

HFS



Seizing the \$1.5 Trillion Services-as-Software Opportunity

HFS Research Webinar, July 24, 2025

Phil Fersht, CEO and Founder, HFS Research

Saurabh Gupta, President, HFS Research

Tony Filippone, Chief Research Officer, HFS Research

Why HFS?

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



HFS-Coined Industry Terminology – Shaping the Narrative

- **As-a-Service Economy (2014)**
Shift from traditional outsourcing to plug-and-play, outcome-based services.
- **Digital OneOffice™ (2016)**
Unified front-to-back operations driven by data, automation, and customer-centricity.
- **RPA (2012–13)**
Pioneered the definition and adoption of robotic process automation.
- **OneEcosystem™ (2022)**
Value co-creation across interconnected platforms, partners, and capabilities.
- **Generative Business Services (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.

**BE THE
DISRUPTOR**

Our Mission at HFS:

**Be the most
Influential Analyst-Advisory firm
at the intersection
of Services and Software**

Agenda

Seizing the \$1.5 Trillion
Services-as-Software
Opportunity

- **Why should you care?** The legacy model is broken. IT services are stagnant. Clients are frustrated with both Software and Services.
- **What is Services-as-Software (SaS)?** A brand-new category is here that will absorb revenue from both Services and Software.
- **How to make SaS real?** Your playbook for the \$1.5 Trillion opportunity
- **Key takeaways** for employees, enterprises, service providers, and software vendors
- **Q&A**

Today's Speakers



Phil Fersht
CEO and Chief Analyst

Phil Fersht is widely recognized as the world's leading analyst focused on reinventing business operations to exploit AI innovations and the globalization of talent. He recently coined the term "Services-as-Software" to describe the future of professional services, where people-based work is blurring with technology.



Saurabh Gupta
President, Research and Advisory
Services

Saurabh Gupta is president, Research and Advisory Services for HFS Research. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.



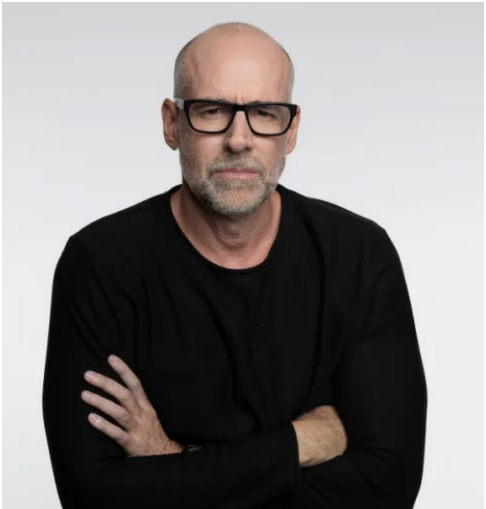
Tony Filippone
Chief Research Officer

As Chief Research Officer for HFS Research, Tony Filippone spearheads the strategic research initiatives that shape the future of enterprises and technology ecosystems worldwide. Under his leadership, the global analyst team delivers groundbreaking insights that drive innovation and efficiency, solving the complex problems organizations face.



NY October Summit 8-9 October 2025 – an amazing early line up!

www.hfsresearch.com/summits



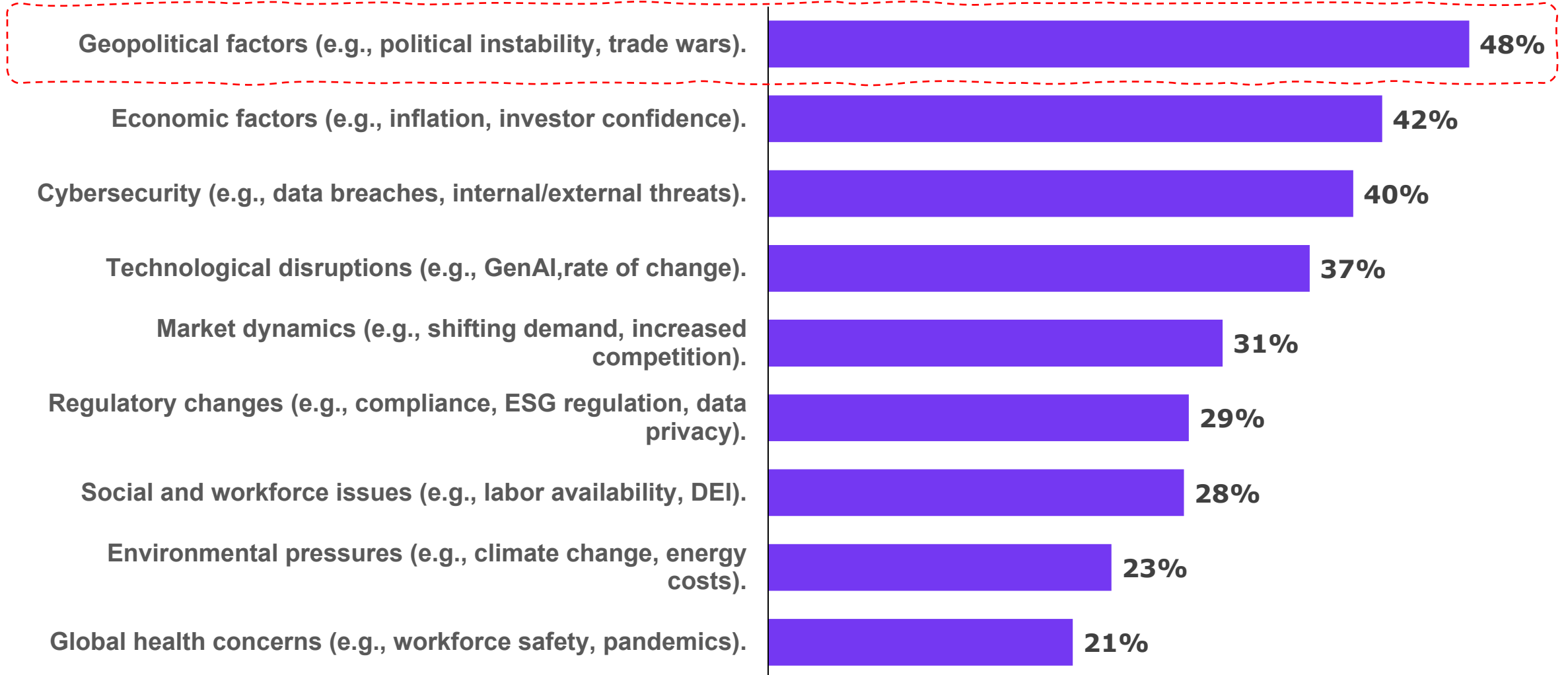
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Why should you care?

The legacy model is broken.
IT services are stagnant.
Clients are frustrated with both
Software and Services.
AI must not be an excuse for
layoffs.

Geopolitics the number one factor impacting enterprises

What are the most concerning external factors impacting your organization's ability to achieve your strategic priorities?



Spring Summit 2024

The Great Enterprise
Disruption

The place to connect, collaborate, and create the future

May 8-9 | Apella | New York, NY

"GenAI is not a big bang solution, it is incremental innovation and a gradual disruption.... this is a **smoldering platform**, not a burning one"

- Phil Fersht



Spring Summit 2025

The Rise of Services-as-Software: Embracing the Next Tech Evolution

The place to connect, collaborate, and create the future

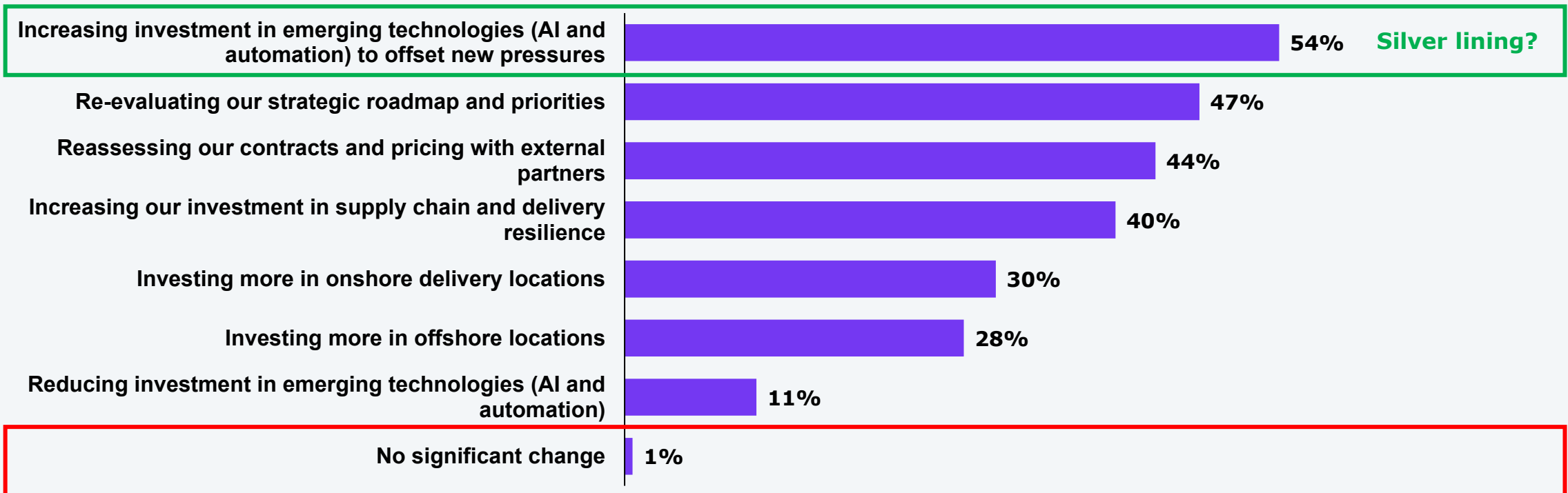
May 7-8 | Apella | New York, NY

"If we ever needed a **burning platform** to accelerate AI, this is it"

- Phil Fersht

Enterprises are reassessing their priorities in response to Trump-era tariffs. But is there a silver lining?

How is your organization's strategy changing in response to Trump-era tariffs?



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

Enterprises are changing the model before changing the location. The fastest-growing play isn't reshoring — it's replacing labor with logic.

At what tariff level would your organization initiate the following actions specifically in response to tariffs?

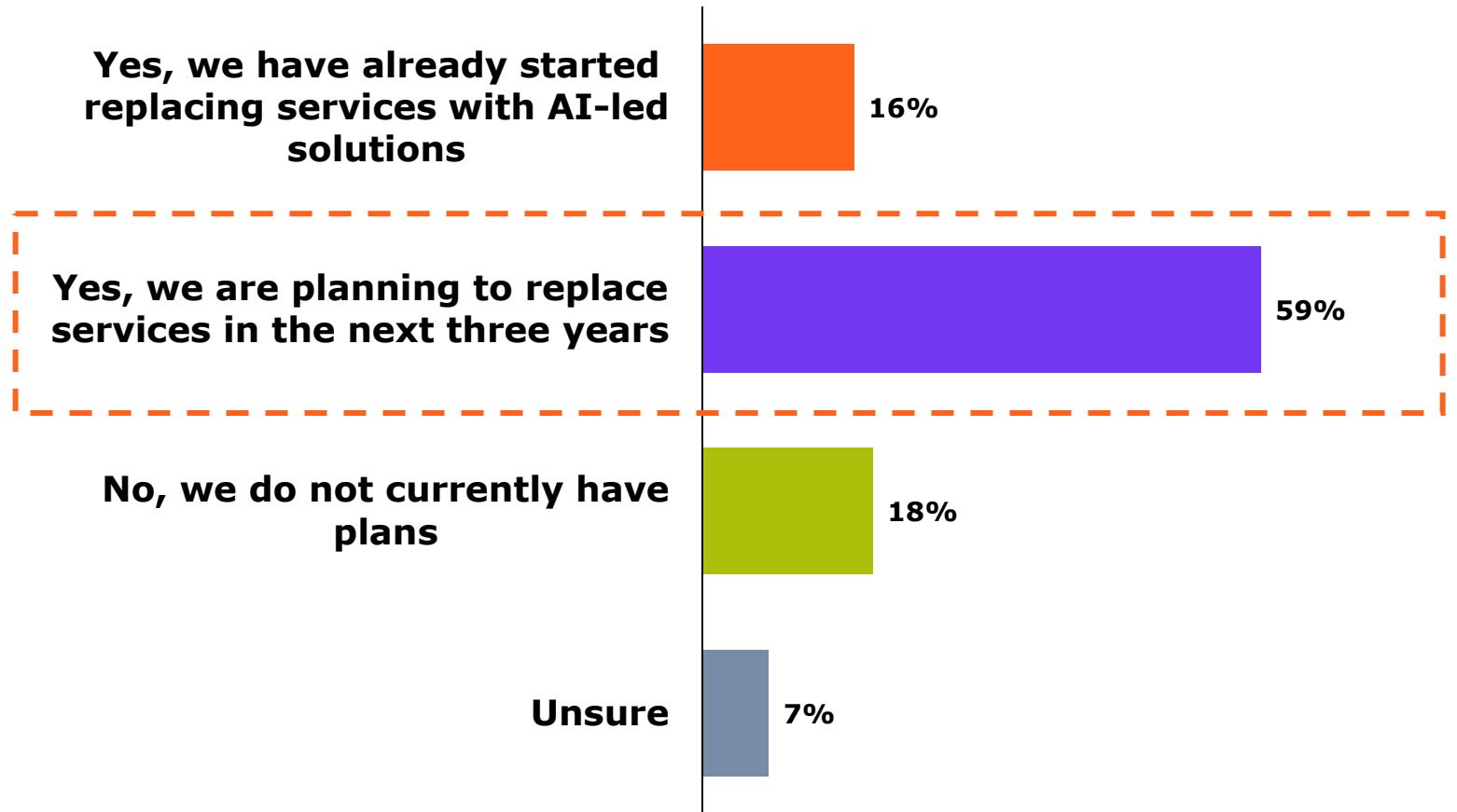
Action	Most Common Trigger	Implication
Accelerate automation & AI	10%	First line of defense
Absorb additional costs internally	10–15%	Short-term buffer
Renegotiate vendor contracts	15–20%	Tactical response to rising costs
Explore new delivery models (SaaS, agents)	15-20%	Mid-range shift toward platform thinking
Shift to U.S. or nearshore	20–25%+	Late-stage geographic adjustment
Reduce outsourced scope	20%	Cutback mode — not preferred
Pause or cancel outsourcing	25%+	Endgame reaction

- ➔ **Automation and AI are the first levers pulled** at just a 5-10% tariff level. It confirms that **AI is no longer just about productivity — it's now a geopolitical risk hedge.**
- ➔ **Cost absorption and vendor renegotiation come next:** Before shifting delivery models or locations, enterprises try to contain damage internally (56% absorb costs, 74% renegotiate contracts by 20%). This shows a **strong bias toward preserving existing models until pain becomes too great**
- ➔ **New delivery models is a mid-range response, not a fringe innovation.**
- ➔ **Geographic moves are a last resort:** Actions like reshoring or reducing outsourcing scope don't kick in meaningfully until tariffs exceed 20–25%.
- ➔ Only 33% would reshore before tariffs hit 25%, and nearly half (45%) only cancel outsourcing at the very highest levels

Six out of ten enterprises plan to replace people-run services with software-run services by 2028



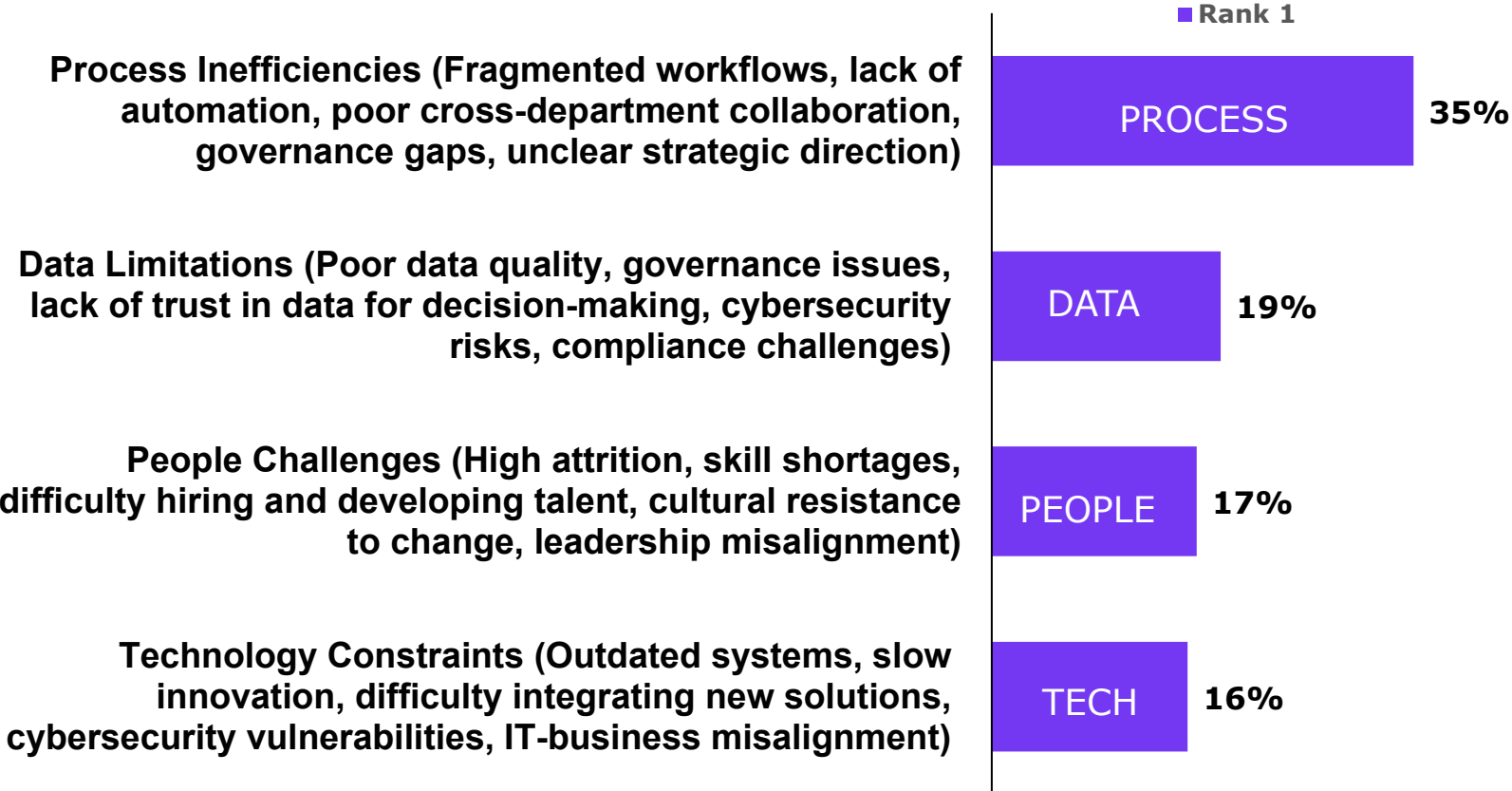
Has your organization started or is planning to replace human-led services or business processes with AI-led solutions?



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

It's time to boldly re-architect how people, data, and platforms connect—building a frictionless engine for growth

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



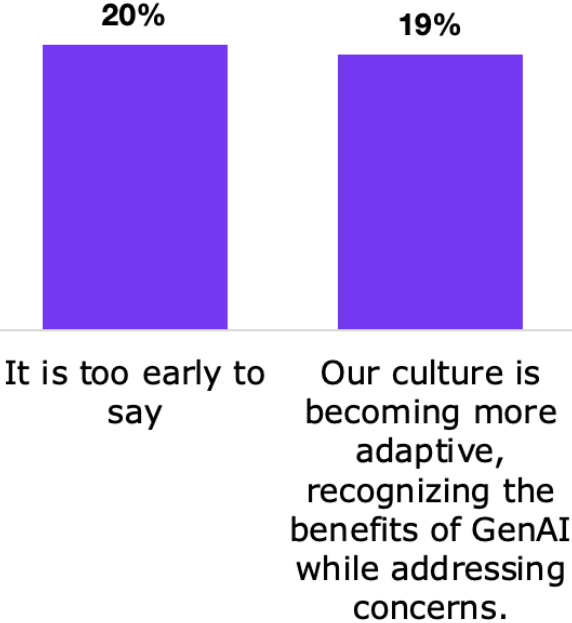
Stop
obsessing
over AI
Tech-first
fix
everything

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

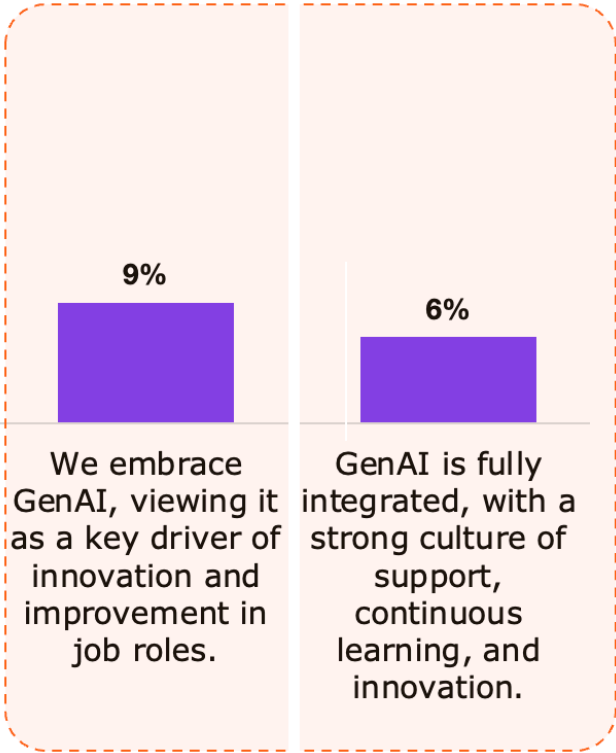
Nearly half of us are just not ready for AI

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

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



Only 15% of employees are genuinely positive about AI adoption



Invest in young talent or lose the future



The Challenge

- College **graduate unemployment** at 7% in US - well above national average
- The cadetship model has **eroded** due to a combination of AI and outsourcing
- AI is becoming a symptom of corporate greed, and we need to address this fast

The Risks

- Professional services firms that look to rip out junior headcount to maintain profits will lose their **identity** and **edge** in the market
- The technology is changing, and skills are becoming more domain-specific. The challenge for services firms is to develop **consultative** and **domain-centric AI skills**

The Solution

- The **principles** of professional services are the same
- We have a **duty** to create opportunities for young people
- Lean into **both** young talent and AI tech
- Build a culture and identity around what it **means** to work for your firm.
- Make your company a great environment to continuously **learn** and **develop**

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What is Services-as-Software (SaaS)?

A brand-new category is here that will absorb revenue from both Services and Software.

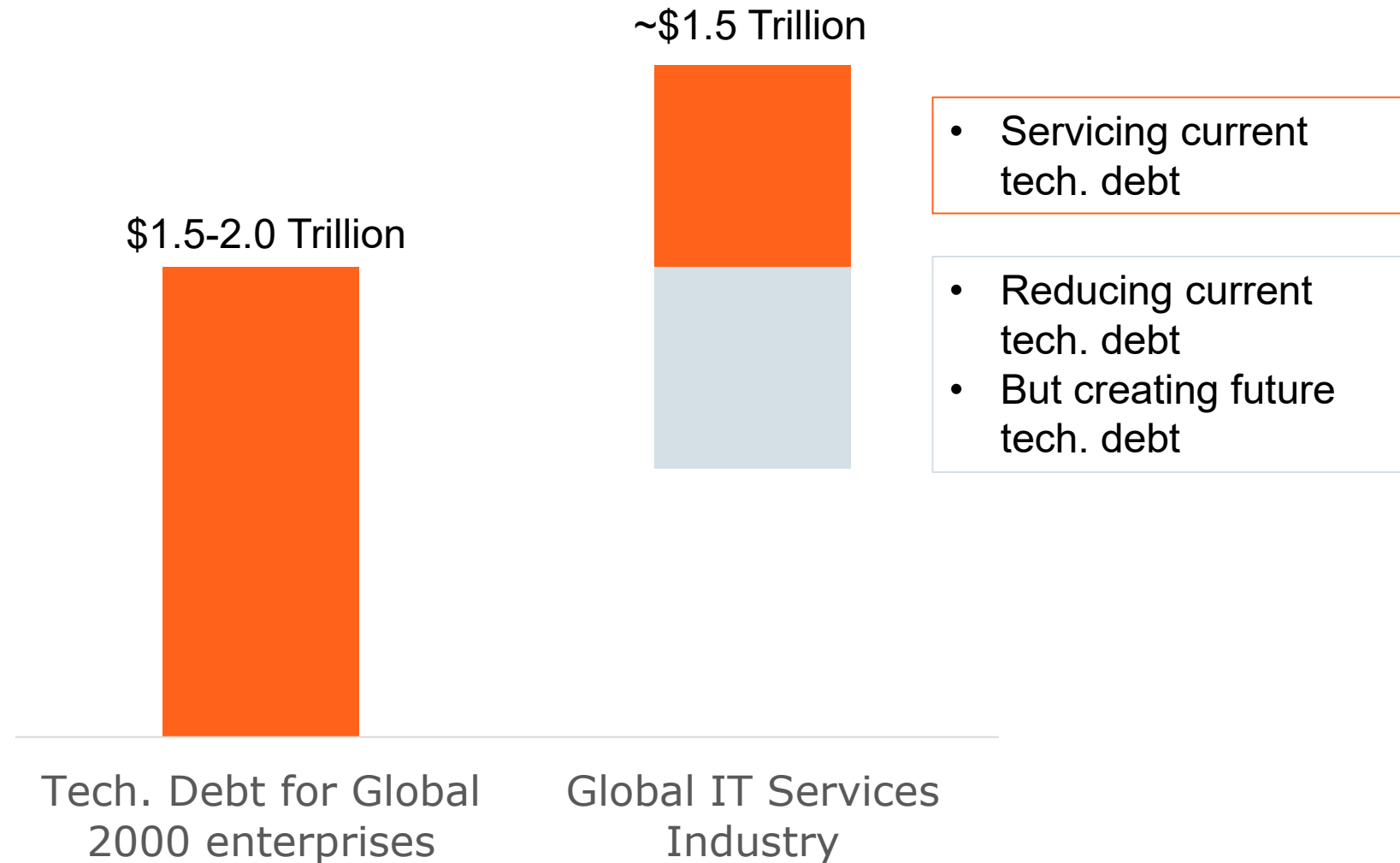
The IT services industry is ripe for disruption

The technical debt for the Global 2000 is estimated to be \$1.5-2.0 trillion.

Also, we've created a \$1.5 trillion IT services industry that largely addresses our existing debts.

The math simply does not add up!

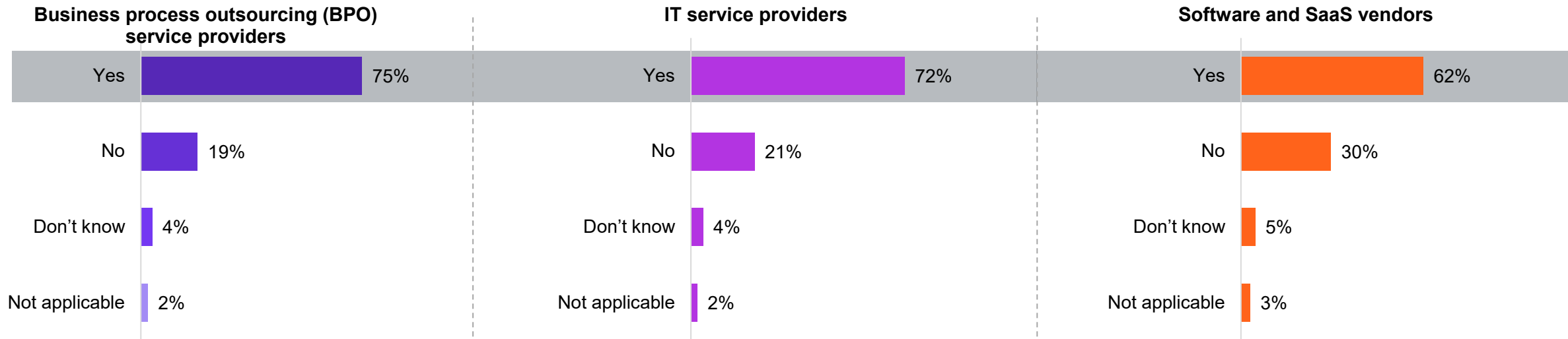
Relationship between Tech. Debt and IT Services Industry



More than 2/3rd of enterprises are frustrated with both their software and tech. service purchases

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

% respondents



Services are Overpriced, Slow, and Labor-Heavy

✗ **Billable hours and FTE-based pricing measure effort, not outcomes.**

✗ **Services don't scale efficiently:** Revenue is tied to **human labor**, making profitability **linear**.

✗ **Service firms profit from inefficiency.**

Software is Static, Bloated, and Dumb

✗ **Feature bloat:** SaaS platforms keep adding features no one uses.

✗ **Rigid workflows:** Enterprises have to configure everything manually.

✗ **Still requires services:** Most enterprise SaaS products still need consultants to make them work.

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

IT services growth has hit a wall—stuck at 3–5% for the past three years

To what extent will you increase or decrease spending on third-party IT services over the next 12 months?

(% Increase - Weighted average across all respondents)



Technology services	Agentic AI and Generative AI	Machine Learning	Process Automation	Predictive / Prescriptive Analytics	Data Platforms & Data Mesh	Cloud Solutions (Incl. Multi-Cloud)	Major System Replacement	Metaverse	Quantum computing	5G and IoT	Blockchain & Secure Digital Transactions	Edge Computing	Green IT					
	Cybersecurity		Digital Transformation			Software engineering		Data transformation		IT operations		IT Architecture						
IT Services	Finance & Accounting		Supply chain		Sourcing & Procurement		Customer Experience		HR & Talent Management		Sales		Marketing		ESG		Legal / Risk	
Horizontal Business Services	Healthcare payers	Life sciences	Healthcare providers	Retail & CPG	Telecom	Manufacturing	Transportation & Logistics	Media & Entertainment	BFS	Insurance	Tech	Travel & Hospitality	Energy & Utilities					
	Customer and member services	Agency and market access support	Revenue cycle management	Manufacturing process optimization	Customer service	Sustainability compliance	Demand planning and warehouse operations	Content moderation	Reconciliation	Fraud detection and loss prevention	Aftermarket services	Revenue Accounting	Energy transition, including policy engagement					
	Risk assessment and fraud prevention	Pharmacovigilance	Patient services and engagement	Store operations management	Order fulfillment	Aftermarket services	Track-and-trace services	Translation and localization services	Settlement	Actuarial	Third-party developer support	Refund claim processing	Retail (all energy and utilities)					
	Care management	Supply chain	Discharge and post-acute care coordination	Marketing campaign execution & loyalty program management	Field service management	Quality control	Inventory management	Order management and fulfillment	Record keeping and reporting	Claims administration	Community management	Customer service	Transmission and distribution (utilities)					
	Claims processing and adjudication	Drug discovery and R&D	Diagnostics and decision support	Omnichannel order fulfillment & customer engagement	Network management	Product lifecycle	Fleet and route administration	Royalty and rights management	Post trade	Policy serving	Order management and fulfillment	Loyalty program management	Generation and asset management (power and water)					
	Member management	Clinical trials	Referral management	Supply chain planning & optimization		Supply chain planning and inventory management	Crew management	Media asset management	Trade processing	Distribution channel management	Product and technical support	Reservations and booking management	Energy trading and transportation (coal, oil, and gas)					
				Sustainability compliance & reporting		Maintenance and asset optimization		Content creation	Payments processing	Underwriting			Refining and chemicals					
				Procure-to-pay and order-to-cash process management					Loan servicing				Exploration and asset management (coal, oil, and gas)					
									Origination									
									Collections									
									Fraud prevention									
									Regulatory compliance									
									Customer onboarding									

Sample: 305 IT and Business Executives across Global 2000 enterprises
 Source: HFS Research Pulse, 2025

A brand-new category of "Services-as-Software" is emerging

SaaS versus Services versus Services-as-Software

Feature	SaaS	Services	Services as Software
Delivery model	Static software	People-driven	AI-driven, autonomous
Customization	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

HFS Services Tech Vision ~~2030~~ 2028

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, Firstsource Quintessence, 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, Lyzr, 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, 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

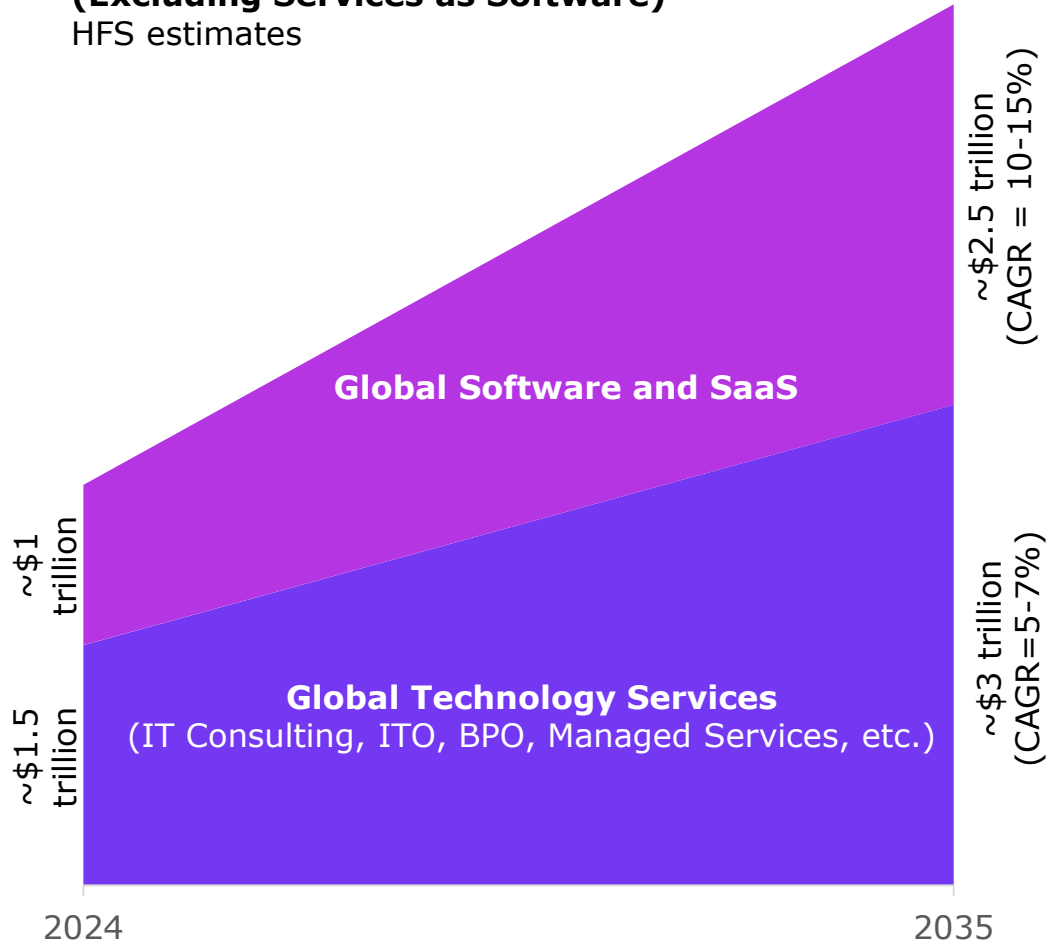
2000-2025

Emerging

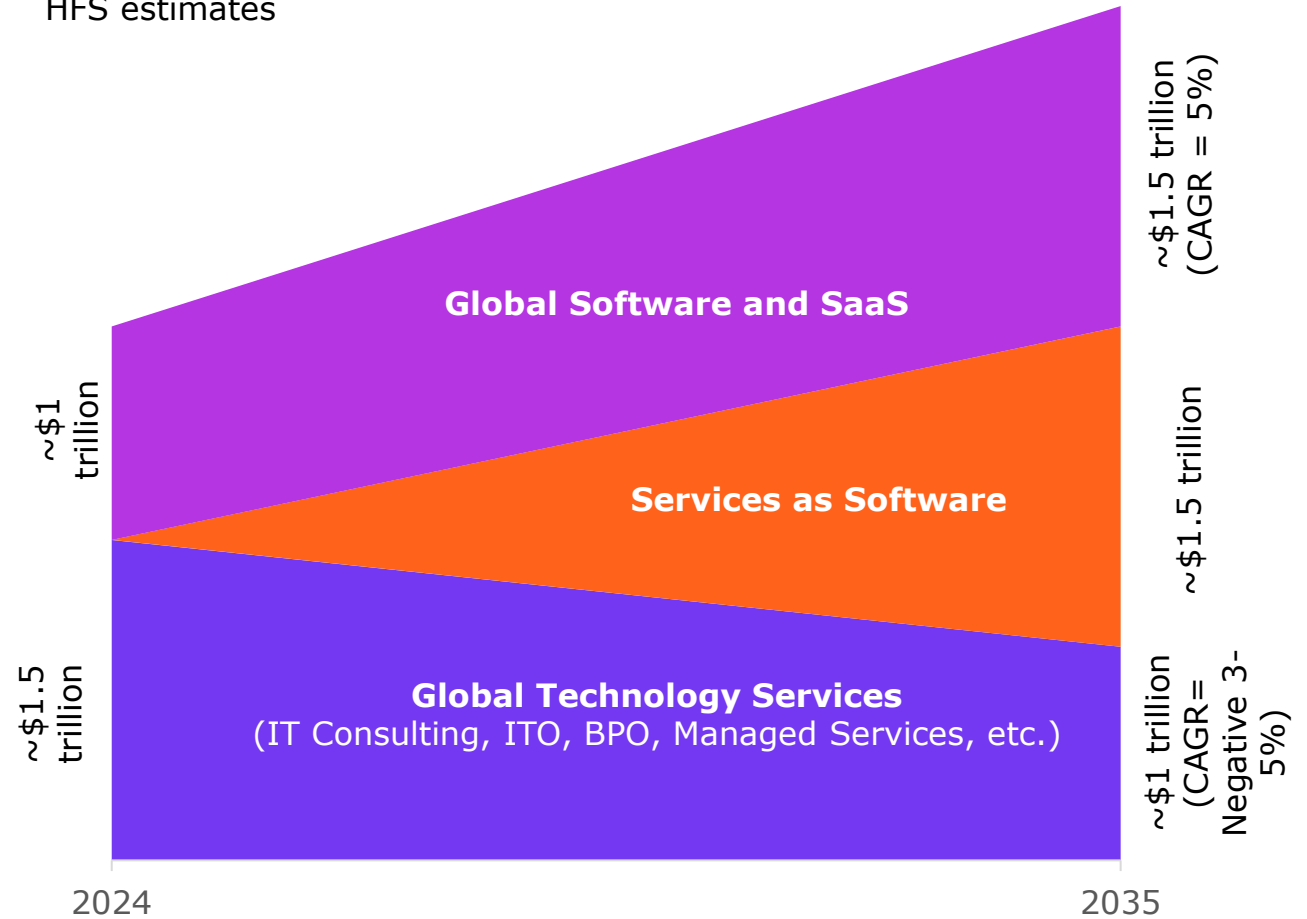
2025-2028+

HFS expects Services as Software will become a \$1.5 trillion market by 2035, absorbing revenue from both traditional IT services and SaaS

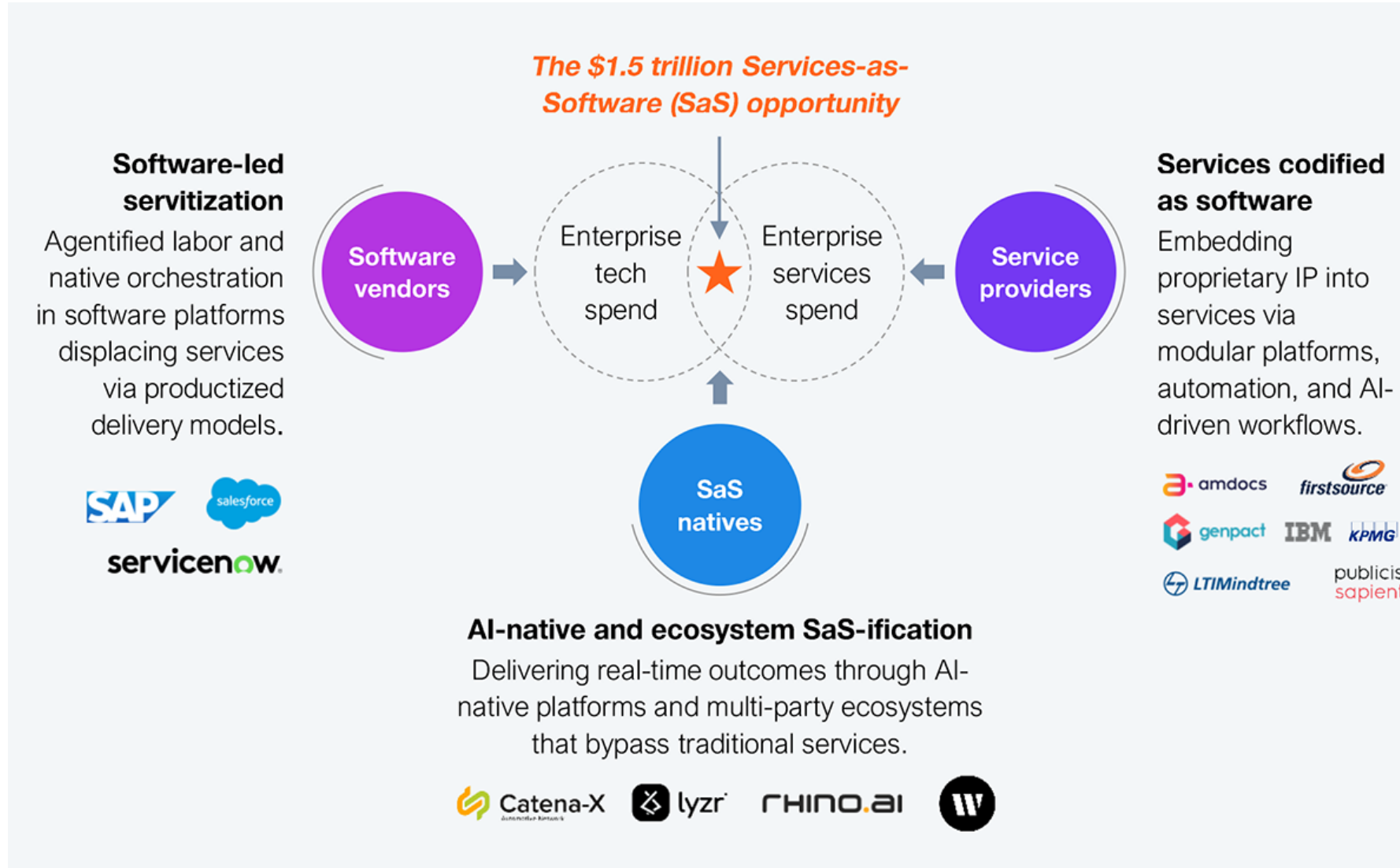
Current market forecast for Software and Services (Excluding Services as Software)
HFS estimates



Projected market forecast for Software and Services (Including Services as Software)
HFS estimates



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



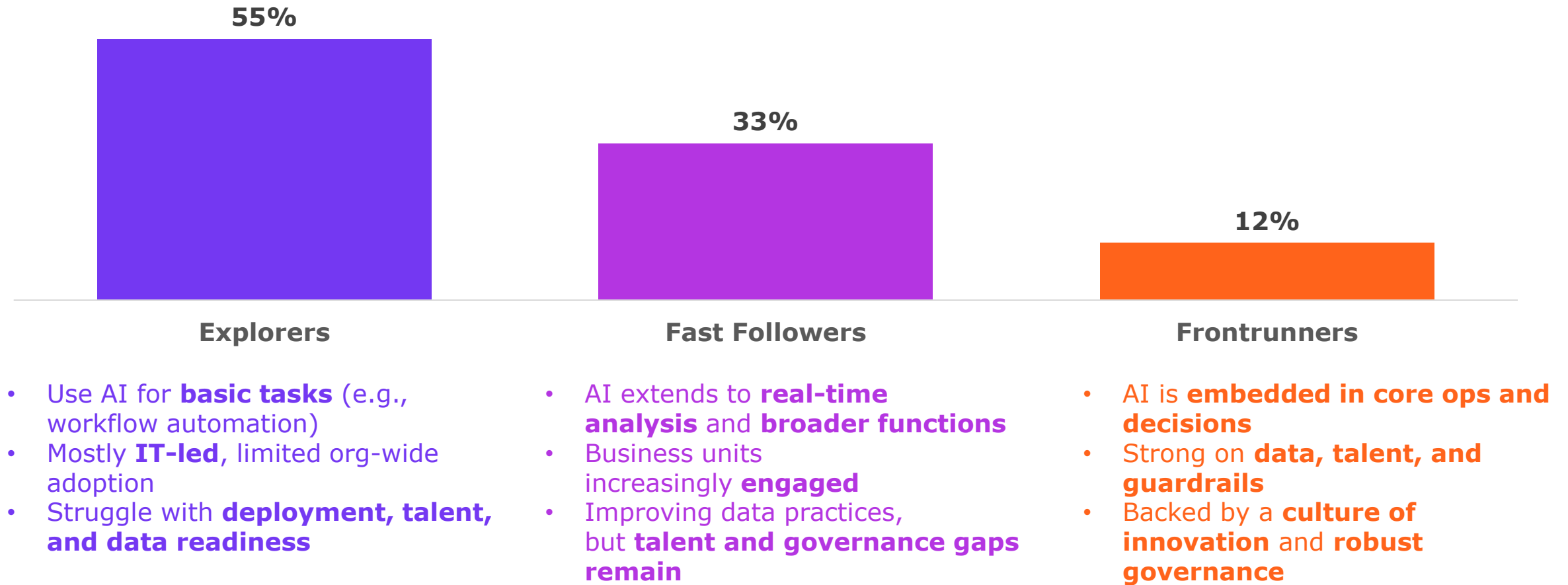
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How to make SaS real?

Your playbook for the \$1.5 Trillion opportunity

Only 12% enterprises are purposefully leveraging AI

The three phases of enterprise AI maturity



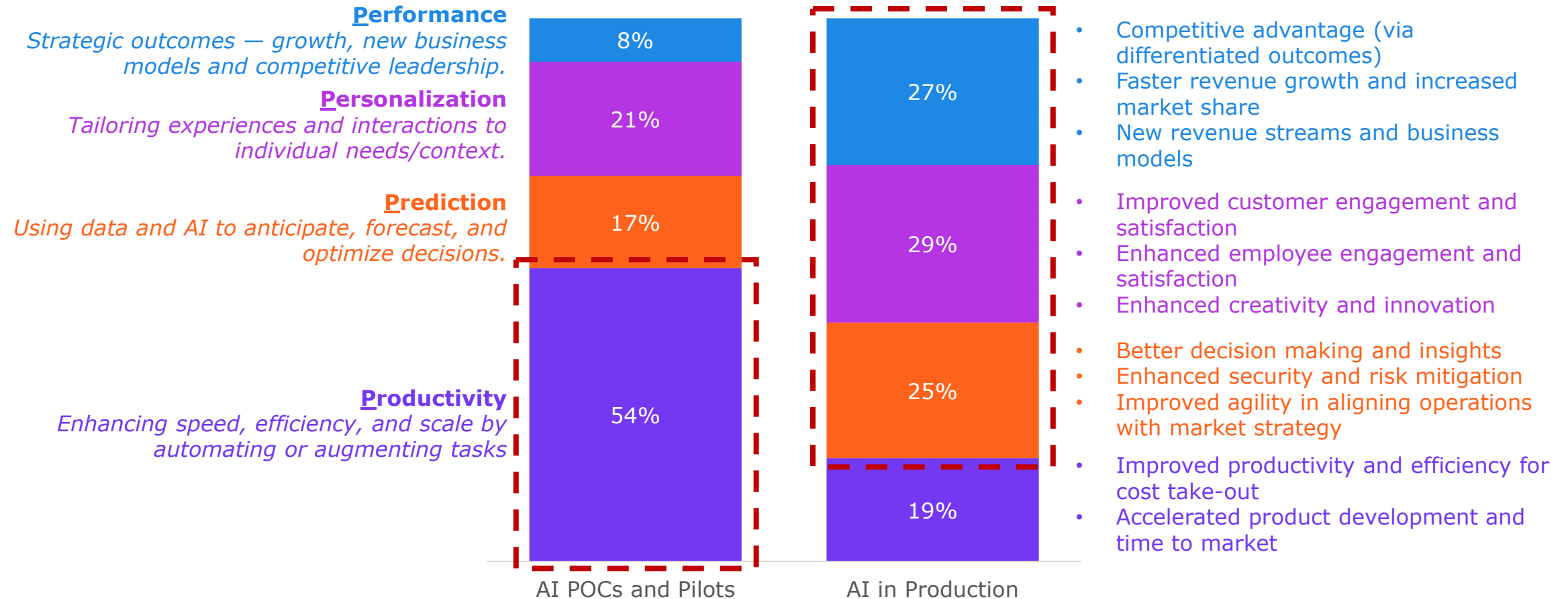
Sample: 553 executives across global 2000 enterprises
Source: HFS Research in partnership with Infosys, 2025

Don't fall for the AI productivity trap

Over 80% of AI in production drive Performance, Personalization, and Prediction; while a majority of POCs and Pilots are obsessed with Productivity

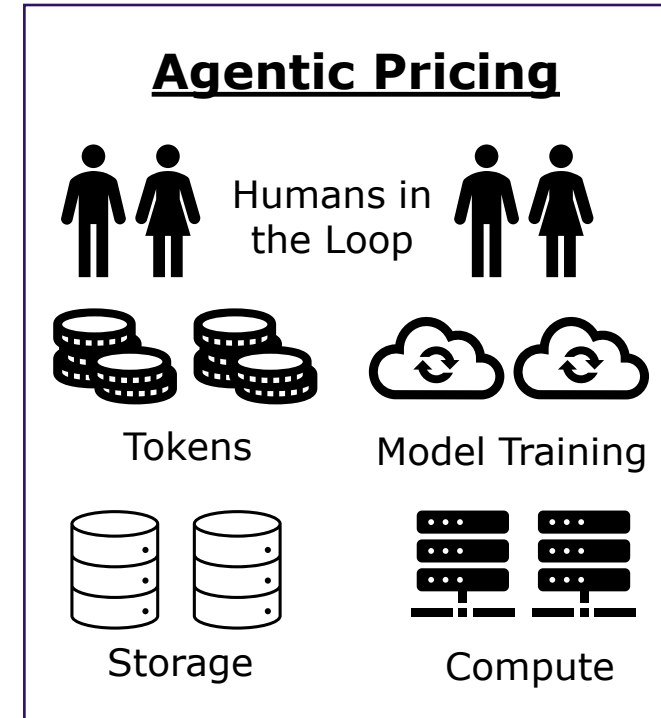
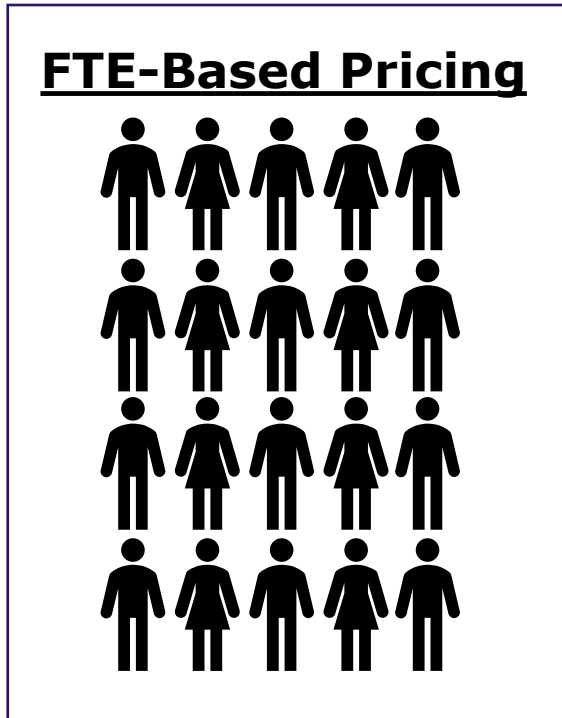
Distribution of GenAI and Agentic AI Outcomes by Stage of Deployment

% use cases



Sample: 979 GenAI and Agentic AI use cases collected by HFS over the last 12 months
Source: HFS Research, 2025

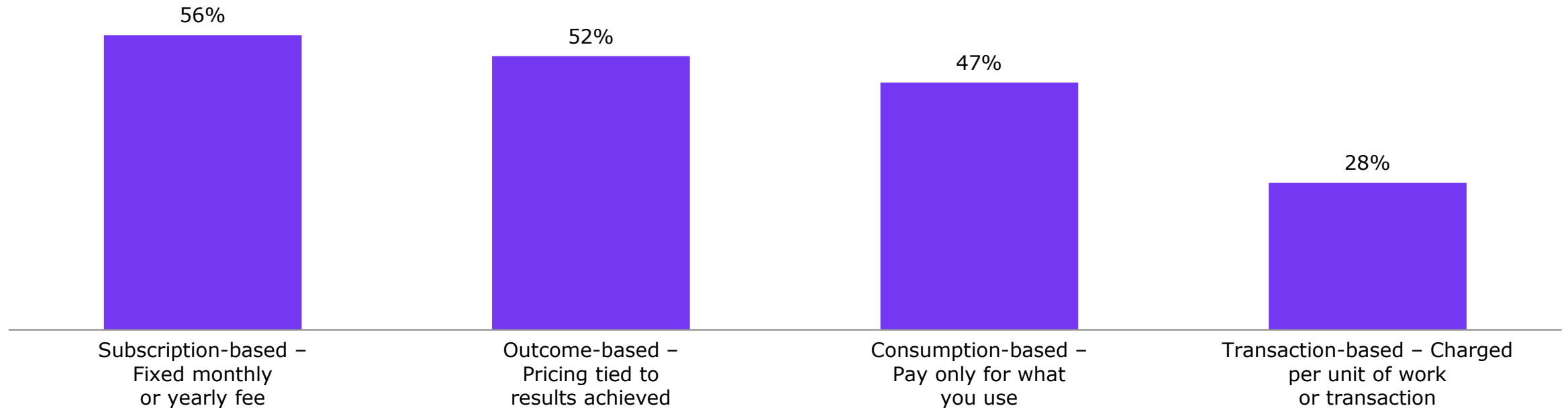
Complicated pricing models conflict with buyer psychology and are an adoption speed bump.



- Buyers **overestimate** usage
- Buyers will buy “**insurance**”
- Buyers prioritize **convenience and simplicity** over complicated invoices
- Buyers want **emotional comfort**, not risk

Pricing Services-as-Software *clearly* will drive adoption.

Which pricing models do you think will drive the adoption of Services-as-Software?



Sample: 608 IT and business leaders across Global 2000 enterprises
Source: HFS Research in partnership with Publicis Sapient, 2025

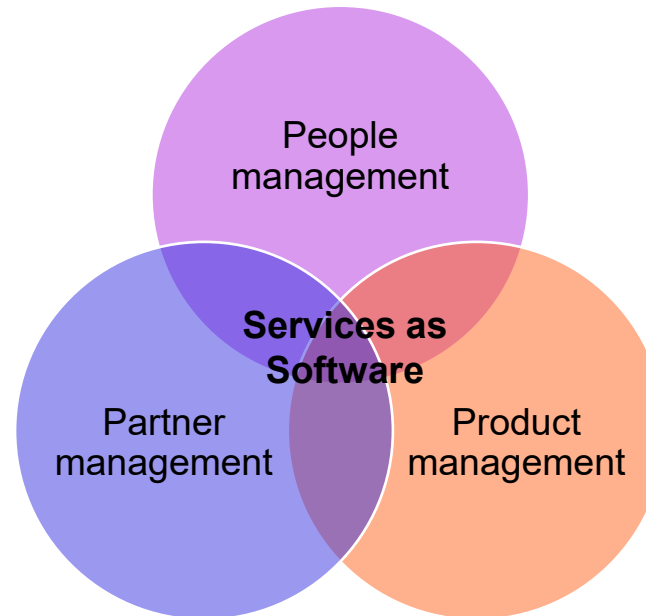
Invest in the 3 Ps of winning in the “Services-as-Software” era: People, Products, and Partners

People Management – The AI-Augmented Workforce

- **Old Model’s Dead** – You can’t scale by hiring more people.
- **Consulting’s Too Slow** – Impact beats expertise.
- **AI + Human** – Augment, not replace.
- **New Skills, New Roles** – Manage AI models, not manual tasks.
- **Adapt or Fade** – Master the hybrid workforce or fall behind.

Partner Management – Driving Collaborative Innovation

- **Plug & Play** – Connect top tools and APIs.
- **Speed Wins** – Tap startups, hyperscalers, and academia.
- **End-to-End** – AI + automation + analytics.
- **Adapt Fast** – Tech pivots built-in.
- **Govern Smart** – Align on trust and outcomes.



Product Management – Scaling AI-Driven Solutions

- **Built to Scale** – Standardized, efficient AI frameworks.
- **Always Learning** – Feedback fuels updates.
- **Beyond Services** – Tools that differentiate.
- **Impact First** – Real business outcomes, not just AI hype.

Key Takeaways

- **The legacy services industry is running on borrowed time.** Traditional IT and business services are stagnant, bloated with technical debt, and misaligned with enterprise expectations.
- **“Services-as-Software” is the \$1.5 Trillion wake-up call for both Services and Software.** It’s not SaaS. It’s not outsourcing. And it will cannibalize both.
- **Pay your debts to scale AI.** The real barriers aren’t the AI models—they’re broken workflows, data silos, mismatched skills, legacy IT sprawl, and cultural drag.
- **Don’t fall for the AI productivity trap.** Build a balanced scorecard for your AI initiatives across performance, personalization, prediction, and productivity.
- **If you’re still buying and selling time and bodies, you’re already behind.** The future belongs to those who can productize their expertise, price for outcomes, and deliver through tech.
- **Invest in young talent or lose the future.** Ripping out junior headcount without reinvesting in next-gen talent is a slow death. Firms that win will grow AI-native leaders, not just cut costs.
- **Get your hands dirty.** AI won’t replace you. But someone who knows how to use it will.

QUESTIONS?

Today's Speakers



Phil Fersht
CEO and Chief Analyst

Phil Fersht is widely recognized as the world's leading analyst focused on reinventing business operations to exploit AI innovations and the globalization of talent. He recently coined the term "Services-as-Software" to describe the future of professional services, where people-based work is blurring with technology.

Fersht identifies change agents enabling organizations to access critical data and exploit the huge global talent base. He trademarked the term "Generative Enterprise" in 2023, articulating the pursuit of AI technologies based on Language Models to reap huge business benefits for organizations seeing to continuously generating new ideas, redefine how work gets done, and disrupt business models steeped in decades of antiquated processes and technology.

His reputation drove him to establish HFS Research in 2010, which today is one of the leading industry analyst and advisory firms and the undisputed leader in business and tech services and process technologies research.



Saurabh Gupta
President, Research and Advisory Services

Saurabh Gupta is president, Research and Advisory Services for HFS Research. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.

With more than two decades of experience across client, provider, advisory, and analyst roles, Saurabh brings a uniquely realistic and wide-ranging perspective to industry challenges and opportunities.

Before joining HFS, Saurabh led strategy for Genpact's CFO and transformation services, helped shape the business services strategy for AbbVie, managed Everest Group's global BPS practice, and worked as a techno-functional consultant at Infosys.



Tony Filippone
Chief Research Officer

As chief research officer for HFS Research, Tony Filippone spearheads the strategic research initiatives that shape the future of enterprises and technology ecosystems worldwide. Under his leadership, the global analyst team delivers groundbreaking insights that drive innovation and efficiency, solving the complex problems organizations face.

With a robust background that spans more than 30 years in enterprise leadership, advisory, and research roles, Tony brings a uniquely practical and client-focused approach to his work. His expertise is especially deep in the insurance and procurement sectors, where he is known for his exceptional negotiation skills and operational acumen.

Before joining HFS Research, Tony served as chief procurement officer at AXIS Capital and held various leadership roles with Union Bank and Elevance Health, where he developed a profound understanding of nearly all areas of enterprise requirements, including corporate procurement, corporate operating models, and governance. His early career included roles at Accenture and MarchFirst.

Join the Conversation: Our Always Sold-Out Summits Return

HFS Fall Summit 2025

THE SERVICES-AS-SOFTWARE ECONOMY: DISRUPT OR BE DISRUPTED

New York, NY | October 8-9, 2025

What to Expect:

- Insight into how services-as-software is redefining value creation
- Actionable strategies and real-world use cases
- Panels, innovation showcases, and hands-on workshops
- High-level networking with tech leaders, startups, and change agents
- Candid thought leadership from HFS analysts and global execs



[Watch the energy from our past summit.](#)

[APPLY TO ATTEND](#)

HFS India Summit 2026



THE RISE OF SERVICES-AS-SOFTWARE: WILL INDIA REINVENT OR BE DISINTERMEDIATED?

Bangalore, India | February 10-11, 2026

What to Expect:

- A bold look at how India is leading GenAI, digital engineering, and platform innovation
- Real talk on reinventing services, delivery models, and enterprise value creation
- Dialogues with policy, tech, and business leaders shaping the future
- Strategic insights for GCCs, service providers, and global enterprises
- A curated, senior-level audience focused on driving outcomes—not effort



[Watch the energy from our past summit.](#)

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