

HFS FALL SUMMIT

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

Humans at the helm, no longer in the loop:
the emerging paradigm of
Services-as-Software

Speaker Name

Phil Fersht, CEO & Chief Analyst HFS Research

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.
- **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.
- **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.



Our Mission at HFS:

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

HFS moving from Sourcing Theater to Research-Led Problem Solving

AI-First Deal Lab

Smarter. Faster. Future-proof deals for the AI era.

Old Advisory Model

Long, Expensive, and Out of Step

- **RFP-driven, 12- to 18-month cycles costing millions in advisory fees**
- **Procurement-heavy, vendor beauty parades with little focus on innovation or business outcomes**
- **Check-the-box benchmarking exercises that commoditize providers instead of differentiating**
- **Over-engineered governance that kills agility**

New HFS AI-First Deal Lab

Research-led, Workshop-Driven, and Future-Ready



Research-led

HFS brings data, benchmarks, and deep market pulse to shape deal constructs around what's real, not theoretical



Problem-solving focus

Targeted interventions—diagnostics, deal labs, and negotiation accelerators—rather than endless RFP paperwork



Workshop-driven

Fast, collaborative design sprints with business + IT + procurement to co-create deal structures



Future-proofing

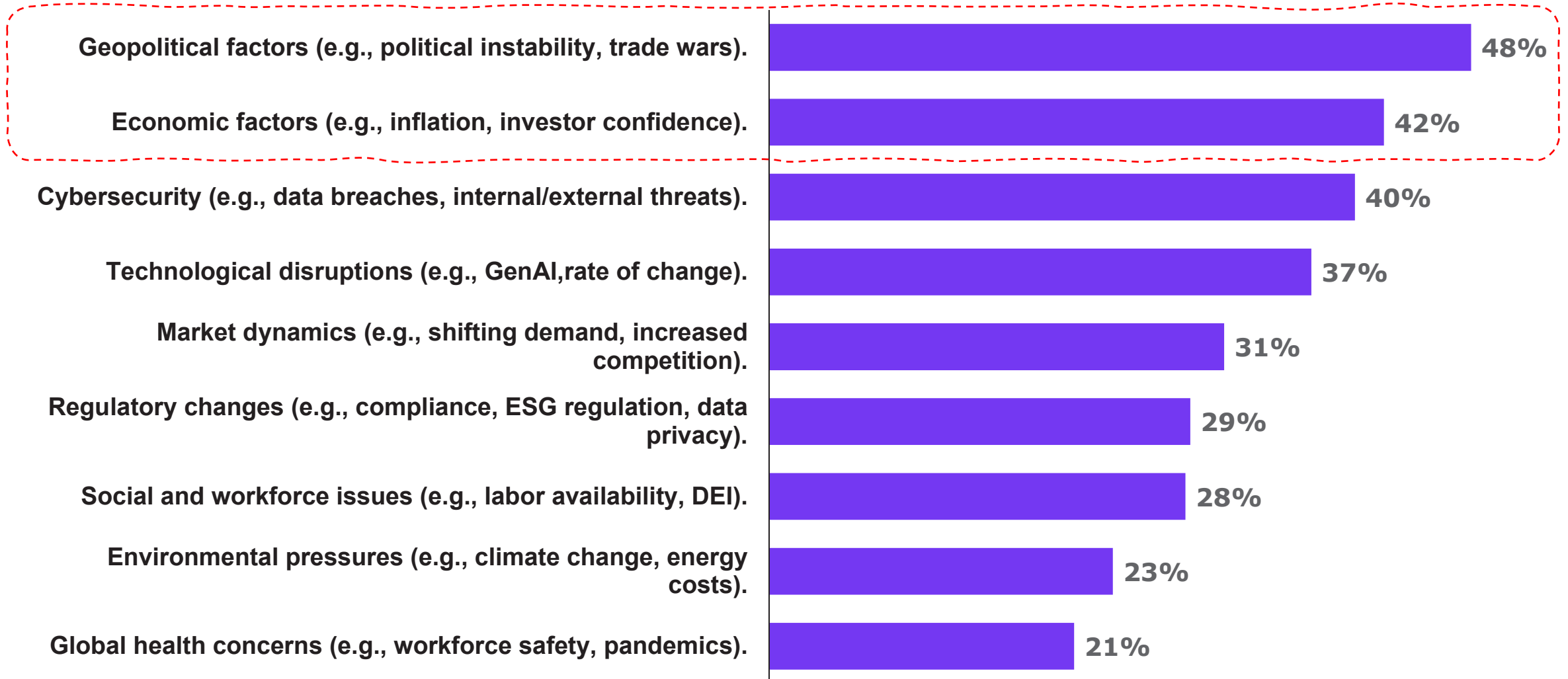
Adaptive contracts, built-in innovation clauses, and governance models designed for AI evolution

The Three Ps driving AI: Politics, People and Processes



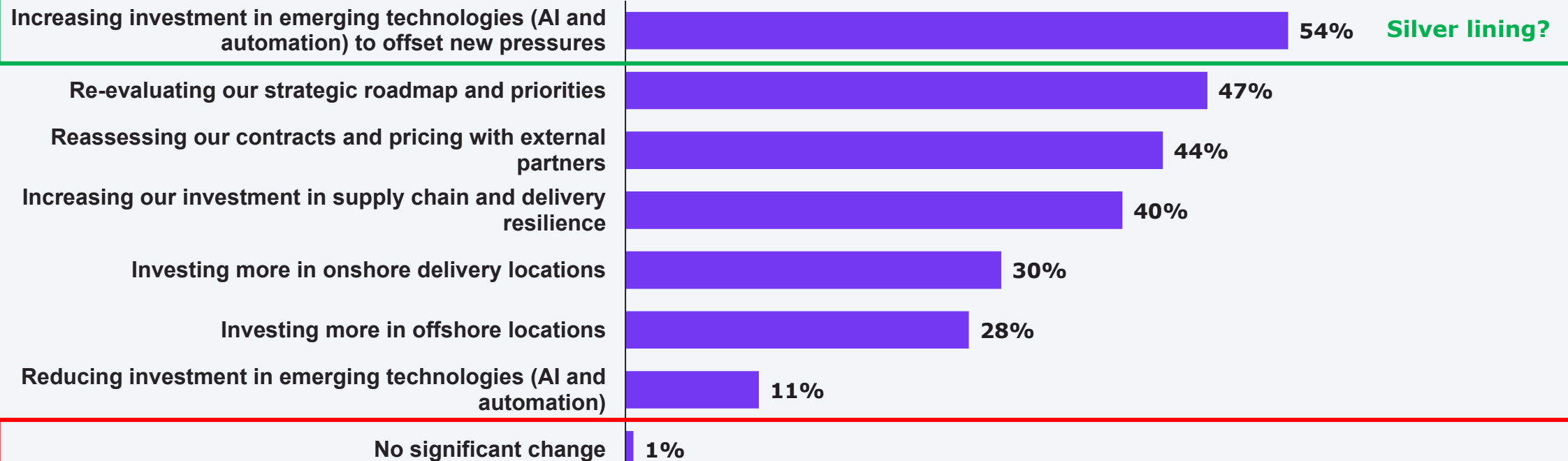
Geopolitics the number one factor impacting enterprises

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



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

H1-B Visa Approvals by major IT services providers

Employer Name, H1B Visas Approved	2025*	2024	2023
TATA CONSULTANCY SERVICES LIMITED	5505	5272	6912
COGNIZANT TECHNOLOGY SOLUTIONS US CORP	2493	6313	7653
DELOITTE CONSULTING LLP	2353	2493	2689
INFOSYS LIMITED	2004	8137	7348
CAPGEMINI AMERICA INC	1844	2795	2830
LTIMINDTREE LIMITED	1807	2136	1627
HCL AMERICA INC	1728	2952	2713
IBM CORPORATION	1598	2906	2485
ACCENTURE LLP	1568	2157	2137
WIPRO LIMITED	1523	1636	2421
TECH MAHINDRA AMERICAS INC	951	1199	1312
MPHASIS CORPORATION	663	785	824
PERSISTENT SYSTEMS INC	138	273	353

Source: US Citizenship and Immigration Services

*Data through September 2025

Don't waste \$100K to stand still: Invest in US talent and redesign delivery now!

A massive challenge, and a unique opportunity. A \$100K H-1B fee will test every service provider's ability to **protect existing business** while forcing them to **rethink delivery models from the ground up**.

Services brands are built on developing talent, not just embedding tools. Redirect a fraction of those H-1B fees into **onshore graduate academies**: pay them, train them on live customer work, and move them into billable roles within six months.

GCCs gain even more momentum. Global Capability Centers will benefit further as enterprises seek mid-level technical expertise and AI-ready delivery capacity closer to their markets.

Clients must reassert control. Enterprises cannot simply absorb surprise pass-through costs. Demand contract transparency that shows where the \$100K fee applies, and **seek out partners investing in US talent** academies and Services-as-Software innovation.

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 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

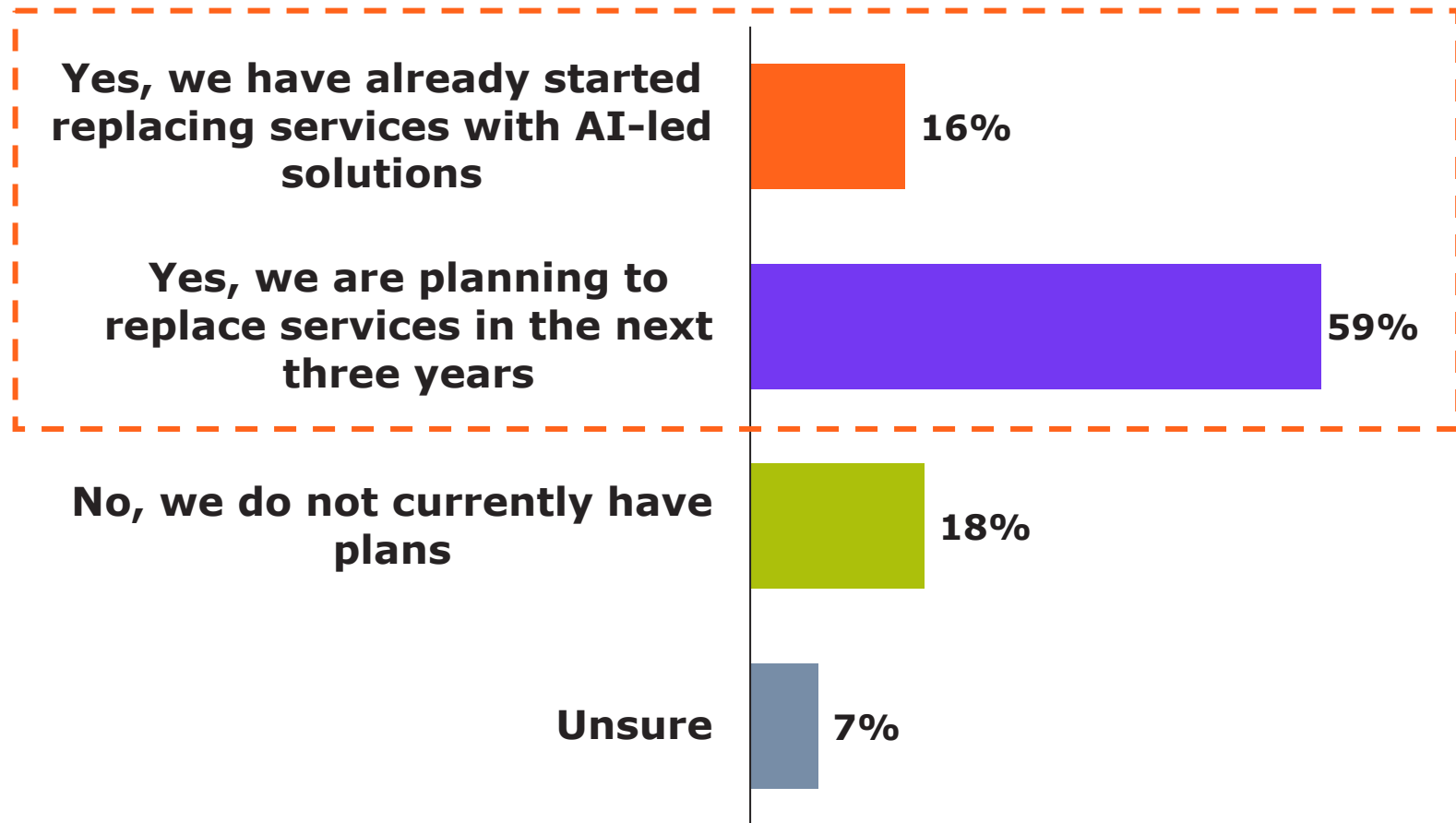
The Solution

- 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.

75% of enterprises plan to replace people-run services with software-run services by 2028

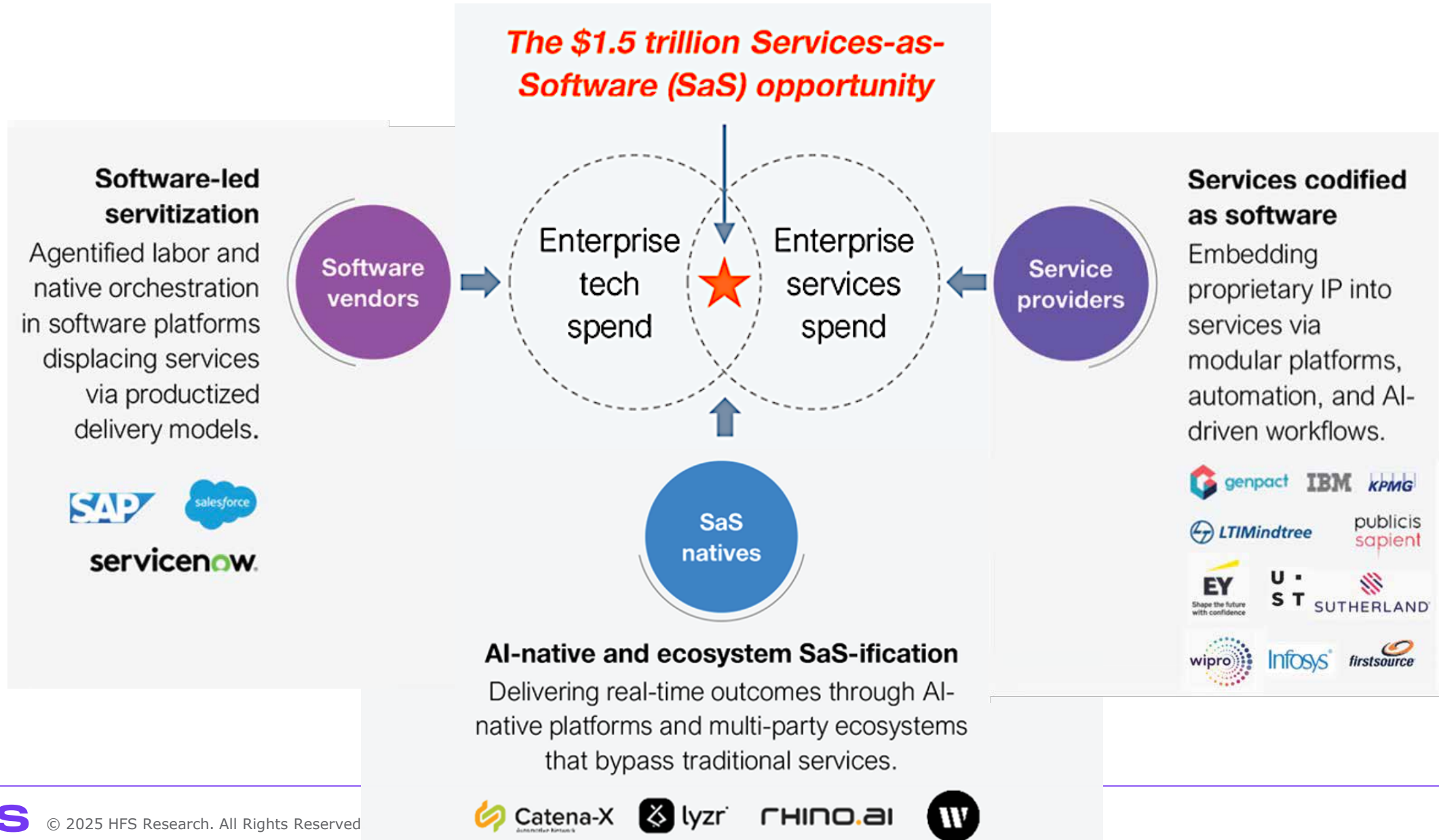


Has your organization started or is planning to replace human-led services or business processes with AI-led solutions?



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

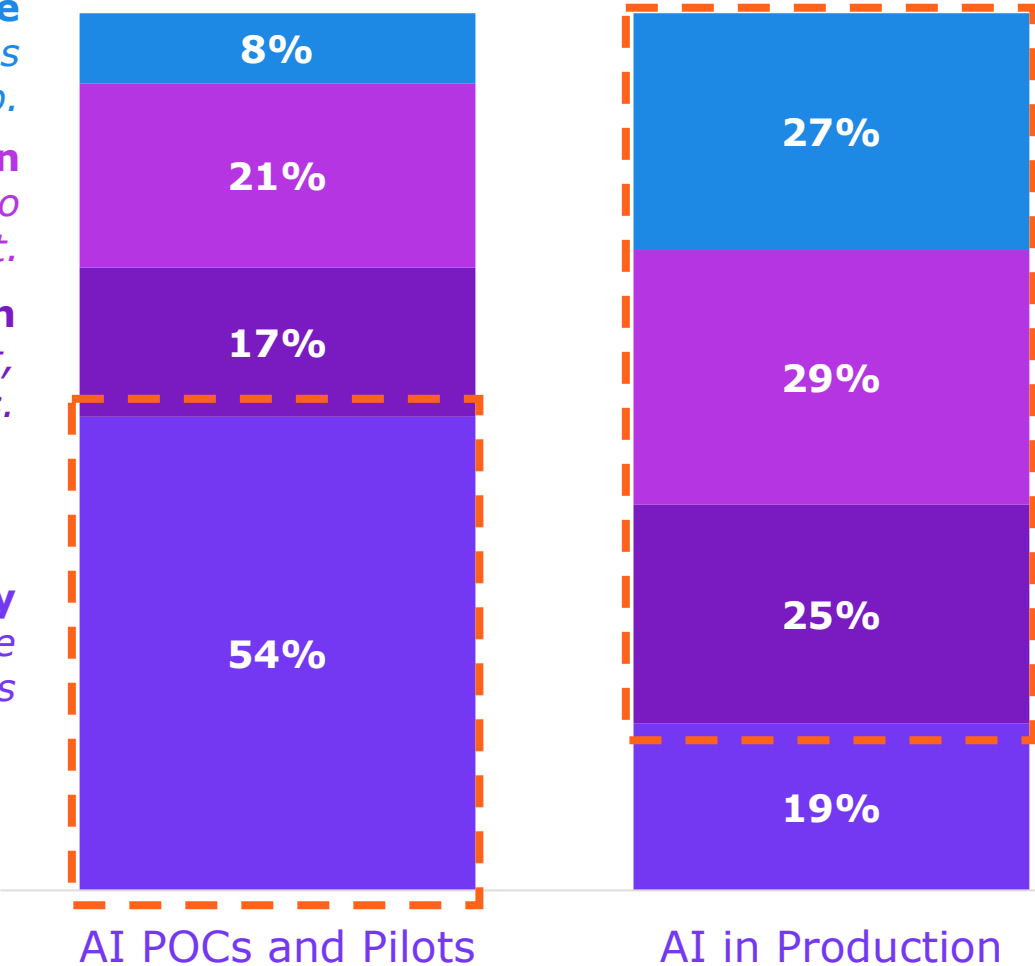
Three swim lanes are emerging as the \$1.5 trillion Services-as-Software market takes off



The 4Ps of Agentic AI: Performance, Personalization, Prediction, and Productivity

Distribution of GenAI and Agentic AI Outcomes by Stage of Deployment
% use cases

- Performance**
Strategic outcomes, growth, new business models, and competitive leadership.
- Personalization**
Tailoring experiences and interactions to individual needs/context.
- Prediction**
Using data and AI to anticipate, forecast, and optimize decisions.
- Productivity**
Enhancing speed, efficiency, and scale by automating or augmenting tasks



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

Closing your AI Velocity Gap is 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

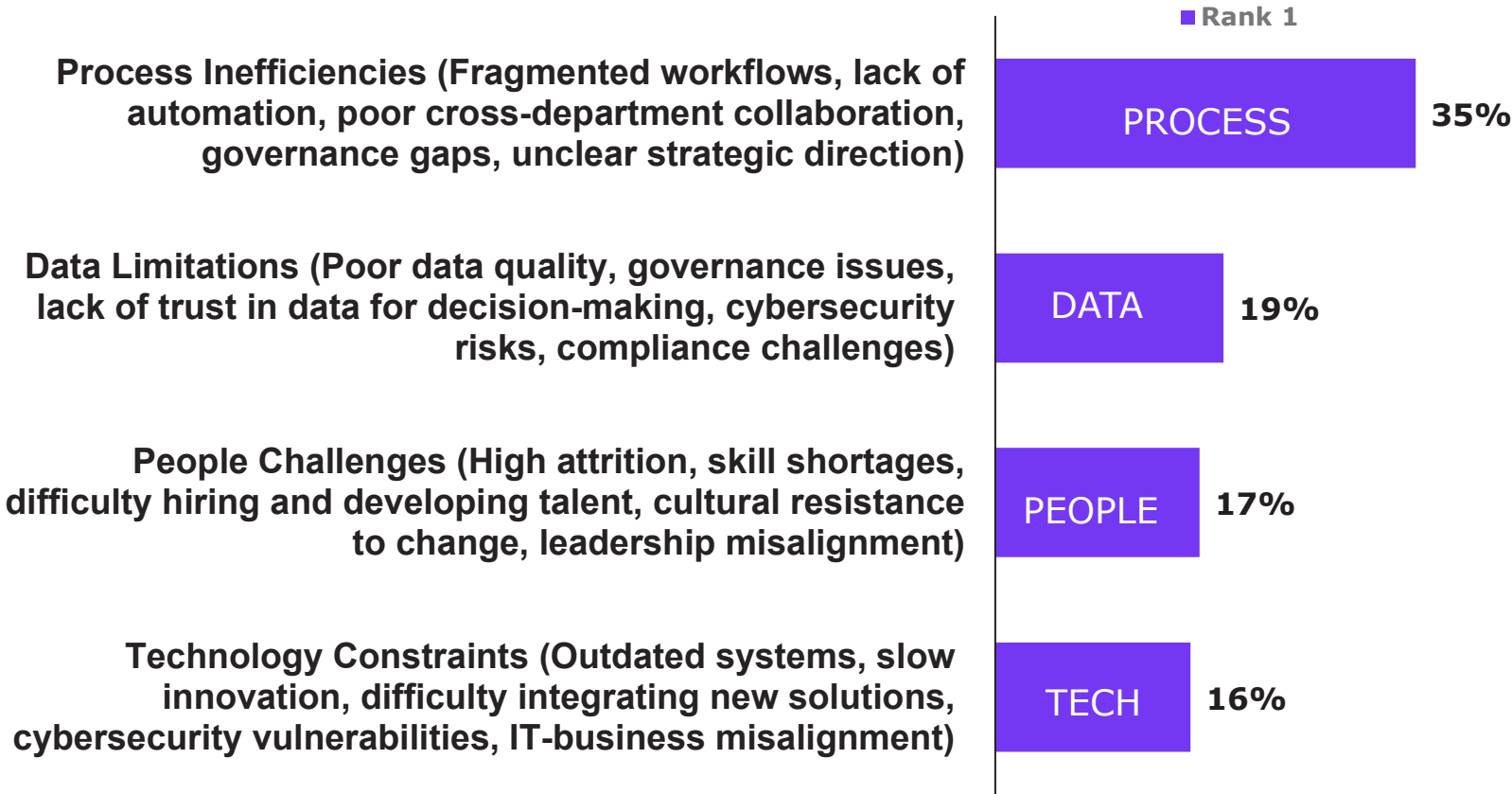
(Monday experience)

- **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

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

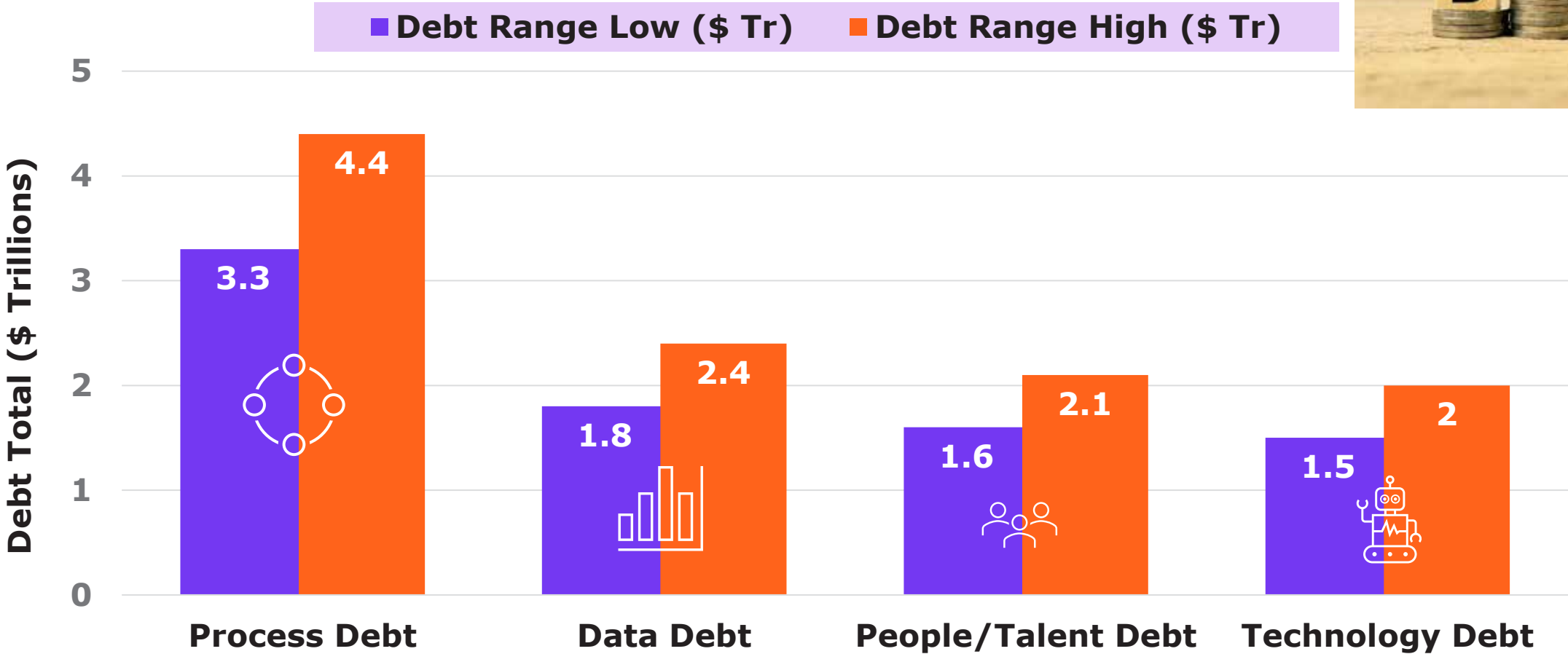
Please rank the following challenges based on their impact on your organization's ability to achieve its goals



Stop
obsessing
over AI
Tech-first
fix
everything

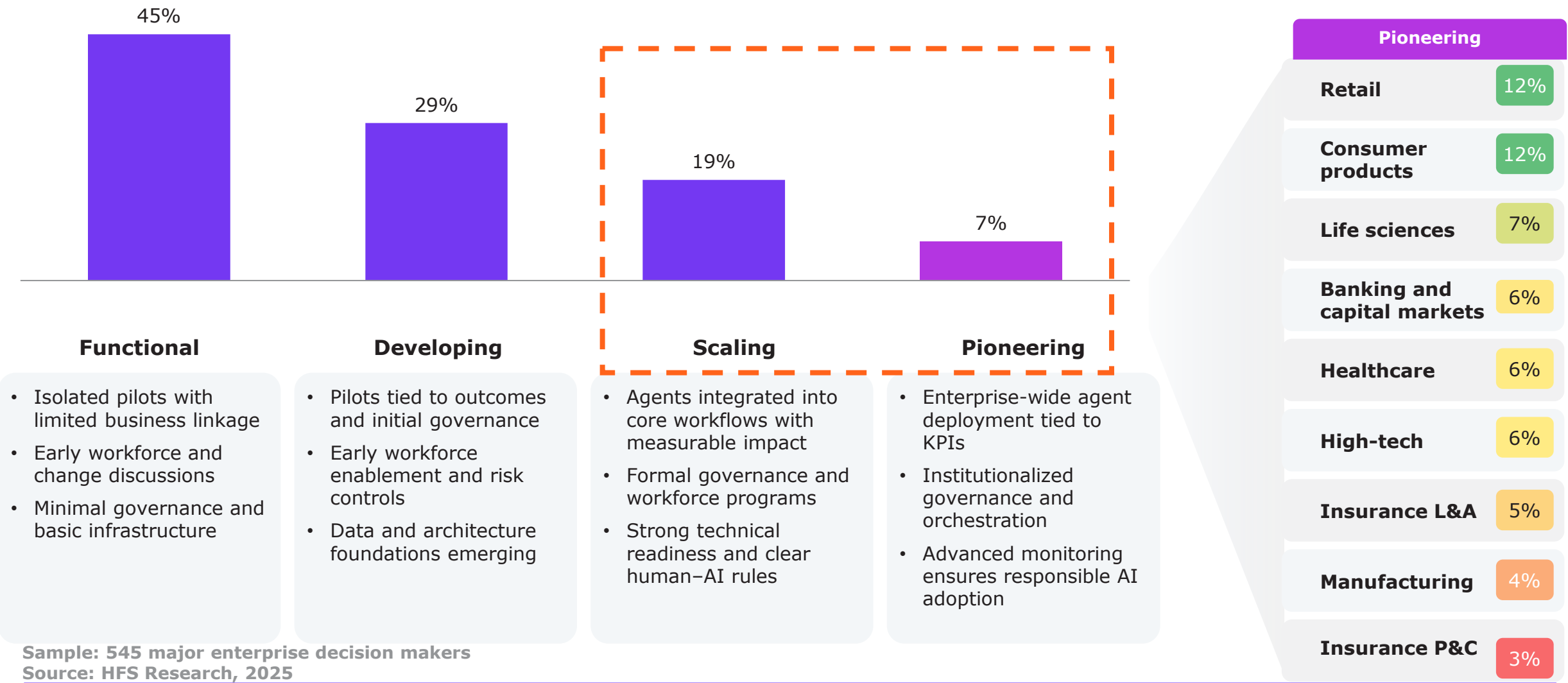
Sample: 305 major enterprise decision makers
Source: HFS Research Pulse, 2025

Total enterprise debts = \$10 Trillion



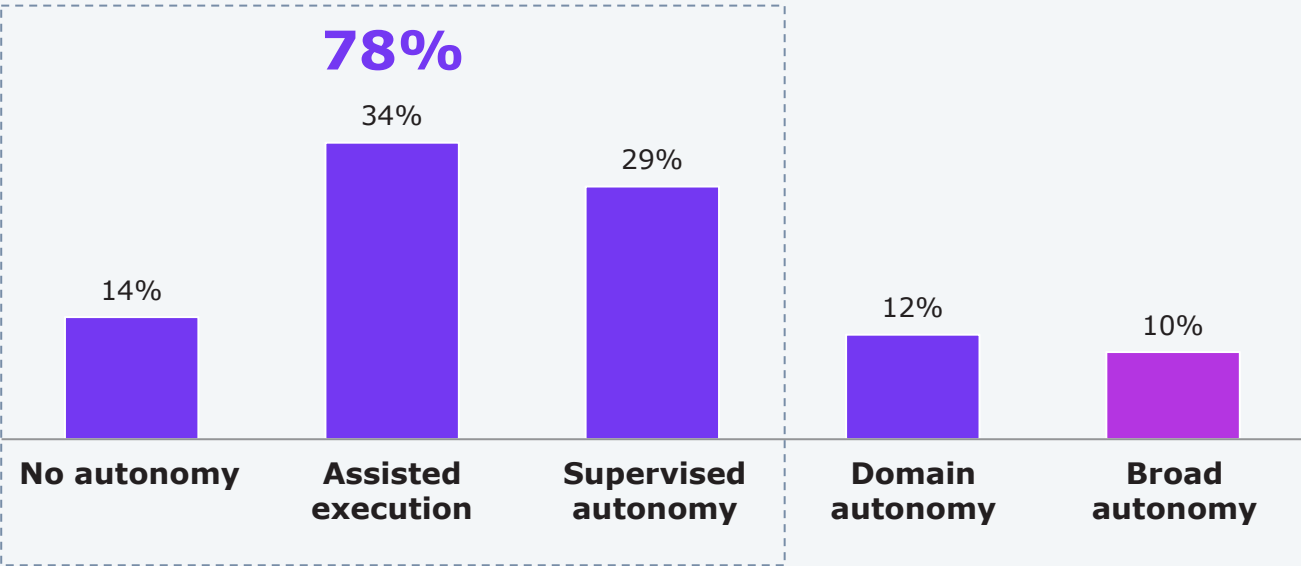
Sample: 305 major enterprise decision makers, various external data sources
Source: HFS Research, 2025

Only 7% of organizations today are pioneering the agentic race, but over a quarter making real progress



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

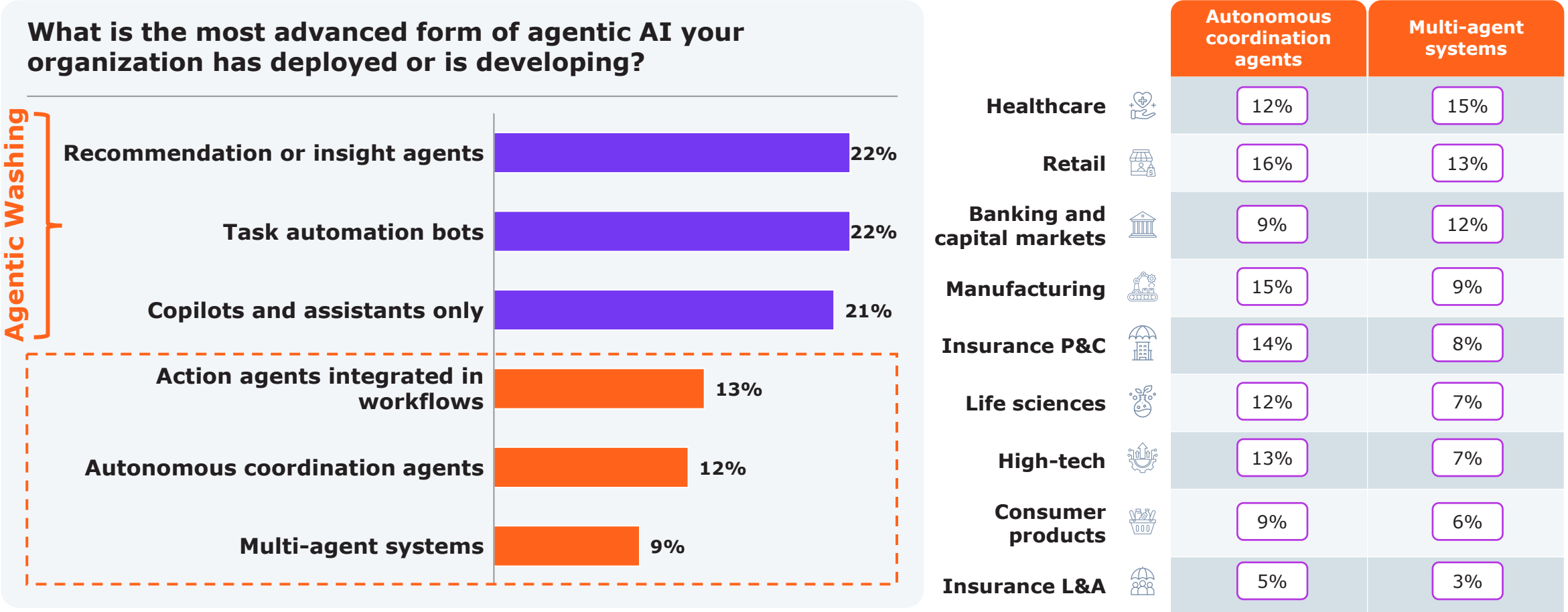
What best describes your organization's comfort level with agentic AI autonomy?



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

Two-thirds of enterprises are stuck in low-complexity, assistive deployments. Yet 20% are building multi-agent systems and autonomous coordination agents



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

Agentic Use: Industries experiencing differing values

Banking and financial services

Risk & Compliance

47%

Agents monitor transactions, verify identities, and automate reporting to reduce fraud and regulatory risk.

Customer Services

19%

Agents handle onboarding and service inquiries, providing faster responses and personalized financial guidance.

Consumer products

Product & Innovation

33%

Agents accelerate product design, packaging customization, and lifecycle management to bring innovations to market faster.

Sales & Marketing

33%

Agents optimize promotions, personalize campaigns, and adjust pricing dynamically in response to demand signals.

High tech

Operations

88%

Agents validate chip designs, optimize processes, and ensure quality across highly complex, data-intensive workflows.

Product & Innovation

6%

Agents link R&D data, lab notebooks, and historic results to accelerate new product development.

Insurance L&A

Operations

41%

Agents automate actuarial calculations, monitor longevity trends, and streamline back-office insurance processes.

Claims & Underwriting

30%

Agents gather medical and financial data to assess risk and validate claims with minimal manual intervention.

Insurance P&C

Claims & Underwriting

43%

Agents verify coverage, assess damages, and automate claim payouts for faster resolution.

Operations

35%

Agents support underwriting, risk evaluation, and pricing by analyzing structured and unstructured data.

Life science

Research & Development

74%

Agents mine biomedical datasets, identify new molecule targets, and simulate drug pathways for discovery.

Operations

17%

Agents coordinate clinical trial logistics, track study progress, and integrate lab data.

Retail

Sales & Marketing

41%

Agents optimize promotions, loyalty programs, and campaigns using real-time customer data.

Supply Chain & Manufacturing

29%

Agents adjust inventory dynamically, automate sourcing, and balance supply with demand.

Healthcare

Patient Services

~40–45%

Agents capture patient data, triage diagnostics, and support intake and ongoing care, reducing burden on clinicians.

Clinical Operations

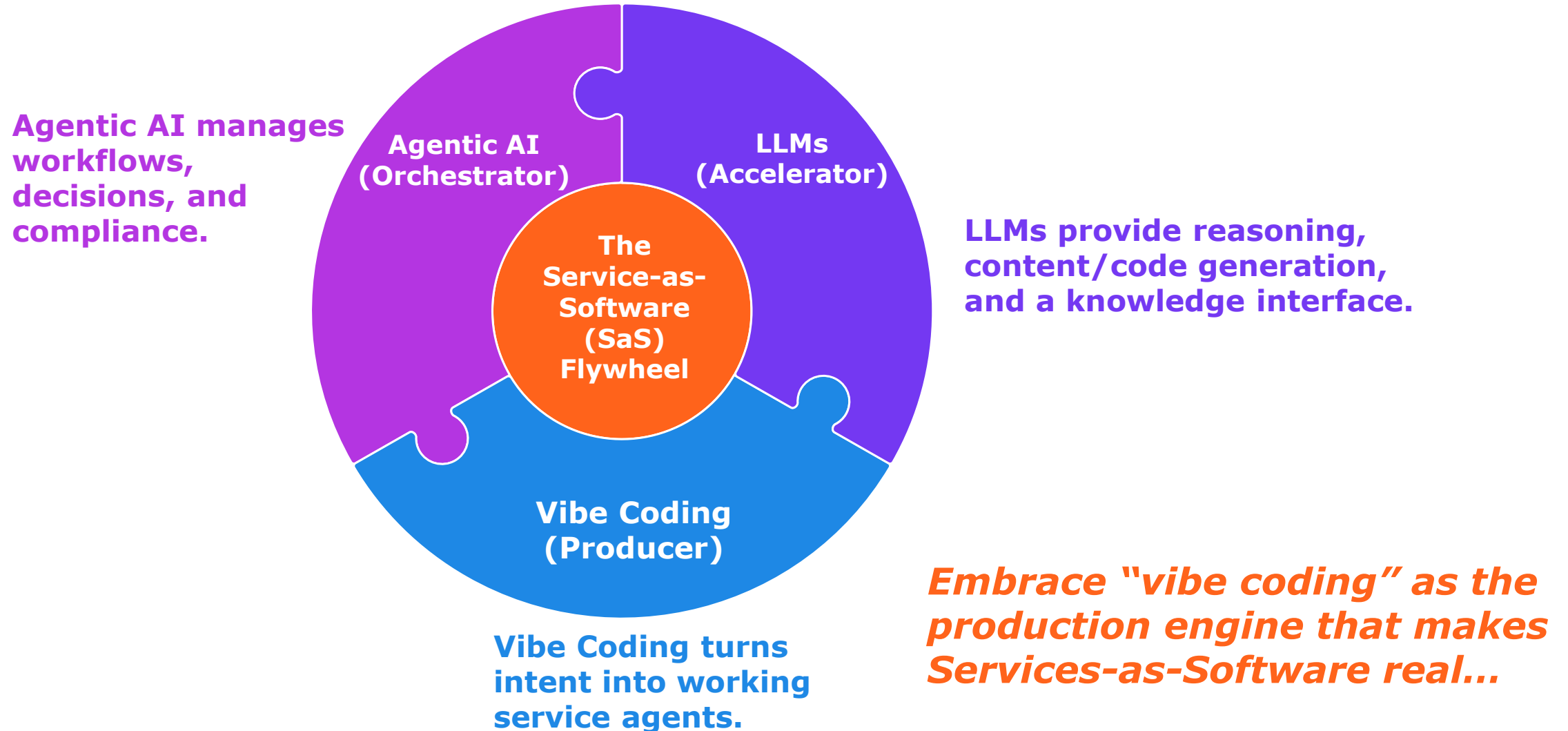
~20–25%

Agents generate clinical notes, validate prescriptions, and automate workflows across electronic health record systems.

Sample: 545 major enterprise decision makers

Source: HFS Research, 2025

Agentic, LLMs and Vibe Coding form the triumvirate AI tools enabling Services-as-Software



Remember... AI is not a Magic Wand

- **AI didn't fail, Deloitte's process did.** The scandal wasn't caused by GPT-4o hallucinating, but by Deloitte skipping human verification on AI-generated content, leading to fake court quotes and references in a government report.
- **Accountability gap:** AI without verification is professional malpractice. Enterprises must separate content creation from fact-checking and enforce human validation before any AI-assisted output goes to clients.
- **Enterprise fears confirmed:** HFS data shows 32% of executives already cite "inaccurate AI outputs" as a top concern in services. Deloitte just put a dollar figure (\$290K refund) on that risk.
- **Transparency and trust now define credibility.** Hiding AI use is commercial suicide. Contracts must include explicit disclosure of which AI tools are used, for what, and how validation occurs.
- **Regulators are catching up fast.** Courts and agencies are setting AI-disclosure rules, and firms without governance frameworks will face legal and reputational fallout.
- **AI is an amplifier, not a replacement for human judgment.** The winners in the Services-as-Software era will "vibe-code" integrity and validation into every workflow.



Wrap-up: Ride the AI Wave... Don't Drown in it

- The AI era isn't coming — it's already **here**, and 75% of enterprises plan to replace people-run services with software-run models by 2028.
- The \$10 trillion enterprise debt won't vanish with AI tech **alone**. It will only diminish by training your people to **fix processes** that *empower* the data to **make decisions** to *win* in your markets.
- **Talent** investment is *the differentiation* for organizations. Stop replacing graduates with bots — build the next generation of *AI-native* professionals to create your unique culture.
- Then close your **AI Velocity Gap** to align your employees' AI experiences with corporate systems.
- Agentic AI, LLMs, and Vibe Coding form the new AI operating system — **reasoners, orchestrators, and producers working together** to power the Services-as-Software economy.
- This is the moment to **re-invent**, not react. Redesign how people, data, and platforms connect — make AI your **growth engine**, not your *governance headache*.
- Humans *must* stay at the **helm**. AI runs workflows, but **people** drive **trust, culture, and accountability**.

Thank you.

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



www.hfsresearch.com



[hfsresearch](https://www.linkedin.com/company/hfsresearch)



www.horsesforsources.com



www.horsesmouthpodcast.com

CEO Panel: The Services-as-Software economy: Disrupt or be disrupted



Phil Fersht
CEO and Chief Analyst
HFS Research



May Habib
CEO and co-founder,
WRITER



Mark Hodges
Founding Partner, ACRESIS
LLC, Founder of EQUATERRA
& G2 RESEARCH



Ritesh Idnani
Chief Executive Officer
and Managing Director,
Firstsource



Jesús Mantas
Former Global Managing
Partner, IBM Consulting;
Advisory Board Member, HFS



Kabir Nagrecha
CEO and Co-founder,
Tessera Labs



Rahquel Purcell
Chief Transformation
Officer,
L'Oreal North America



Tiger Tyagarajan
Senior Advisor, BCG and
Bain Capital, and
former CEO, Genpact

Describe a moment in the last 24 months when your leadership playbook failed.

What did you learn and how did you adapt?

**Being brutally honest, are you scared
or excited by the impact AI is having
on our industry?**

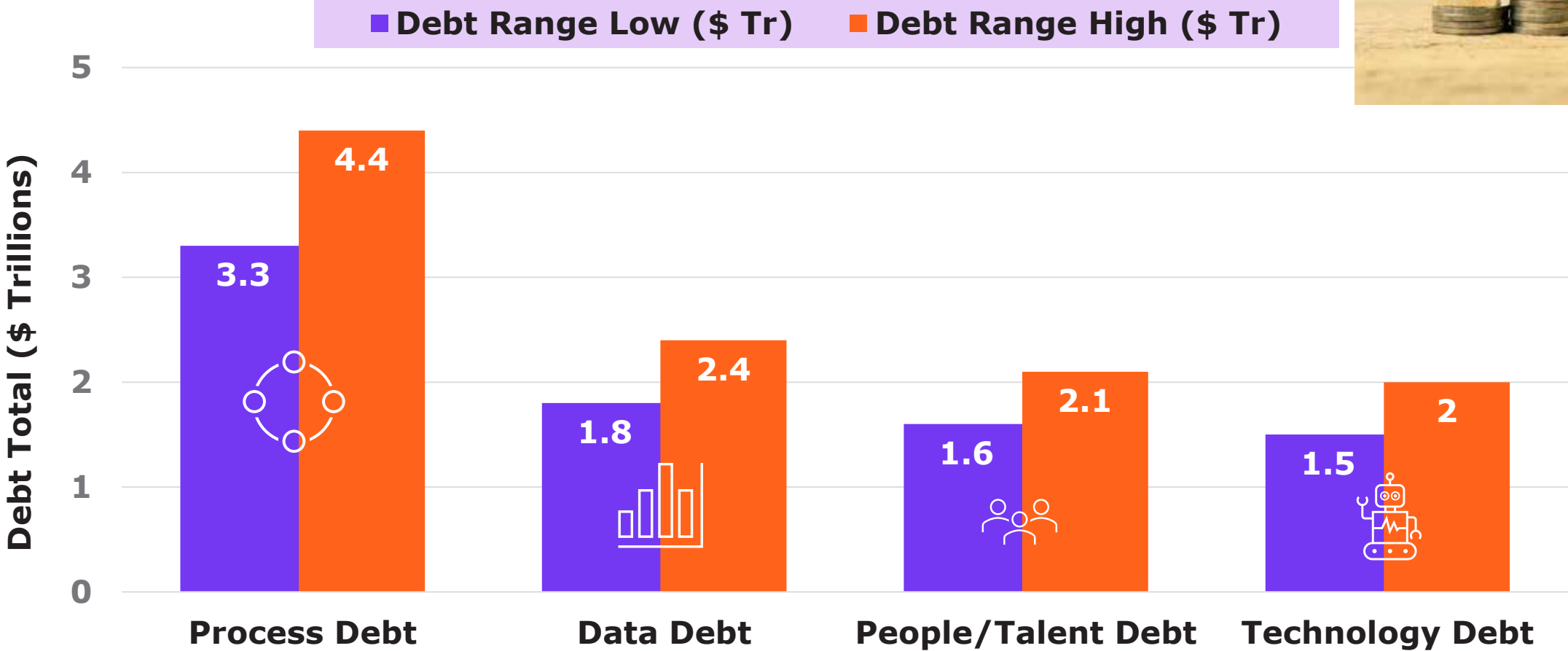
**How do you personally stay curious
and use AI to steer your firm's
narrative?**

**With supply chains disrupted,
currencies fluctuating, and
geopolitical tensions rising, how do
you make long-term bets when
fundamentals keep shifting?**

Can Global 2000 firms realistically overcome decades of process, data, and technical debt?

Do they have the appetite for the scale of change required or are many firms facing a seismic reckoning: change or die?

Total enterprise debts = \$10 Trillion



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

Organizations are announcing layoffs for staff who cannot adapt to AI-centric roles.

Is this really a capability gap, or leadership failing to reskill teams?

How do you drive excitement rather than fear around AI transformation?

Individual Advantage



- **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



- **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*

What is the single most impactful AI-driven solution you expect to deliver in the next 12 months, and what will you stop doing to fund it?

What's the one thing about AI transformation that you know is true but would never say publicly?

CEO Panel: The Services-as-Software economy: Disrupt or be disrupted



Phil Fersht
CEO and Chief Analyst
HFS Research



May Habib
CEO and co-founder,
WRITER



Mark Hodges
Founding Partner, ACRESIS
LLC, Founder of EQUATERRA
& G2 RESEARCH



Ritesh Idnani
Chief Executive Officer
and Managing Director,
Firstsource



Jesús Mantas
Former Global Managing
Partner, IBM Consulting;
Advisory Board Member, HFS



Kabir Nagrecha
CEO and Co-founder,
Tessera Labs



Rahquel Purcell
Chief Transformation
Officer,
L'Oreal North America



Tiger Tyagarajan
Senior Advisor, BCG and
Bain Capital, and
former CEO, Genpact