AI Disrupting the Services Sector

ALLIED ADVISERS

2H 2025

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Executive Summary

Executive Summary

AI is disrupting services sector by reshaping jobs, service areas, and value creation. While challenges with ROI and implementation remain, benefits will become clearer as adoption matures and scales

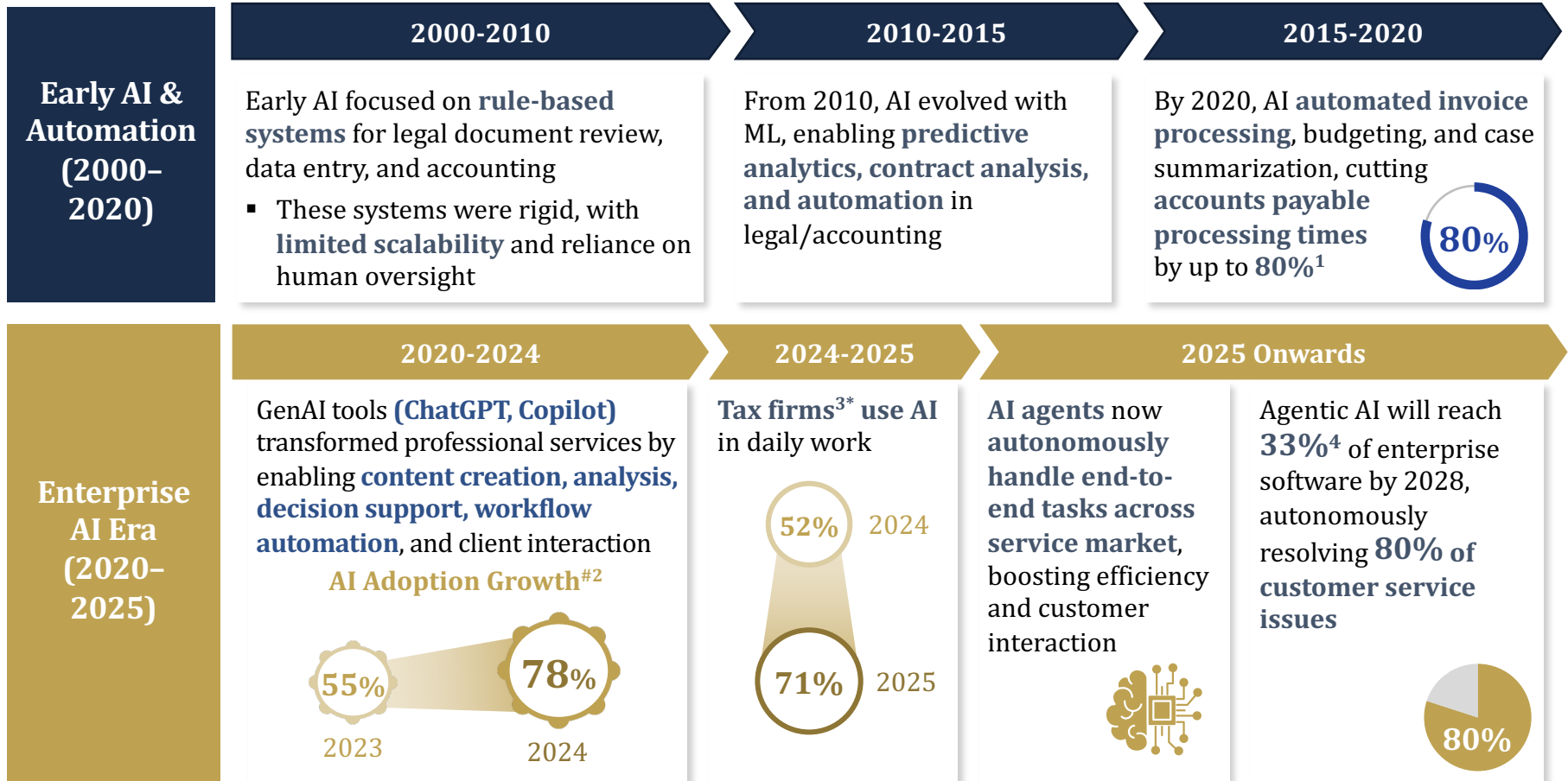|	Key Insights	Reality
AI Evolution in Services	AI is shifting beyond automation toward **agentic AI and workflow-embedded systems**, transforming professional services into AI-native models	■ Agentic AI adoption in the services sector is still early but rapidly increasing; several pilots underway in IT, legal and consulting services
Workforce & Skills Impact	Service jobs are being disrupted– **routine technology roles are shrinking**, while demand and wage premiums for **AI-skilled professionals are rising,** reshaping careers and creating new high-value roles	■ Entry-level jobs in AI-exposed fields have declined by 13%[1] over the past three years ■ New AI-native service-oriented roles are emerging — from Prompt Engineers and AI Trainers to Human-AI Interaction Designers, etc.
Disrupting Service Sectors	AI is transforming software development and BPO by **automating routine work, reducing outsourcing**, and driving reskilling for AI-powered roles	■ Early AI adopters in software services and BPO are reporting significant annual savings through AI-driven coding, workflow automation and Agentic AI
AI Adoption & ROI Gap	AI adoption in services is surging, but many firms **struggle with practical implementation**, limiting near-term profitability	■ **95%[2]** of AI projects fail and only **5% succeed** – While the success rate is debated, the opportunity for embedded services is clear
Future Outlook	AI has already begun disrupting services, but the next wave will define long-term winners. Success will hinge on aligning AI with business strategy and embedding scalable, human-centric platforms	■ AI adoption in services is widespread but immature; real success will come when firms **integrate AI end-to-end**, **combining strategic alignment, service-oriented models**, and governance to build foundations for future AI-native platforms.

1. Business Standard
2. MIT
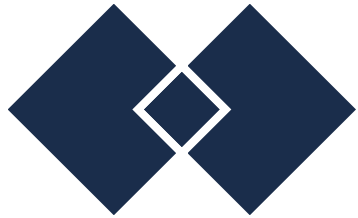
Market Overview and Adoption

Transformative Journey of AI in Service Sector

From rule-based systems to autonomous AI agents, AI adoption is redefining professional services including IT services, legal, accounting, tax, auditing, risk management, and consulting

Early AI & Automation (2000–2020)

2000-2010

Early AI focused on **rule-based systems** for legal document review, data entry, and accounting

- These systems were rigid, with **limited scalability** and reliance on human oversight

2010-2015

From 2010, AI evolved with ML, enabling **predictive analytics, contract analysis, and automation** in legal/accounting

2015-2020

By 2020, AI **automated invoice processing**, budgeting, and case summarization, cutting **accounts payable processing times** by up to **80%**[1]

80%

Enterprise AI Era (2020–2025)

2020-2024

GenAI tools **(ChatGPT, Copilot)** transformed professional services by enabling **content creation, analysis, decision support, workflow automation**, and client interaction

AI Adoption Growth[#2]

55% 2023

78% 2024

2024-2025

Tax firms[3*] use AI in daily work

52% 2024

71% 2025

2025 Onwards

AI agents now **autonomously handle end-to-end tasks across service market**, boosting efficiency and customer interaction

Agentic AI will reach **33%**[4] of enterprise software by 2028, autonomously resolving **80% of customer service issues**

80%

Key Takeaway ▶

AI is transforming professional services by **automating tasks, improving efficiency, and enhancing client engagement**, paving the way for widespread AI integration across sectors
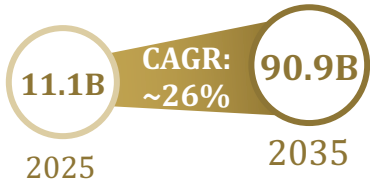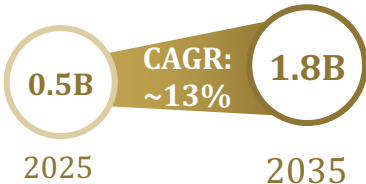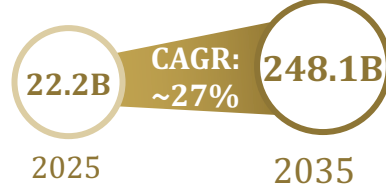
AI Adoption Across Key Service Sectors

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AI adoption is gaining traction across service sectors, improving efficiency in IT and consulting, and enabling automation in legal and financial services for compliance, risk, and growth

Service Sector** Adoption Snapshot

	Consulting[1]	Legal Service[2]	Finance Service[3]	IT/Managed Service[4]
AI Adoption By Service Sectors	11.1B (2025) — CAGR: ~26% — 90.9B (2035)	0.5B (2025) — CAGR: ~13% — 1.8B (2035)	22.2B (2025) — CAGR: ~27% — 248.1B (2035)	AI adoption in IT functions rose from **27%** to **36%** in **1H 2024**[#]
Use Cases	70% of McKinsey's 45K staff **use AI chatbot Lilli** for research, analysis, and problem-solving[5] McKinsey & Company	AI **saves US lawyers 4 hours weekly**, generating ~$100K more billable time per lawyer[6]	JPMorgan deployed 400 AI use cases, giving 200K employees GenAI access — **cutting research time** by **83%**[7] J.P.Morgan	Microsoft employees **save ~2.5 per employee per month** using Microsoft 365 Copilot[8] Microsoft

> ~40% of the work we do is analytics-related, AI-related, and a lot of it is moving to GenAI.
>
> **- Ben Ellencweig, SP*, Deloitte[6]**

Key Growth Drivers: AI in Service sector

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As AI adoption accelerates across service sectors, firms are leveraging it to drive competitiveness, innovation, and scalable value delivery

Fueling AI Advancements

Rising Adoption of GenAI
Advanced GenAI platforms are accelerating AI **integration into client work and operations**

Adoption of **GenAI in professional** services ⬆ from **12% to 22%** (Apr 2024-25)[1*]

Cloud AI & Automated Scaling
On-demand computing and AI services remove infrastructure barriers, **enabling fast, scalable adoption and quicker value realization**

Why Service Firms Adopt AI for Competitive Edge?

Competitive Necessity
drives firms to use AI to stay **competitive, enhance offerings**, and meet evolving client expectations

Client Expectations
demand **faster delivery, higher accuracy, and tailored advice**, driving firms to deploy AI for efficiency and personalization

2/3[rd2] of clients considering ending relationships with firms that do not adopt AI

How AI is Transforming Operations & Value Delivery

Productivity & Operational Gains
come as AI automates **routine tasks**, freeing professionals for high-value work

By 2035, AI tech could raise productivity by **40%**[3]

Deloitte's **MyAssist (GenAI)**[4] cuts R&D Tax Incentive draft time by **40–50%**

Deloitte.

Innovative Service Models
use AI for **predictive risk, intelligent contracting, and outcome-based billing**, unlocking new revenue streams and competitive edge

Key Takeaway
While AI adoption expands and delivers efficiency gains, many initiatives still fall short—measurable outcomes and revenue impact are still taking shape, and organizations struggle to convert investments into sustainable ROI

1. TechMonitor
2. Consultancy.UK (IBM Consulting)
3. Forbes
4. The Australian
*1,800 global professionals in the legal, tax, accounting, corporate risk, and government sectors

The ROI Gap in Enterprise AI – MIT Study

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Despite surging AI adoption, most of corporate AI initiatives fail to show real ROI; new MIT analysis and industry cases explain why—and what leading firms do differently to succeed

While >45% workers use AI tools and major spend, **95%** of enterprise GenAI pilot projects fail to deliver any measurable P&L impact

95%

Investment -ROI Gap

5%

Only **5% deliver real ROI**, mostly through niche use cases in agile startups focused on back-office or coding tasks

Why Pilots Fail

- **No learning** – AI doesn't retain feedback
- **Poor workflow fit** – tools don't match processes; brittle at edge cases
- **Integration complexity** – Difficult to embed into existing tech stack
- **Misaligned use cases**: Not tied to P&L/business goals, so impact stays invisible
- **Fragmented execution**: Siloed teams, unclear owners, poor coordination
- **No measurement plan**: Without ROI tracking, pilots stall in "pilot purgatory"

The 5% Success Formula

- **Start with business-led problem** framing and outcome alignment—not just model metrics
- **Embed AI into workflows** to automate end-to-end processes
- **Use learning systems** (memory + feedback) for continuous improvement
- **Ensure close collaboration** across business, data, and engineering with one accountable owner
- **Starting with narrow**, high-value use cases allows gradual expansion
- **Prioritize frontline use cases;** co-build with trusted partners as they outperform in-house builds

Success Case – Easework AI: Among the 5% Delivering ROI

Redesigned core processes with AI so outcomes are seamless, often invisible to users, by following 5 rules:

- Identifying the right problem
- Starting small, scaling steady
- Embedding AI into processes (not as an add-on)

- Measuring/optimizing continuously
- Driving adoption & customer success

1. MIT

Beyond 5% ROI – A Counter View to MIT Study

However, the "5%" claim has caveats—built on a small, self-selected sample and a short ROI window—and many practitioners disagree; industry voices (e.g., the **Everyday AI podcast**) highlight these gaps

01 Thin, Biased Evidence for "95%" Claim

The headline is based on **52 qualitative interviews**—'directionally accurate,' not audited, and drawn from **self-selected participants** more likely to report challenges

02 ROI Window Too Short

The study judged pilots by 6-month P&L impact—**too short for enterprise AI**, which needs 12–24 months to scale—biasing outcomes toward 'failure

03 Undercounted Employee-led AI

Only ~**40% of firms have paid LLMs**, yet workers at ~**90% use personal tools daily**; this "**shadow AI**" automates routine work and speeds drafts, so ROI outside formal pilots is missed being reported

Key Takeaway

AI is creating value across organizations, but much of the impact hasn't yet translated into measurable revenue or profit due to pilot purgatory, short timeframes, and partial integration. Firms that embed AI into workflows and track end-to-end outcomes are turning these gains into real ROI

04 Larger Studies Show Positive ROI

Larger, peer-reviewed studies show consistent value from enterprise AI—

$3.70 ROI

IDC (4,000 decision-makers) reports $3.70 ROI per $1

Snowflake/ESG finds **92%** of early adopters see positive ROI

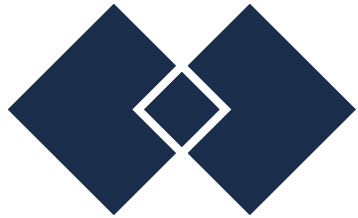**BCG/Microsoft** show 75% see value and **66%** report measurable benefits

McKinsey notes **97%** of leaders investing in AI report positive returns

> "Most of the AI experts say it isn't a rigorous study. The headline that lit up the business and AI world was essentially feels like a vibe-based claim—at best 'directional' from a small set of interviews—and it reads more like positioning for MIT's Nanda* project."
>
> **- Jordan Wilson, Founder & Host, Everyday AI**

1. EverydayAI

*Initiative developing the foundational infrastructure for a true "Internet of AI Agents."

Changing Workforce & Business Landscape in the AI Era

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As AI automates routine work, jobs—especially entry-level—are shrinking, while AI-skilled talent earns more and advances faster

GenAI handles junior tasks (data collection, drafting, analysis, support), streamlining operations and shifting humans to higher-value strategic work

Entry-Level Displacement

In AI-prone fields (**accounting, development, and administration),** entry-level[#1] jobs fell **13%** over the 3 years

Some sectors (e.g., **Wall Street banks**) expect **~3%[2]** workforce cuts over 3–5 years tied to AI (2025)

CS graduates face **6.1%[3]** unemployment in 2025

Mid-Level Displacement

- TCS to cut **12,000+ jobs[4]**, mainly mid/senior-level, citing AI-driven skill shifts
- Analysts warn **0.5M jobs at risk** in India's $254B outsourcing sector over 2-3 years

Role Transformation

Experienced roles are stable or growing as junior tasks shift to AI-enabled seniors taking on **more complex, AI-assisted responsibilities**, reducing entry-level positions

McKinsey & Company

Deployed **1000s[5] of AI agents,** taking over tasks once done by junior staff

On the Flip Side: AI-Skilled Talent Faces Opportunity (1/2)

10–12%

Demand: AI roles now **~10–12%[6]** of tech jobs, with postings doubling (66K → 139K) in early 2025

56%

Pay: Workers with AI skills earn a **56%[7] wage premium vs.** 25% last year

Early-career lift

Young professionals (ages 22-25)[8] with AI skills saw **12%** salary rise in non-managerial roles (2024-25)

AI professionals **advance to management 2x as fast[5]** as peers in another tech sector

The market shows dual impact: routine entry- and mid-level roles shrinking in manual, testing, programming, and customer service—while creating opportunities in higher-skilled strategy, product, and relationship management roles

1. Business Standard
2. Investment News
3. NY Times
4. MediaNama
5. LinkedIn
6. Getaura
7. PwC
8. MSN

#Stanford-MIT study found that

AI Workforce Impact: Skills Gap Behind Opportunities (2/2)

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While AI transformation creates new roles and opportunities, it exposes critical skills gaps requiring urgent upskilling and AI-savvy leadership

On the Flip Side: AI-Skilled Talent Faces Opportunity (2/2)	New roles emerging					
	01 AI Prompt Engineers	**02** AI Engineer	**03** AI Trainers	**04** Human-AI Interaction Designers	**05** AI Ethics Specialist	**06** AI Strategist

Opportunities Bring Skill Gaps

By 2030, 70% of the skills required for the average job will have changed[1]
- **Ryan Roslansky, CEO, LinkedIn**

87% *87%*[2] organizations struggle to hire AI developers, with average time-to-fill of **142 days**

Leadership Gap[3]

Gartner
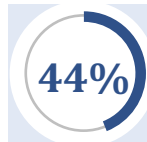
44% Only 44%** of CIOs deemed "AI-savvy" by their CEOs, creating strategic execution challenges

We have never seen such a disproportionate gap in CEOs' impressions about tech disruption
- **David Furlonger, Distinguished VP Analyst, Gartner**

Business Impact[3]

20%[3] Organizations emphasizing **AI literacy for executives to achieve 20%** higher financial performance by 2027

Takeaway	As AI creates new oversight roles, organizations have identified opportunities by reimagining their service delivery—turning reskilling needs and new practice areas into key revenue streams and competitive advantage

1. LinkedIn
2. FullScale
3. Gartner

New Revenue Streams and Business Model in Service Sector

In response to AI transformation, service firms are adopting new business models, monetizing both AI capabilities and reskilling demand to protect margins and drive growth

New Revenue Streams

New Practice Areas

- AI introduced high-margin services such as **AI strategy, model customization, compliance, AI-driven audit, AI in governance, and AI in Fintech**

- Big 4 launched AI audit and governance lines, with PwC's **Assurance for AI service** validating model fairness, bias mitigation, and compliance

pwc

AI-Driven Training

- AI-powered training is evolving from internal upskilling to a client-facing, revenue-generating service model.

- **Accenture**[4], for example, is commercializing AI learning via **LearnVantage—a $1B client-focused platform** offering personalized training solutions, turning corporate learning into a high-margin service line

Business Model Transformation Through AI

Subscription-based (token-based) and outcome-based (pay-for-results) pricing models are gaining traction in AI services, replacing hourly billing

Subscriptions-based Pricing

$1M+[1]

Globant uses **token-based AI subscriptions**, replacing hourly rates with scalable pricing –generating **$1M+**[1] annually from over **340 clients**

Usage-based Pricing

21%

Firms with **>25%**[2] of their revenue via usage-based pricing grew **21% YoY**

Outcome-based Pricing

$ **3–8%**[3]

Firms using value-based pricing process achieve a **3–8%**[3] revenue uplift in the first year (BCG)

AI delivers tangible operational gains and reshapes workforce capabilities, but it is also disrupting the service sector— challenging incumbents through Big Tech and new service models
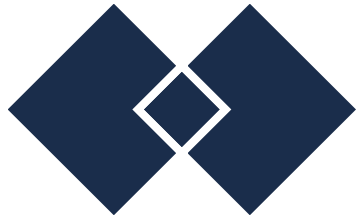
Disruptive Impact of AI on Services

AI Consulting Evolution: From Advice to Infrastructure (1/2)

The evolution from AI-enhanced services to fully embedded AI systems is transforming consulting firms from strategy providers to **embedded AI system engineers**, disrupting traditional service models

Consulting Model Evolution	Old Model – Strategy & Advice	New Model – Embedded AI Systems
	Traditional firms deliver roadmaps and decks, but with limited operational impact	Custom AI embedded into compliance, operations, and execution—hard-to-replace infrastructure

Big 4 consulting firms are partnering with tech leaders to speed embedded AI adoption, creating client reliance on Big Tech infrastructure rather than consulting expertise. **Recent Examples:**

Deloitte-Palantir Strategic Alliance[1]

- Co-develop EOS*, combining Deloitte's expertise with Palantir's Foundry and AIP platforms (2025)
- EOS integrates existing systems to unlock siloed data and improve decisions
- US agency saved **hundreds of thousands of hours** by profiling complex data without altering core systems

> As industry shifts, our employees need to act as "technologists & engineers first" and "consultants second."
> **- Michael Wanner, CTO, Deloitte Consulting[2]**

KPMG–Google Cloud[3]

Investing **$100M** in **AI consulting** with Google Cloud's Vertex AI & Gemini — $100M

Targeting $1B by embedding AI into compliance, fraud detection, and operations — $1B

Big 4 consulting are shifting to embedded model via Big Tech partnerships, integrating tech and engineers into client workflows, delivering quick value but creating Big Tech dependencies

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Despite efforts by consulting firms, Big Tech companies and OpenAI are bypassing these intermediaries, engaging directly with clients to integrate AI systems into their operations, thereby creating technological dependencies

Big Tech Direct Delivery Model

Big Tech/OpenAI directly deliver custom AI systems integrated into compliance, operations, and GTM[*] execution, forming infrastructure integral to operations and hard to replace

Embedding Approaches

Human-Led Embedding: FDEs** map processes, capture knowledge, and build adaptive AI

- OpenAI: Deploying[2] a **consulting arm** with FDEs to deliver enterprise-grade AI under $10M+ contracts

  – Designed to help large enterprises build custom AI systems that address critical business problems and drive revenue

Product-Led Embedding: AI agents automate entire workflows and business processes

Microsoft uses Copilot Studio[3] agents for automating tasks across Office 365, Teams, and Dynamics 365

salesforce uses embeds AI via Agentforce for lead scoring, customer service, predictive sales, and real-time decision support

Outcome

- **AI consulting is moving towards an embedded model, putting companies like OpenAI in direct competition with firms such as Accenture, Palantir and McKinsey**
- **The advantage now lies in shaping models and owning the implementation, as AI integration increasingly blurs the line between consulting and software**

1. OpenAI
2. Business Standard
3. Microsoft

*Go-to-Market
#*Forward-Deployed Engineers refers to a software engineer embedded directly with a client's team to build and customize solutions specific to that client's needs
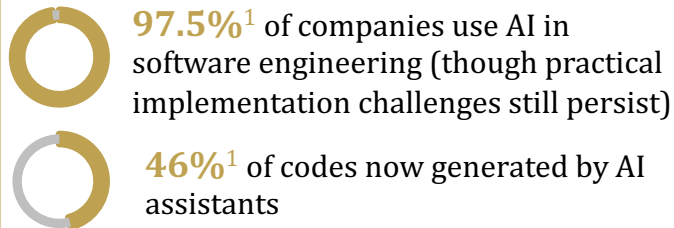#First 7 months of 2025

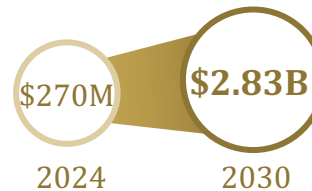# AI Transforming Software Development Services

As AI blurs the line between consulting and software, development services are adopting AI-enabled automation, —driving measurable improvements while redefining developer roles, though implementation challenges persist

Adoption & Market Impact (2025)

Near-Universal Adoption

97.5%[1] of companies use AI in software engineering (though practical implementation challenges still persist)

46%[1] of codes now generated by AI assistants

AI Tools for Software Development[2]

$270M — 2024
$2.83B — 2030

Productivity Gains (Using AI Programming Tools)[3]

55% Faster coding   **50%** Productivity gains

Agentic AI in Action[4]**:** **Wipro**, with Google Cloud deployed **200 production-ready autonomous AI agents** for industry-specific processes, achieving **20–35% efficiency gains** depending on client tech maturity

Business Model Disruption

The transformation creates two fundamental shifts:

- **Service Evolution**: IT service firms are moving beyond traditional coding to offer higher-value AI consulting: **strategy, integration**, and scaling adoption across client organizations

- **Competitive Pressure:** AI-native startups **challenge traditional SaaS** by automating manual coding (e.g., Cursor disrupting traditional IDEs* by automating code generation)

AI Integration Driving Workforce Transformation

Companies are reskilling workforce from traditional coding to **'AI collaborators'** using prompt-based development, driving demand for **AI engineers, prompt engineers, and AI architects,** while reducing the need for basic coding roles

Enterprise Reskilling

- Accenture[5] trained **500K** employees
- Infosys[6] **275K+** employees in AI skills

accenture
Infosys

> AI will replace mid-level engineers by 2025
>
> **- Mark Zuckerberg**[7]
>
> **CEO, Meta**

1. Techreviewer
2. LunkedIn
3. Q3Tech
4. AngelOne
5. LinkedIn
6. Techgig
7. Forbes

*Integrated Development Environments (IDEs)

AI's Impact on BPO Services

As AI continues to transform business models, BPO services are shifting from outsourcing to in-house automation, driving cost savings and reshaping workforce requirements

Shift in Operating Model: From Outsourcing to Automation

Old Model relied on offshore labor for repetitive tasks, while the **New Model** shifts to in-house AI automation, reducing outsourcing

Organizations are reassessing outsourcing strategies by implementing AI for routine processes, while maintaining BPO partnerships for complex, specialized tasks

Early adopters report **$2–10M[1]** in annual savings in **customer service and document processing** through selective automation

$8M*

By investing only **$8K[2] in AI**, a company saved **$8M** through back-office automation and outsourcing elimination — **highlighting the dramatic impact on workforce demand**

Reskilling for the AI-Driven Future

12M[3] — BPO roles could be **displaced by 2030**, emphasizing the need for reskilling in AI supervision, data analysis, and collaboration

As routine and repetitive jobs continue to disappear, analysts and managers emphasize the need to reskill BPO staff for roles requiring human judgment

Industry Use Case[4]

Improvements: AI automates **Service Requests, Onboarding, and Accounts Payable**

**DECAGON** *(Specialized in Conversational AI agents for customer service automation)*

80% Built AI support agents that solve over **80%** of issues and boost customer satisfaction

These shift across consulting, software development, and BPO services challenge the traditional billable-hour model, prompting a re-evaluation of how value is delivered and monetized in the service sectors
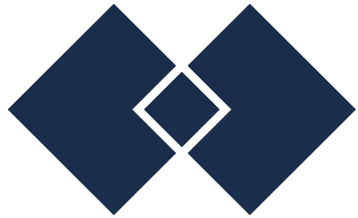
Case Study

Case Study: VC Firms' AI-Enabled Service Roll-Up Strategy (1/2)

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By acquiring service businesses with strong revenues and modernizing them through AI, General Catalyst aims to boost margins and scale

The Context: The AI Bubble

Capital is flowing into AI model companies and early-stage apps at inflated valuations, creating bubble-like conditions. To hedge against this, some VCs are shifting focus toward applying AI in traditional service industries

General Catalyst's (GC) Approach: AI-Enabled Roll-Up

- **Strategy:** Over the past three years, GC has followed an AI-enabled roll-up strategy—acquiring established, revenue-generating service businesses and applying AI to automate operations, scale delivery, and boost margins

- **Targets:** Large markets with outdated processes (accounting, IT services, legal, healthcare, admin support)

- **Goal[1]:** To raise service margins (using SaaS) from **≤40%** to **~60%** through AI-enabled roll-up of legacy businesses

Investment Track Record[2]: *GC has made ~110 investments in 2025, with notable AI + service deals:*

Invested **$74M[3]** in **Titan** to use AI for automating routine IT services, to shift human staff into consultant roles while AI handles support tasks

Titan

Led a **$305M[4]** round in **Together AI** (cloud platform), valuing it at $3.3B; Expanding its cloud platform and scaling Nvidia Blackwell chips

together.ai

These service businesses, many of them ultimately globally just barely break even, so they haven't got a lot of attention from VC investors. That's going to change. GC is planning to pour $100s M into service businesses"

— **Marc Bhargava, MD, GC**

Case Study: Thrive Capital's Parallel Approach (2/2)

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Similarly, Thrive Capital is acquiring and operating service-focused businesses through Thrive Holdings, using AI to modernize legacy industries, expand margins, and scale growth

Thrive Capital's Investment in AI-Driven Services	- Formed Thrive Holdings, a holding company that **acquires and operates service-focused businesses**, aiming to modernize them with AI through private equity-style roll-ups, while also investing in early-stage AI service startups **Focus:** Accounting, IT services, and other professional services

Key Recent Investment	**Thrive and ZBS put $100M+ into Shield Technology Partners,** an AI-driven IT services platform with four MSP buys; funding will speed growth and AI integration with national support	$100M[1]
	Led Rogo AI's $50M Series B (total ~$75M), following its $1B OpenAI stake to strengthen its financial AI push	$40M[2]

Investment Rationale for Both VC Firms

Massive Market Opportunity[3]: $6T+ in enterprise value is trapped in US traditional services with strong fundamentals but thin margins	**Profitability Uplift[3]:** AI can turn low-margin businesses to approach software-like margins (30– maybe say 60%), unlocking VC-level returns	**Large, Inefficient Markets:** IT services and healthcare are fragmented, manual, and ripe for AI-led disruption	**Strategic & Societal Value:** IT services drive digital growth; healthcare improves outcomes, creating financial and social impact	**Beyond Automation:** AI addresses needs in personalized care, interoperability, diagnostics, operational efficiency, and health data processing

Takeaway ▶

VC firms are channeling billions into AI-led service businesses, transforming legacy industries that generate trillions in revenue. By automating tasks, scaling roll-ups, and boosting margins, they're building AI-native platforms that combine service stability with software-like profitability, driving a race to consolidate and redefine services as high-margin platforms
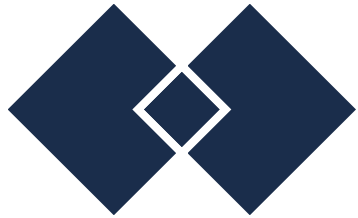
Financing Update

How Investors Can Capitalize on AI's Disruption of Services

Buy-and-Build Platforms
Consolidate leading AI consultancies, MSPs, and BPO/KPO firms onto unified AI/LLM platforms to capture scale efficiencies, lower delivery costs and expand margins

AI Tools Integration
Acquire critical AI enablement tools such as data observability, system integration and LLMOps platforms and embed them into service offerings to create defensible, high-margin recurring revenue streams

Sector-Specific AI Leadership
Invest in AI service providers with deep domain expertise in regulated or high-value industries (e.g., legal, healthcare, financial services), where compliance, specialization and trust create strong competitive moats

Embedded AI Engineering
Support models where engineering talent is deployed within client organizations to design, implement and manage AI agents, enabling bespoke, high-value client outcomes and long-term relationships

Managed AI Operations & Upskilling
Drive revenue through end-to-end AI lifecycle management including monitoring, governance, compliance, and workforce transformation to position as a long-term, indispensable partner

Strategic Minority Investments
Take targeted equity positions in emerging AI technology companies to secure early access to proprietary IP, shape future service capabilities and position for eventual full acquisition as an option

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Recent VC Investments

Deal Date	Target	Investor	Amount Raised	Rationale
Aug 12, 2025	TITAN	GENERAL CATALYST	$74.0M	The funding will enable Titan to transform IT services with an AI-augmented platform that automates and scales enterprise support
Jul 29, 2025	Ambience	OAK HC/FT andreessen. horowitz	$243.0M	The funds will expand the AI platform and accelerate products that streamline administration, improve data accuracy and enhance care teams
Jul 2, 2025	laurel	GV ivp	$100.0M	The funding will accelerate the AI platform to automate time tracking and improve efficiency across legal, consulting and other professional services workflows
Jun 23, 2025	Harvey	COATUE KLEINER PERKINS	$300.0M	The funding will accelerate the growth of Harvey's AI legal platform, enabling faster innovation and wider adoption of transformative AI solutions for legal industry
Jun 5, 2025	Shield Technology Partners	THRIVE CAPITAL ZBS PARTNERS	$100.0M	The funding will help Shield infuse AI into IT services, automating infrastructure, security and client support across its MSP platform
Mar 31, 2025	OpenAI	DRAGONEER INVESTMENT GROUP SoftBank Group	$40.0B	The funding helps OpenAI scale enterprise AI tools and infrastructure, enabling automation and transformation of IT services workflows for global organizations
Dec 1, 2024	databricks	THRIVE CAPITAL	$10.0B	The funding will support Databricks' development of new AI products, strategic acquisitions, and the expansion of its international go-to-market operations
Oct 8, 2024	EvenUp	BainCapital VENTURES	$135.0M	The funding will accelerate development and launch of AI-powered products transforming legal demand letters, medical chronologies and settlement negotiations

Source – Allied Advisers' various databases
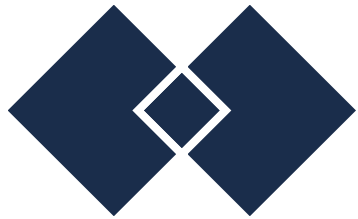
Future Outlook

Future Outlook: AI in the Service Sector

AI is still in its early stages, but it is already transforming enterprises from within while simultaneously creating new AI-driven markets that will redefine the future of services

Enterprise Transformation: Future Impact

Profitability at Scale:

AI adoption will drive profitability increases of up to **38%**[1] by **2030**, contributing $15.7 trillion to the global economy

Adoption vs. Maturity Gap

92%[2]* of companies plan to increase AI investments in the **next three years**, but only 1% are "mature" in deployment today

— highlighting strong potential but uncertain short-term returns

Human-Centric Decision-Making in an AI Era

As AI takes on routine tasks, organizations must redesign human roles to keep decision-making authority strategically human-centric

> Through 2026, organizations that don't enable and support their AI use cases through an AI-ready data practice will see **over 60%** **of AI projects fail to deliver on business SLAs and be abandoned**."
>
> **– Gartner**[3]

Emerging AI-Driven Markets

Agentic Web: The Next Frontier[4]

- Autonomous AI agents, powered by MCP and A2A, will transform services by enabling digital workers to collaborate, transact, and adapt with minimal human input

AI Risk & Trust Markets[5]

- New markets like **AI hallucination insurance** will arise—safeguarding industries like finance, healthcare, and law from errant outputs and reputational fallout

Key Takeaway

AI in services is still in its early innings—but the market opportunity is massive. Successful firms are those that integrate AI with business strategy, human-centric design, and scalable systems architecture. They're not just automating—they're building the AI-native platforms that will define trillion-dollar service sectors

1. The AI Journal: Pwc's AI Business
2. Mckinsey
3. Gartner
4. LinkedIn
5. IBM

*McKinsey's 2025 State of AI Report.
**Respondents are senior technology leaders and IT professionals across various industries and regions.

About Allied Advisers

Allied Advisers: Investment Banking for Technology Companies and Investors

Allied Advisers is a global technology-focused boutique advisory firm focused on investment banking for entrepreneurs and investors. The Silicon Valley-based firm, with a presence in Los Angeles, Israel, and India, serves entrepreneurs and investors of technology growth companies globally on strategic advisory including M&A and capital raises. Allied Advisers bankers have completed technology transactions globally for clients with Fortune 50 buyers and top tier Private Equity firms.