

HFS

Time to get serious about AI.

Phil Fersht Founder and CEO, HFS Research
HFS OneCouncil Summit: "How to AI"

MAY 2026

Why HFS?

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



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.

Agenda:

Time to get serious about AI

- 1** What's actually happening?
- 2** Where are we going?
- 3** How do we prepare?
- 4** The Leadership Panel!

01

What's actually happening?

The global economy is taking one massive bet on AI.

\$700B

Hyperscaler AI capex spending projections in 2026.

30%

S&P 500 capex now comes from the Magnificent 7, up from ~10% six years ago.

\$1.5T

Services-as-Software forecasted

\$1T

Anthropic's Anticipated IPO valuation

75%

Enterprises are already replacing or planning to replace services with AI solutions

Jensen's Chips vs. America's Hospital Bills: A Chart That Should Keep You Up at Night

<i>Entity</i>	<i>Approx. Value</i>
United States GDP	~\$32.4 trillion
China GDP	~\$20.9 trillion
Annual US healthcare spending	~\$5.6 trillion
NVIDIA market cap	~\$5.4 trillion
Germany GDP	~\$5.4 trillion
Japan GDP	~\$4.4 trillion
United Kingdom GDP	~\$4.3 trillion
India GDP	~\$4.2 trillion

"We've seen this before" is the most dangerous sentence in your boardroom right now...

Breadth of Disruption

AI's ability to impact all white-collar jobs, unlike previous technologies.



Ladder Removal

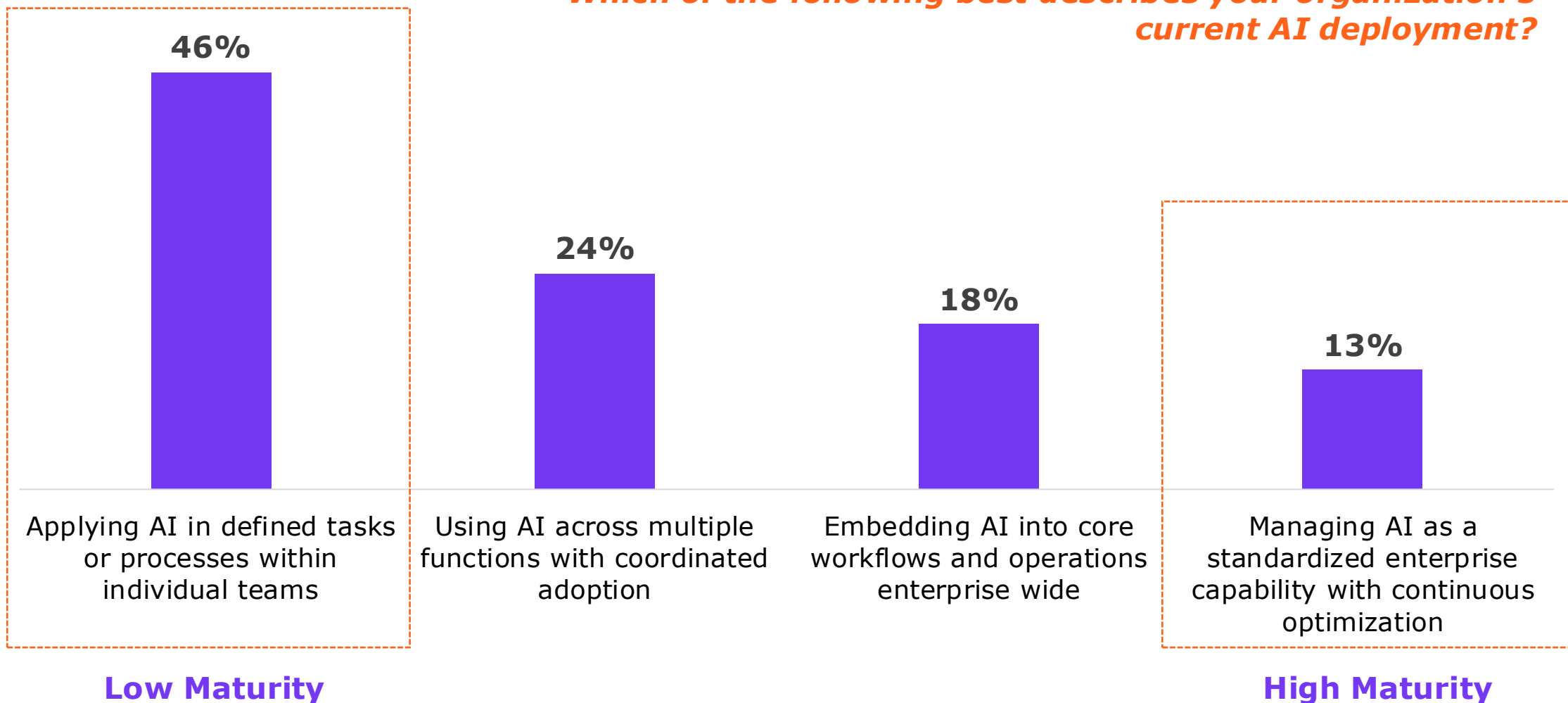
AI's elimination of the traditional career path for juniors.

Speed of Change

The rapid pace of AI development outpacing institutional response.

Only 13% of enterprises have actually reached maturity. The other 87% are still experimenting.

Which of the following best describes your organization's current AI deployment?



The bet has been placed.
The deadline is two years away.

+38%

average planned increase in
agentic AI spend next 12 months

TODAY

9%



WITHIN 2 YEARS

67%

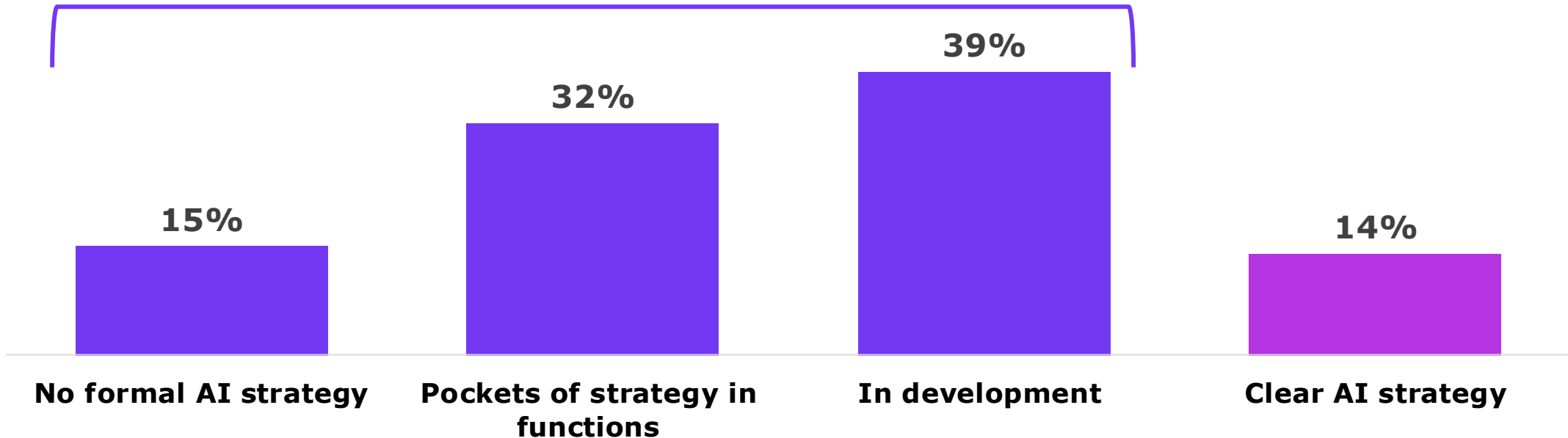
say AI agents already run work end-to-end

expect AI agents to run work end-to-end

That's a 7x expansion in 24 months.

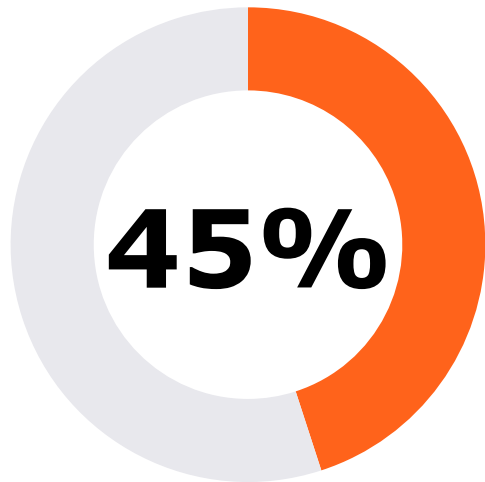
And almost **no one** has an **AI strategy in place.**

86% of leaders have no real AI strategy

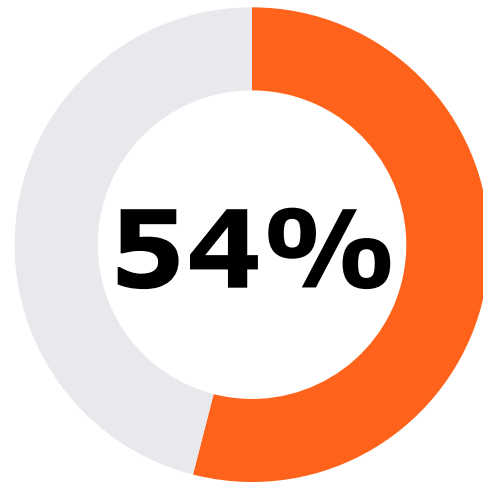


Sample: 505 AI Decision Makers across Global 2000 enterprises, HFS Research 2026

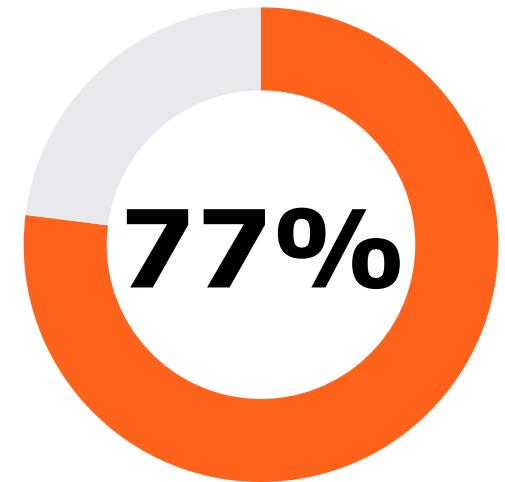
Leadership is **not aligned** on what they're betting on.



share a **definition** of what agentic AI even is



share a common view of AI's **long-term** role



say snr leadership doesn't know how **to get there**

Sample: 302 AI Decision-makers across Global 2000 Enterprises
Source: HFS Research, May 2026

Global 2000 workforce reductions: confirmed cuts and planned reductions, 2024-2026

COMPANY	SECTOR	CUTS	% WORKFORCE	WHEN	AI CITED
CONFIRMED CUTS -- EXECUTED OR UNDERWAY					
Amazon	Technology	30,000	~10% corp.	Oct 25 + Jan 26	AI cited
Volkswagen*	Automotive	35,000	~5%	2024-2030	Other
Oracle	Technology	30,000	~18%	Apr 2026	AI cited
UPS	Logistics	30,000	~6%	Jan 2026	Other
Intel	Semiconductors	24,000	~24%	2025	Other
Citigroup	Financial Services	20,000	~8%	2024-2025	Other
Microsoft	Technology	15,000	~7%	2025	AI cited
Dell	Technology	11,000	~9%	2025	AI cited
Accenture	Professional Svcs	11,000	~1%	Dec 2025	AI cited
HP	Technology	6,000	~10%	Nov 2025	AI cited
Salesforce	Technology	4,000	~5%	2025	AI cited
12 Global 2000 companies		216,000+		75% cited AI explicitly or as context	
PLANNED CUTS - ANNOUNCED, NOT YET FULLY EXECUTED					
Chevron	Energy	8,000	15-20%	By end 2026	Other
Meta	Technology	8,000	10%	2026	AI Cited
Heineken	FMCG	6,000	~7%	2026-2027	AI cited
Dow	Chemicals	4,500	~13%	2026	AI cited
Lufthansa	Aviation	4,000	~4%	By 2030	AI cited
Morgan Stanley	Financial Services	2,500	~3%	2026	Other
Disney	Entertainment	1,000	<1%	2026	Other
6 more Global 2000 companies		34,000+		Spreading beyond tech into energy, FMCG, aviation, finance	

AI maturity and workforce intentions: the gap leadership created

LEAST MATURE ORGANIZATIONS

28%

already planning
active workforce cuts

0%

expect headcount growth anywhere

vs

MOST MATURE ORGANIZATIONS

2%

already planning
active workforce cuts

37%

expect headcount growth
in some areas

That is a 14x difference in active cut rate. The gap was not created by the technology available to them - it was created by what leadership chose to do with the last two years.

Between 4 and 27 million Global 2000 jobs are **exposed**.

52%
Of Leaders expect to reduce roles in the next 2-3 years



4M at near-term risk

Where employers are already cutting and AI is the genuine driver.

+23M at structural risk

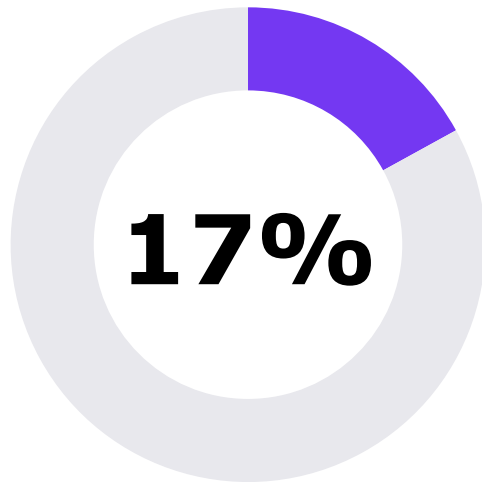
AI-exposed roles whose employers haven't acted yet.

63M not directly exposed

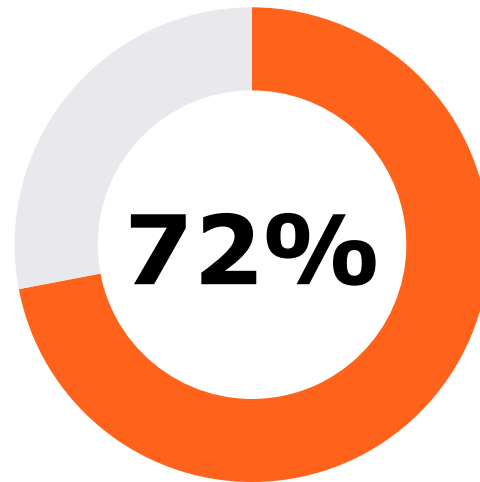
Roles AI can't materially do today, in this 24-month window.

Sources: HFS Research (Global 2000 base, employer cutting share, AI-driver share); OECD & IMF Gen-AI exposure index, 2024. Floor = 4M (employer action × AI as genuine cause). Ceiling = 27M (full AI-exposed Global 2000 population).

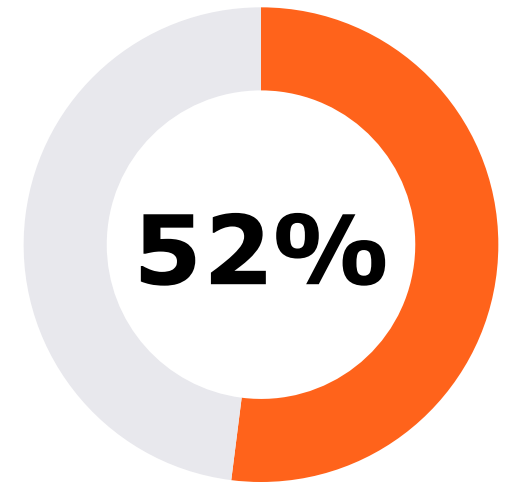
People inside those companies are **terrified** to use it.



**feel safe
experimenting with
AI**



**fear being judged if
their AI
experiments fail**



**don't feel safe
trying new things
with AI**

The AI Velocity Gap.

What your people can do on Sunday. What your enterprise can do on Monday.

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 gap doesn't stay in one place. It compounds.

Low-AI-maturity organizations

The **AI velocity gap**

High-AI-maturity organizations

6–12 months idea to deployment	Execution speed	Deploy in weeks
39% report faster decisions	Decision advantage	82% report faster decisions
21% see double-digit CX gains	Customer impact	88% see double-digit CX gains
0% report double-digit revenue impact	Revenue	41% report double-digit revenue impact
25% have unclear ownership	AI ownership	Only 3% have unclear ownership

02

Where are we going?

In two years, asking "do you use AI?" will sound like asking "do you use electricity?"



Each dimension of the **human work experience** is being reshaped by **AI**



COGNITION

Humans **direct**. Machines **think**. Humans **edit**.

PERFORMANCE

Doing is **automated**.
Deciding is the job.

CONNECTION

Every conversation now
has a **third voice** in the
room.

IDENTITY

Expertise was your edge.
The model just **matched**
it.

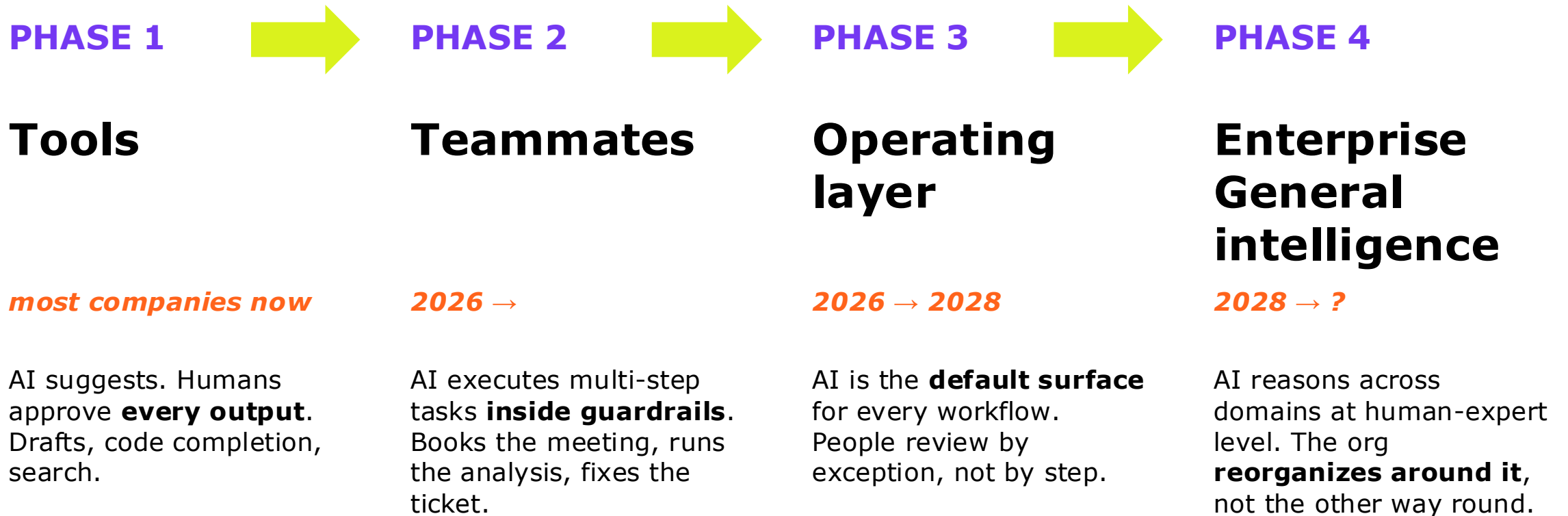
CONFIDENCE

Confidence came from
what you **knew**. Now it
comes from what you **ask**.

TRUST

When the model decides,
who takes the **blame**?

We're moving from **tools** to **general intelligence**.



**And that intelligence is going to eat the
middle of your org chart.**

The hierarchy is collapsing.

TODAY

47%

of organizations operate in
traditional hierarchies

IN 3 YEARS

13%

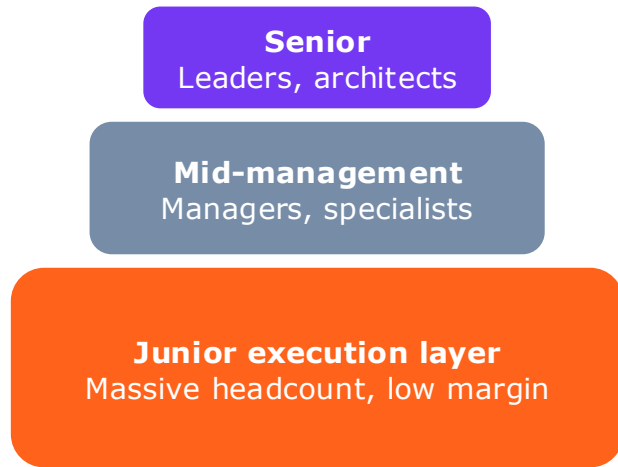
expect to still operate that way

Sample: 302 AI Decision-makers across Global 2000 Enterprises
Source: HFS Research, May 2026

“Pyramid Model” evolves to the “Doer Model”

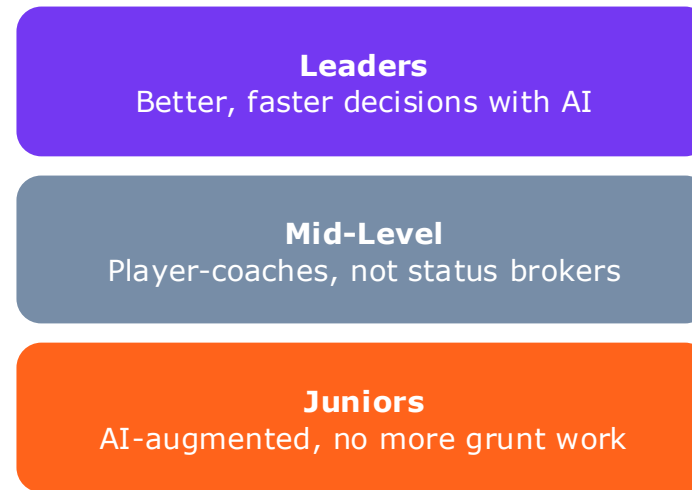
Old “Pyramid” model

Bodies on seats



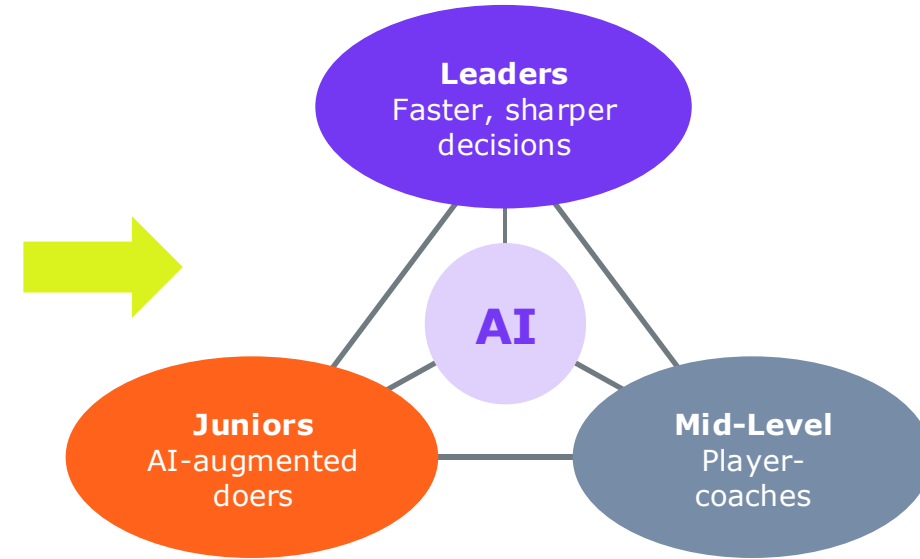
“AI Transition” model

AI elevates everyone



“Doer” model

Services-as-Software



Structural Leaders Examples

Accenture: Cut 22K mid-tier roles and reinvested in AI specialist bench

Cognizant: Doubling AI-native freshers while reducing mid-layer

Persistent: Pure AI-engineering model, no pyramid to unwind

Mid-transition Examples

Wipro: Pledged \$1B to AI and deployed 200+ agents, but legacy revenues still deflating

HCLTech: Winning more AI deals than Indian peers but pricing erosion outpacing the growth

Infosys: Accelerating agentic at delivery layer while mid-layer headcount & pay take the strain

Invest in young talent or lose the future



The Challenge

- The cadetship model has **eroded** due to a combination of AI and outsourcing
- AI is becoming a symptom of **corporate greed**, and we must address this fast

The Risks

- Firms that rip out junior headcount lose their **identity**.
- Developing young talent creates and shapes your **culture**
- Mid-market firms will **eat your lunch** while you obsess with cost control

The Solution

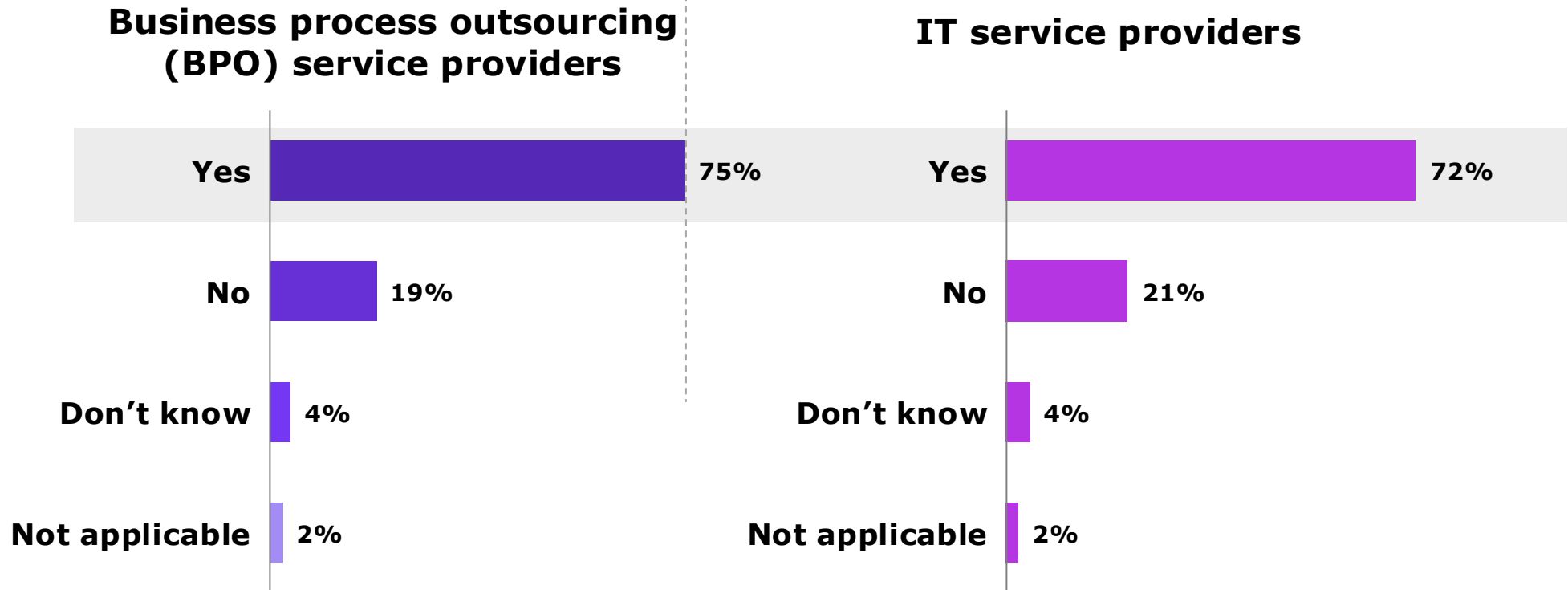
- The **principles** of scaling talent and tech are the same. It's the **skills** and the **tech** which is changing
- **Learnability** is the new critical capability
- We have a **duty** to create opportunities for young people
- Lean into **both** young talent and AI tech
- Build a culture and identity around what it **means** to work for your firm.

For thirty years, services were sold by the hour.

The clock just stopped.

Mega renewals represent massive near-term opportunity: 2/3rd of enterprises want to renegotiate their relationships

Is your firm seeking to renegotiate contracts with your service providers?



Sample: 605 executives across Global 2000 enterprises
Source: HFS Research, 2026

Services are becoming software. The economics break.

HFS Services and Ops Tech Vision 2028

Staff augmentation

Enables companies to quickly fill skill gaps, scale teams up or down as needed, and maintain control over project execution

Technology-enabled services

Primarily driven by people but supported by proprietary solution accelerators, tools, and software

Platform-led services

Leverage built-in delivery platforms to enhance service delivery and efficiency

AI-led Agentic services

Augment human capabilities through smart AI agents to optimize processes and decision-making

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

Humans + Machine mix (capability model)

Shows how delivery shifts from human-led execution to machine-led (AI) orchestration, with humans focused on judgment and oversight

Human

Machine



Linear vs. Non-linear (economic model)

Indicates whether revenue and margins scale with headcount or are decoupled through platforms, IP, and AI

Linear

Non-linear



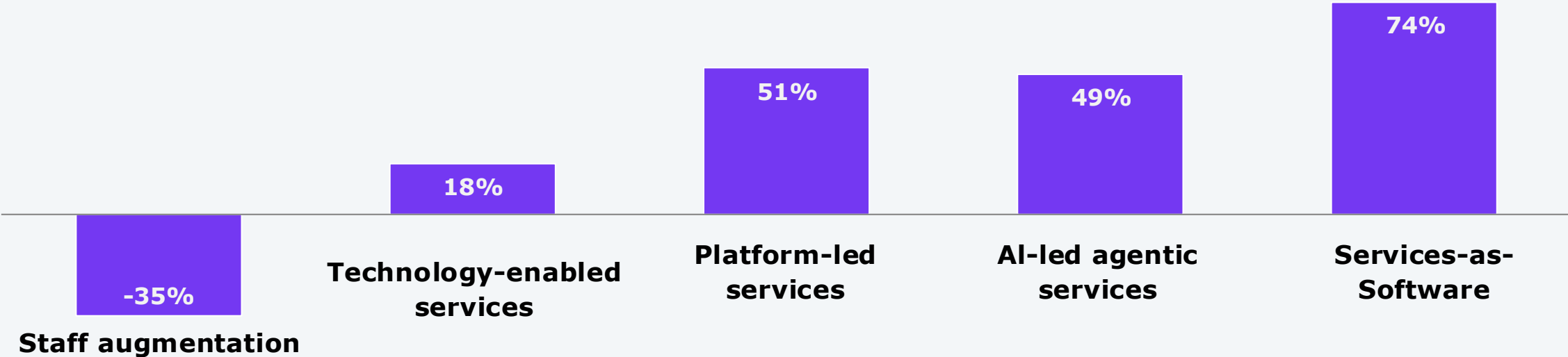
Current state
2000-2025

Emerging
2025+

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)



A \$1.5 trillion services-as-software market by 2035.

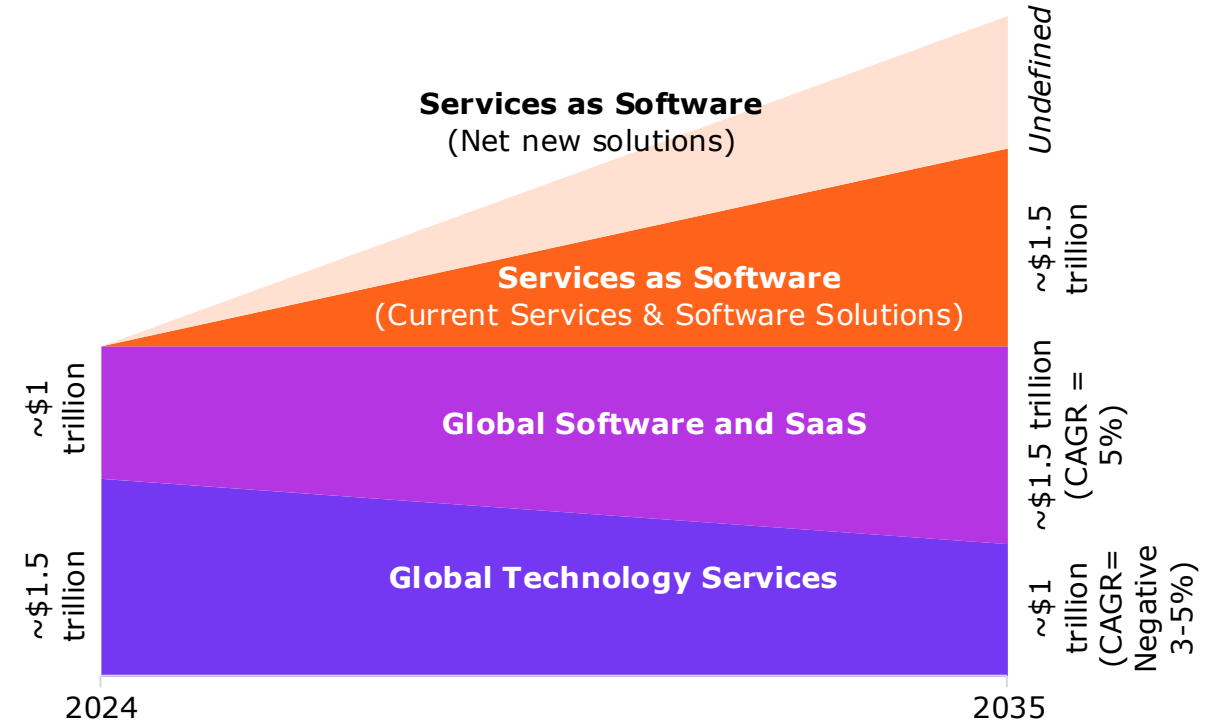
Current market forecast for Software and Services (Excluding Services as Software)

HFS estimates



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

HFS estimates

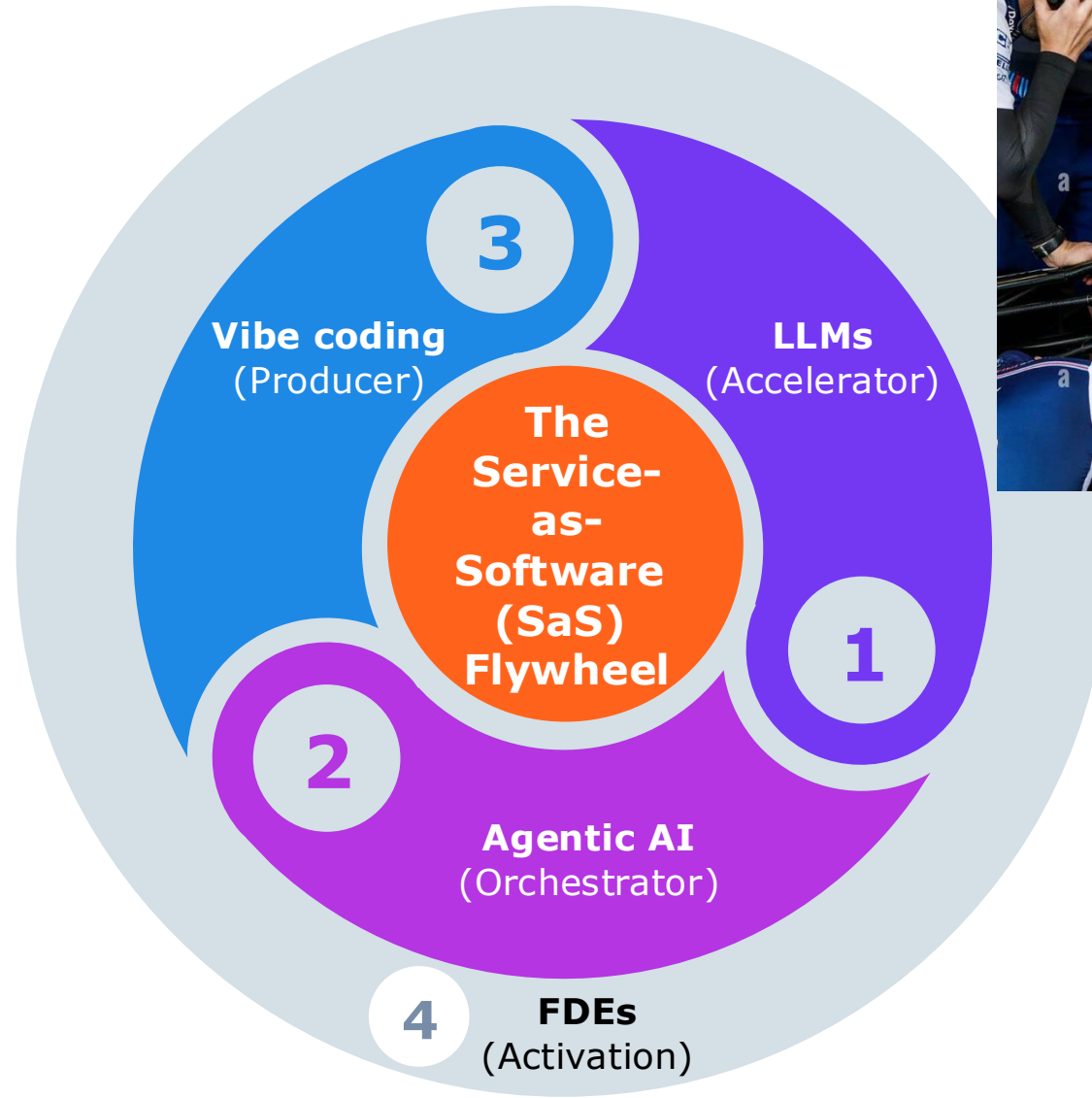


Introducing the Forward Deployed Engineer (FDE) SaS Flywheel

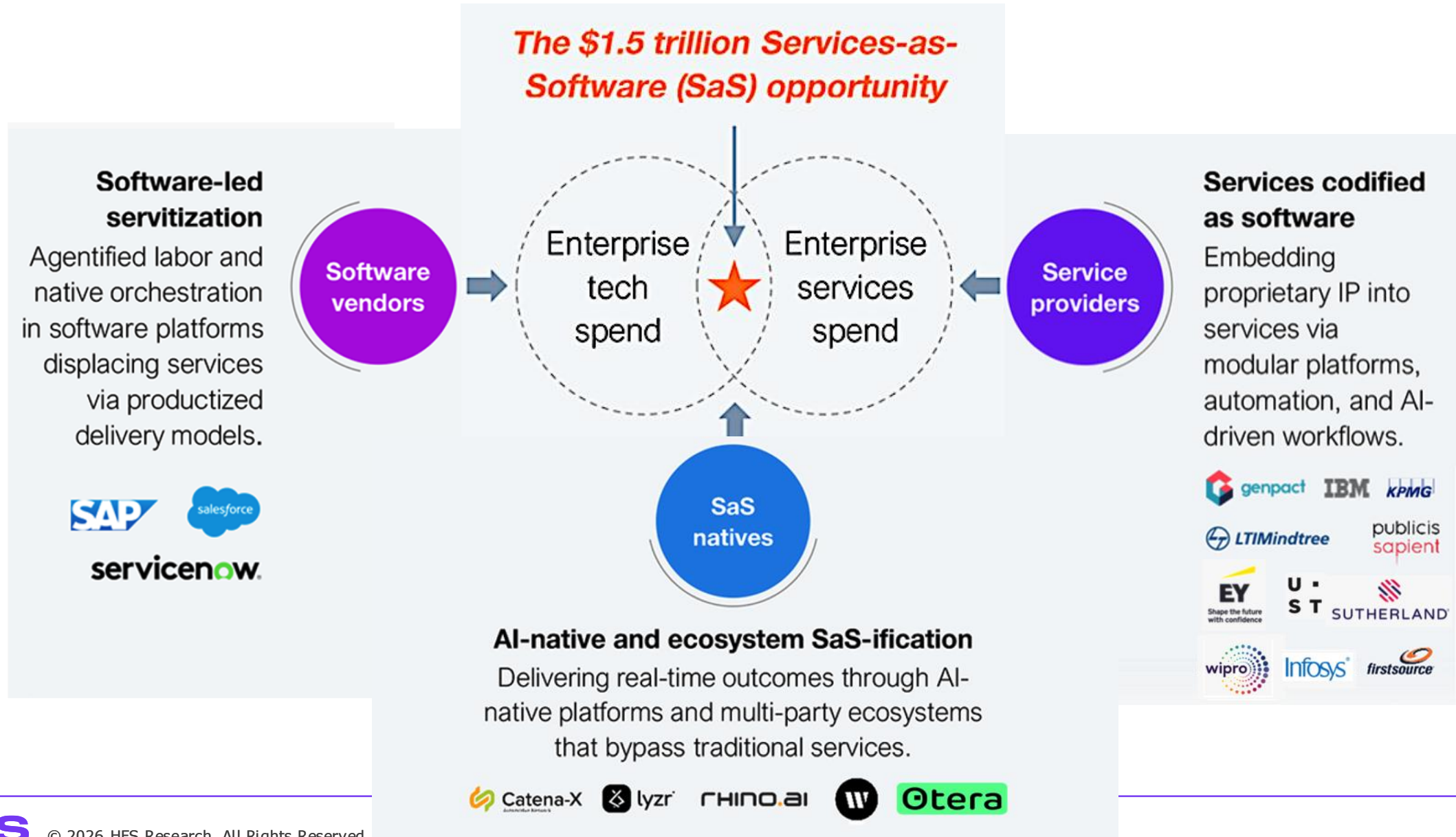
A new operating logic for AI-native delivery

How it works:

- 1** LLMs **accelerate** reasoning, code generation, and knowledge access
- 2** Agentic AI **orchestrates** workflows, decisions, and compliance
- 3** Vibe coding **produces** working service agents directly from business intent
- 4** FDEs **activate** AI systems into enterprise workflows, governance, and production environments



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



ANTHROPIC

Anthropic just weaponized the Palantir model.

The entire services industry is now in the crosshairs.



\$1.5bn Financing Anthropic AI-native enterprise services

Investor / Partner	Estimated Commitment	Strategic Role
Anthropic	~\$300M	Provides Claude models, engineers, AI IP, deployment capability
Blackstone	~\$300M	Anchor PE distribution channel across portfolio companies
Hellman & Friedman	~\$300M	Portfolio deployment and operating scale
Goldman Sachs	~\$150M	Financial structuring, client access, institutional scale
Apollo Global Management	~\$150M	Creating a massive enterprise distribution and monetization engine
Consortium investors*	Remaining ~\$300M	Expansion capital and deployment ecosystem

*Includes General Atlantic, Leonard Green & Partners, GIC, and Sequoia Capital.

OpenAI is launching the \$4bn OpenAI Deployment Company, to help organizations build and deploy AI systems

Category	Firms	Strategic Role
Lead Partner	TPG	Lead sponsor, capital anchor, drives overall investment thesis and governance
Co-Lead Founding Partners	Advent, Bain Capital, Brookfield	Scale capital + portfolio deployment, operational transformation across owned assets
Founding Partners	B Capital, BBVA, Emergence Capital, Goanna, Goldman Sachs, SoftBank Corp., Warburg Pincus, WCAS	Capital base + distribution channels, enterprise access, sector specialization, financing capability
Consulting / SI Partners	Bain & Company, Capgemini, McKinsey & Company	Execution layer, client transformation, workflow redesign, change management at scale
Majority Owner / Operator	OpenAI	Controls the platform, provides models, FDE talent, product roadmap, and deployment IP

03

How do we prepare?

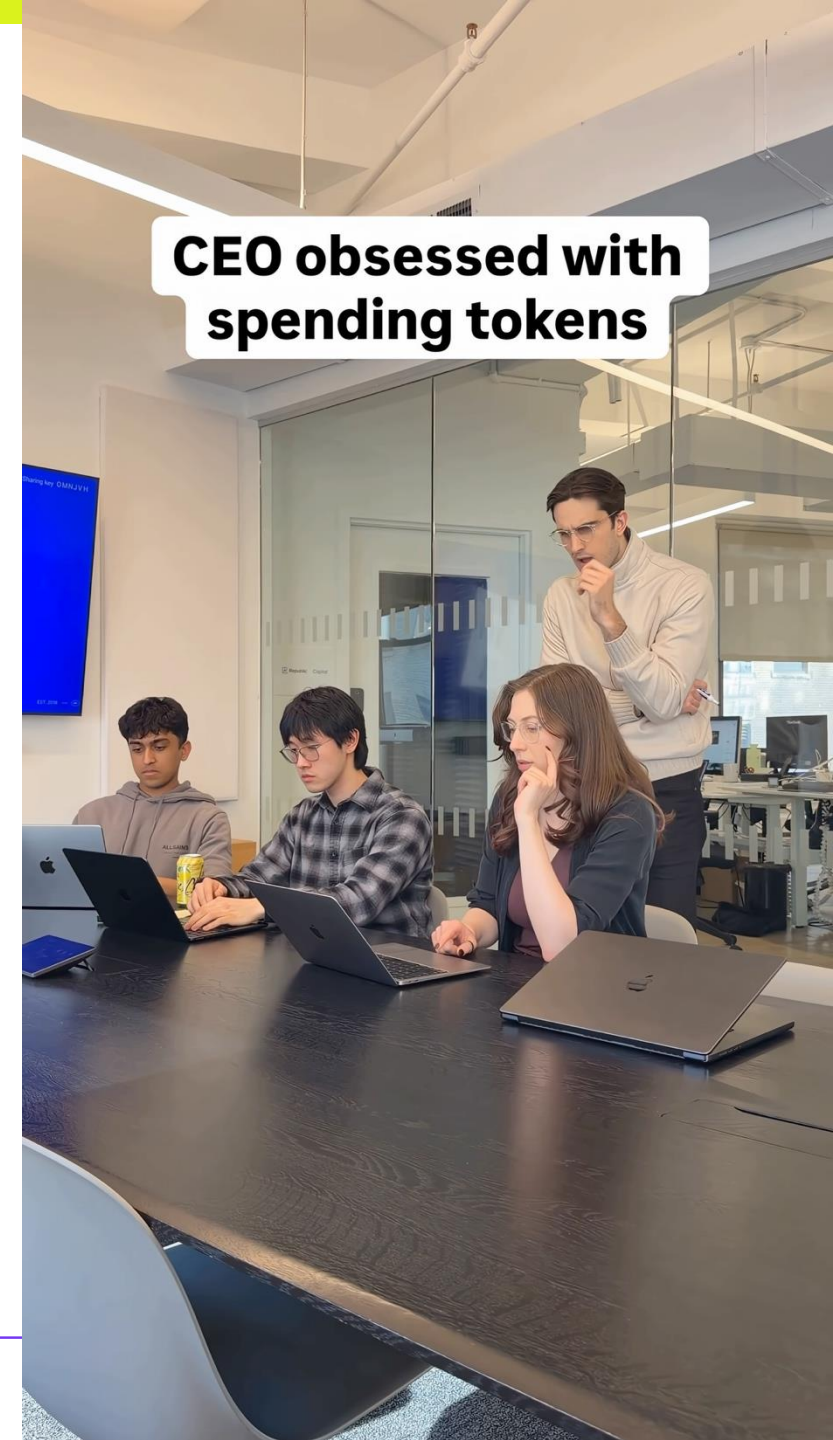
When a team stops asking "How do we use AI?" and starts saying "Here is the new way Work Runs"

You've finally crossed the AI Rubicon



Stop optimizing for cost.

Start optimizing for outcomes.



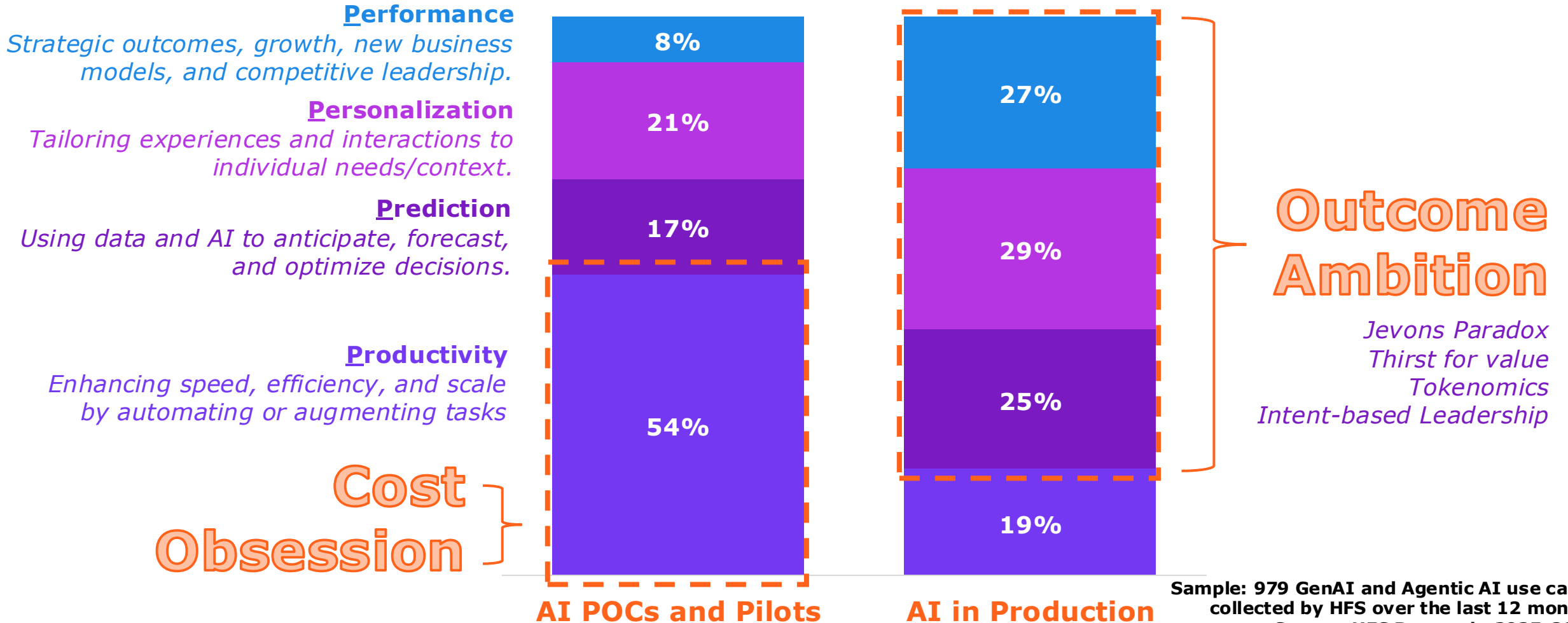
"When a measure becomes a target, it ceases to be a good measure"

-- Charles Goodheart, 1997

Chase the 4Ps of AI value, not just savings.

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, 2025-2026

Lead.

Don't just oversee.

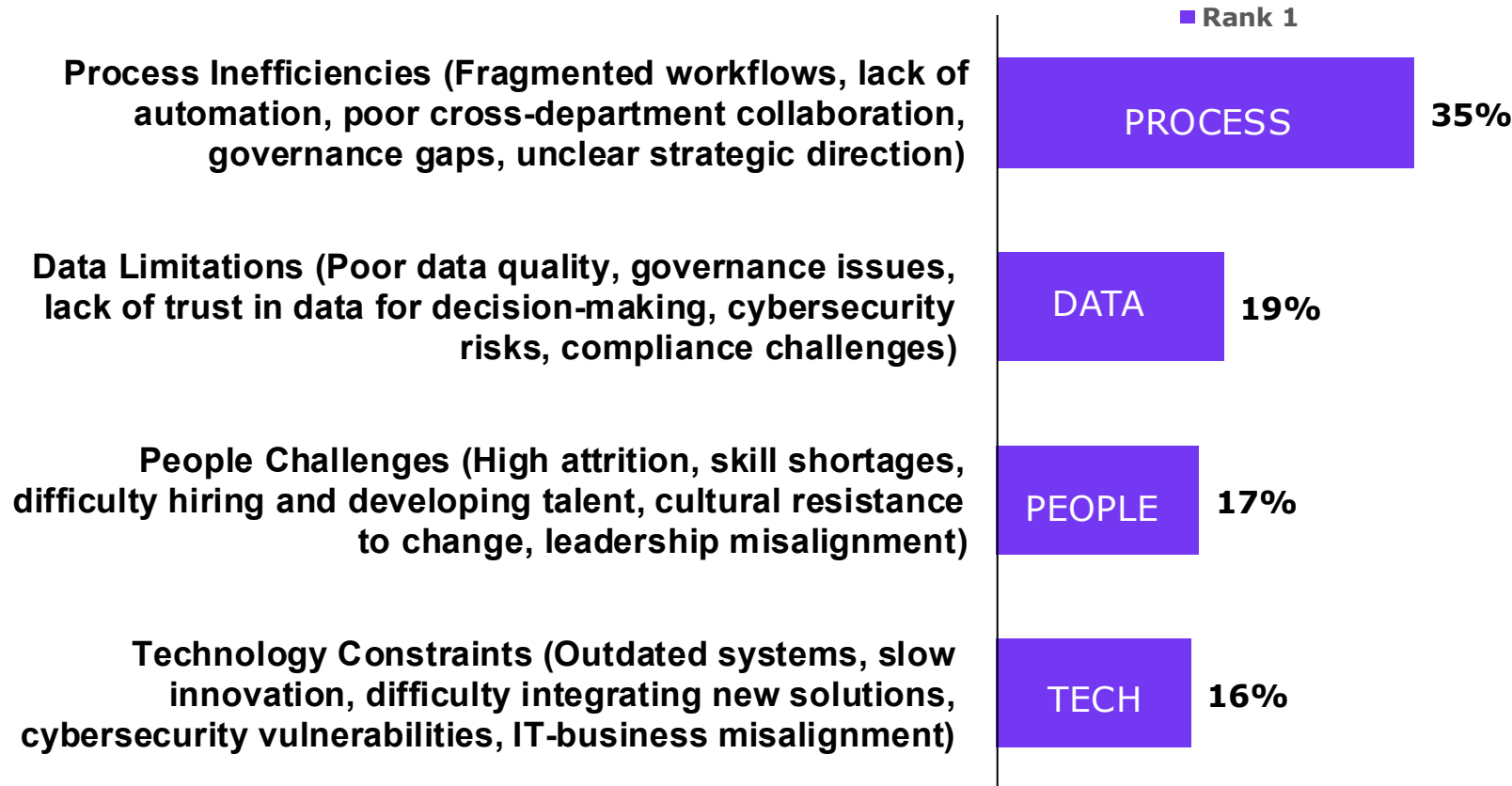
Six leadership behaviors that put humans in the middle.



Pay down your AI debts.

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

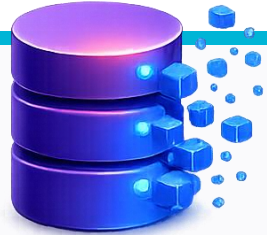


Stop
obsessing
over AI
Tech-first
fix
everything

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

Four debts block AI from working.

Pick the one that's hurting you most. [Start there.](#)



DATA DEBT

**Siloed, ungoverned,
AI-unready data.**

Build a unified, governed data foundation.

*Garbage in.
Garbage everywhere.*



PROCESS DEBT

**Fragmented workflows.
No clear AI ownership.**

Pick one workflow. Name the owner. Redesign assuming agents handle 80%.

*Broken process in.
Broken results out.*



PEOPLE DEBT

**Fear of judgment. No
safety to experiment.**

72% hide their AI use. See them. Protect them. Invest in learnability.

*People won't use AI if they
fear it.*



TECH DEBT

**Legacy systems agents
can't traverse
disconnected stacks.**

Modernize what AI has to talk to. APIs, identity, observability, before agents.









*Fragile tech today.
System failure tomorrow.*

 **YOU CAN'T DEPLOY AI ON TOP OF DEBT. YOU HAVE TO PAY IT DOWN FIRST. >>>**

Stop buying labor.
Start buying outcomes.

Set up an AI Deal Lab.

The traditional outsourcing model was built for a labor-arbitrage world, not for services-as-software, where value is delivered through AI, data, intelligence, and IP.

	Old Model (Tired & Expired)	HFS AI-First Deal Lab (Future-Ready)
Strategy & Planning 	Location choice, cost savings, concentration risk	<ul style="list-style-type: none"> • Business case built on 4Ps: Performance, Personalization, Prediction, Productivity • Includes automation potential, bias, IP, explainability
Evaluation & Selection 	Lengthy RFPs, transactional SLAs, vendor commoditization	Data-driven testing, automation %, AI performance SLAs, outcome-based experimentation
Contracting & Commercials 	FTEs, delivery centers, attrition clauses, complex gain-sharing	Outputs and AI metrics, governance clauses, tiered flat-fee & consumption pricing
Onboarding & Transition 	Process documentation, vendor handovers, lift-and-shift	Data portability, adaptive ramp-ups, AI model rebuilds
Performance & Improvement 	Monthly SLAs, QBRs, incremental tweaks	Continuous AI assurance: monitoring drift, bias, hallucinations; retraining and model swaps
Governance, Risk & Compliance 	Traditional audits: ISO, SOC2, GDPR, HIPAA	Algorithmic accountability: bias audits, model cards, explainability, responsible AI guardrails
Financial Management 	Linear budgets = FTEs × rates; rigid and predictable	Variable budgets: model fees, compute, storage, upgrades; flexible innovation funding
Renewal & Exit 	Vendor swaps with knowledge handovers, manageable risk	Data + model portability, AI model rebuilds; higher transition risk but greater enterprise control

**And don't let
this happen...**



How to AI: The leadership reckoning

— Moderator —



Phil Fersht
CEO & Chief Analyst
HFS Research



Frank D'Souza
Managing Partner
and Co-Founder
Recognize



Nan Li
SVP, Head of
Global
Transformation
Conde Nast

— Panelists —



CP Gurnani
Co-Founder and
Vice Chairman,
AIONOS



Puneet Mehta
Founder and Chief
Executive Officer
Netomi



Yusuf Tayob
Chief Executive
Officer
Perficient



Lisa S. Stump
EVP, Chief Digital
Information
Officer and Dean
Information
Technology
Mount Sinai
Health System

Q1 PERSONAL ACCOUNTABILITY

Be honest with this room: are you **personally using AI every day to do your job, or are you still delegating that to a task force and waiting for a report?**

Q2 OPERATING MODEL: WHAT DID YOU KILL?

Where has AI fundamentally changed how work **gets done in your organization, not just improved it?**

What did you have to dismantle to make that possible, and who pushed back hardest?

Q3 LEADERSHIP DEBT

Your enterprise is likely carrying decades of process debt, data debt, and talent debt and AI amplifies whatever foundation it lands on.

What are you actually **fixing before you scale it, and how do you **know** you are not just automating dysfunction?**

Q4 SERVICES-AS-SOFTWARE: THE ECONOMICS

If AI collapses the cost of delivering your core service or product in the next 24 months, your pricing model, your revenue model, and your **definition of value are all likely wrong.**

How are you **rethinking the economics before a competitor does it for you?**

Q5 THE CONTROL LAYER

AI is moving into the control layer of your enterprise: decisioning, workflow orchestration, autonomous execution.

Who actually owns that layer today, and does that person have the **authority** to stop something that is already running?

Q6 BUILD, BUY, OR PARTNER

In a world where hyperscalers, platform players, GSIs and niche specialists are all claiming to solve the **same problems, where are you building your own capability versus partnering?**

...and what happens to your differentiation if your partner becomes your competitor?

Q7 ETHICS AND THE LINE YOU WILL NOT CROSS

Where do you **disclose AI use to your customers and employees today, and what is the specific **line you will not cross** even if a competitor crosses it first and wins business because of it?**

Q8 CLOSING ZINGER

Five years from now, the leaders who got AI right will have made **one decision that the ones who did not get it right **refused** to make. What is that decision, and have you made it yet?**

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