

# The emerging paradigm of Services-as-Software™

Phil Fersht Founder and CEO, HFS Research

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**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.

## Why HFS?

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



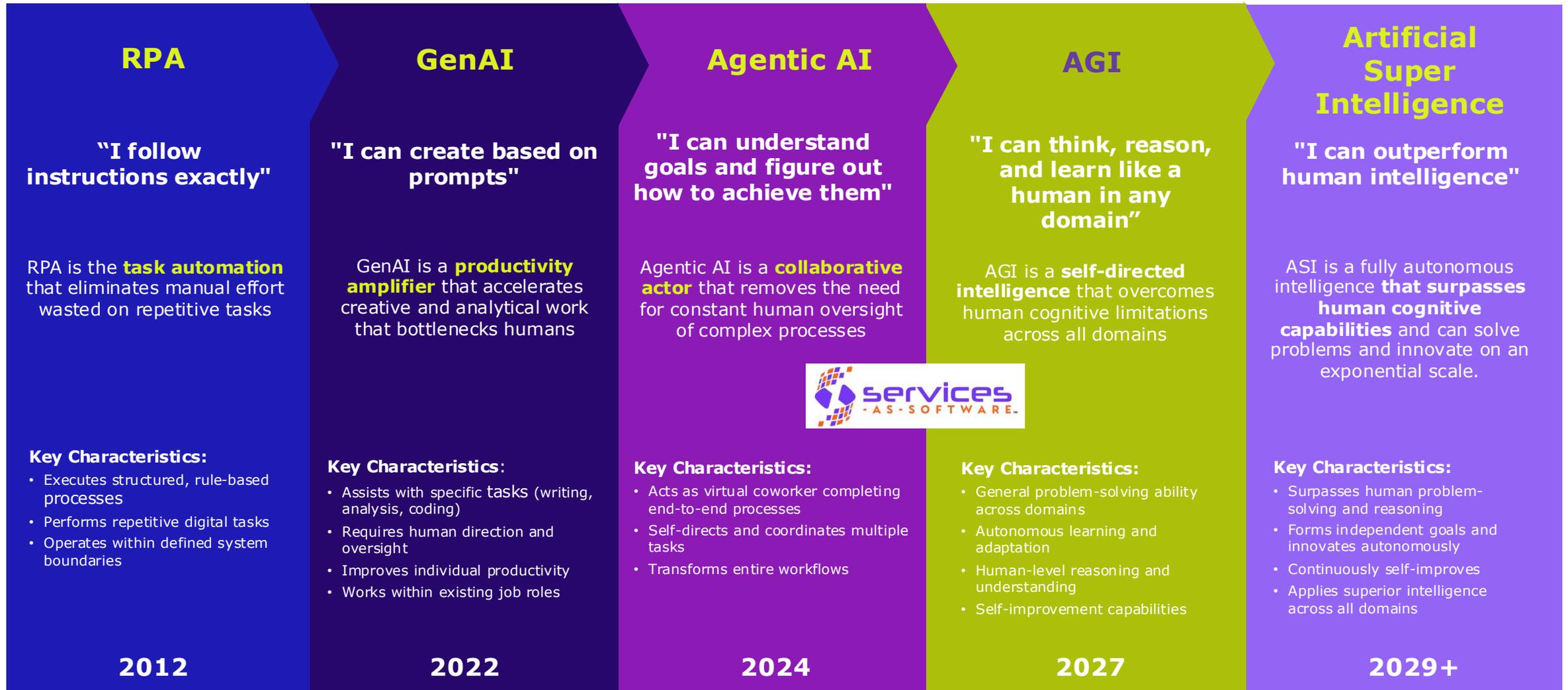
# HFS Shaping the Narrative

- **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.



services  
- AS - SOFTWARE™

# The HFS AI Continuum: From Task Automation to Super Intelligence

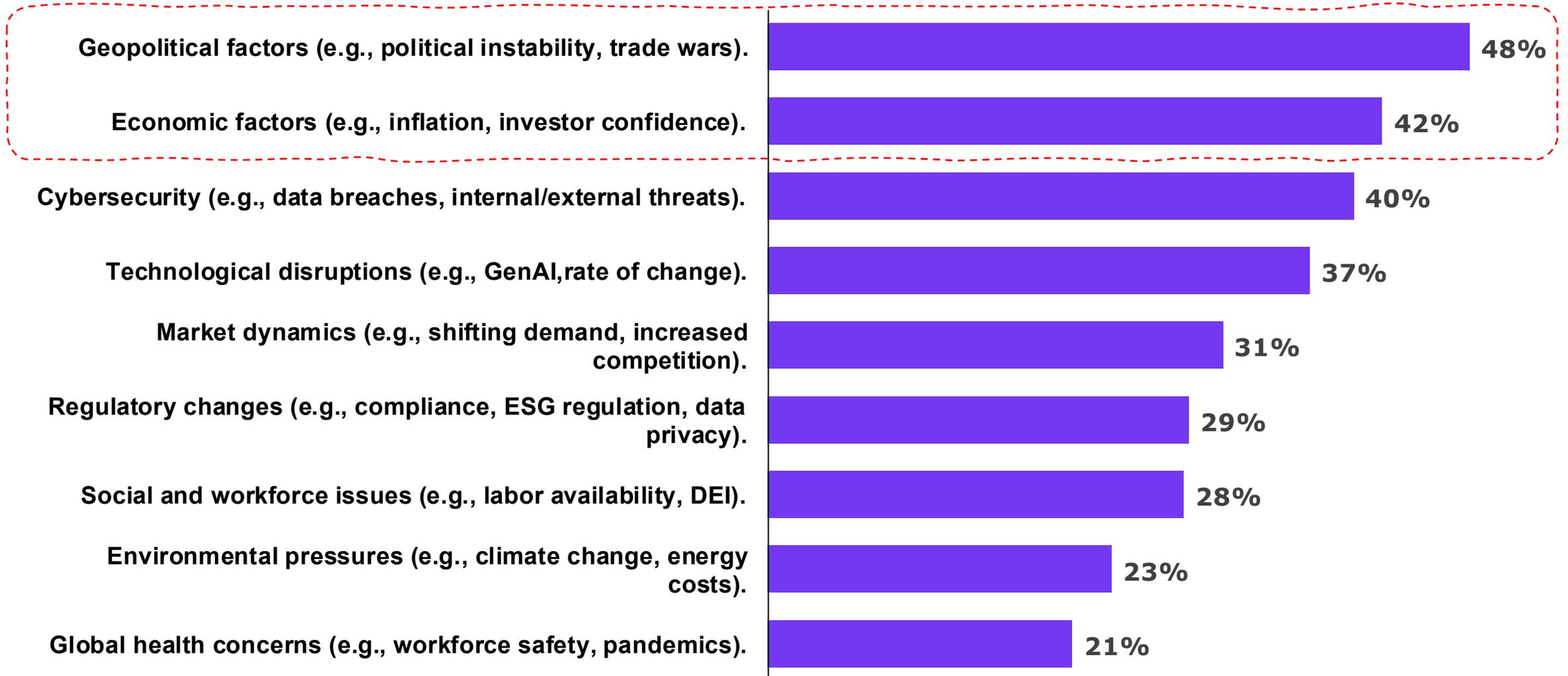


# The Three Ps driving AI: Politics, People and Processes



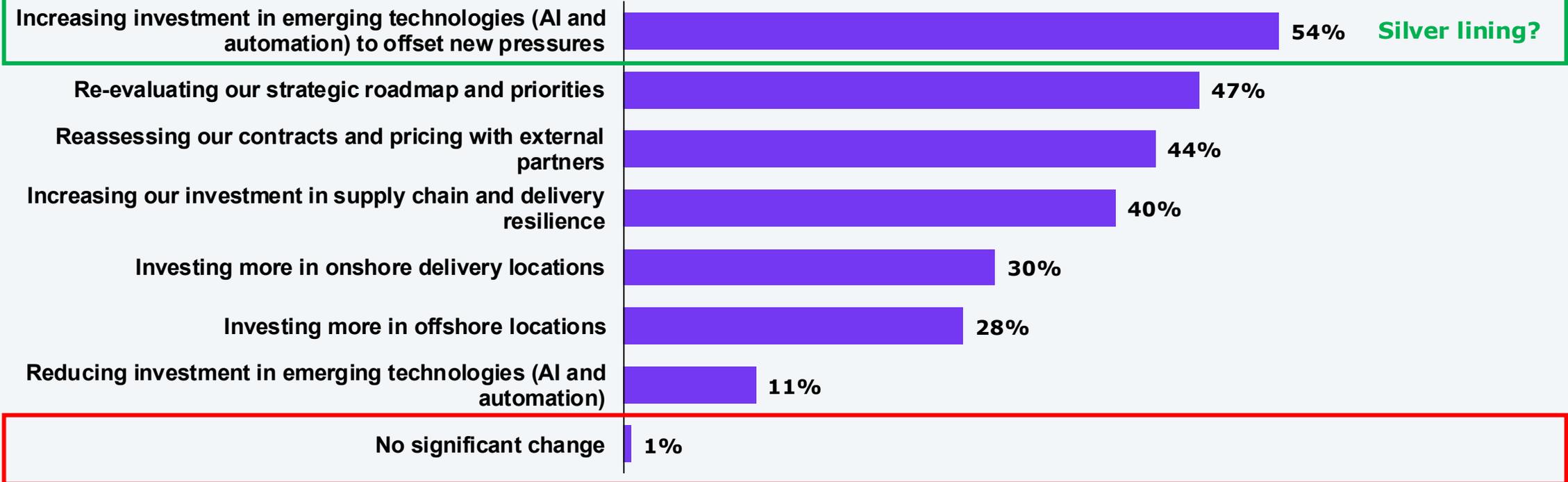
# Geopolitics the number one factor impacting enterprises

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



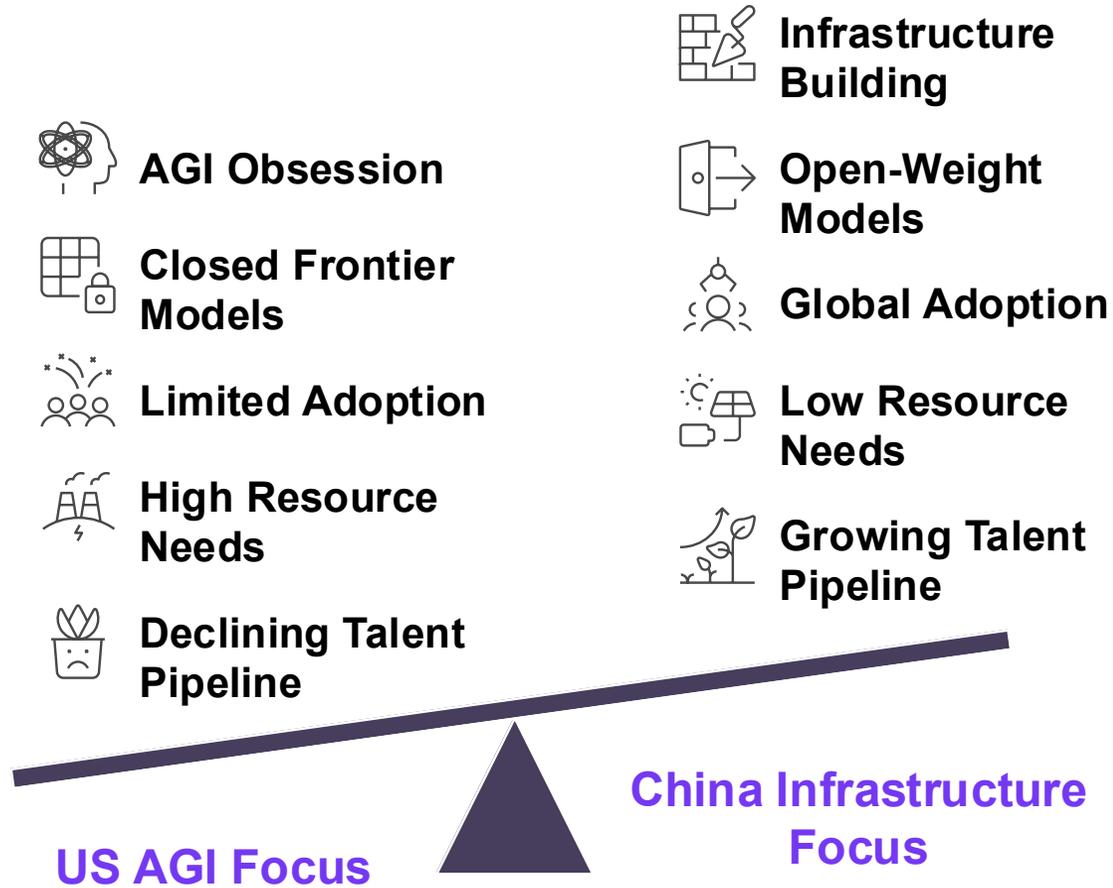
# Enterprises are reassessing their priorities in response to Trump-era tariffs. But is there a silver lining?

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



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

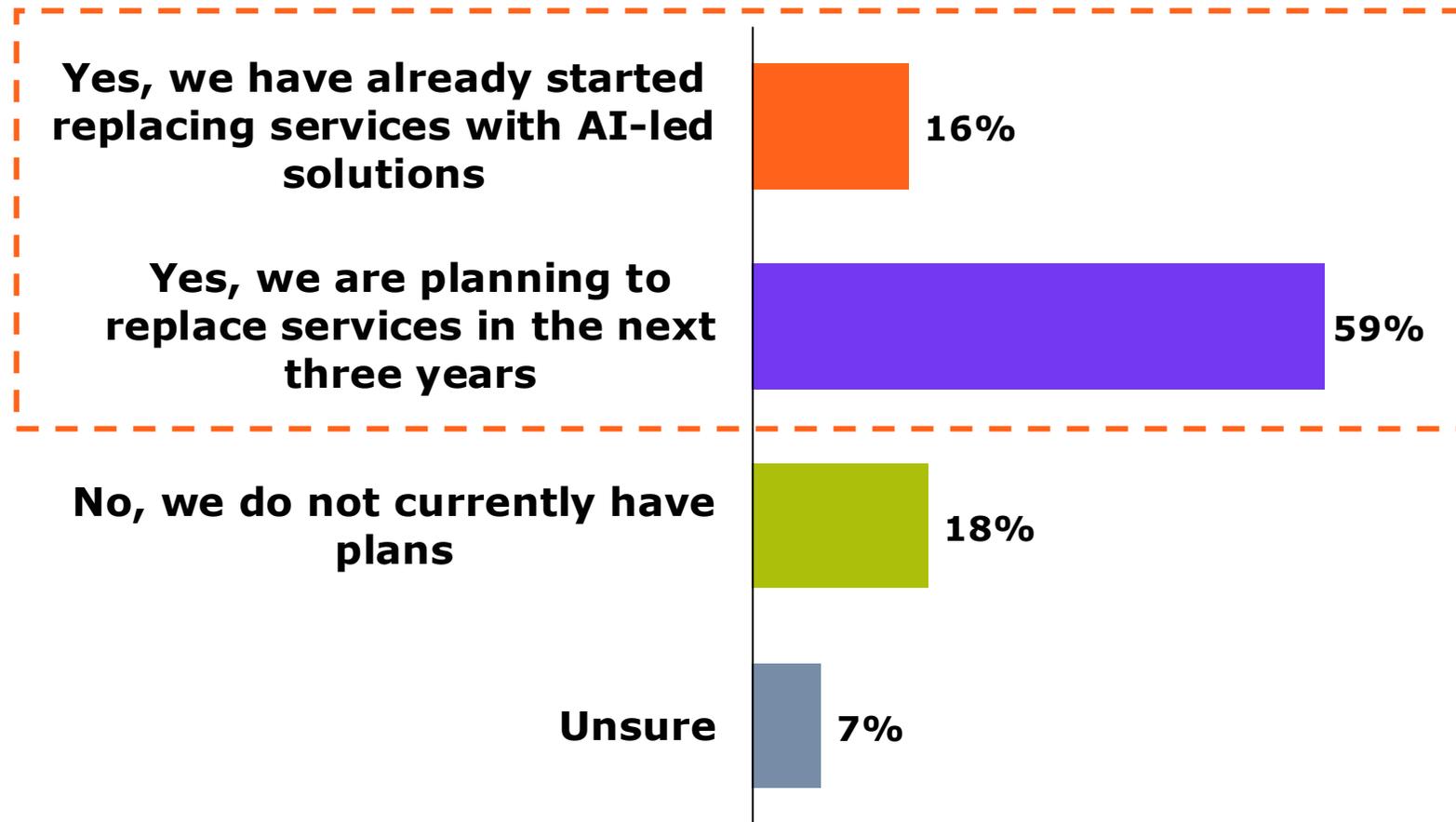
# China's Infrastructure Focus is Currently Winning AI Race



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

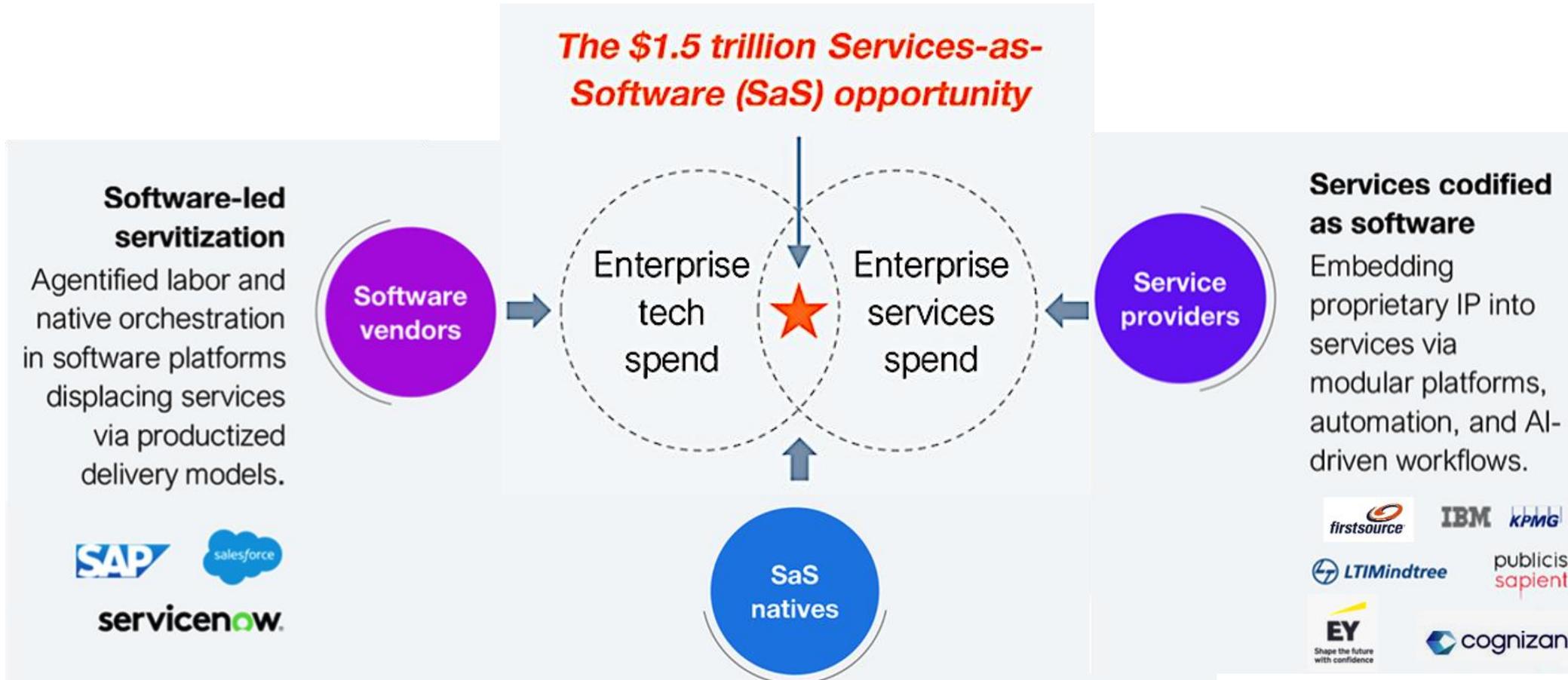


**Has your organization started - or is planning to - replace human-led services or business processes with AI-led solutions?**



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

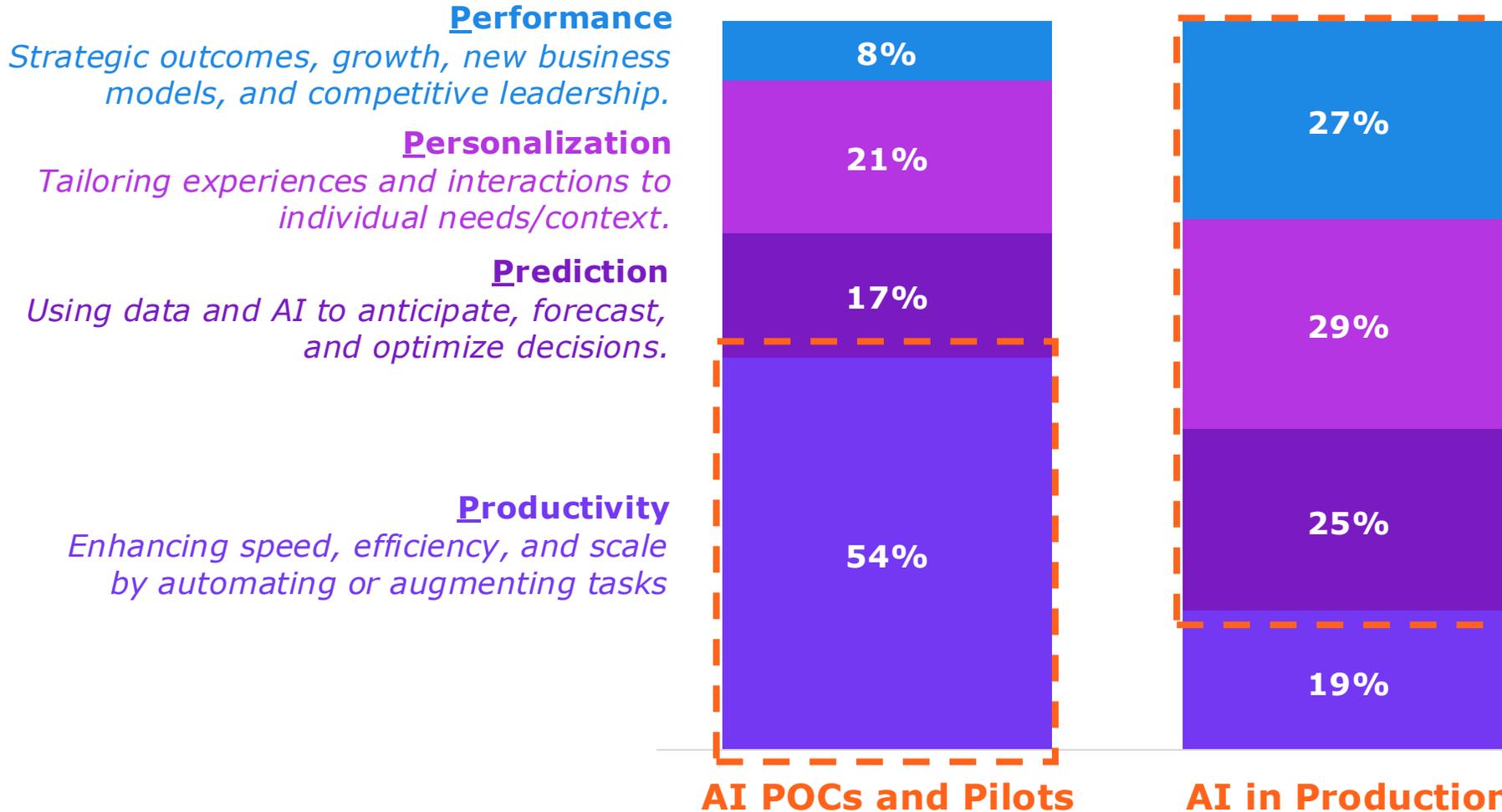
# Three swim lanes are emerging as the \$1.5 trillion Services-as-Software market takes off



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

## Distribution of GenAI and Agentic AI Outcomes by Stage of Deployment

% use cases



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

# New AI roles we can retrain people for...

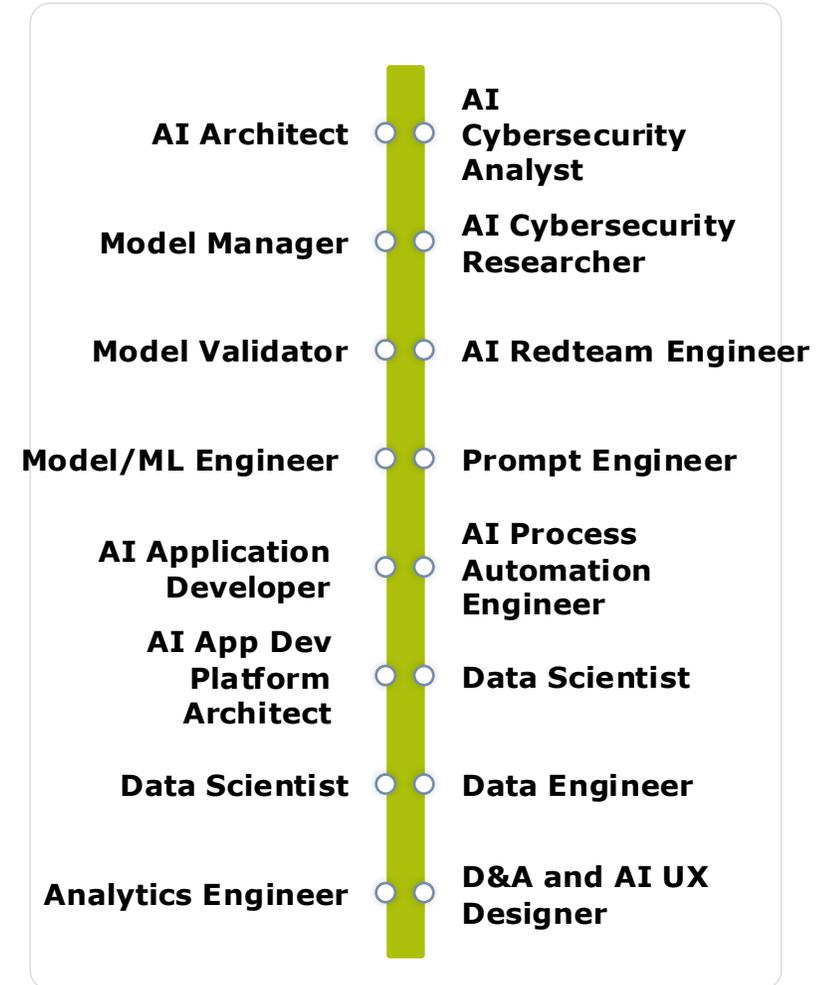
## Management



## Business

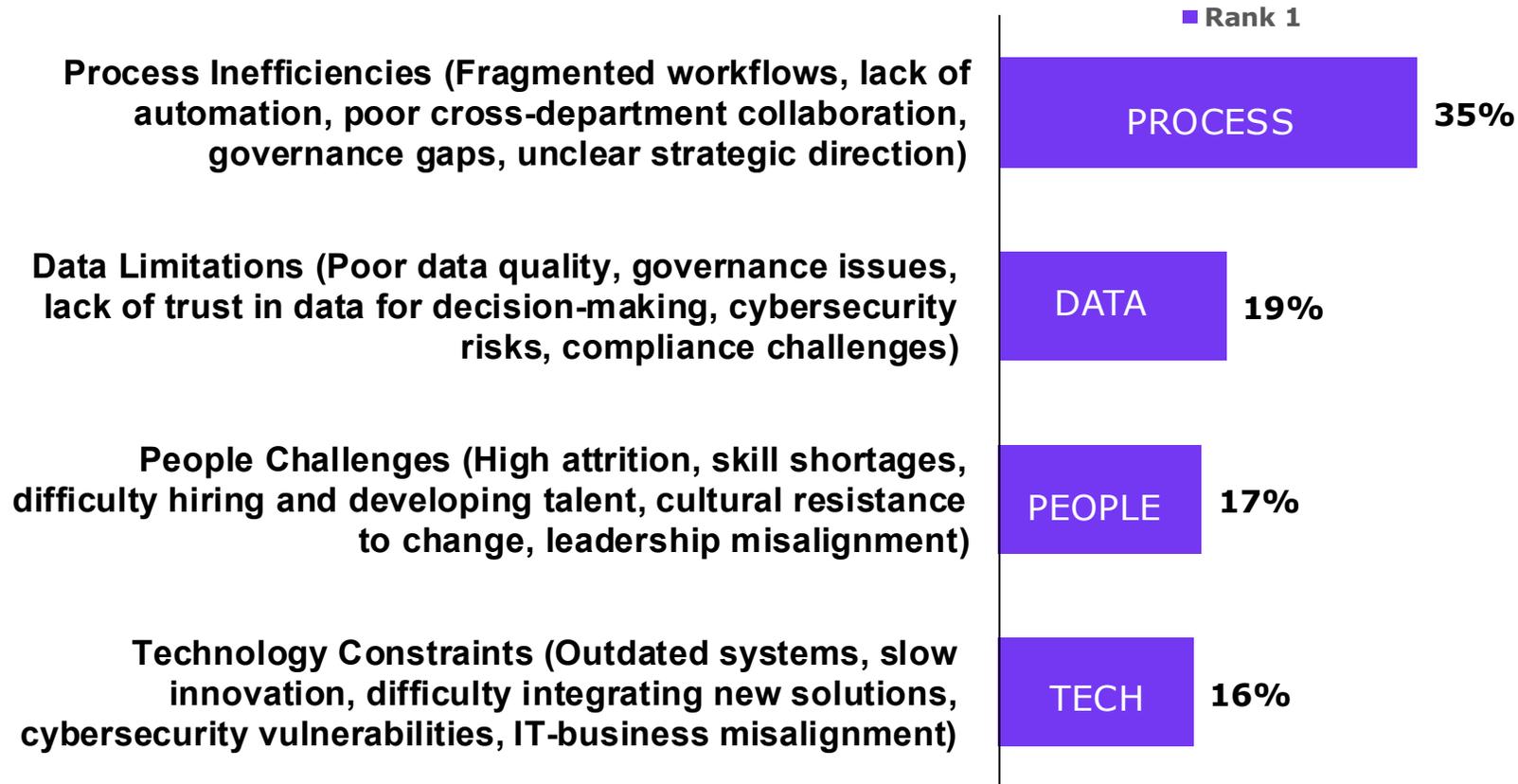


## Technical



# Enterprises are aeons away from exploiting AI tech

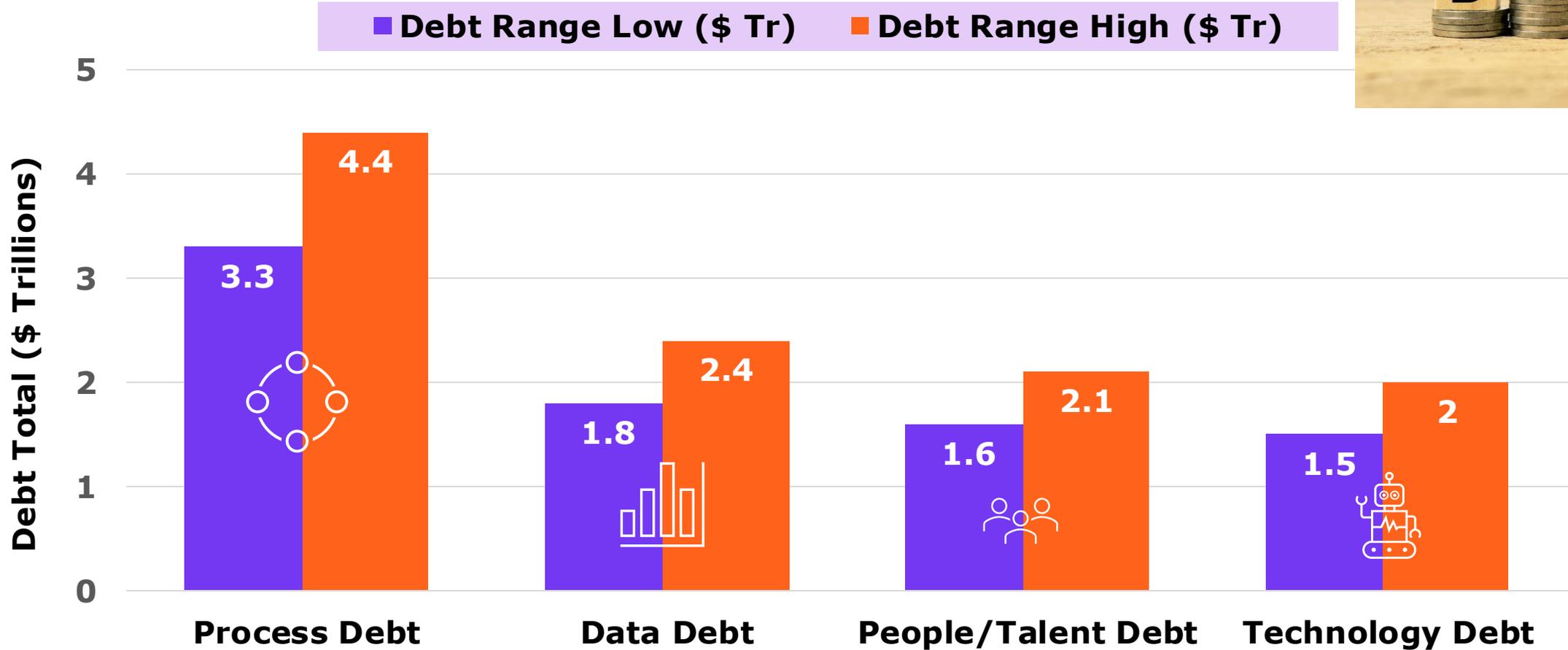
Please rank the following challenges based on their impact on your organization's ability to achieve its goals



Stop  
obsessing  
over AI  
Tech-first  
fix  
everything

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

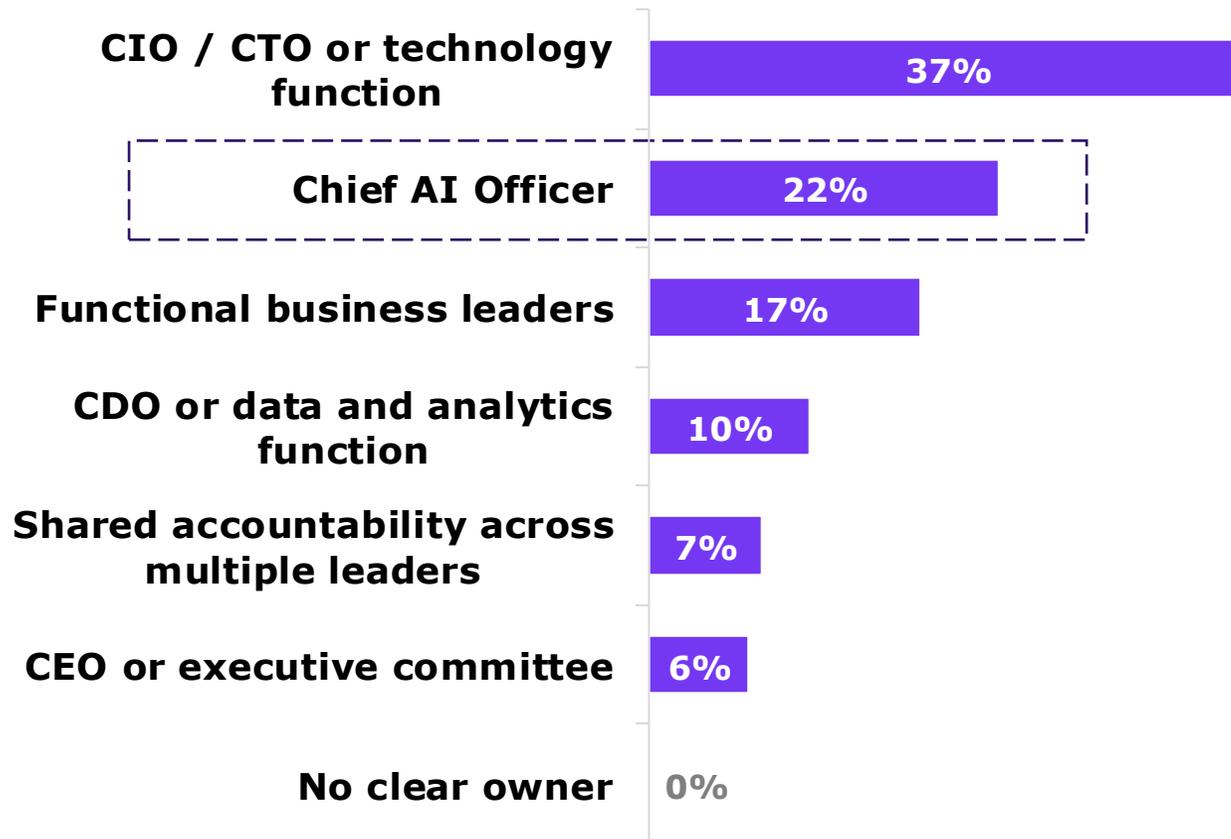
# Total enterprise debts = \$10 Trillion



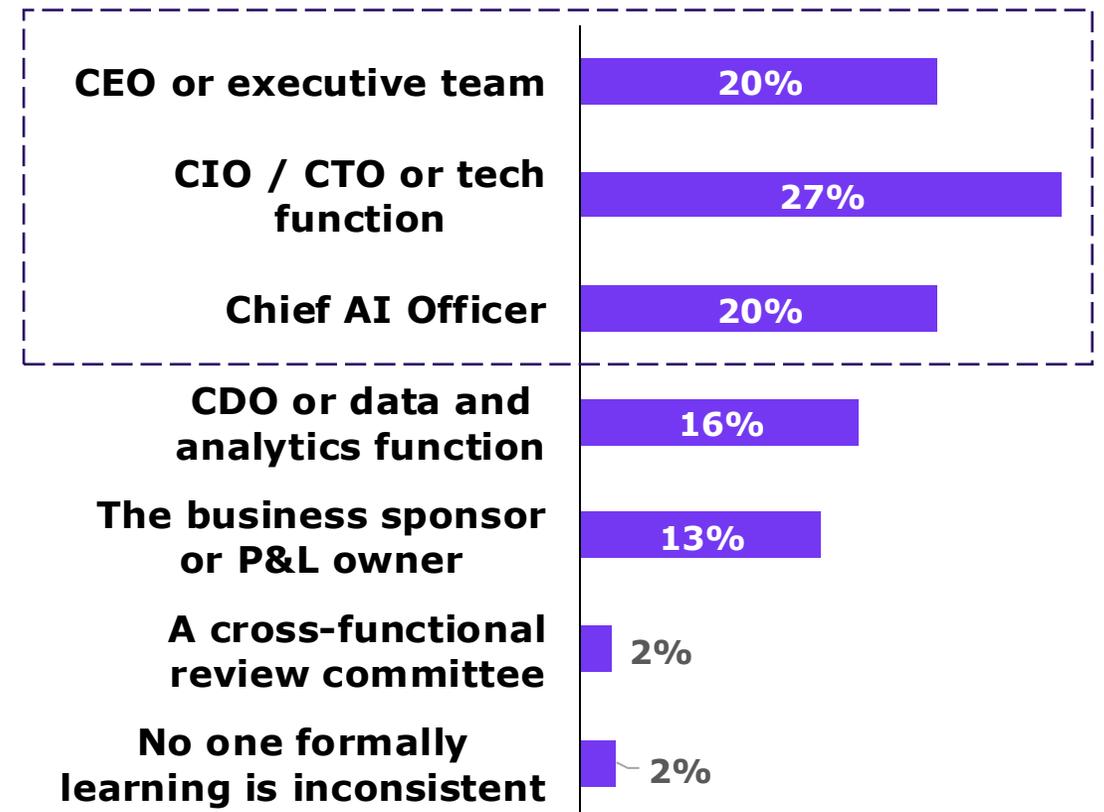
Sample: 305 major enterprise decision makers, various external data sources  
Source: HFS Research, 2025

# AI is managed as a technology program without clear ownership of budgets, incentives, or accountability

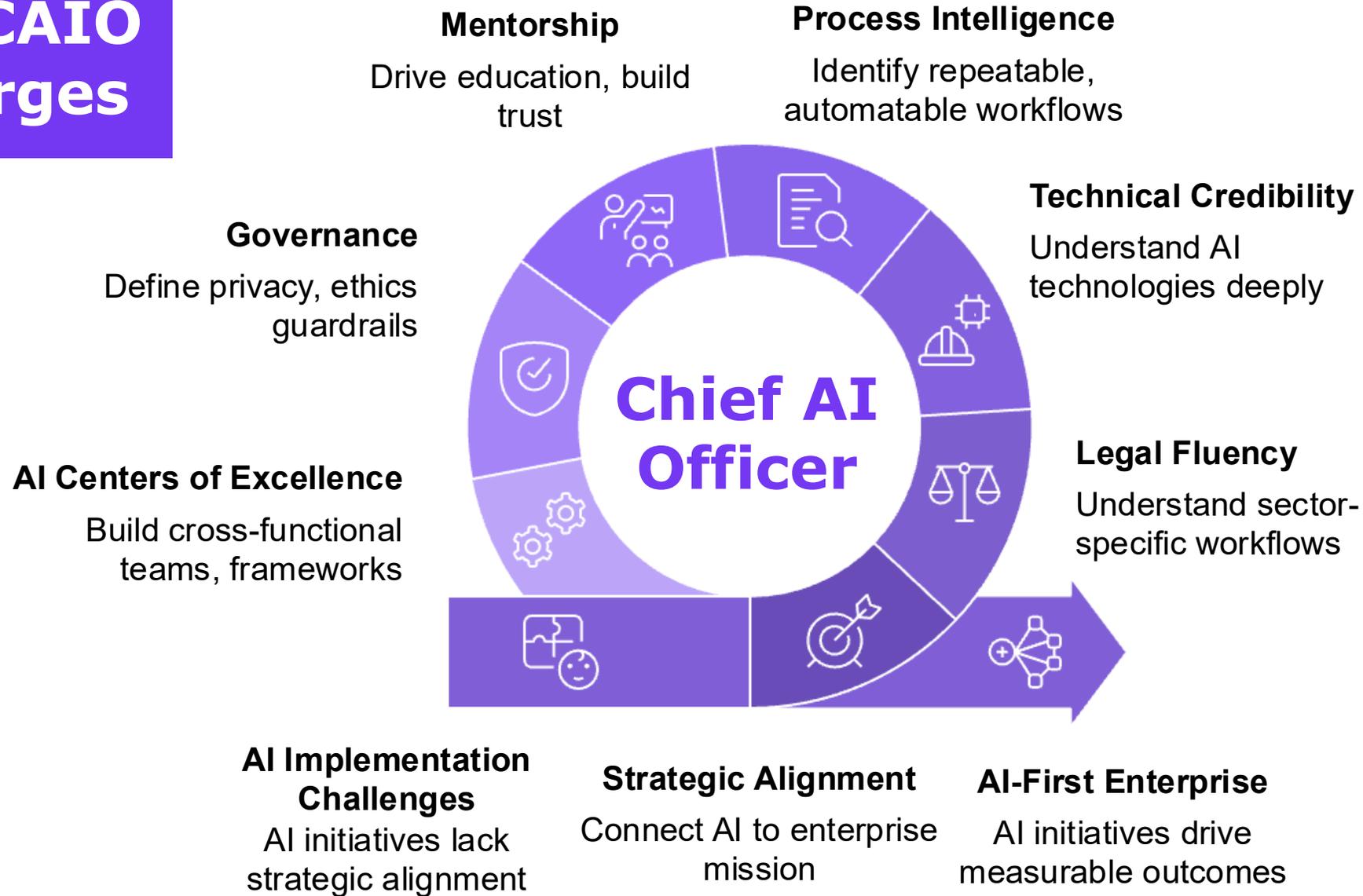
Who ultimately owns accountability for AI strategy and outcomes in your organization?



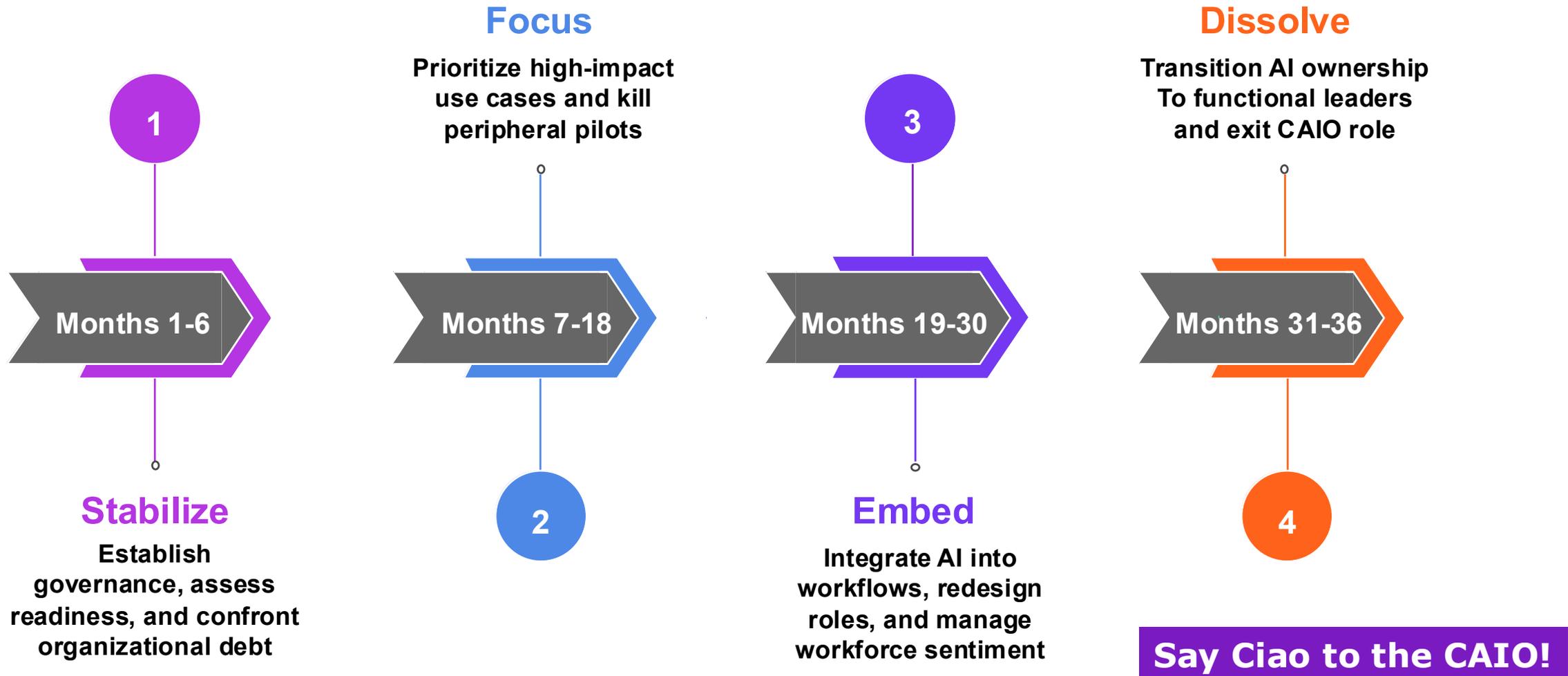
When AI initiatives succeed or fail, who leads the discussion about what happened?



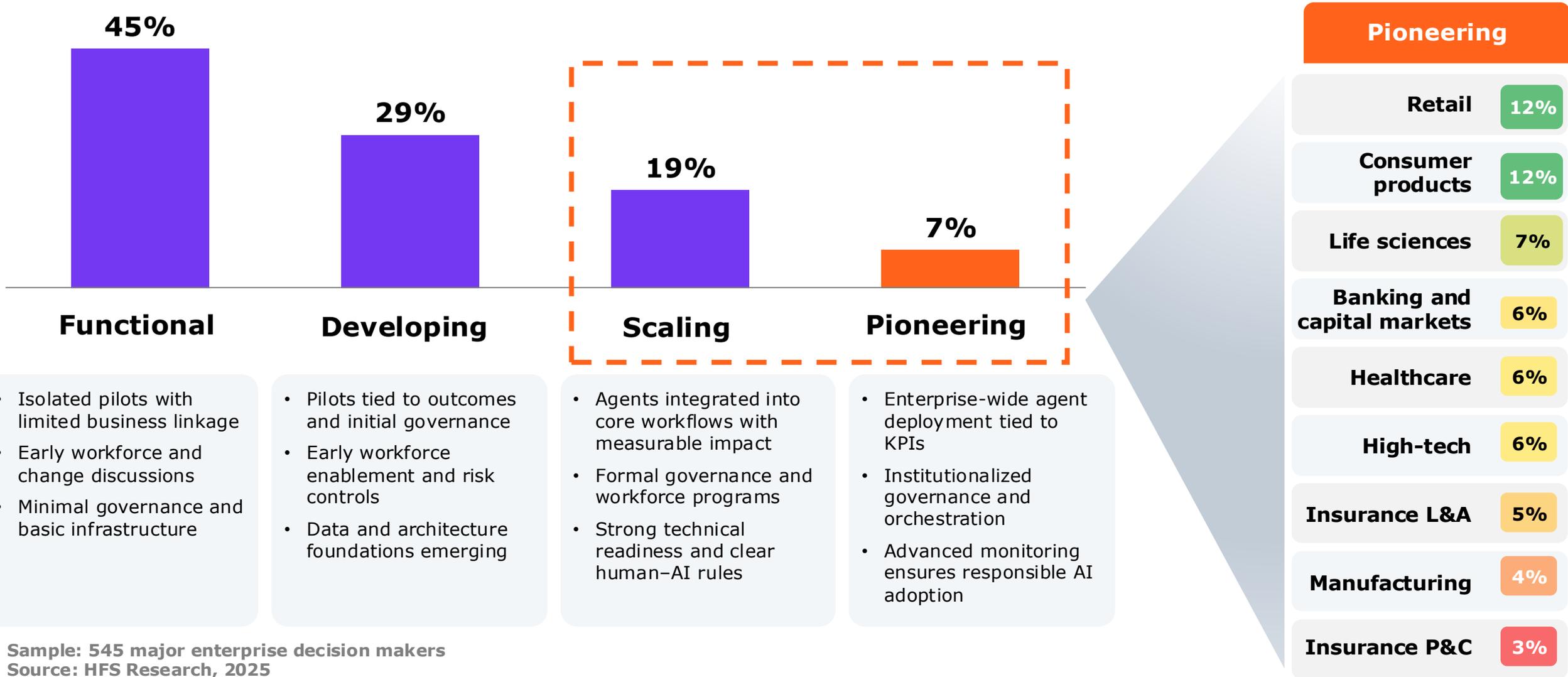
# The CAIO Emerges



# The 3-Year Lifespan of the Chief AI Officer



# Only 7% of organizations today are pioneering the agentic race, while a quarter making progress



- Isolated pilots with limited business linkage
- Early workforce and change discussions
- Minimal governance and basic infrastructure

- Pilots tied to outcomes and initial governance
- Early workforce enablement and risk controls
- Data and architecture foundations emerging

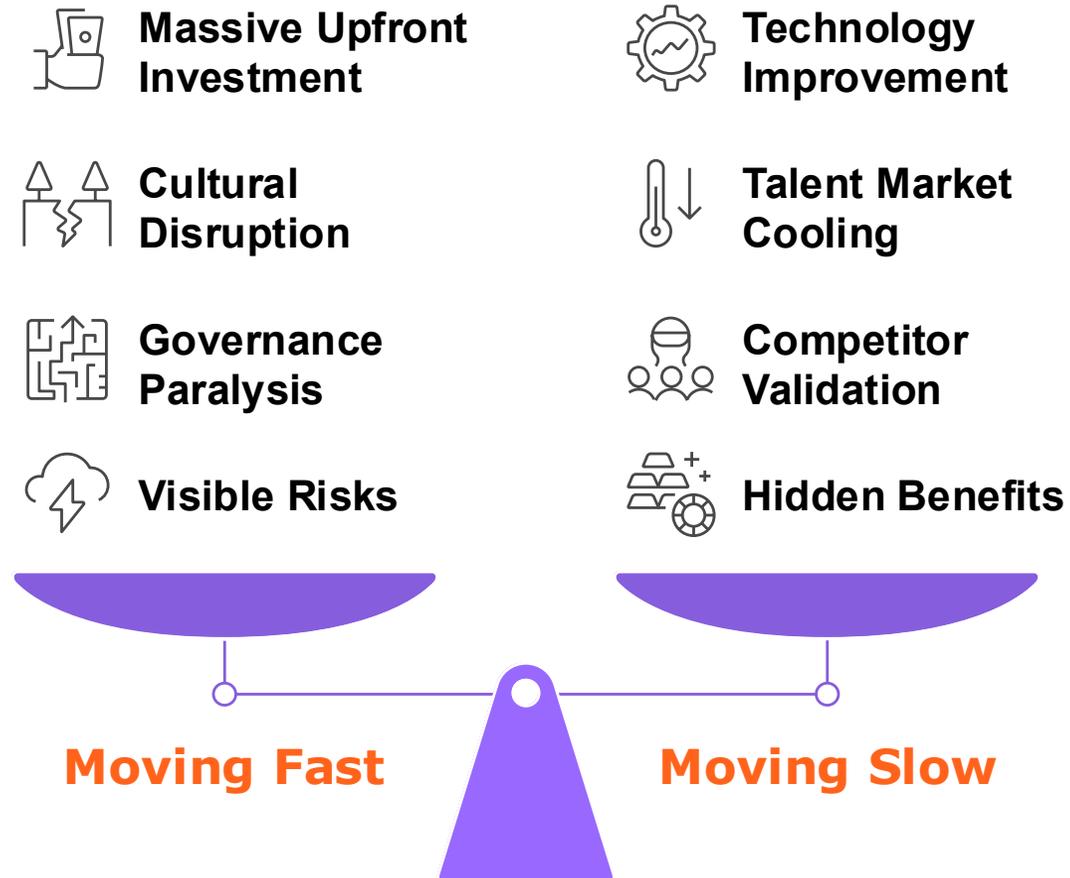
- Agents integrated into core workflows with measurable impact
- Formal governance and workforce programs
- Strong technical readiness and clear human-AI rules

- Enterprise-wide agent deployment tied to KPIs
- Institutionalized governance and orchestration
- Advanced monitoring ensures responsible AI adoption

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

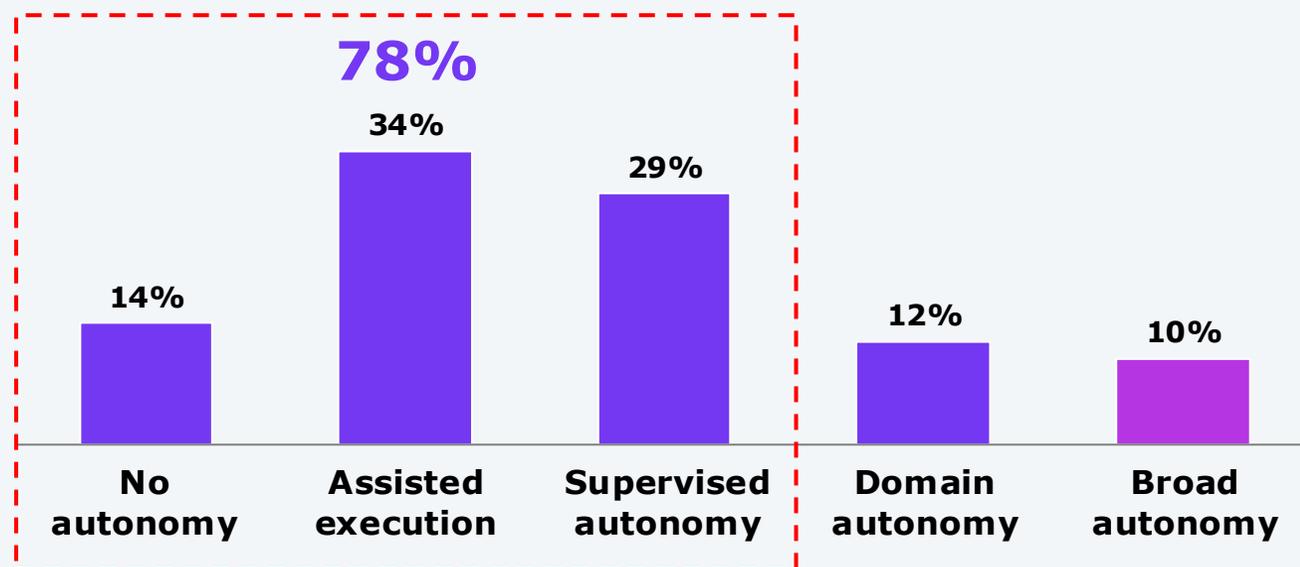
# Why, What, How and **When...** FOMO isn't always the Answer with Agentic

## Weighing the risks and rewards of rapid AI adoption



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

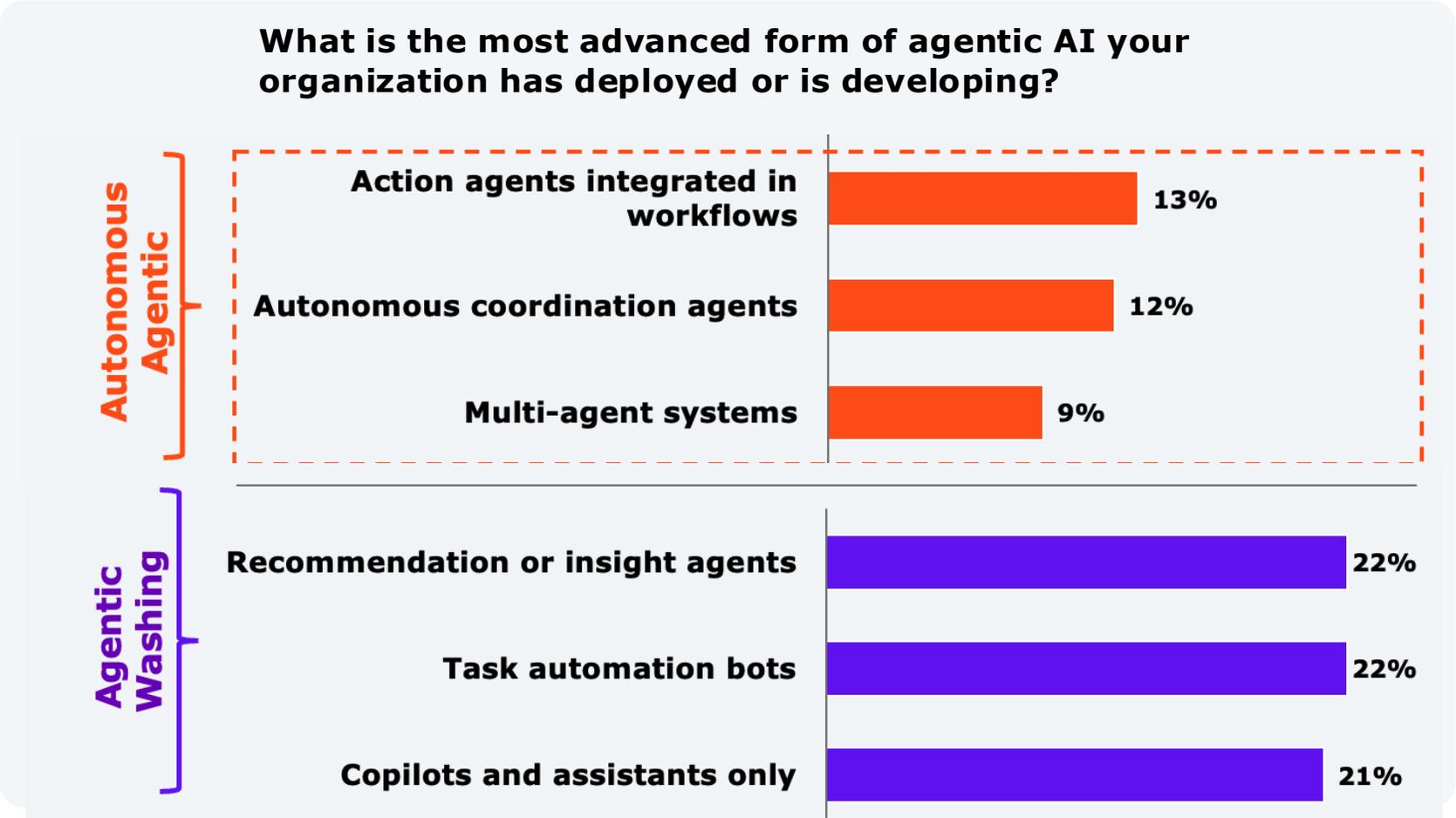
What best describes your organization's comfort level with agentic AI autonomy?



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%

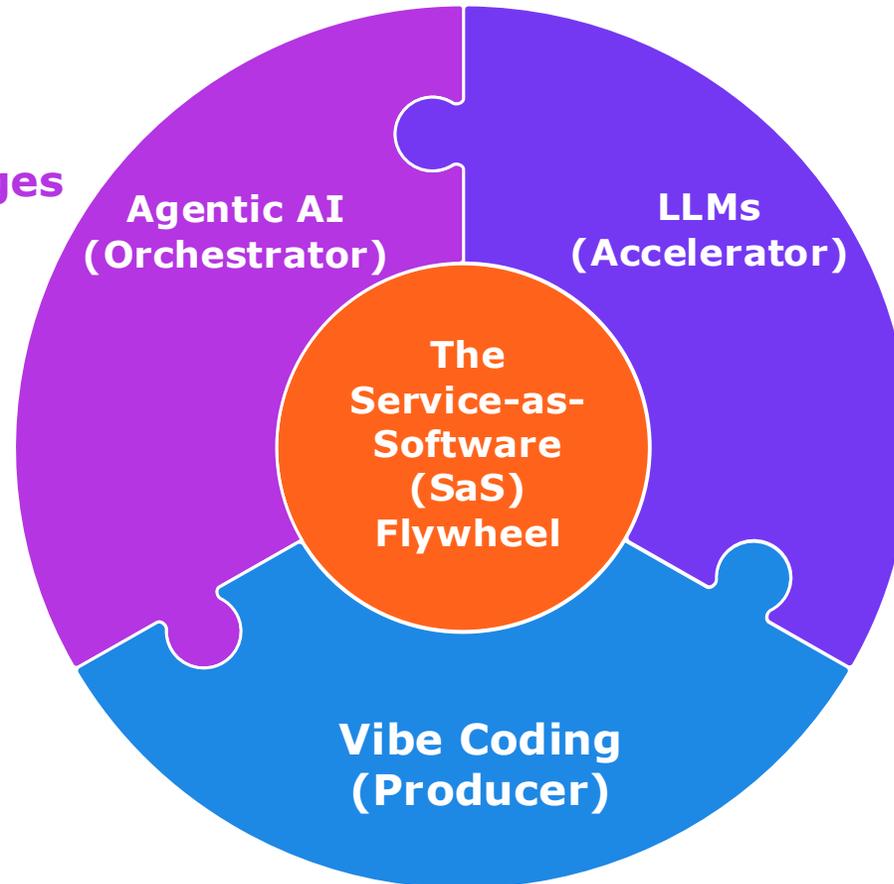
Sample: 545 major enterprise decision makers  
Source: HFS Research, 2025

# Two-thirds of enterprises are stuck in low-complexity, assistive deployments while 20% are building autonomous coordination agents



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

Agentic AI manages workflows, decisions, and compliance.



LLMs provide reasoning, content/code generation, and a knowledge interface.

Vibe Coding turns intent into working service agents.

*Embrace "vibe coding" as the production engine that makes Services-as-Software real...*



**Everyone's talking vibe coding.**

# Vibe Coding: putting humans at the helm and *producing* the AI-native organization

- AI language model that generates code based on **natural language prompts**, bypassing the need to write code line-by-line or meticulously review it.
- “I write code” becomes “**I design business outcomes**”
- Not just a diagnostic tool, but a mechanism for **reinventing *how people work together***
- Translates the *emotional* signals of work - trust, friction, motivation, belonging - into a **shared, data-driven language** that *both* technical and business leaders can interpret.
- IT teams see workflow and system impacts, while non-IT leaders understand cultural and behavioral drivers. It **creates a *bridge between how people feel and how work gets done***.
- Cross-functional sessions **spark honest conversation** grounded in *evidence* rather than anecdotes, helping everyone see where ***process friction meets human frustration***...

# 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.

# 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 **support decisions** to *win* in your markets.
- Close your **AI Velocity Gap** to align your employees' AI experiences with corporate systems.
- LLMs, Agentic AI, and Vibe Coding form the new AI operating system - **accelerators, 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*.
- **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.
- Humans *must* stay at the **helm**. AI runs workflows, but **people** drive **trust, culture, and accountability**.