HFS HORIZONS REPORT

Generative Enterprise Services, 2025

An assessment of the Generative Enterprise services of service providers, addressing the why, what, how, and so what

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Excerpt for EY

Enterprises need to stop asking "what can this technology do for us?" and instead start thinking "how do we need to change to unlock its potential?" The Generative Enterprise isn't about sprinkling AI onto legacy processes; it's about committing to wholesale transformation—rewriting operating models, reimagining customer experiences, and driving decisions with intelligence at scale.

GenAI exposes vulnerabilities that enterprises have swept under the rug for years—fragmented processes, inconsistent data governance, siloed systems, and, most importantly, cultures resistant to change. These aren't new problems, but they've now become the gating factors to success. The organizations that tackle these issues head-on are the ones that will unlock GenAI's true potential and become the formidable Generative Enterprises that dominate markets.

Phil Fersht
CEO and Chief Analyst,
HFS Research

Despite the excitement and the widespread belief in the possibility of GenAI, it still feels like we are in the calm before the storm. Cross-enterprise AI-driven transformation is still very much an aspiration rather than a reality. This is the year that will change, as those that have committed to start are seeing significant returns. It's not too late to take your leap to future prosperity so long as you're serious about tackling your debt monsters—technical, data, process, skills, and culture.

David Cushman
Executive Research Leader,
HFS Research

The Generative Enterprise is about more than deploying AI—it's about transforming how enterprises operate, innovate, and deliver value. Leaders must embed these trends strategically, fostering ecosystems, enabling collaboration, and rethinking traditional hierarchies to thrive in this dynamic era.

Niti Jhunjhunwala
Senior Analyst,
HFS Research

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Introduction and research methodology

Introduction

Welcome to our **2025 HFS Horizons' Generative Enterprise services** study. Services include advisory, frameworks, tools and solutions, implementation and delivery, maintenance, and optimization. This research study assesses the **innovation and value potential** of service provider capabilities across three distinct horizons:

Horizon 1	**Functional digital transformation:** Disruptors driving digital transformation by leveraging AI and GenAI to drive predictive functional insights.
Horizon 2	**OneOffice transformation:** Enterprise innovators (Horizon 1 +) enable OneOffice by leveraging AI and GenAI to improve decision-making and drive unmatched stakeholder experience.
Horizon 3	**Generative Enterprise:** Market leaders (Horizon 2 +) enable the Generative Enterprise by leveraging AI and GenAI to redefine how work gets done, driving co-creation with OneEcosystem partners.

Last year, our Generative Enterprise Horizons study was full of promise. In 2025, we are looking to deliver on that promise—embracing the need to both minimize costs AND deliver new sources of value.

This study assesses how well service providers are living up to that promise for enterprise customers through their Generative Enterprise services across the HFS Generative Enterprise value chain.

The study aims to understand the **why, what, how, and so what** of those service offerings.

This year's Generative Enterprise Services Horizons report addresses three key questions: How are the services applied to deliver real innovation? How do these services help enterprise clients move beyond proofs of concept (POCs) and pilots into scale production? How do they focus on outcomes, with clarity in cost and ROI calculations?

This report covers service providers across the Generative Enterprise value chain and excludes technology providers.

Executive summary

1

Horizon 3 service providers revealed

We assessed 40 service providers across their value propositions (the why), execution and innovation capabilities (the what), go-to-market strategy (the how), and market impact criteria (the so what). The Horizon 3 leaders (in alphabetical order) are Accenture, Ascendion, BCG, Capgemini, Cognizant, EY, Eviden, Genpact, HCLTech, IBM, Infosys, KPMG, McKinsey, NTT DATA, Publicis Sapient, TCS, Tech Mahindra, Virtusa, and Wipro. These service providers have demonstrated their ability to support various enterprises across the journey—from functional digital transformation through enterprise-wide modernization to creating new value through ecosystems. These leaders' shared characteristics include: deep expertise across the Generative Enterprise value chain; a full-service approach across consulting, IT, and operations; a strong focus on innovation, internally and externally with partners; co-innovation with clients and partners; and proven impact and outcomes with clients around the world.

2

What enterprises need from service providers

The HFS Horizons model aligns closely with enterprise maturity. We asked the AI/GenAI leaders, interviewed as references for this study, to comment on the primary value delivered by their service provider partners today. An overwhelming percentage of respondents (80%) indicated that the value realized today is Horizon 1—functional digital transformation focused on digital and optimization outcomes leveraging GenAI. However, this story is rapidly changing. There's an enhanced focus on leveraging service providers to help achieve enterprise transformation by enabling alignment across the front, middle, and back offices and driving growth and new value creation by leveraging AI and the ecosystem to redefine workflows and processes. Enterprise leaders should select partners based on the value they seek. The most effective service providers of the future should enable their organization's growth and transformation across the ecosystem continuum.

3

How service providers are meeting enterprise needs

As enterprises evolve and mature across the Horizons model, service providers are learning and building AI/GenAI capabilities to support these ever-changing needs. In this study, we found a large gap between enterprises' need for Horizon 2 services (enterprise transformation) and service offerings from providers. Even in terms of delivery approach, there is an aspiration for AI-led agentic services. These require high enterprise investment and ROI, but there are not enough scaled GenAI examples to prove business value. Undeterred, service providers are investing in developing consulting and full-stack capabilities, skills, AI labs, solutions, and platforms; expanding partnerships with various cloud, data, and AI firms as well as academia; and adopting GenAI internally as 'client zero' to prove value and share learnings of this emerging technology with clients. Overcoming the five debts—tech, data, process, culture, and skills—and redefining organizational processes are necessary pathways to cultivating new forms of value and ecosystem-enabled growth. Increased productivity, efficiency gains, and customer experience (CX) elevation are ongoing, enabled by point solutions and performance-based commercial models. Responsible AI and regulatory compliance are perpetual but work still needs to be done for firms with data privacy concerns.

4

Voice of the customer (VOC)

We conducted deep-dive interviews with more than 70 enterprise leaders as part of our VOC research for this study. AI/GenAI leaders showed a clear pattern of leveraging service providers to enable their future growth, given their quality, AI expertise, co-innovation, and best-of-breed technologies. Enterprises are largely satisfied with providers for the basics, averaging 8.3 out of 10 for CSAT. However, satisfaction with business alignment is lower than tech implementation from service providers, and clients expect more creative commercial models, IP development/R&D, breadth and depth of industry-specific AI offerings, and use of AI-specific partners.

5

Voice of the partners

Service providers work with a range of partners to meet the needs of their clients, including hyperscalers, cloud, data, infrastructure, enterprise, and AI-specific partners. Satisfaction is generally high from a partner experience standpoint, which bodes well for downstream client impact. However, compared to clients, partners believe that service providers offer enterprises a higher level of value. Enterprises need to better consider the value delivered via ecosystems.

6

Voice of the employees

Service providers are investing in and curating AI/GenAI training programs for their employees. 98% of the employees we interviewed claimed they received formal training from their employers. However, more than 80% of them felt the training was insufficient. This gap highlights the need for holistic, interdisciplinary training programs that blend technical, ethical, strategic, and communication skills.

HFS' Generative Enterprise Services value chain, 2024

Advise	**Strategy development** • Current state assessment • Use case identification • Roadmap creation	**Feasibility studies** • Technical feasibility • Business feasibility	**Regulatory and compliance advisory** • Compliance analysis • Ethical AI frameworks
Solve	**Architecture design** • Solution architecture • Data architecture	**Model development** • Algorithm selection • Model training • Model validation	**Platform development** • Custom solutions • Platform integration
Select Tech	**Tool and platform selection** • Vendor evaluation • Technology stack recommendation	**Proof of concept (POC)** • Prototype development • Pilot testing	
Implement	**Solution deployment** • Infrastructure setup • Deployment management	**Change Management** • Stakeholder training • User adoption	
Program	**Project management** • Project planning • Resource management	**Risk Management** • Risk identification • Risk monitoring	
Optimize	**Performance monitoring** • Monitoring and reporting on solutions • Performance optimization – from data	**Continuous improvement** • Feedback loops • Iteration and scaling	
Maintain	**Technical Support** • 24/7 tech support • Issue resolution	**Maintenance services** • Routine maintenance • Updates and upgrades	

40 service providers evaluated in this report

accenture
ASCENDION
BAIN & COMPANY
BCG
birlasoft
brillio
Capgemini
CIKLUM
Coforge
cognizant
Deloitte.
EVIDEN
EXL
EY Building a better working world
firstsource
genpact
HCLTech
HEXAWARE
Hitachi Digital Services
IBM
IGT SOLUTIONS
Infosys
KPMG
LTIMindtree
McKinsey & Company
movate
Mphasis The Next Applied
NTT DATA
Persistent
publicis sapient
pwc
randstad digital
SONATA SONATA SOFTWARE
SUTHERLAND
tcs TATA CONSULTANCY SERVICES
TECH mahindra
UST
virtusa
wipro
WNS

Note: All service providers are listed alphabetically.

Sources of data

This Horizons research report relies on myriad data sources to support our methodology and help us obtain a well-rounded perspective on the service capabilities of the participating organizations covered in the study. Sources are as follows:

Briefings and information gathering

HFS conducted detailed **briefings** with the GenAI leadership from each vendor.

Each participant submitted a specific set of **supporting information** aligned with the assessment methodology.

Reference checks

We conducted reference checks with **71 active clients, 75 active partners, and 130 active employees** of the study participants via surveys and interviews.

Other data sources

Public information such as news releases and websites.

Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.

Horizons assessment methodology (1 of 2)

The **HFS Horizons – Generative Enterprise Services** report evaluates the capabilities of providers to understand the **why, what, how, and so what** of their Generative Enterprise services offering. Our assessment will be based on input from clients, partners, and employees and augmented with analyst perspectives.

Assessment dimension (weighting)

Assessment dimension	Assessment sub-dimension	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Value proposition: The Why? (25%)	• How does your firm define the value of GenAI for your clients? Has that changed over the last 18 months? If so, how? • What is your firm's point of view on GenAI in terms of value creation potential? What will be its impact on clients and your own firm? Has this changed in the last 18 months? • Why should enterprises choose you for their Generative Enterprise journey? What makes you stand out? What are your priorities when serving your GenAI customers?	• Help enterprises understand the data, processes, and interactions needed to drive functional optimization	• Horizon 1 + • Ability to help enterprises break down the silos of data across the enterprise, continuously find patterns, and maintain robust governance across all decision points • Enabling the OneOffice to significantly improve decision-making, driving unmatched stakeholder experience	• Horizon 2 + • Ability to completely redefine how work is done (e.g., 30–70% additional productivity, autonomous data-driven decision-making, inclusion of creative activities enabling enterprise-wide end-to-end scope)
Execution and Innovation capabilities: The What? (25%)	• What processes and frameworks do you apply to ensure the generation of net-new value creation using GenAI capabilities to drive new ways of working/new products/business models? • What are your frameworks for prioritizing and establishing business cases, moving POCs and pilots to production, and ensuring costs are managed and ROI is achieved? • What is your technology roadmap for GenAI? Describe your proprietary IP, frameworks, tools, solutions accelerators. Please share your current client experiences with GenAI. • Explain how your GenAI-related services meet enterprise needs across the HFS Generative Enterprise value chain. Which industries/functions are you targeting? • What other technologies are you integrating to deliver on the promise of AI? • Please describe your current strength of trained resources on AI technologies. How is this expected to change in the next two years? Describe your specific AI training programs.	• Proven repeated GenAI use case generation • Proven capabilities in moving GenAI into production • Implementing third-party GenAI tools and technologies • Typically, offshore-focused with strong technical skills • Some alliances with AI technology leaders	• Horizon 1+ • Processes and frameworks in place to generate net-new value cases with GenAI • Processes in place to take GenAI use cases to production • Offshore and nearshore capabilities with both technical and consulting skills • Implements with third-party and own IP • Market-ready AI-driven proprietary tools, assets, and frameworks • Alliances with many AI technology leaders	• Horizon 2 + • Processes and frameworks for prioritizing and delivering GenAI value cases consumed by enterprises as a service • Deep partnerships, including joint IP creation with AI technology leaders • Implements with third-party, joint, and own IP • Strong frameworks for responsible and ethical AI • Well-rounded capabilities across all value creation levers—talent, domain, technology, data, and change management

Horizons assessment methodology (2 of 2)

The **HFS Horizons – Generative Enterprise Services** report evaluates the capabilities of providers to understand the **why, what, how, and so what** of their Generative Enterprise services offering. Our assessment will be based on input from clients, partners, and employees and augmented with analyst perspectives.

Assessment dimension (weighting)

Assessment dimension	Assessment sub-dimension	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Go-to-market (GTM) strategy: The How? (25%)	• How are you organized internally to develop your AI offerings and capabilities? • Where are your main AI-related investments (IP, partnerships, training, M&A, etc.)? • How are you making sure the usage of AI is responsible and ethical? • Describe your commercial model for AI offerings. Include an approximate percentage of effort-based (e.g., FTE-based, T&M), performance-based (e.g., gain-sharing, innovation funds), and purpose-based (e.g., co-creation with clients) in your portfolio. How do you expect it to change in the next two years? • Describe your AI ecosystem of partners and how you have augmented it for GenAI.	• Primarily effort-based relationships	• Horizon 1+ • Increasing number of performance-based relationships in the portfolio	• Horizon 2+ • Driving co-creation with ecosystem partners • Strong investments in GenAI • Evidence of purpose-based (co-creation) partnerships with clients in addition to the increasing number of performance-based relationships in the portfolio
Market impact: The So What? (25%)	• How are you organized to develop your Generative Enterprise offerings and capabilities (centralized, regional, or by vertical)? • Share at least five case studies that went into **scale production**. Include business case prioritization and how/if costs have aligned with initial predictions. Include ROI. • Provide at least three cases studies of net-new value creation you delivered—examples of GenAI capabilities driving new ways of working/new products or business models. These should ideally be in production, but POCs will also be considered. • Voice of the customer	• Recognized as strong implementation vendors • Referenceable and satisfied clients for the ability to execute	• Horizon 1+ • Recognized as strategic partners by clients • Referenceable and satisfied clients for the ability to execute and innovate	• Horizon 2 + • Recognized as thought leaders by clients • Referenceable and satisfied clients driving new business models with partnerships

2

Market dynamics

Top seven trends from HFS' Generative Enterprise Horizons report (1 of 2)

1

Rise of agentic AI and impact on value beyond point solutions

Service providers have latched on to agentic AI for its several flavors. Agentic AI brings action to AI, and we expect to see it embedded in solutions delivering end-to-end processes and help all parties drive a greater focus on business value outcomes as we move beyond point solutions. This shift is important as both customers and partners suggest that the vast majority of service provider engagements are constrained to point solutions rather than transformations.

2

Services-as-software across the value chain

HFS' 2030 tech-services vision, wherein services firms will replace labor arbitrate with AI-powered software as technology arbitrage, is already changing how Generative Enterprise services are delivered—notably in the software development lifecycle and, in some cases, consulting too. This trend will only accelerate as 2025 continues.

3

Democratization of AI through generative models

GenAI enables real-time and natural language data interaction. It's no longer confined to technology teams or specialized roles but rather empowers every employee to interact with AI systems seamlessly. The rise of large language models (LLMs) means enterprises can now equip their entire workforce with AI-driven tools that simplify decision-making, automate routine tasks, and foster innovation—shifting decision-making from a select few to the entire workforce. This democratization demands a paradigm shift—flattening organizational hierarchies to allow decentralized decision-making while retaining strategic oversight through AI orchestration. The democratization of AI will accelerate organizational responsiveness and agility.

4

GenAI as the new data powerhouse

GenAI is revolutionizing how enterprises manage and utilize data. It not only processes vast amounts of structured and unstructured data but also generates insights that drive faster, more informed decisions. This shift enables enterprises to rethink their data strategies, moving beyond mere optimization to creating entirely new business models. For example, the integration of GenAI with intelligent document processing (IDP) enables seamless workflows that drastically reduce manual intervention.

Top seven trends from HFS' Generative Enterprise Horizons report (2 of 2)

5

AI-driven ecosystems: The new competitive frontier

The success of GenAI hinges on ecosystem collaboration. Enterprises are increasingly engaging with an expanded network of partners—from cloud providers such as AWS to AI specialists such as Anthropic. These ecosystems facilitate co-creation and scalability, blending industry-specific solutions with foundational technologies. The ability to orchestrate these collaborations effectively will define market leaders in the Generative Enterprise era.

6

Hyperpersonalization and the era of human-AI collaboration

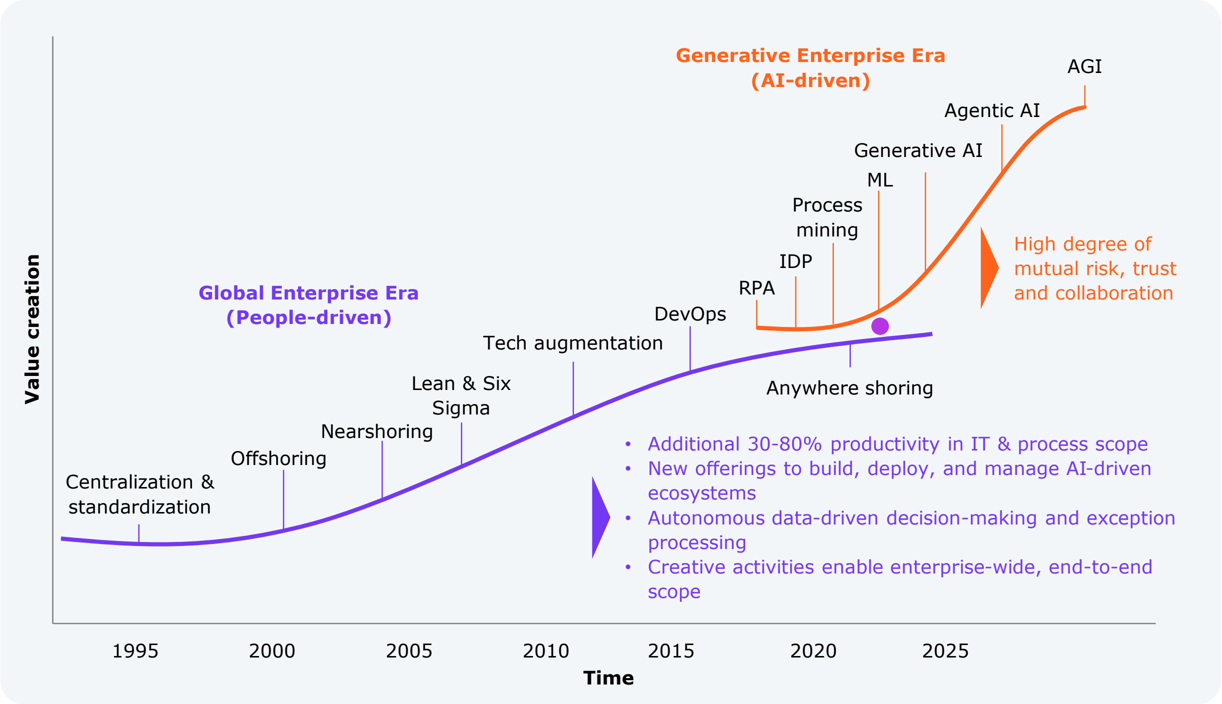
Hyperpersonalization is the new battleground for customer and employee loyalty. GenAI enables enterprises to deliver tailored experiences at scale, from personalized marketing campaigns to AI-enhanced employee training programs. This trend underscores the importance of embedding human-AI collaboration across the enterprise, with AI acting as a co-pilot to augment human creativity and decision-making. Also, this trend extends personalization beyond marketing into HR, operations, and customer service, driving loyalty and value across enterprise ecosystems.

7

Regulation, deregulation, and China

New US President Donald Trump has already rolled back the Biden directives on AI, removing regulatory shackles on development. He has also hit the accelerator with his Stargate infrastructure initiative—just as China ups the ante with seemingly low-cost alternatives to ChatGPT et al. Enterprise leaders must tread carefully, selecting AI that remains responsible. Leave the race to AGI to governments and hyperscalers—customers won't thank you for data leakages, and the market won't reward PR disasters.

Exhibit 1: The Generative Enterprise is driving the 'Great Services Transition'



From People to Tech arbitrage: This S-Curve is the biggest people and technology challenge we've ever faced

We are firmly along an S-Curve evolution from people to technology arbitrage that the Generative Enterprise demands. The entire financial construct of services relationships is being reinvented to capitalize on the complex ecosystem of AI platform players, hyperscalers, data integration products, automation tools, LLM builders, and so on.

Let's break down this Great Services Transition into four simple problems:

- Enterprises and service partners must be aligned on the change mandate.
- Services must provide access to affordable talent with real expertise.
- Determine the people, process, data, and technology debts to address.
- Restructuring services engagements to shift from labor arbitrage to technology arbitrage.

The enterprise leadership has always been, and still is, obsessed with cost reduction. They recognize this as an imperative and view innovations such as GenAI as another lever to justify investments based on more cost take-out. The best approach is to reduce overall delivery costs by 20–30%, apportioned over 3–5 years. This is offset by the increased value and reduced labor costs, driven by effective investments in change, processes, data, and technology. Clients MUST sign up for process reinvention and data transformation as part of this and also their partners to get them there. Providers need the right to work with their customers, or the whole thing simply erodes to the bottom.

Source: HFS Research, 2024

Exhibit 2: Services are being replaced by software in line with the HFS Services and Ops Tech Vision 2030

HFS Services and Ops Tech Vision 2030

Human | Machine

Staff augmentation

- Enables companies to quickly fill skill gaps, scale teams up or down as needed, and maintain control over project execution without the long-term commitment associated with permanent hires.

Key features:

- Flexibility: Easily adjusts team size based on project needs.
- Expertise: Access to specialized skills not available in-house.
- Control: Maintains 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; examples include Cognizant Neuro, Infosys Topaz, TCS WisdomNext, and Wipro Lab45.

Key features:

- Human-centric: Primarily driven by skilled professionals.
- Tool-supported: Utilizes a variety of technology tools and accelerators.
- Efficient: Enhances service delivery through technology 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

- Augment human capabilities through smart AI agents to optimize processes and decision-making.
- Examples include Amazon Q, GitHub, Lyzr, Copilot, Replit Ghostwriter, Google Gemini, Einstein Agent, and Mindcorp.
- Organizations such as IBM and the Big 4 consulting firms are increasingly adopting this model.

Key features:

- AI-augmented: Combines human expertise with AI agents.
- Cost-effectiveness: 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.

Service-as-a-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 such as rhino.ai, Now Platform, and Builder.ai.

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 pricing.

Current state 2000-2025 ← →

Emerging 2025-2030 ← →

It's all about scaling businesses with technology that enhances our existing people

The need to scale services without scaling people is upon us, and with it comes a massive opportunity if both ambitious enterprises and service providers are prepared to change how they buy and sell routine services and professional expertise. With the application of software platforms, agentic solutions, and, ultimately, autonomous services mimicked by software, we are on the fast track to reaching autonomous, human-lite nirvana of scalable, profitable, secure, and affordable services by 2030.

These five phases of services tell the complete story of the industry's evolution from adding people to perform work to scaling these same people with the smart use of platforms, AI-driven agentic tools, and ultimately fully autonomous technology-led services where work is effectively replicated at scale with embedded intelligence.

In short, we are getting more of the same work without incurring additional expenses. Instead, we can invest that money in value-added areas that can't be mimicked by AI. Enterprises must adapt quickly to this shift as agentic AI can autonomously handle complex decision-making tasks. This will impact both workforce roles and the enterprise software landscape, reducing the need for repetitive, decision-heavy positions and consolidating software functions under AI-driven platforms.

Source: HFS Research, 2024

Exhibit 3: Evolution of AI: Agentic AI is picking up where GenAI and RPA left off

RPA

"I follow instructions exactly"

RPA is the **task automation** that replaces manual effort in routine, rule-based processes.

Key Characteristics:

- Executes structured, rule-based processes
- Performs repetitive digital tasks with precision
- Operates within defined system boundaries
- Follows exact step-by-step procedures

GenAI

"I can create based on prompts"

GenAI is a **productivity amplifier** that supports and enhances human work, transforming workflows without fully replacing human decision-making.

Key Characteristics:

- Assists with specific tasks (writing, analysis, coding)
- Requires human direction and oversight
- Improves individual productivity
- Works within existing job roles

Agentic AI

"I can understand goals and figure out how to achieve them"

Agentic AI is a **collaborative actor** that autonomously executes and coordinates complex tasks.

Key Characteristics:

- Acts as virtual coworker completing end-to-end processes
- Self-directs and coordinates multiple tasks
- Transforms entire workflows
- Creates new organizational paradigms

The evolution of AI: Agentic AI builds on the foundations laid by RPA and GenAI

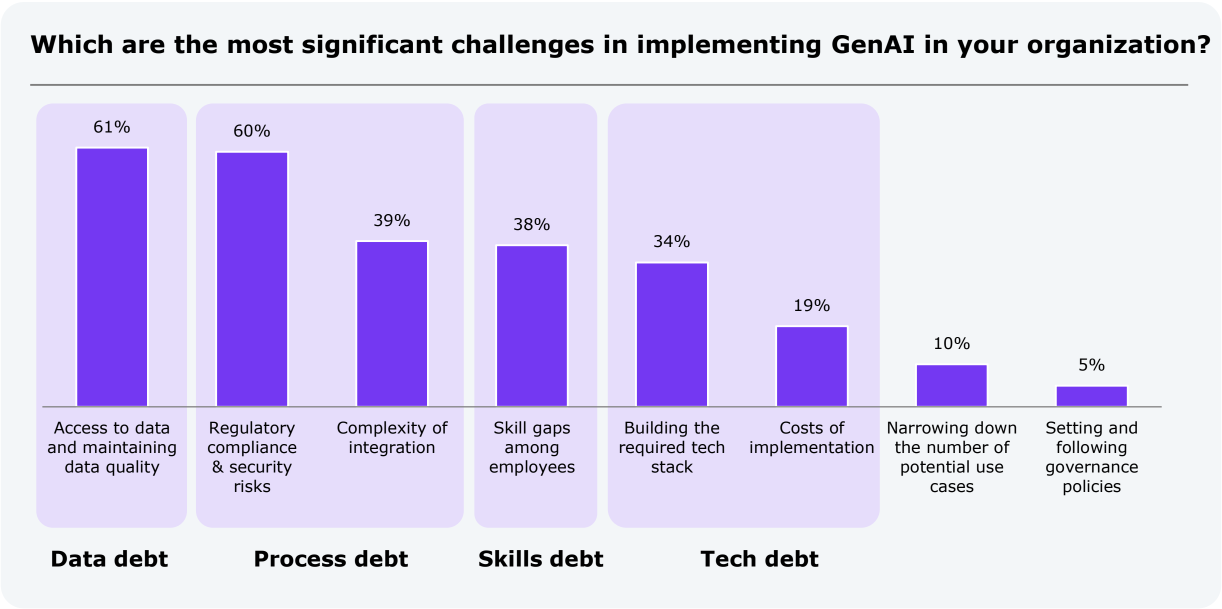
Robotic process automation (RPA) is nothing but task automation focused on executing structured, rule-based processes with precision, while GenAI amplifies productivity by assisting with specific tasks such as writing or coding, requiring human oversight. On the other hand, agentic AI is a collaborative actor that autonomously manages and coordinates complex tasks, transforming workflows and creating new organizational paradigms.

The key distinctions are: RPA's reliance on strict rules, GenAI's focus on enhancing individual productivity, and agentic AI's ability to self-direct and act as a virtual coworker.

The progression highlights a shift from simple task execution to advanced decision-making and workflow transformation. This evolution signals a move toward more autonomous and strategic AI capabilities for enterprises.

Source: HFS Research, 2024

Exhibit 4: Ambition won't cut it—organizations need to pay their debts



Writing off legacy means partnering for change

Ambitious enterprises and their service partners are both striving to be effective in the emerging world of these AI-driven business models and operations. This means the transition only works when there are two parties ready to tango and change together. To this end, service providers must become partners of change to help their clients understand the sheer noise of technology change going on around them. Clients need internal alignment to ensure that it's time to make the move.

The shift from labor to technology doesn't take away the need for people; it actually necessitates experts who can shepherd their clients along to help them change. They must provide continuous education on how to manage organizations' fast-moving technology ecosystems and work with them to create business roadmaps based on emerging technologies to make them slicker, smarter, more efficient, and less bloated.

Enterprises are buying service solutions that improve performance, accelerate time-to-market, reduce costs, and create new content and data. Debt across the entire data infrastructure, processes, skills, and tech must be addressed, which they've likely accumulated over the last 30-plus years.

- **Fix your data debt:** You must align your data needs to deliver on your AI-centric business strategy. This is where you clarify your vision and purpose. Do you know your customers' needs? Is your supply chain effective in sensing and responding to these needs? Can your cash flow support immediate critical investments? Do you have a handle on your staff attrition?
- **Fix your process debt:** Recreate new processes process to determine what should be added, eliminated, or simplified across your workflows to support your slicker AI-led operating model.
- **Fix your skills debt:** Develop new skill sets that support the transition to embracing emerging technologies and AI-driven business models.
- **Fix your technology debt:** IT spending keeps swelling with each new platform and coding change. Stop buying tech for the sake of it—this has been the failure of so many previous investments, such as the two-thirds of enterprises left struggling with their cloud migration journeys signed during the pandemic.

Sample: 550 survey participants, Global 2000
Source: HFS Research, 2024

Exhibit 5: Key metrics in AI/GenAI continues to grow with the Americas leading the way

AI/GenAI in numbers 2023-2024

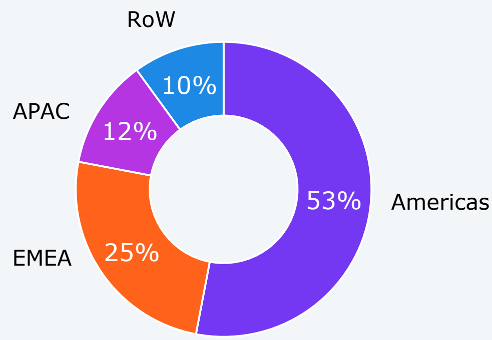
142%
Growth in no. of clients

220%
Growth in revenue

250%
Growth in no. of AI - trained employees

62%
Growth in no. of AI labs

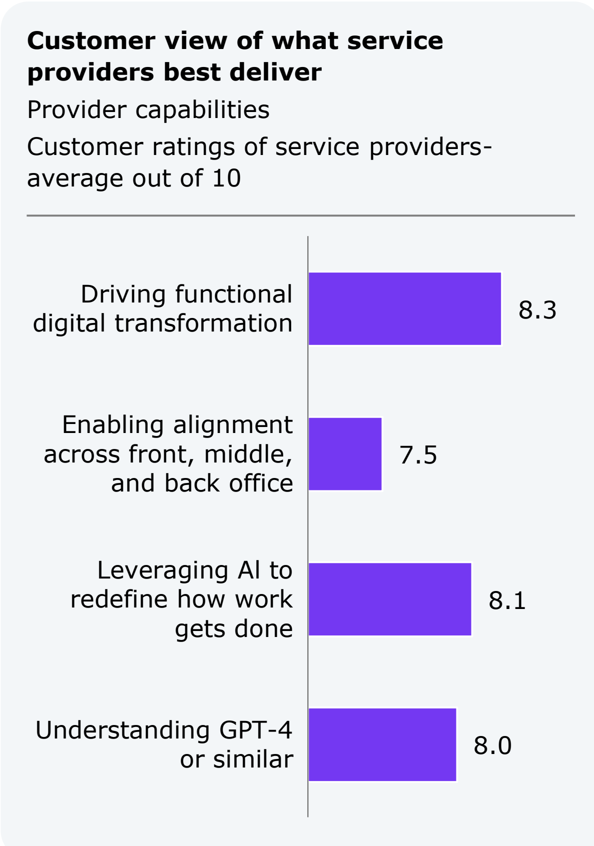
Geographic distribution of clients

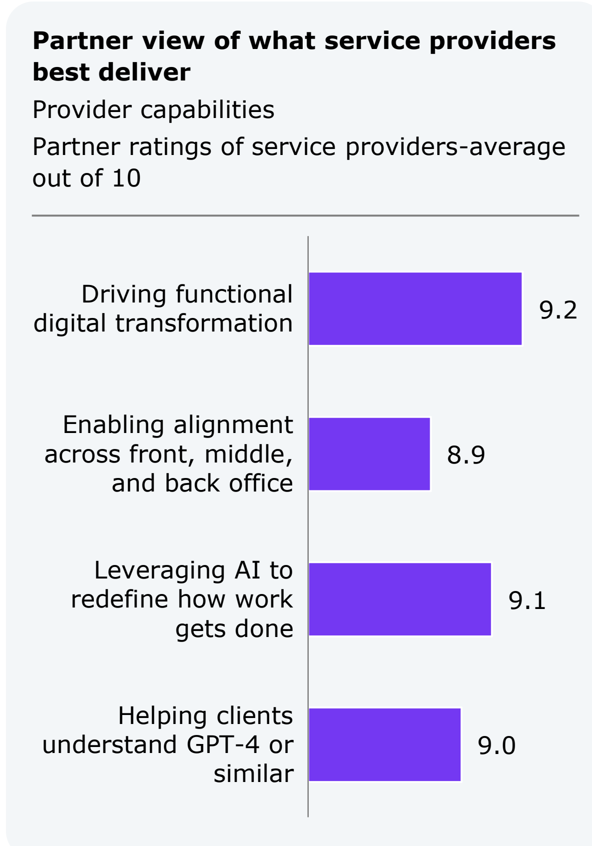


- AI/GenAI adoption rapidly increased during 2023–2024, with a 142% increase in the number of clients, 220% growth in revenue, a 250% rise in AI-trained employees, and a 62% increase in AI labs.
- The geographic distribution highlights that 53% of clients are based in the Americas, followed by 25% in EMEA, 12% in APAC, and 10% in the rest of the world.
- The trends reflect growing enterprise confidence in leveraging AI for transformation and operational efficiency.

Sample: Service providers that shared data for these metrics
Source: HFS Research, 2025

Exhibit 6: Service providers are primarily driving functional digital transformation leveraging GenAI





- The clients' and partners' views of service providers' value delivery leveraging GenAI are directionally aligned.
- Both clients and partners believe that service providers are primarily driving functional digital transformation value—cost reduction, speed, and efficiency gains.
- However, they are lagging on enterprise transformation by breaking down data silos to enable end-to-end organizational alignment across the front, middle, and back offices.
- Clients and partners believe that service providers are leveraging AI to redefine how work gets done. However, in this study, we observed that the point solutions are impacting only individual workflows.
- To move toward autonomous agentic AI and create new forms of value, enabling end-to-end organizational alignment is essential.

Sample: 75 GenAI partners and 71 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 7: Top four business functions that clients have applied GenAI to are operations, CX, EX, strategy, and R&D; GenAI usage is expected to increase across business functions in the next two years

Q: Which business functions have you applied GenAI to?

% respondents

Q: Which business functions do you plan to apply GenAI to in the next 2 years?

% respondents

- The left chart shows the business functions where GenAI is already applied, with the highest adoption in IT operations, CX, EX, strategy and R&D followed by business services, legal, sales, and marketing.
- The right chart outlines the functions targeted for GenAI adoption in the next two years, indicating an increased focus across all business functions.

Sample: 71 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 8: Clients aim to achieve improvements in productivity, efficiency, and EX from their GenAI investments

Q: Please select the top 3 intended outcomes for each business function?

% respondents

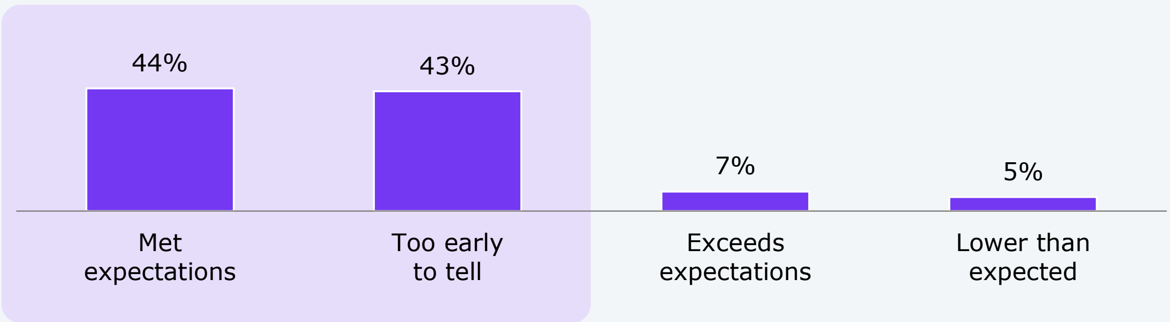
The top intended outcomes for business functions using AI are productivity (66%), efficiency (63%), and employee experience (40%).

Sample: 71 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 9: Current GenAI applications have either met expectations or it is too early to tell

Q: To what extent have you achieved your intended outcomes in each business function where you have applied GenAI?

% respondents

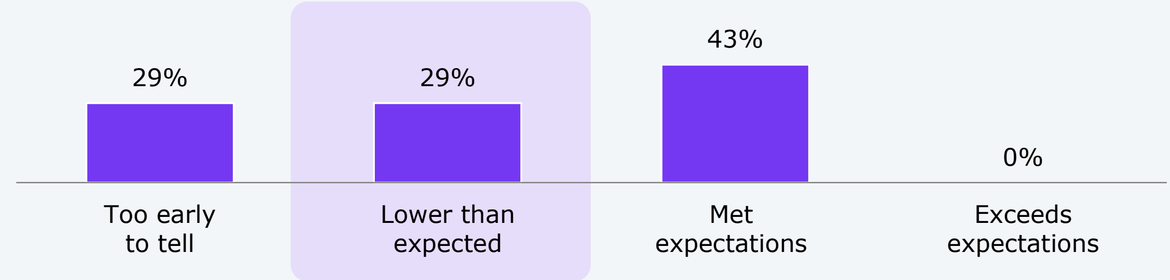


Sample: 71 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 10: Sourcing and procurement are least content from GenAI

Q: To what extent have you achieved your intended outcomes in Sourcing and Procurement where you applied GenAI?

% respondents



- Enterprises leveraging GenAI generally believe they have either met their intended outcomes or find it is too early to evaluate results.
- However, in sourcing and procurement, more than a quarter of enterprises report that outcomes have fallen below expectations.

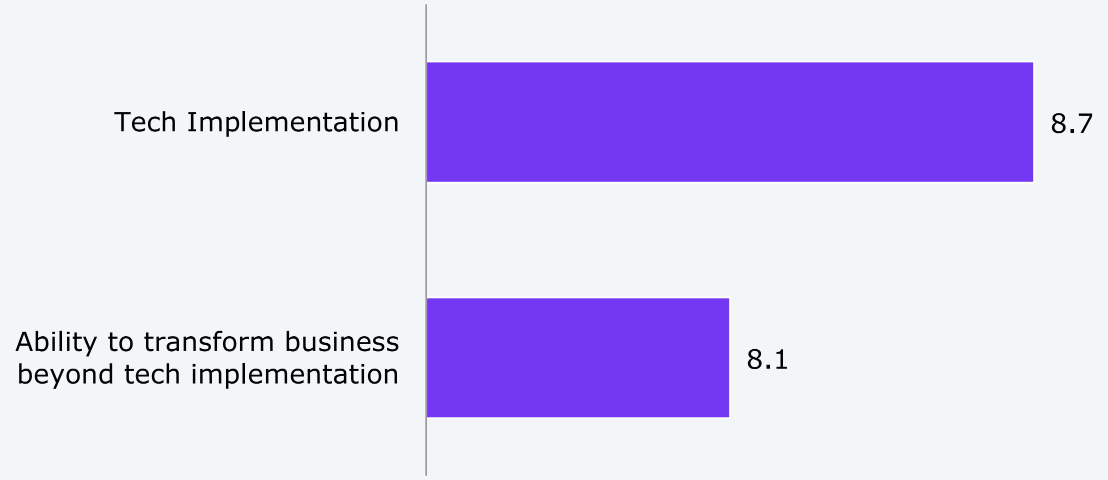
Sample: 7 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 11: Service providers’ delivery on business transformation is less than technology implementation

Customer view: Gap between tech and transformation capabilities

Provider capabilities

Customer ratings of service providers-average out of 10



- Customers perceive a gap between their providers' tech delivery and actual business transformation.
- To become true Generative Enterprises, businesses need more than just technology expertise—they need partners that can redefine how work gets done. Closing this gap is essential for meaningful transformation.

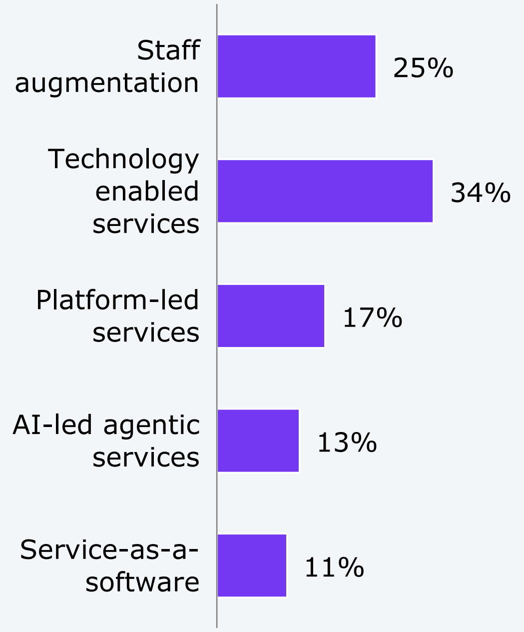
Sample: 71 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 12: Enterprise leaders aspire for more AI-led agentic services

Customer view of delivery approach best meets your current needs

Provider capabilities

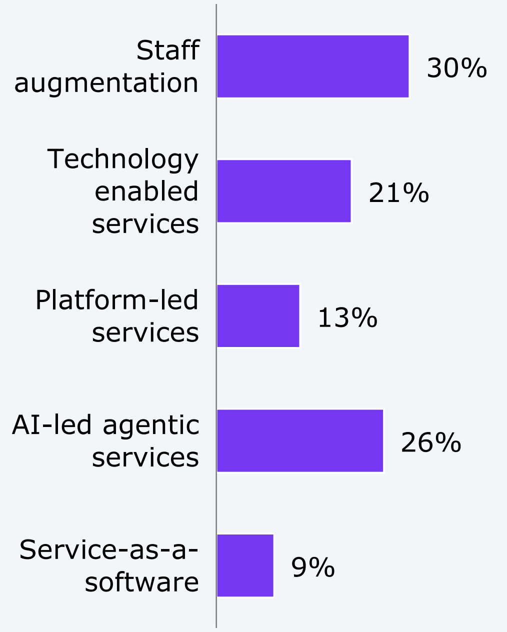
Customer ratings of service providers – % of Rank 1



Customer view of delivery approach most likely to meet your needs in 12-18 months' time

Provider capabilities

Customer ratings of service providers – % of Rank 1



- Current client needs are met by staff augmentation and tech-enabled services.
- Advancements in AI have led to the possibility of AI-led agentic services—augmenting human capabilities and even completely autonomous agentic technologies that can make complex decisions with minimum human intervention.
- In the next 18 months, clients expect higher levels of automation with the help of AI-led agentic solutions.
- We also see a future where services-as-software gains traction, providing real technology arbitrage by delivering services primarily through technology.

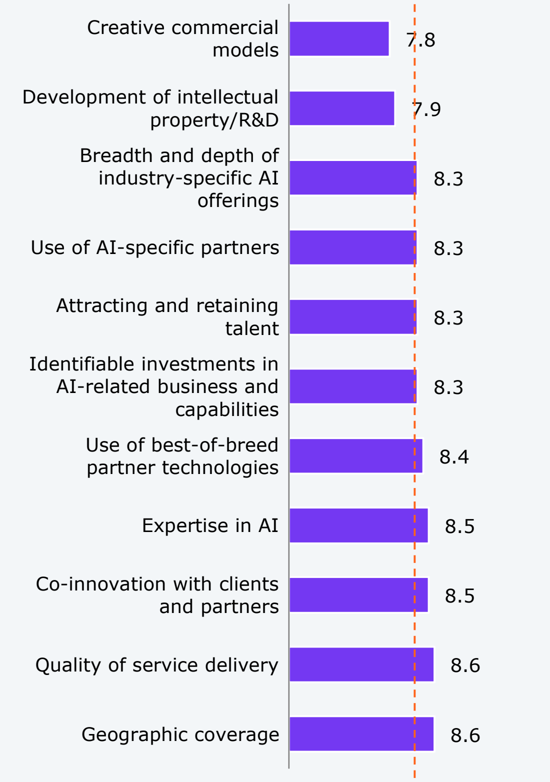
Sample: 71 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 13: Partners and customers call out lack of creative commercial models, development of IP/R&D, and talent

Customer ratings of service providers for delivery capabilities

Provider capabilities

Customer ratings of service providers – average out of 10

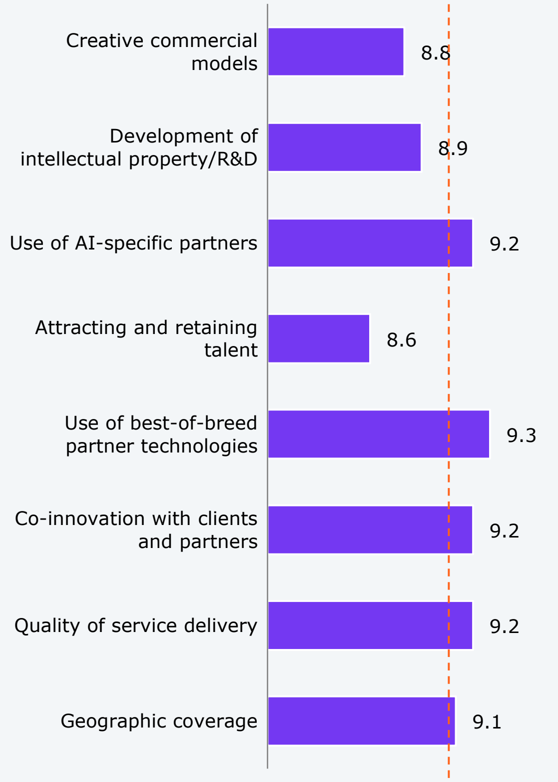


Average: 8.3

Partner ratings of their service provider partners

Provider capabilities

Partner ratings of service providers – average out of 10

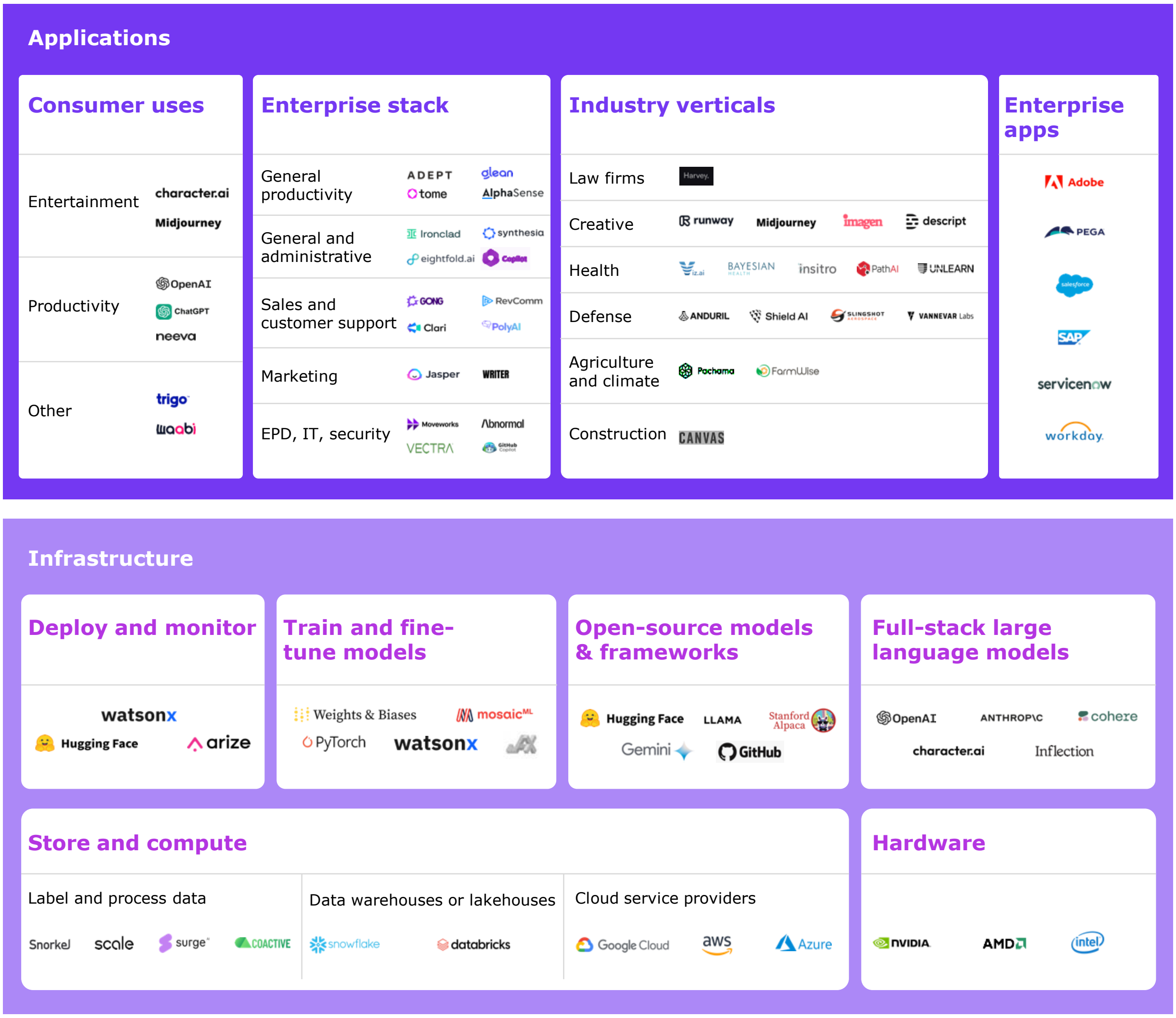


Average: 9

- Clients and partners are satisfied with co-innovation, use of best-of-breed partner technologies, and quality of service delivery.
- But service providers partnerships should reflect bold aspirations of developing creative commercial models such as performance-based commercial models, IP/R&D, and industry-specific AI offerings, as well as attracting and retaining skilled AI talent.

Sample: 75 GenAI partners and 71 customer references provided as part of the survey for this report
Source: HFS Research, 2025

Exhibit 14: The Generative Enterprise ecosystem



An overview of the AI/GenAI ecosystem, categorizing key partners across applications and infrastructure

Applications: These are divided into consumer uses (e.g., entertainment with tools such as MidJourney, productivity with ChatGPT), the enterprise stack (covering functions such as marketing with Jasper and customer support with Gong), and specialized industry verticals (e.g., defense with Shield AI and agriculture with FarmWise). They also include enterprise apps such as Adobe, Salesforce, and Workday for integrated AI solutions.

Infrastructure: This focuses on the foundational components for AI deployment. It includes tools for deploying and monitoring (e.g., watsonx, Arize), training and fine-tuning models (e.g., MosaicML, PyTorch), open-source models and frameworks (e.g., Hugging Face, Llama), and full-stack LLMs (e.g., OpenAI, Anthropic). It also lists storage and compute providers (e.g., AWS, Snowflake) and hardware providers (e.g., NVIDIA, AMD).

This comprehensive landscape illustrates how applications and infrastructure collectively enable the AI ecosystem, supporting diverse use cases and business needs.

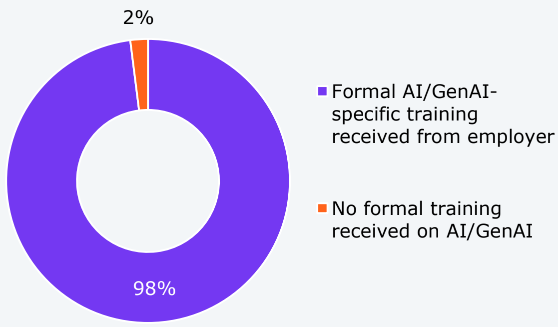
Source: HFS Research, 2024

Exhibit 15: 98% of service providers' employees received formal training in GenAI, but more than 80% of the employees feel it is insufficient

Service providers' employee ratings on GenAI training

Provider capabilities on GenAI training

% respondents



Service providers' employee ratings on GenAI training

Further training needs

% respondents

We interviewed 130 employees of service providers on their current AI/GenAI training from their employers. 98% of the employees claimed they received formal training from their employers. However, 80% of them expressed the need for further training. This gap (explained further below) highlights the need for holistic, interdisciplinary training programs that blend technical, ethical, strategic, and communication skills.

- Employees with technical skills need more training to leverage, fine-tune, and deploy AI/GenAI tools effectively.
- Technical and operational employees want access to environments where they can apply their training to actual scenarios and datasets.
- Leadership and strategy-focused roles are requesting further training on deploying AI technologies with a focus on ethics, governance, and alignment with business objectives, effectively communicating AI concepts to non-technical stakeholders, and managing organizational adoption of AI/GenAI technologies.
- Both technical and strategic-focused employees value interactions with hyperscaler partners, industry experts, and internal communities.
- Employees want ongoing training aligned with the latest innovations, stressing the importance of staying updated on rapidly evolving AI technologies and trends.

Sample: 130 service providers' employee references provided as part of the survey for this report
Source: HFS Research, 2025

3

Horizons results: Generative Enterprise Services, 2025

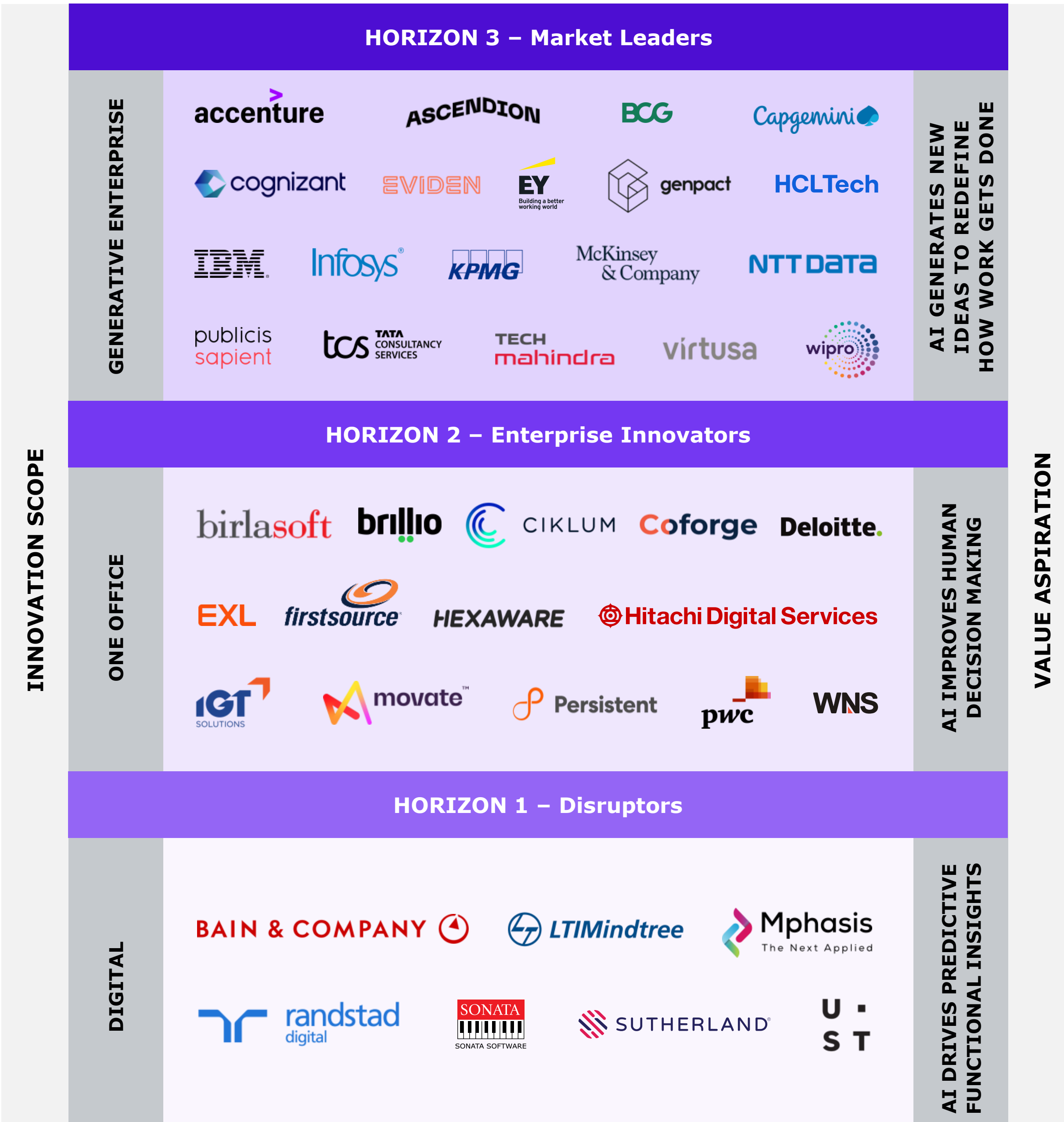
HFS Horizons: Summary of providers assessed in this report (1 of 2)

Providers (alphabetical order)	HFS point of view
Accenture	One of the most experienced service providers in the current market with GenAI revenue of $900 million
Ascendion	Promoting GenAI value creation through its AI arbitrage model
Bain & Company	Strategy plus technical expertise for transformation, powered by a 700-strong partner ecosystem
BCG	X marks the spot for people-centric GenAI, targeting topline growth and efficient operations
Birlasoft	Delivering cost optimization and improved productivity through tailored GenAI solutions
Brillio	Rapid delivery of industry-specific GenAI solutions focused on efficiency
Capgemini	Scaling GenAI projects with a platform and value approach
Ciklum	Adept at plumbing customized GenAI solutions into existing technology stacks
Coforge	Production-grade implementations focused on BFSI, retail, and travel
Cognizant	Tackling the difficult last-mile engineering of scaled GenAI adoption
Deloitte	Strategic guidance and practical execution across the GenAI adoption lifecycle
Eviden	Supercomputer chops to drive trustworthy AI/GenAI adoption at scale
EXL	Custom and industry-specific focus drawing on domain and data know-how
EY	Beyond chatbots and copilots building the trust demanded to rethink the enterprise
Firstsource	Applying GenAI to the regulatory complexity in healthcare and BFSI
Genpact	Focused on solving real business issues at the intersection of domain, functions, and AI
HCLTech	Scaling capabilities with everything from chips to AI and domain chops
Hexaware	Helping firms cut through the complexity with solutions and services aligned to business objectives
Hitachi Digital Solutions	Deep engineering credibility built on several years of AI experience
IBM	Asset-rich consulting expertise for GenAI transformation at scale

HFS Horizons: Summary of providers assessed in this report (2 of 2)

Providers (alphabetical order)	HFS point of view
IGT Solutions	Addressing travel challenges with AI-driven solutions focused on CX
Infosys	Building an AI economy from chip to value through platforms, frameworks, and deep partnerships
KPMG	AI-led enterprise transformation with a human-centric and risk-appropriate approach
LTIMindtree	Placing small language models front and center for targeted outcomes
McKinsey	Research and data-rich approach with the organizational chops to make business impact with AI
Movate	Combining GenAI, gig work, and traditional talent to engineer CX success
Mphasis	Using GenAI to transform CX, boost productivity, and drive loyalty
NTT DATA	Global enabler of connectivity-to-operationalization AI transformation
Persistent	Agile and credible platform partner focused on business outcomes
Publicis Sapient	Co-creating customer experience outcomes and accelerating adoption through a strong partner network
PwC	Helping humans and machines work together toward sharper insight and greater profitability
Randstad Digital	Talent-as-a-service for AI and data ecosystem modernization
Sonata Software	Process and functional transformation focused on retail, manufacturing, BFSI, healthcare and life sciences, and TMT
Sutherland	Elevating customer satisfaction with GenAI-powered outcome-based commercial models
TCS	Balancing the challenge of enterprise resilience and the need for innovation
Tech Mahindra	Democratizing GenAI use and building local language LLMs
UST	Agile mid-tier provider with safe environments for ideating and building GenAI solutions
Virtusa	Practical GenAI solutions with a focus on addressing complex operational challenges
Wipro	Accelerating digital and business transformation with GenAI-infused solutions
WNS	Empathy-first business process leaders with humans firmly in the loop

HFS Horizons for Generative Enterprise Services (1 of 2)



Note: All service providers within a Horizon are listed alphabetically.
Source: HFS Research, 2025

HFS Horizons for Generative Enterprise Services (2 of 2)

Horizon 3 – Enables the Generative Enterprise by leveraging AI and GenAI to redefine how work gets done, driving co-creation with OneEcosystem partners

- **Horizon 2+ ability to completely redefine how work is done**
- Processes and frameworks to prioritize and deliver GenAI value cases, consumed as-a-service
- Deep partnerships, including joint IP creation with AI technology leaders
- Implements with third-party, joint IP, and own IP
- Strong frameworks for responsible and ethical AI
- Well-rounded capabilities across all value creation levers—talent, domain, technology, data, and change management
- Driving co-creation with ecosystem partners
- High investments in GenAI
- Evidence of purpose-based (co-creation) partnerships with clients in addition to the increasing number of performance-based relationships in the portfolio
- Recognized as thought leaders by clients
- Referenceable and satisfied clients driving new business models with partnerships

Horizon 2 – Enables **OneOffice** by leveraging AI and GenAI to improve decision-making and drive unmatched stakeholder experience

- **Horizon 1+ ability to help enterprises break down the silos of data across the enterprise, continuously find patterns, and maintain robust governance across all decision points**
- Processes and frameworks in place to generate net-new value cases with GenAI
- Processes in place for taking GenAI use cases to production
- Offshore and nearshore capabilities with both technical and consulting skills
- Implements with third-party and own IP
- Market-ready AI-driven proprietary tools, assets, and frameworks
- Alliances with many AI technology leaders
- Increasing number of performance-based relationships in the portfolio
- Recognized as strategic partners by clients
- Referenceable and satisfied clients for the ability to execute and innovate

Horizon 1 – Drives digital transformation by leveraging AI and GenAI to drive predictive functional insights

- **Helps enterprises understand the data, processes, and interactions needed to drive functional optimization**
- Proven repeated GenAI use case generation
- Proven capabilities in moving GenAI into production
- Implements third-party GenAI tools and technologies
- Typically offshore focused with strong technical skills
- Some alliances with AI technology leaders
- Primarily effort-based relationships
- Recognized as strong implementation vendors
- Referenceable and satisfied clients for the ability to execute

4

EY profile: Generative Enterprise Services, 2025

EY: Beyond chatbots and copilots building the trust demanded to rethink the enterprise

HORIZON 3 – Market Leader
EY Building a better working world
HORIZON 2 – Enterprise Innovator
HORIZON 1 – Disruptor

Strengths

- **Value proposition:** Steering clients toward adopting long-term value-based GenAI solutions by transitioning from chatbots and copilots to autonomous AI agents.
- **Growth proof points:** EY has invested $850 million in the past year to expand its AI capabilities. This move involved hiring cloud, data, and AI talent, acquiring AI software company Nuvalence, and co-innovating and co-developing with its partner ecosystem (e.g., co-developing an on-premises AI compute platform with Dell/NVIDIA). It procured 150,000 Microsoft 365 Copilot licenses in 2024, funded AI CoEs and agent platforms, advanced EY.ai and EY Fabric platforms, trained 400,000 professionals and 3,500 partners, and plans to open 10 additional AI labs.
- **Key differentiators:** EY views GenAI adoption as a catalyst for 're-thinking the enterprise,' addressing challenges related to trust, complexity, and imagination to unlock business value beyond productivity. With a focus on agentic AI and services-as-software solutions, it leverages tools, accelerators, and a value pool mindset targeting 10x value with one-tenth of the effort. Its strengths include responsible AI as code, consulting expertise, and domain knowledge. Leading by proof, the firm is transforming itself into a trusted AI-powered professional services firm, embedding AI/GenAI internally and collaborating with policymakers, thought leaders, academia, civil society, and top AI organizations.
- **Outcomes:** For a leading US beverage and coffee company, EY has built an AI factory with more than 10 GenAI apps, embedding risk governance and delivering $40 million in annual value. For a US watch brand, its multi-modal AI is driving 50% faster R&D and a 10% revenue lift with AI-designed products.
- **Customer kudos:** A client appreciates EY's push to transform and grow through shared learnings and new insights.
- **Partner kudos:** Partners praise EY's trusted C-suite relationships and deep sector and business expertise.

Development opportunities

- **What we'd like to see more of:** EY can benefit by showcasing more AI solutions with a lower carbon footprint as well as AI-led sustainability initiatives and solutions.
- **What we'd like to see less of:** While EY has a praiseworthy vision for the future of AI/GenAI, most outcomes lean toward cost-savings or efficiency gains. We'd like to see fully-scaled, end-to-end client solutions that bring this vision to life.
- **Customer critiques:** A client suggests a shared early-stage development commercial model to help secure more internal resource support.
- **Partner critiques:** A partner emphasizes the need to publish and amplify customer success stories while strengthening internal alignment and cross-geo collaboration.

Partnerships

Key partners: Adobe, Databricks, Dell Technologies, IBM, Microsoft, NVIDIA, Pega, SAP, ServiceNow, Snowflake

Mergers and acquisitions (2021–2024)

- **2024: Nuvalence; BGP Management Consulting**
- **2023: Tallan, Future Friendly**
- **2022: Bridge Business Consulting, Gensquared Inc., QS-2, Cambria Solutions**

Clients

Number of clients: 5,250+

Key clients:

- US-based clean energy solutions
- UK-based digital insurance provider
- US beverage and coffee leader
- US-based media and entertainment giant
- US-based investment and financial services
- US-based watch and accessory brand

Global operations and resources

- **Headcount:** 16k+
- **Delivery and innovation locations by major geo:** 14 delivery centers with AI/GenAI and data capabilities in the Americas (Argentina, Mexico), EMEA (Poland, Spain), APAC (China, India, Philippines, Sri Lanka); 14 dedicated AI labs in US, Mexico, Chile, France, Greece, Germany, Romania, Spain, UKI, Australia, India, Singapore

Flagship internal IP

- **EY.ai Value Accelerator:** Value creation framework
- **AI Engine Room:** Ideation accelerator to build and operate AI-powered businesses
- **EY Fabric:** Foundational global technology platform for accelerating ethical AI solutions
- **EY.ai EYQ:** Ecosystem of GenAI capabilities
- **EYQ Agent Builder** for autonomous workflows
- **RAI Code Accelerators,** including **SafePrompt** for security and guardrails

5

HFS Research authors

HFS Research authors (1 of 2)

Phil Fersht
CEO and Chief Analyst

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Phil Fersht is widely recognized as the world's leading industry analyst focused on the reinvention of business operations to exploit technological innovations and the globalization of talent.

He identifies change agents that enable organizations to streamline digital operations, access rapid and critical data to base decisions, and exploit the increasingly available global base of talent. He coined the term “Generative Enterprise” in 2023, articulating the pursuit of AI technologies based on large language models (LLMs) and ChatGPT to reap huge business benefits to organizations in terms of continuously generating new ideas, redefining how work gets done and disrupting business models steeped in decades of antiquated processes and technology.

Over the past two decades, he has a global reputation for identifying the big trends, being unafraid to share his honest views, and driving a narrative on the technology and business services industries that shapes many leadership decisions. His reputation drove him to establish HFS Research in 2010, which has grown into one of the leading industry analysts and advisory firms and is the undisputed leader in IT business services and process technologies research.

In 2012, he authored the first analyst report on robotic process automation (RPA), introducing this topic to the industry and is widely recognized as the pioneering analyst voice that created and inspired today's RPA and process AI industry. Fersht coined the term "OneOffice" in 2016, which describes HFS Research's vision for future business operations amidst the impact of cloud, automation, AI, and disruptive digital business models. OneOffice is the foundation of the hybrid (virtual-physical) workforce, where automation and AI tools augment the employee’s digital capabilities, and the workplace becomes a plug-and-play, work-from-anywhere scenario. Silos between front, middle, and back-office are collapsed into one single office, where all employees are empowered and motivated by common outcomes and common values.

Prior to founding HFS in 2010, Phil has held various analyst roles for Gartner (AMR) and IDC and was BPO Marketplace leader for Deloitte Consulting across the US. Over the past 20 years, Fersht has lived and worked in Europe, North America, and Asia, where he has advised on hundreds of operations strategy, outsourcing, and global business services engagements.

HFS Research authors (2 of 2)

David Cushman
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David leads our Emerging Technology Practice, tracking OneOffice and OneEcosystem enablers from automation, GenAI and AI, data and design thinking, process orchestration, workflow, and intelligence, metaverse and Web3. He also engages in the impact of technology on how and where we work, and on our employee experience.

- David leads our HFS Hot Tech program, too. Experienced in start-up, scale-up, and large-scale digital transformation programs, he has led digital development at the UK's fastest-growing media company, founded and grown digital consultancies across Europe, and worked with world-class companies as a director in digital strategy advisory at a tier-1 services provider.
- He is the author of The 10 Principles of Open Business (Palgrave Macmillan, 2014), and he holds a joint honors degree in Philosophy and Sociology from the University of Essex.
- David lives in Cambridgeshire, UK, with his wife and daughter, and he enjoys reading, writing, traveling, and thinking (exploration of all kinds). He embraces change and always seeks the learning opportunity. But, for all that, he has supported Leeds United Football Club since he was seven years old. Some things just can't be unlearned.

Niti Jhunjhunwala
Senior Analyst
niti@hfsresearch.com

Niti is senior analyst at HFS Research. Her coverage areas include banking and financial services and GenAI. She also regularly contributes to competitive intelligence across IT and business process services and the HFS Market Index, a quarterly report that analyses the performance and major developments of top service providers over the past quarter.

Niti joined us with more than six years of experience in market research. Before starting the HFS journey, she worked with Kantar (leading data, insights, and consulting company). Her responsibilities included leading end-to-end research studies along with client presentations. She holds an MBA degree specializing in Finance and Marketing and B. Tech in Information Technology.

She is based out of Kolkata, India. In her spare time, she loves reading, travelling, and going for walks. On weekends she enjoys painting, spending time with her nephew, and binge-watching series.

HFS

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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