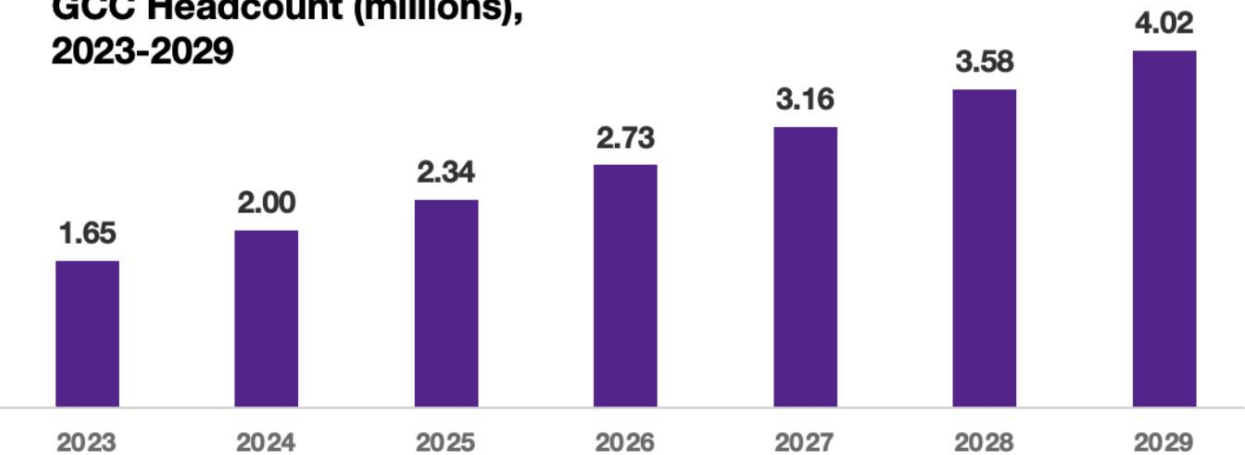
Number of GCCs,
2023 - 2029



\$ GCC Annual Expenditure (\$bn),
2023-2029



GCC Headcount (millions),
2023-2029



HFS Forecast:

- Number of GCCs expected to grow at a CAGR of ~10% by 2029
- Annual expenditure on GCCs growing at a CAGR of ~13%
- Headcount of India-based staff in GCCs growing at a CAGR of 14%

Source: HFS Research, 2024

Forget FOMO.... You need a big dose of FOBO

**FEAR
OF
BECOMING
OBSOLETE !**

Why you need to have real FOMO about Services-as-Software

SaaS is a bloated, overpriced mess that forces companies to pay for features *they just don't need*

IT Services and Consulting are a glorified human labour business *masquerading as innovation*

CIOs are still spending billions on static tools and labor-heavy services when *AI-first solutions can do more for less*

Enter Services as Software—an AI-first, automated service layer that's coming to obliterate everything in its path. *No more billable hours. No more clunky SaaS*

HFS Services 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 WeGA.

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, Ema, GitHub, Lyrz, Copilot, Replit's Ghostwriter, Google Gemini, 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



Services-as-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, Daybreak.ai, Now Platform, builder.ai, and Salesforce's AgentForce 2.0.

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

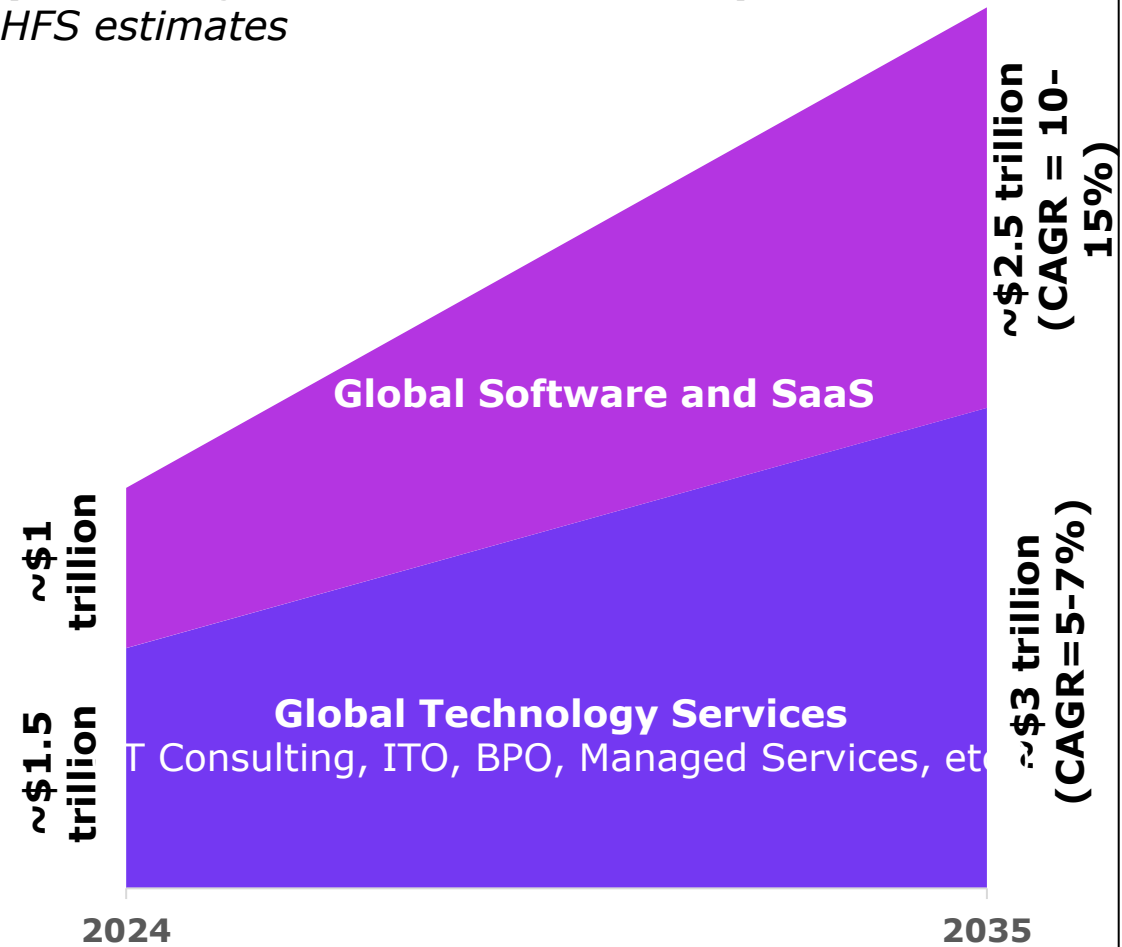
2025-2030

SaaS versus Services versus Services-as-Software

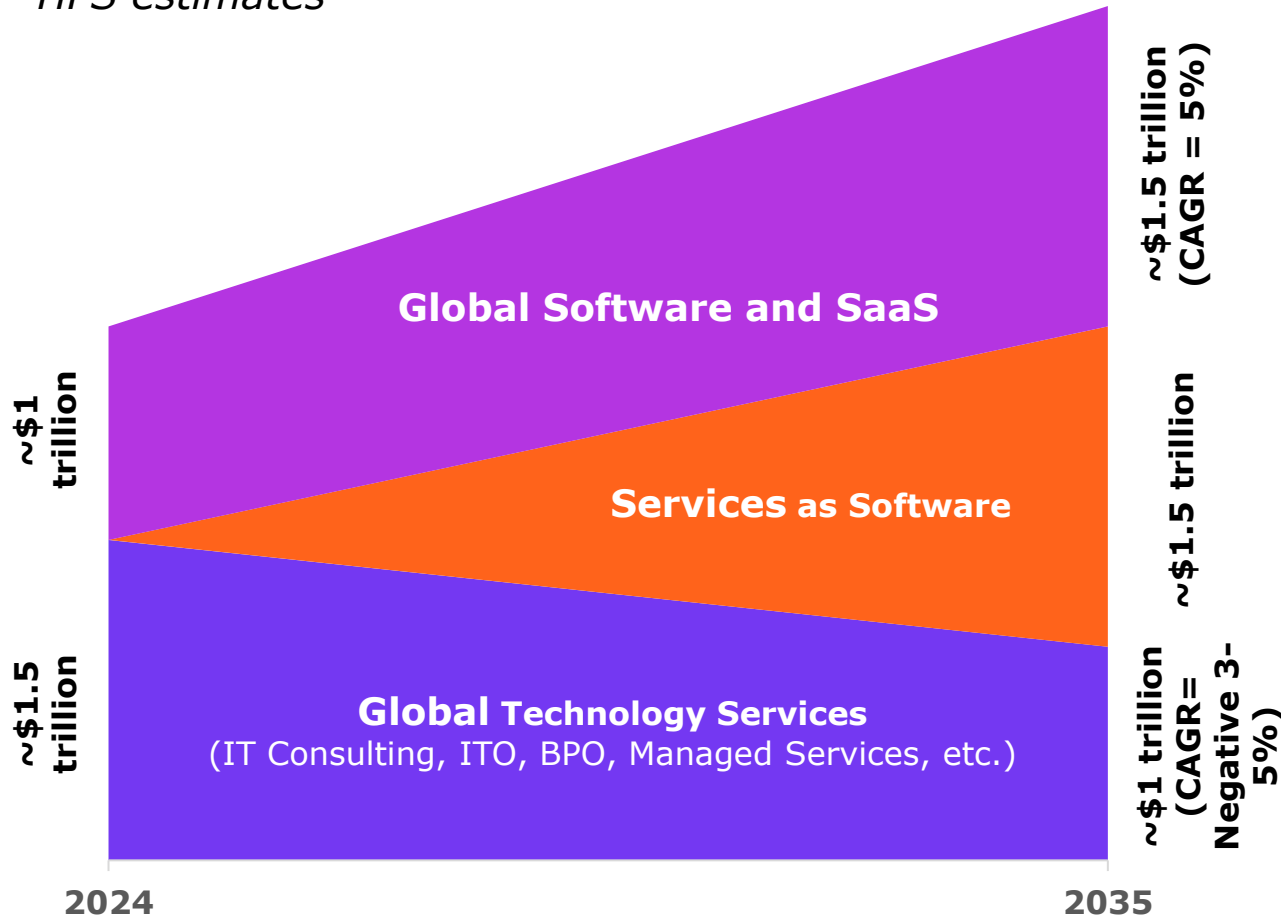
<i>Feature</i>	SaaS	Services	Services-as-Software
Delivery model	Static software	People-driven	AI-driven, autonomous
Scalability	Limited	Labor-intensive	Infinite (AI-led)
Pricing	Per-seat, feature based	Billable hours, FTE-based	Outcome-based, Consumption-driven
Adaptability	Pre-set workflows	Custom consulting	Dynamic, real-time

Services as Software will be a \$1.5 trillion market by 2035

**Current market forecast for Software & Services
(Excluding Services-as-Software)**
HFS estimates



**Projected market forecast for Software & Services
(Including Services-as-Software)**
HFS estimates



The Generative Enterprise™ Ecosystem

Services Ecosystem Orchestration



Applications

Consumer uses

Entertainment	character.ai Midjourney
Productivity	OpenAI ChatGPT perplexity
Other	DeepSeek Qwen

Enterprise stack

General productivity	ADEPT tome	glean AlphaSense
General and administrative	Ironclad eightfold.ai	synthesia Copilot
Sales and customer support	GONG Clari	RevComm PolyAI
Marketing	Jasper	WRITER
EPD, IT, security	Moveworks VECTRA	Abnormal GitHub Copilot

Industry verticals

Law firms	Harvey.
Creative	runway Midjourney imagen descript
Health	iz.ai BAYESIAN HEALTH insitro PathAI UNLEARN
Defense	ANDURIL Shield AI SLINGSHOT AEROSPACE VANNENAR Labs
Agriculture and climate	Pachama FarmWise
Construction	CANVAS

Enterprise apps

Adobe
PEGA
Salesforce
SAP
servicenow
workday

Infrastructure

Deploy and monitor

watsonx
Hugging Face
arize

Train and fine-tune models

Weights & Biases
mosaicML
PyTorch
watsonx

Open-source models & frameworks

Hugging Face
LLAMA
Stanford Alpaca
Gemini
GitHub

Full-stack large language models

OpenAI
ANTHROPIC
cohere
character.ai
Inflection

Store and compute

Label and process data	Data warehouses or lakehouses
Snorkel scale surge COACTIVE	snowflake databricks

Cloud service providers
Google Cloud
aws
Azure

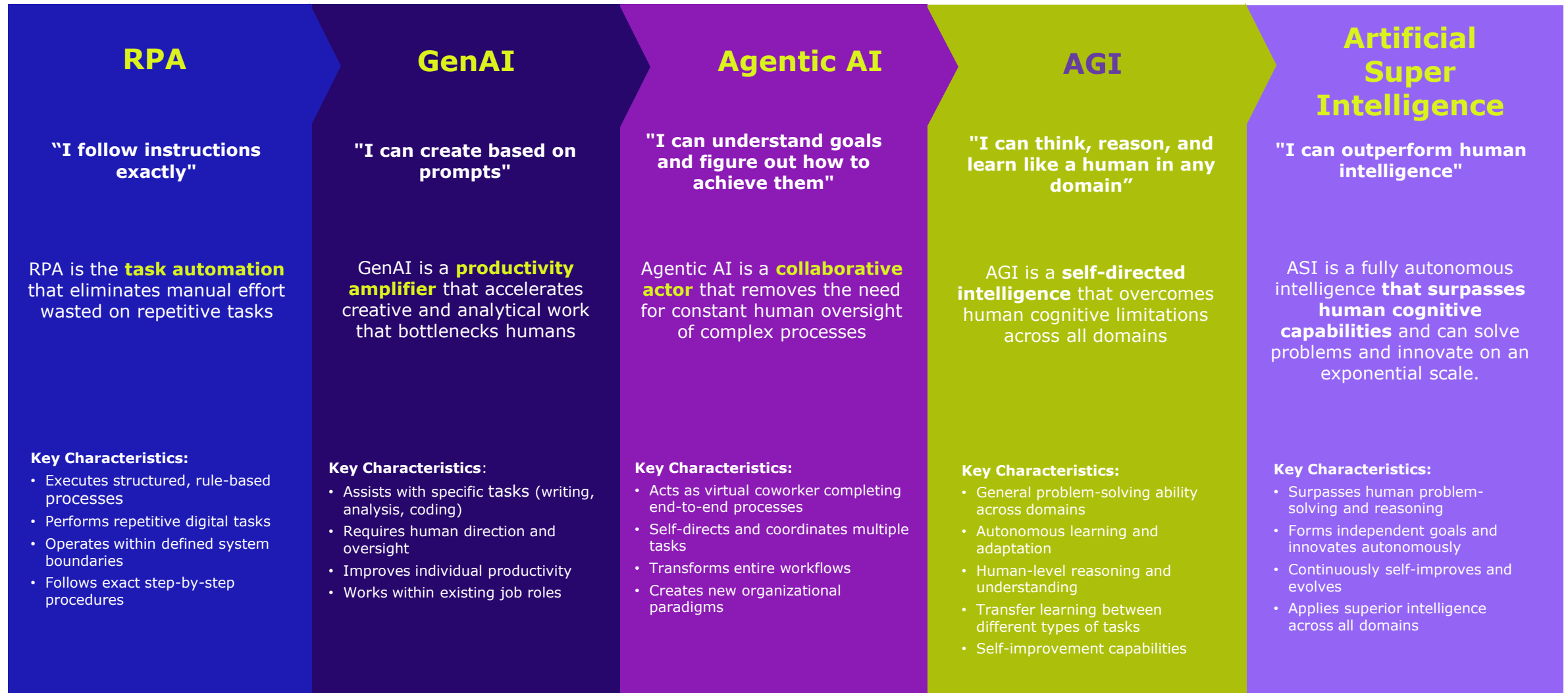
Hardware

NVIDIA
AMD
intel

Defining our AI Future

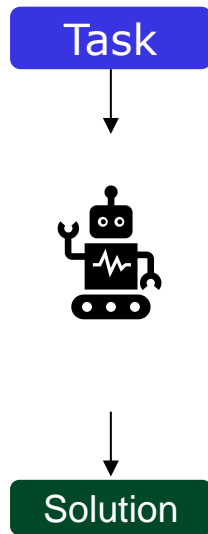


The HFS AI Continuum: From Task Automation to Super Intelligence



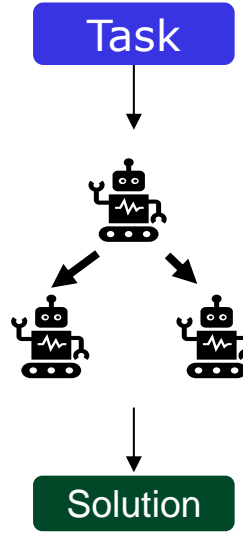
Agentic systems range from simple task performers to complex cross-functional teams

Single agent



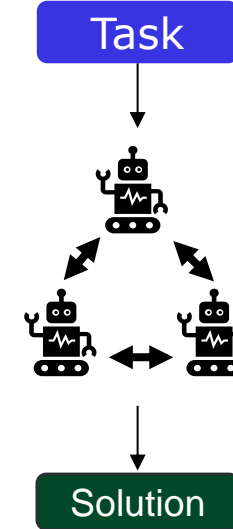
A standalone agent that handles one specific task or function
e.g., email writer or meeting scheduler.

Functional Multi-agent



Multiple agents work together within a single business function
e.g., a sales team of agents handling prospecting, qualification, and follow-ups.

Horizontal Multi-agent



Different agents collaborate across various business functions and supply chain partners
e.g., sales agents work with marketing and customer service agents.

We are already seeing agentic take over work

Front Office

- **Regional Bank:** AI agents enhance customer service by assisting call center staff with quick responses and accurate solutions, increasing customer satisfaction.
- **Investment Firm:** Integrated into applications to deliver personalized financial insights and real-time responses, enhancing client interactions and experience.
- **Automotive company:** An agent-based system that automates data extraction from various document types (e.g., emails, PDFs, handwritten notes) to create unified invoices.
- **Healthcare:** A healthcare-specific agent that records and transcribes physician-patient interactions, integrates them into electronic medical records, and generates clinical notes.
- **Online Retailer:** This agent provides personalized shopping experiences by understanding user preferences and merging physical and digital shopping experiences.

Back office

- **Regional Bank:** AI agents monitor regulatory compliance and assess risk factors, automating routine checks to reduce back-office workloads and ensure financial integrity.
- **Insurance Provider:** Intelligent agents extract and validate data from policy documents, claims forms, and invoices, creating unified records for streamlined processing.
- **Pharmaceutical Company:** AI automates clinical trial data integration into regulatory reports, reducing submission timelines and improving accuracy.
- **Medical Equipment Manufacturer:** Predictive AI agents monitor critical part inventory levels, automating reorders to prevent supply shortages.
- **Supermarket Chain:** Intelligent systems process vendor invoices, matching them with purchase orders and identifying discrepancies for quick resolution.



The Abu Dhabi National Oil Company (ADNOC) collaborated with G42, Microsoft, and AIQ to deploy autonomous AI in the energy sector.

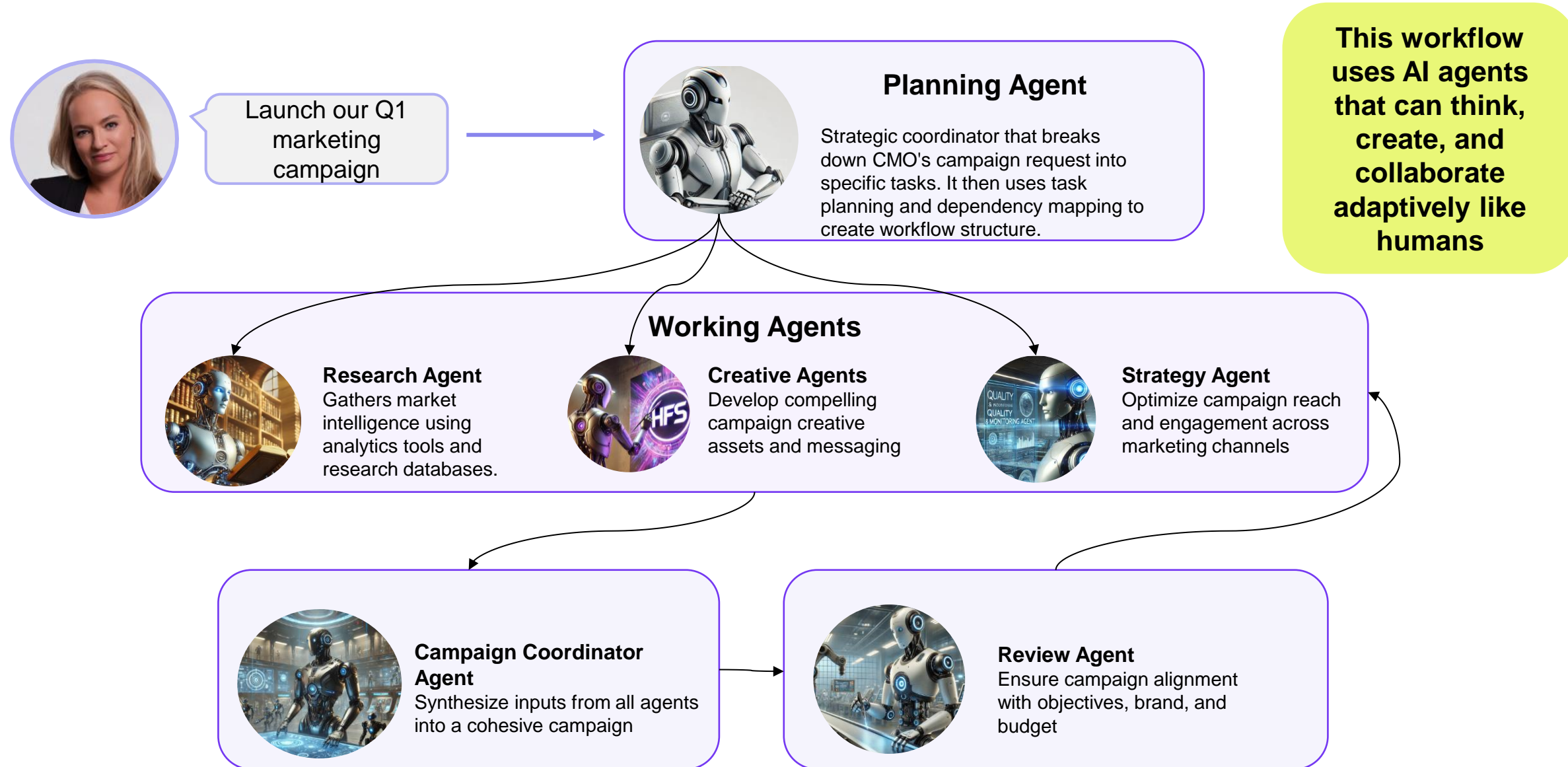
Aims to analyze extensive datasets and improve operational efficiency, such as accelerating seismic surveys (from months to days) and enhancing production forecast accuracy.

INTUIT

Intuit is integrating agentic AI capabilities across its suite of platforms and products to streamline onboarding and classify customer information with minimal manual input.

The AI also assists internally in navigating tax code changes, acting as a co-pilot for developers by identifying updates, linking them to the existing codebase, and suggesting modifications needed to stay compliant.

Example of a multi-agent workflow

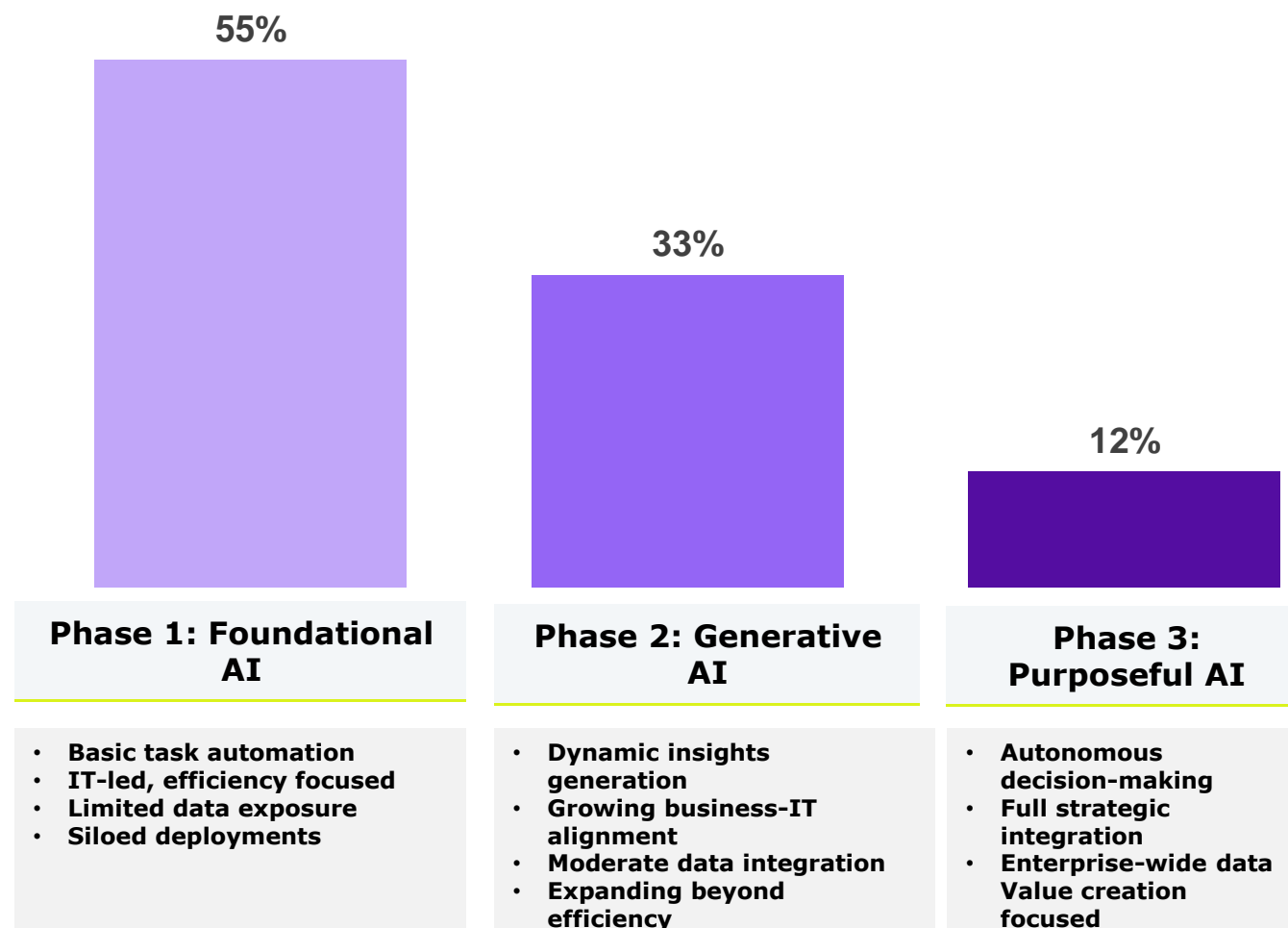




**CHALLENGES
AHEAD**

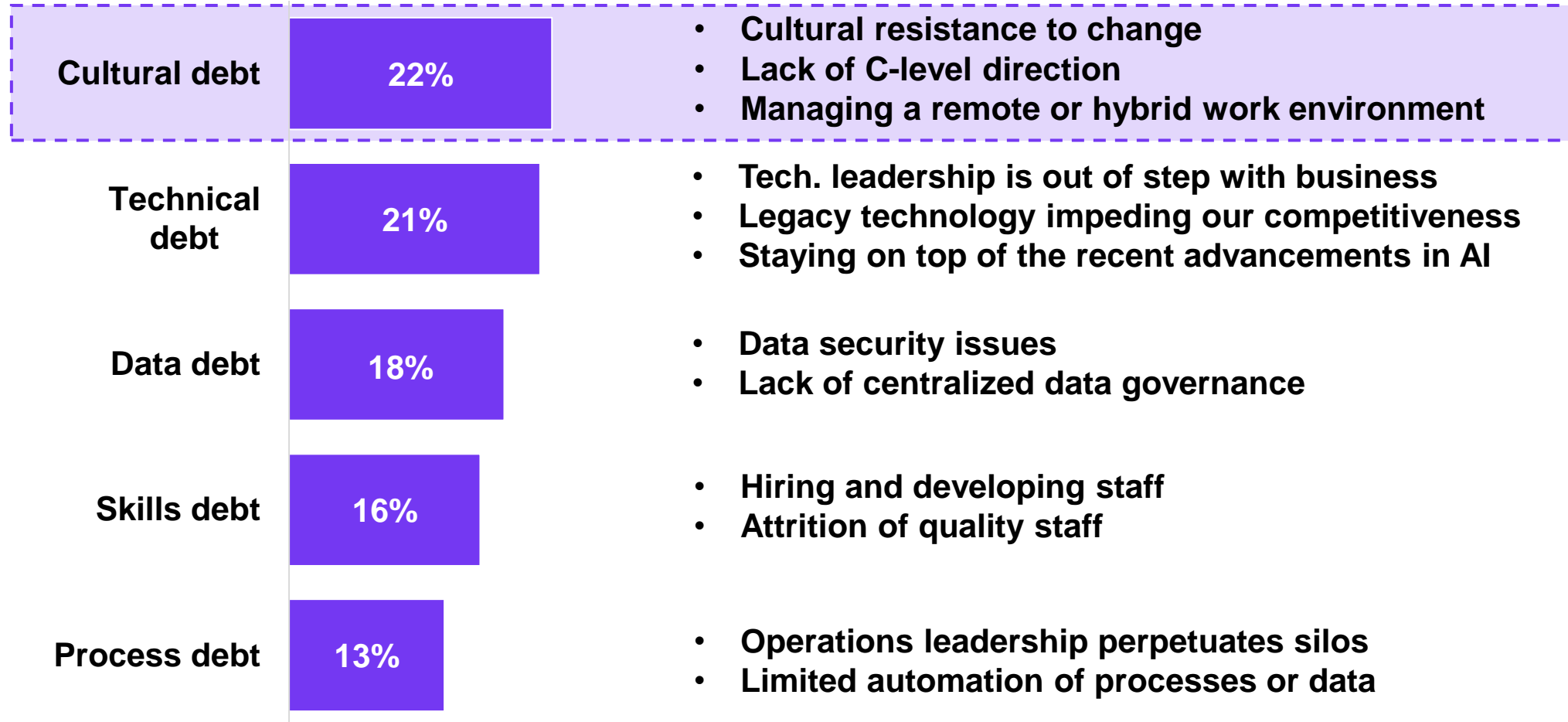
Reality Check – AI maturity remains low

88% of enterprises are stalled in basics —only **12%** have embedded AI strategically to drive true transformation.



Enterprises are struggling to resolve the dilemma of fast-tracking innovation amidst rising debts

What are your company's top internal challenges?



Enterprises thinking they can play regulatory arbitrage may be in for a rude awakening.

	EU	US	India
Regulatory Status	Comprehensive AI Act adopted (effective Aug 2026); AI Liability Directive proposed	No comprehensive federal law; relies on existing laws and agency guidance; state-level initiatives emerging	No specific AI laws; operates through frameworks and guidelines
Enforcement Authority	EU AI Office, National competent authorities, Market surveillance authorities, Penalties up to 7% global turnover	Distributed across existing federal agencies, no dedicated AI regulator	No dedicated AI regulator; Ministry of Electronics & IT leads policy development
Impact on AI development	<ul style="list-style-type: none"> • Most restrictive environment for AI development • High compliance costs due to detailed documentation requirements • Clear but complex rules create "development guardrails" • Potential to become global standard through market size • Provides certainty for businesses through clear framework • Strong focus on trustworthy AI could build public confidence 	<ul style="list-style-type: none"> • Mixed regulatory environment enables flexible development • Lower initial compliance costs but regulatory uncertainty • State-by-state variation creates compliance complexity • Focus on innovation over restriction drives rapid deployment • Agency enforcement creates sector-specific considerations • Market-driven approach may lead to varying standards 	<ul style="list-style-type: none"> • Most permissive environment for AI development • Voluntary guidelines allow maximum flexibility • Lack of clear rules may limit international adoption • Focus on sectors rather than systems may create blind spots • Lower regulatory burden enables rapid prototyping • May face challenges integrating with EU/US standards
Bottom line	EU's regulatory hammer drops serious process debt on everyone, but delivers the playbook we all secretly know we need	US developers get a sugar rush of innovation freedom, but the state-by-state hangover will hurt.	India is still setting up the game board with voluntary frameworks

Trump's AI agenda signals a dramatic shift from Biden's regulatory framework to a market-driven approach focused on beating China, though internal tensions between his advisors' competing visions - from Vance's deregulation stance to Musk's safety concerns - could shape a more nuanced policy reality than campaign rhetoric suggests.

AI isn't replacing jobs... but may get replaced by someone who understands AI



Phil Fersht • You
CEO and Chief Analyst, HFS Research
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5d •



Why are so many people being laid off besides cost reduction?

You can see how people vote. [Learn more](#)

Companies using AI	12%
Skills no longer match needs	35%
Firms purging low performers	24%
Laying off is in vogue	28%

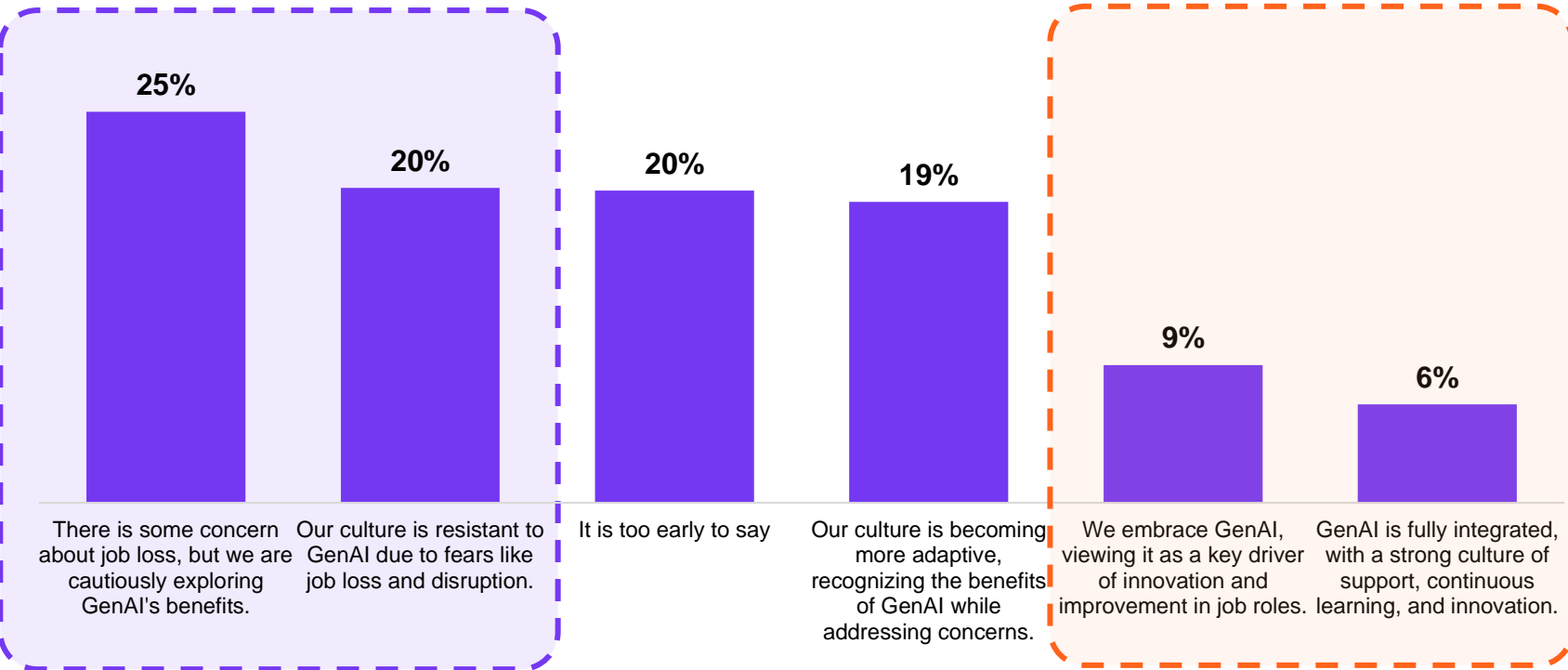
1,104 votes

Talent Debt: Nearly half of your employees are not ready for AI

45% of employees are either worried about job loss or resistant to change

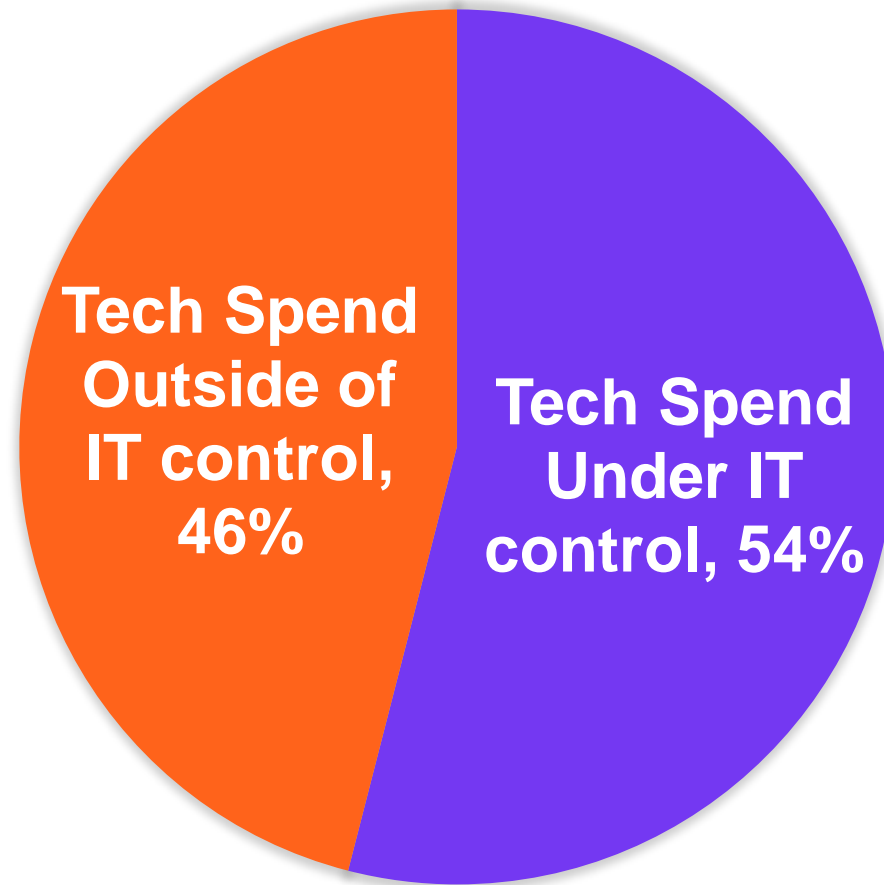
Only **15%** of employees are genuinely *positive* about AI adoption

How would you describe the culture within your organization regarding GenAI adoption?



AI is a deep collaboration led by the business and supported by technology

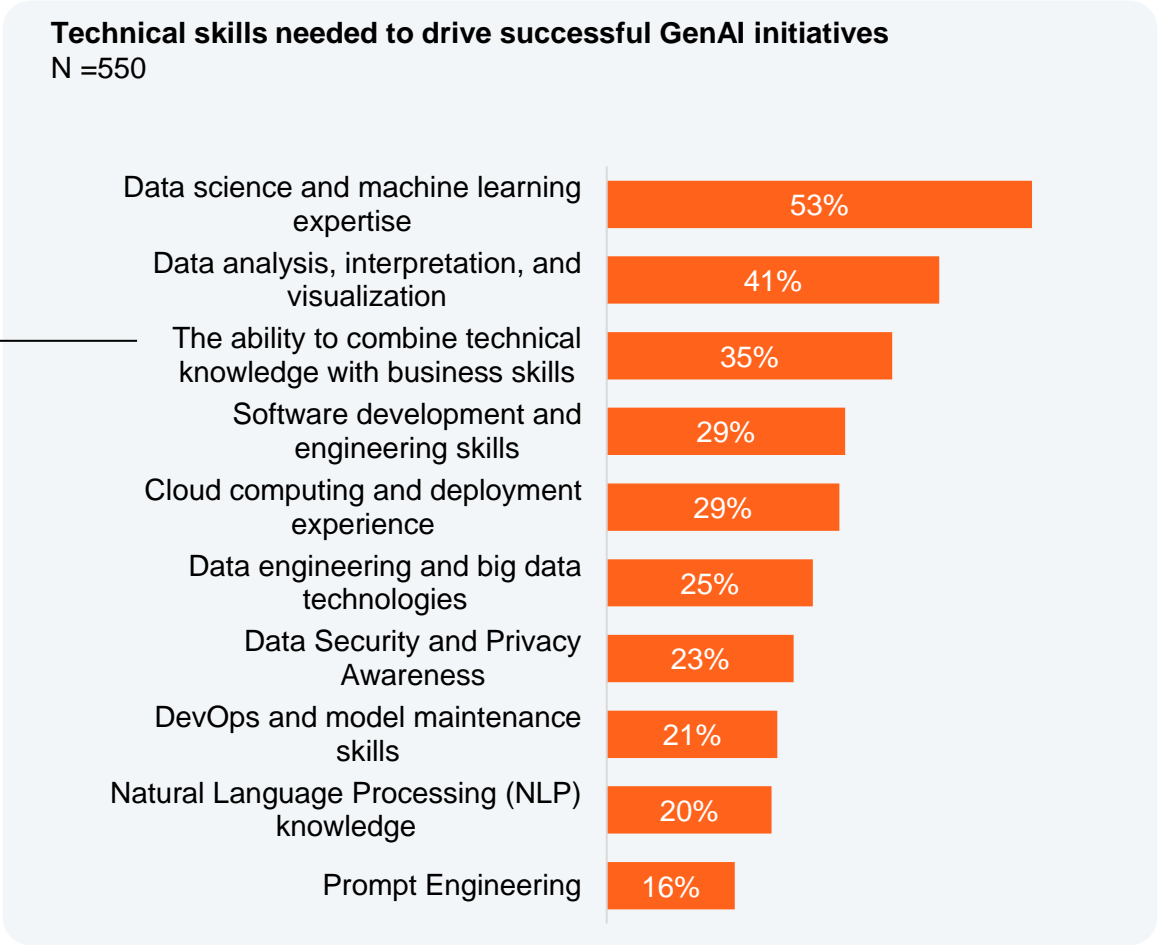
What percentage of your enterprise's technology-related spending is controlled by IT?



Sample: 551 Global 2000 enterprise executives
Source: HFS Pulse, 2023-24

The ability to combine business and technical skills will be critical to succeed in the AI-led era

What are the top three business skills you believe are most crucial to drive the success of your GenAI initiatives?



Bottom-line: The lines are a-blurring, but what does this really mean?

Most firms just aren't ready— Only 12% of enterprises are prepared for the AI revolution. Outdated mindsets and debts shackle the rest.

Half of YOU aren't ready – Nearly half of employees are fearful of AI. Employers need to reward and recognize their people based on their ability to embrace change and technology.

The technology is here—Agentic AI isn't a far-off dream; it's ready, working, and evolving fast.

Volatility is the new normal — From geopolitical unrest to breakneck technological progression, chaos feels inescapable. Prepare your organizations to thrive amid this volatility—resilience is non-negotiable.

Look to your ecosystems—You can't do this alone. Work with your networks, leverage new partnerships and embrace available tools and talent. Collaboration is the antidote to uncertainty.

Be brave and be FOBO—This is the moment to act—be bold, be decisive, and embrace this discomfort of transformation. The future will reward the leaders who take risks and seize the moment. Fear becoming obsolete!

About HFS

- **INNOVATIVE**
- **INTREPID**
- **BOLD**

HFS Research is a leading global research and advisory firm helping Fortune 500 companies through IT and business transformation with bold insights and actionable strategies.

With an unmatched platform to reach, advise, and influence Global 2000 executives, we empower organizations to make decisive technology and service choices. Backed by fearless research and an impartial outside perspective, our insights give you the edge to stay ahead.



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