ISG Provider Lens®

AI-Driven ADM Services

A research report comparing provider strengths, challenges and competitive differentiators

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Deloitte.

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AI-driven approaches are changing the dynamics of ADM contracting, leading to value-driven services

Including AI and related technologies has paved the way for reinventing the entire ADM lifecycle to explore possible methods and approaches to delivering services that realize significant benefits for both enterprises and service providers. These benefits realized have introduced new scenarios that they must consider; hence, they have reconsidered contractual terms to ensure that these scenarios are considered for mutual benefit.

Driven by the adoption of automation, AI/GenAI, cloud-native modernization and stricter compliance mandates, organizations are redefining their engagement models with service providers. Traditional, effort-based contracts are giving way to agile, value-driven and innovation-aligned agreements. Key developments in this landscape include:

1. Transition to outcome-based and experience-level agreements

Outsourcing contracts are moving beyond conventional time-and-materials or fixed-price models. Increasingly, pricing structures are being linked to tangible business outcomes, such as improved release velocity, end-user satisfaction, revenue enablement or operational efficiency. Outcome-based models are expected to constitute a significant share of the market, while experience-level agreements (XLAs) are being introduced to measure performance through user-centric KPIs, not just system uptime or incident counts, indicating a shift toward customer and business value realization.

2. Greater flexibility and built-in agility

Modern contracts are embedding Agile principles and flexible change management frameworks that enable rapid adoption of new technologies, particularly AI, GenAI and hyperautomation, without exhaustive renegotiation. Iterative planning, modular deliverables and dynamic scope adjustment are becoming standard, allowing engagements

Outcome-based models are expected to constitute a significant share of the market.

to adapt to evolving enterprise priorities and emerging innovations.

3. Broadened scope and accountability

Outsourcing agreements now encompass end-to-end ownership of business processes, extending well beyond application upkeep and support. Service providers assume broader accountability, including governance, risk management and remediation of AI deployments. These agreements also include provisions for cost transparency, auditability and compliance with regulatory frameworks, particularly relevant in sensitive domains such as healthcare, BFSI and the public sector.

4. Automated performance tracking and intelligent governance

The rise of AI-powered observability platforms has enabled contracts to mandate continuous performance monitoring. Real-time KPIs such as system reliability, automation ROI, code quality and cost efficiency are being auto-tracked. This data-centric approach facilitates frequent reviews, enabling performance-linked incentives or penalties and enhanced transparency between a client and a provider.

Transformation Overview: Traditional vs. Emerging Application Outsourcing Models

Contractual Dimension	Traditional Model	Emerging Model (2025 and beyond)
Pricing Structure	Time & materials, fixed price	Outcome-based, experience-linked, subscription-based
Engagement Scope	Individual applications/support	End-to-end process ownership, managed services
Service levels (SLAs)	System uptime, defect resolution	Business impact, UX, AI performance oversight
IP and Data Rights	Basic IP assignment	Detailed AI-generated IP clauses, source code access, global data compliance
Governance Mechanism	Periodic status reviews	Real-time dashboards, continuous performance reporting
Change Management	Manual via change requests	Embedded Agile workflows, flexible scope iteration

Evolving enterprise expectations for ADM

In the context of AI-driven ADM and changing contractual language, enterprises expect their ADM engagements to go well beyond traditional support models. They seek strategic partnerships that drive innovation, operational resilience and long-term value creation. The following expectations define the new benchmarks for ADM service providers:

- **Continuous innovation:** Enterprises no longer view application maintenance as a static, reactive function. Instead, they demand continuous application evolution to align with dynamic business requirements and changing customer expectations. ADM providers are expected to embed innovation into delivery, leveraging Agile practices, AI/GenAI, low-code platforms and emerging technologies to continuously enhance functionality and UX.
- **Resilience and reliability:** Stability, uptime and operational continuity are critical to business performance. Applications must be engineered and maintained with robust

architectures that support high availability, proactive incident prevention and rapid recovery. Enterprises expect ADM partners to integrate observability, predictive analytics and site reliability engineering (SRE) principles to ensure uninterrupted service.

- **Security and compliance:** With increasing cybersecurity threats and evolving regulatory landscapes, enterprises expect ADM services to deliver an elevated security posture. This includes embedding security across the development life cycle (DevSecOps), enforcing strict access controls and ensuring continuous compliance with global data protection and industry-specific regulations.
- **User-centric support:** Enhancing the end-user experience is a key priority. Enterprises expect real-time support with intelligent service desks, proactive issue resolution and continuous feedback loops. ADM services must be designed to reduce friction, increase responsiveness and improve digital experiences across all touchpoints.
- **Future-proofing legacy systems:** Enterprises recognize the need to modernize legacy applications to stay competitive. ADM partners are expected to lead modernization initiatives such as refactoring, replatforming or re-architecting systems to support cloud adoption, new integrations and scalable digital services. The goal is to build adaptable application ecosystems that support future innovation and growth.

Strategic innovations by service providers

To meet evolving enterprise demands and ensure long-term application sustainability, service providers are adopting advanced, strategic approaches to minimize technical debt and optimize the entire application lifecycle. These initiatives are transforming traditional ADM into a proactive, innovation-led function:

1. Automated code quality and continuous improvement

Leading providers leverage advanced intelligence platforms to conduct continuous assessments of code quality against industry benchmarks. These tools enable early identification of suboptimal coding practices, reduce rework and improve maintainability. For instance, Accenture's CoE utilizes such capabilities to help clients reduce technical debt by approximately 16 percent per application, through systematic quality evaluations and continuous optimization.

2. Proactive modernization and refactoring initiatives

Moving beyond reactive maintenance, providers are increasingly engaging in structured modernization programs such as refactoring legacy code, adopting microservices-based architectures and updating key components incrementally. These efforts simplify application landscapes, reduce technical debt and improve agility. Market leaders such as Microsoft, Netflix and Salesforce exemplify this approach through phased refactoring and cloud migration strategies.

3. Business-aligned transformation strategies

Technical debt reduction is increasingly integrated with broader digital transformation goals. Providers codevelop transformation road maps with clients, balancing modernization of legacy systems with forward-looking innovation. This alignment ensures that debt remediation contributes directly to improved business outcomes, operational efficiency and enterprise agility.

4. AI and ML for scalable automation

Providers utilize AI for intelligent code analysis, automated testing and large-scale refactoring. A notable example is using large language models (LLMs) to execute significant codebase migrations, reducing project timelines from years to weeks. Such capabilities accelerate remediation and enhance accuracy.

5. Institutionalizing technical debt management

Supported by their service partners, progressive organisations embed formalized technical debt governance into their development lifecycle. This includes tracking debt KPIs, assigning technical debt champions and integrating debt reduction into sprint planning. This disciplined approach fosters a culture of continuous improvement and prevents the unchecked accumulation of legacy burdens.

Service providers are increasingly building advanced AI, GenAI and agent-enabled tools and platforms to transform application development outsourcing. These platforms leverage AI to accelerate productivity across the software development lifecycle (SDLC) by automating tasks such as code generation, test case creation, defect prediction and resolution. GenAI plays a critical role in cocreating application components, generating documentation, modernizing legacy systems and enabling low-code/no-code development, thus empowering both technical and non-technical users. In parallel, service providers are deploying AI agents, or autonomous digital workers, to manage continuous integration and delivery (CI/CD) pipelines, orchestrate testing, monitor application performance and even handle incident management. These capabilities are integrated into intelligent DevSecOps platforms to ensure continuous delivery, proactive security and automated compliance.

Additionally, AI is being used to streamline program governance and collaboration by summarizing updates, automating reporting and enhancing traceability across development artifacts. The platforms are modular, cloud-native and self-learning, allowing for seamless integration and scalability across diverse environments. Ultimately, by embedding AI, GenAI and agents into their outsourcing offerings, service providers are reducing time to market, improving code quality, optimizing operational efficiency and positioning themselves as strategic enablers of enterprise digital transformation.

Based on the tools, accelerators and solutions offered, the providers vary in their approach to offering price reductions and benefits:

- **Direct price reduction:** Some providers, such as Innominds, Sutherland and Mphasis, clearly identify direct price reductions as part of their offerings. These reductions are often tied to specific use cases, measurable productivity gains or volume discounts.
- **Indirect cost benefits:** Providers such as Hexaware and Visionet focus more on indirect benefits that enhance efficiency and reduce long-term costs, rather than directly reducing upfront prices.
- **Efficient resource usage and enhanced quality:** Many providers highlight AI capabilities to improve efficiency, quality and resource usage, thereby indirectly lowering costs.
- **Outcome-based and scalability approaches:** Some companies implement outcome-based pricing models that align with realized efficiencies, scaling capabilities and strategic decisions.

Each provider utilizes AI uniquely to bring about cost savings, efficiency and quality improvements. The specifics of price reduction depend on the project scope, AI integration level, contractual terms and technology platforms used.

Quadrant-specific Trends:

Application Development Outsourcing

In today's rapidly evolving digital landscape, businesses are increasingly turning to AI-driven application development outsourcing as a strategic move to enhance efficiency and remain competitive. The concept of AI First enterprise is at the forefront of this transformation, where AI becomes a central component of the application development process. By embedding AI at the core of operations, organizations can optimize data management, service delivery and governance structures, ensuring a seamless value stream across all aspects of development.

One notable trend in this realm is the adoption of a GenAI-led talent strategy on the provider side, promoting a hybrid workforce that combines traditional human resources with AI agents and GenAI. This approach enhances productivity and facilitates smarter decision-making, empowering teams to deliver better outcomes more swiftly.

A full-stack approach to provider partnerships with vendor highlights the integration of applications, AI models, data and infrastructure, ensuring that every facet of the development process is interconnected and efficient. With the introduction of agentic AI into the SDLC, organizations can leverage an agentic SDLC platform that compresses development timelines through AI-powered automation, streamlining processes from planning and coding to testing and deployment.

Additionally, AI-powered technical debt remediation frameworks enable real-time discovery, prioritization and resolution of technical debt within enterprise landscapes. This proactive approach helps organizations maintain system integrity and performance, ultimately improving overall project outcomes.

The value delivered through application development outsourcing empowered by AI is substantial. Organizations can expect reduced operational costs, improved time to market, expanded margins and increased revenue, all culminating in a significant competitive advantage. By leveraging these AI-driven strategies, businesses are advancing their application development capabilities and positioning themselves for sustained growth in an increasingly complex marketplace.

Application Development Projects

Organizations increasingly shift toward consumption-based or outcome-driven contracts as they seek more proactive and insight-driven services. This transformation is heavily influenced by the integration of AI, which plays a critical role in continuously monitoring application health, user behavior and essential business KPIs. By leveraging AI, service providers can offer real-time insights that drive better decision-making and enhance overall application performance.

In parallel, clients prioritize legacy modernization, utilizing AI to expedite processes such as code analysis, refactoring and migration. GenAI assists in reverse engineering, facilitating swift test case generation and conducting thorough code quality assessments. This approach significantly accelerates the transformation to cloud-native or microservices architectures, while effectively reducing costs and minimizing technical debt.

To further streamline development efforts, integrating AI with DevOps and Agile methodologies has become imperative. Clients demand AI-driven ADM and testing services that seamlessly align with their DevOps and Agile workflows. Achieving this requires close collaboration among development, operations and testing teams to enhance communication, reduce bottlenecks, and enable faster development cycles and continuous delivery. By adopting outcome-based cognitive service models and integrating AI throughout the application development process, organizations can meet their current challenges and position themselves for future growth and innovation in an increasingly competitive landscape.

Application Managed Services — GSIs

In an increasingly competitive landscape, organizations prioritize application management that emphasizes AI-driven responsiveness and frictionless operations. Clients seek resilient application environments that operate with minimal downtime and optimized performance. To meet these demands, service providers are harnessing advanced AI-powered platforms that deliver real-time monitoring, predictive issue resolution and intelligent incident triage.

The incorporation of AI technologies allows for significantly reduced mean time to recovery and enhanced service-level agreement (SLA) adherence. These capabilities are critical in helping organizations maintain seamless operations and drive overall business continuity. By embedding agentic AI within support workflows, service providers can facilitate frictionless, self-healing systems that anticipate and address potential issues proactively.

The shift toward AI-driven responsiveness and frictionless operations in application management is redefining how organizations approach their IT environments. As businesses navigate the complexities of a digital-first era, leveraging AI capabilities will be essential for achieving operational excellence and sustaining competitive advantage. This strategic alignment between AI technology and application management will shape the future of business operations.

Global capability centers (GCCs) are increasingly leveraging application managed services (AMS) to shift the focus from routine operations to innovation and strategic growth. GCCs gain access to AI-powered, scalable platforms offered by service providers that ensure system resilience, faster incident resolution and improved SLA compliance. This enables them to enhance agility, reduce operational costs and drive digital transformation. Service providers bring standardized processes, automation and global

expertise, allowing GCCs to modernize legacy systems, adopt new technologies faster and support 24/7 operations, positioning them as innovation hubs within an enterprise.

Application Managed Services — Local SIs

Application managed services (AMS) offered by system integrators (SIs) are undergoing a significant transformation, driven by the integration of AI, automation and cloud-native technologies. Most service providers in this segment are globally headquartered, with primary operations in the U.S.

Traditional application maintenance models are rapidly evolving into intelligent, predictive and proactive service frameworks. One of the most notable shifts is the adoption of AIOps. AIOps platforms harness ML to predict and preempt system issues before they impact operations. These capabilities reduce the need for reactive support by enabling predictive maintenance, anomaly detection and automated incident resolution. GenAI further enhances efficiency by creating automated scripts and documentation, streamlining routine maintenance tasks and lowering operational overhead.

Another major trend is the hyperautomation of IT operations, where clients increasingly expect AI-powered tools for intelligent ticket routing, auto-remediation and root cause analysis. These tools significantly reduce mean time to repair (MTTR), minimize human intervention and improve service reliability. AI-led service desks and self-healing systems are becoming the norm, setting new benchmarks for operational excellence. Hyperpersonalization is also emerging as a critical expectation. Enterprises are leveraging NLP, GenAI and adaptive interfaces to deliver personalized UX and EX. This enhances productivity, satisfaction and the overall digital experience quality.

The future of AMS lies in intelligent automation, AI-driven operations and experience-centric support models. These trends enable organizations to build resilient, efficient and user-friendly application environments that align with modern digital business needs.

Application Quality Assurance

Application quality assurance (QA) is undergoing a strategic transformation to meet the demands of modern digital enterprises.

A key trend is the integration of AI across the SDLC, where AI-assisted development is driving significant productivity gains. By automating tasks such as code generation, test creation and defect prediction, organizations are accelerating their journey from experimentation to production, enabling faster innovation cycles.

Another major development is the shift toward dynamic, technology-aligned testing. Enterprises are moving beyond static QA processes to adopt flexible testing approaches that align with evolving tech stacks, while maximizing the reuse of existing assets. Continuous testing for applications developed before deployment is becoming foundational, enabling early detection of issues and ensuring consistent quality across rapid release cycles. Quality engineering (QE) is also becoming more industry- and package-specific, tailored to support complex transformation initiatives involving platforms such as SAP, Salesforce and Oracle. This domain-focused approach ensures that QA strategies are aligned with the unique requirements of each business sector and technology ecosystem.

An integrated QE strategy is now essential, covering applications, devices, platforms and data to ensure comprehensive quality coverage. This holistic approach eliminates silos, improves traceability and enhances the end-user experience. Organizations are increasingly relying on QE advisors to drive transformation. These advisors play a pivotal role in aligning QA efforts with broader business and IT goals, ensuring that quality becomes a strategic enabler rather than an afterthought. Together, these trends reflect a shift toward intelligent, agile and value-driven QA practices that support enterprisewide digital transformation.

Continuous Testing Specialists

Advancements in AI and ML in continuous testing are emerging as a transformative trend. One significant application is in the requirement understanding phase, where

domain-adapted GenAI converts high-level product features into precise user stories, fostering a shared understanding among product, development and QA teams. The landscape of QA is undergoing a significant transformation as organizations shift from traditional models to continuous quality practices. Continuous testing has become essential to accommodate Agile development cycles, supporting weekly or even daily release schedules.

AI and automation play crucial roles in this evolution, with increasing adoption of AI, ML and GenAI. These technologies enhance various QA processes, including test case design, defect prediction and test optimization. Innovations such as self-healing automation and cognitive QA are gaining traction, allowing teams to minimize manual effort while improving test coverage. Moreover, investments in QA are increasingly linked to KPIs such as defect leakage rates, test cycle times and their impact on user satisfaction and churn. Clients are now favoring outcome-based or risk-reward models that align QA services directly with business results.

As enterprises seek deeper partnerships in their quality assurance efforts, the demand for domain-aware testing solutions grows. Organizations prefer testing partners with industry-specific knowledge rather than those relying solely on generic tools and scripts. This trend emphasizes the importance of business process validation, CX assurance and compliance-focused testing, particularly in sectors such as banking, financial services, insurance (BFSI), healthcare and retail.

In the context of AI-driven ADM and changing contractual language, enterprises expect their ADM engagements to support strategic partnerships that drive innovation, operational resilience and long-term value creation. To meet evolving enterprise demands and ensure long-term application sustainability, service providers are adopting advanced, strategic approaches aimed at minimizing technical debt and optimizing the entire application lifecycle.

Provider Positioning

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	Application Development Outsourcing	Application Development Projects	Application Managed Services — Global SIs	Application Managed Services - Local SIs	Application Quality Assurance	Continuous Testing Specialists
a1qa	Not In	Not In	Not In	Not In	Contender	Not In
Accenture	Leader	Not In	Leader	Not In	Leader	Not In
Amdocs	Not In	Contender	Not In	Not In	Product Challenger	Not In
Apexon	Not In	Leader	Not In	Not In	Not In	Leader
Atos	Product Challenger	Not In	Product Challenger	Not In	Not In	Leader
Bahwan CyberTek	Not In	Product Challenger	Not In	Product Challenger	Not In	Product Challenger
Birlasoft	Product Challenger	Not In	Contender	Not In	Not In	Leader
Capgemini	Leader	Not In	Leader	Not In	Leader	Not In
Coforge	Not In	Leader	Not In	Leader	Not In	Leader

Provider Positioning

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	Application Development Outsourcing	Application Development Projects	Application Managed Services — Global SIs	Application Managed Services - Local SIs	Application Quality Assurance	Continuous Testing Specialists
Cognizant	Leader	Not In	Leader	Not In	Leader	Not In
Concentrix	Not In	Not In	Not In	Not In	Not In	Contender
Cybage	Not In	Product Challenger	Not In	Contender	Not In	Product Challenger
Deloitte	Leader	Not In	Leader	Not In	Leader	Not In
DXC Technology	Rising Star ★	Not In	Product Challenger	Not In	Product Challenger	Not In
Encora	Contender	Not In	Not In	Product Challenger	Contender	Not In
Globant	Not In	Product Challenger	Not In	Product Challenger	Product Challenger	Not In
Happiest Minds	Not In	Product Challenger	Not In	Product Challenger	Contender	Not In
HCLTech	Leader	Not In	Leader	Not In	Leader	Not In

Provider Positioning

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	Application Development Outsourcing	Application Development Projects	Application Managed Services — Global SIs	Application Managed Services - Local SIs	Application Quality Assurance	Continuous Testing Specialists
Hexaware	Not In	Leader	Not In	Leader	Not In	Leader
Hitachi Digital Services	Not In	Leader	Not In	Leader	Not In	Not In
HTC Global Services	Not In	Leader	Not In	Leader	Not In	Rising Star ★
IBM	Leader	Not In	Leader	Not In	Leader	Not In
Infinite Computer Solutions	Not In	Leader	Not In	Leader	Product Challenger	Not In
Infosys	Leader	Not In	Leader	Not In	Leader	Not In
Innominds	Not In	Product Challenger	Not In	Not In	Contender	Not In
ITC Infotech	Not In	Rising Star ★	Not In	Product Challenger	Not In	Product Challenger
Kyndryl	Product Challenger	Not In	Product Challenger	Not In	Product Challenger	Not In

Provider Positioning

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	Application Development Outsourcing	Application Development Projects	Application Managed Services — Global SIs	Application Managed Services - Local SIs	Application Quality Assurance	Continuous Testing Specialists
LTIMindtree	Product Challenger	Not In	Product Challenger	Not In	Product Challenger	Not In
Marlabs	Contender	Not In	Not In	Contender	Not In	Contender
Mastek	Not In	Product Challenger	Not In	Product Challenger	Not In	Not In
Mphasis	Product Challenger	Not In	Contender	Not In	Contender	Not In
N-iX	Not In	Not In	Not In	Not In	Not In	Contender
NTT DATA	Product Challenger	Not In	Rising Star ★	Not In	Product Challenger	Not In
Persistent Systems	Product Challenger	Not In	Contender	Not In	Not In	Leader
QA Consultants (ALTEN)	Not In	Not In	Not In	Not In	Product Challenger	Not In
Qualitest	Not In	Product Challenger	Not In	Not In	Rising Star ★	Not In

Provider Positioning

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	Application Development Outsourcing	Application Development Projects	Application Managed Services — Global SIs	Application Managed Services - Local SIs	Application Quality Assurance	Continuous Testing Specialists
Quinnox	Not In	Product Challenger	Not In	Product Challenger	Product Challenger	Not In
SLK Software	Not In	Contender	Not In	Not In	Contender	Not In
Softtek	Contender	Not In	Not In	Contender	Not In	Contender
Stefanini	Contender	Not In	Not In	Contender	Not In	Not In
Sutherland	Not In	Product Challenger	Not In	Leader	Not In	Product Challenger
TCS	Leader	Not In	Leader	Not In	Leader	Not In
Tech Mahindra	Product Challenger	Not In	Product Challenger	Not In	Not In	Leader
TestingXperts	Not In	Not In	Not In	Not In	Not In	Rising Star ★
Testrig	Not In	Not In	Not In	Not In	Not In	Contender

Provider Positioning

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	Application Development Outsourcing	Application Development Projects	Application Managed Services — Global SIs	Application Managed Services - Local SIs	Application Quality Assurance	Continuous Testing Specialists
Trigent	Not In	Contender	Not In	Not In	Contender	Not In
Unisys	Not In	Not In	Not In	Rising Star ★	Not In	Not In
UST	Not In	Leader	Not In	Leader	Not In	Leader
Virtusa	Not In	Product Challenger	Not In	Product Challenger	Contender	Not In
Visionet	Not In	Contender	Not In	Not In	Not In	Contender
Wipro	Leader	Not In	Product Challenger	Not In	Leader	Not In
YASH Technologies	Not In	Contender	Not In	Contender	Not In	Not In
Zensar Technologies	Not In	Contender	Not In	Contender	Not In	Contender

The study covers providers' key **AI-enabled capabilities** across application development, managed services and quality assurance or testing.

Simplified Illustration Source: ISG 2025

Definition

The ISG Provider Lens® AI-driven ADM Services study offers the following to business and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providersby segments on their competitive strengths and portfolio attractiveness
- Focus on different markets, including the U.S., Europe (including a Germany-specific quadrant), Brazil and APAC*

Our study serves as an important decision-making basis for positioning, key relationships, and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential engagements.

*Asia Pacific including ANZ, India and ASEAN+6, but excluding Japan, S. Korea and China/Taiwan.

Scope of the Report

This ISG Provider Lens® quadrant report covers the following Application Development Outsourcing, Application Development Projects, Application Managed Services — GSIs, Application Managed Services - Local SIs, Application Quality Assurance, Continuous Testing Specialists.

This ISG Provider Lens® study offers IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers/ software vendors
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making by covering providers' positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

Provider Classifications

The provider position reflects the suitability of providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between $20 million and $999 million with central headquarters in the respective country, usually privately owned.
- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above $1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens® quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens® quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

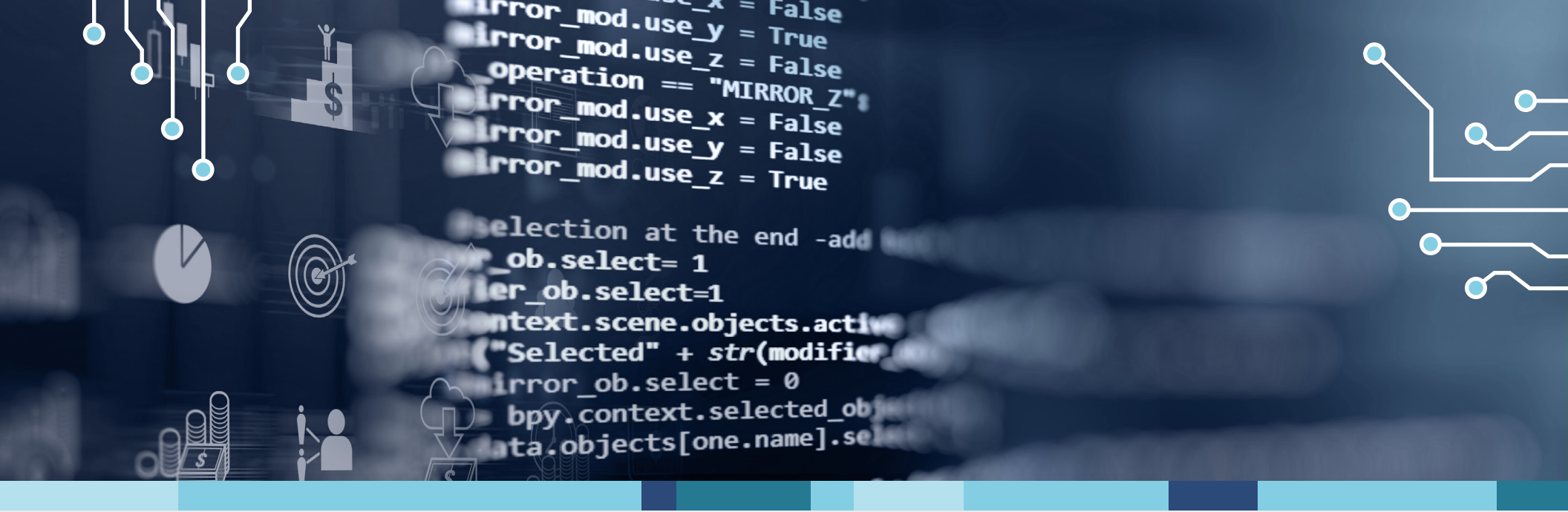
Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/ services and a follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.



Application Development Outsourcing

Who Should Read This Section

This report is valuable for providers offering application development outsourcing services in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Chief information officers (CIOs) and IT directors

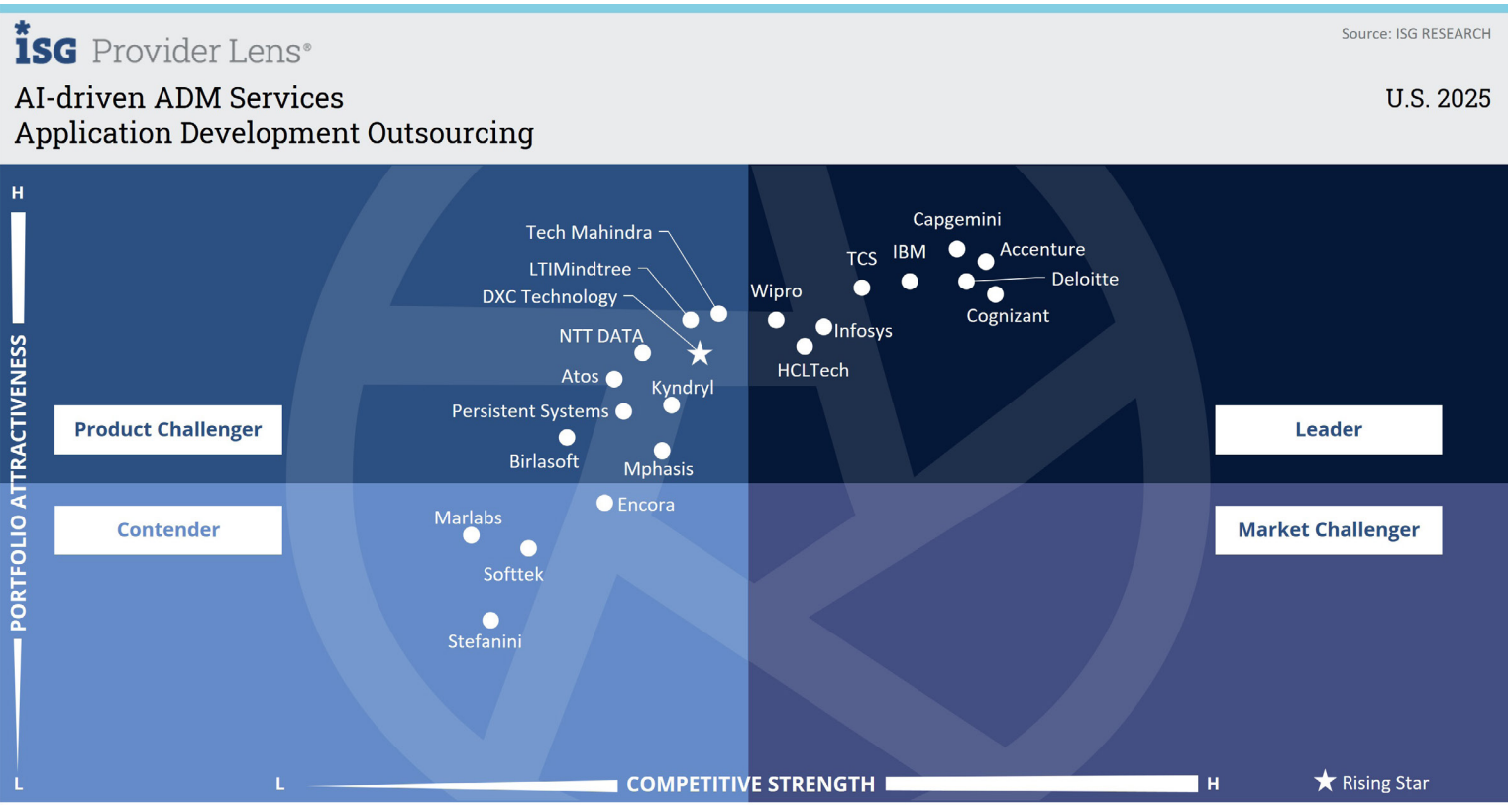
should read this report to evaluate providers' capabilities in CI/CD pipelines, DevOps and AI tools (e.g., ML, NLP and generative AI (GenAI)) to select partners that manage complex landscapes. They can drive internal readiness by coordinating with providers to integrate discovery tools for dependency analysis and performance optimization and ensure alignment with enterprise technology goals and infrastructure requirements.

Procurement and vendor management specialists

should read this report to assess provider expertise, partnerships and methodologies to select the best fit for managing intricate application landscapes. They help organizations negotiate and manage contracts with AI-driven ADM service providers, ensuring alignment with enterprise goals and delivery capacities.

Strategy and consulting professionals

should read this report to develop strategic road maps, provide consulting expertise, tailor methodologies and frameworks to address application dependencies, and enforce best practices across diverse technologies.



This quadrant evaluates providers of **AI-driven application outsourcing with large contracts,** managing global landscapes using **AI, ML, NLP, GenAI and best practices in DevOps, CI/CD, and optimization.**

Akhila Harinarayan

Definition

This quadrant evaluates providers offering AI-based application development outsourcing services across various technologies and industry verticals. It considers outsourcing contracts with large delivery capacities that typically span three to five years and cover infrastructure, data and AI requirements. These providers are adept at managing large and intricate application landscapes that span multiple geographic locations and technological layers. They often possess extensive consulting expertise, methodologies and frameworks, and strong partnerships to implement best practices such as CI/CD pipelines, AI integration and DevOps. These providers utilize discovery tools to analyze application dependencies, identify potential issues, enforce best practices and manage code optimization. They also employ technologies such as ML, NLP and AI and GenAI tools throughout the application lifecycle, including self-learning systems that enhance performance over time.

Eligibility Criteria

1. Ability to manage **over 20 squads for a single client** or scale up to more than 1,000 developers working simultaneously on several projects
2. Ability to **rapidly scale** and add more than 100 developers in a week to meet clients' demands
3. Comprehensive **application development framework** covering development process management, resource allocation, portfolio management, backlog prioritization, Agile methods, system integration, application modernization and consulting services
4. **AI- and GenAI-based accelerators,** tools and solutions to optimize development cycles
5. **AI partner network** to integrate, use and optimize AI-based tools and small or large language models, including infrastructure and data partnerships
6. Comprehensive set of **off-the-shelf tools,** developed in-house or in collaboration with third parties, that are deeply integrated into the ADM framework offered
7. Certifications to **transform and deploy Agile teams** under open frameworks such as Scaled Agile Framework (SAFe) and Large-Scale Scrum (LeSS)
8. **Certified experts** in Scrum, Kanban, Lean development or other Agile methodologies
9. **Training and education** offerings for developers of AI models and optimization of the talent pool to transfer benefits to clients

Observations

Service providers are leveraging AI, GenAI and intelligent agents to build advanced platforms that automate code generation, testing and DevSecOps workflows. This accelerates development, improves quality and enhances collaboration, thereby driving faster, more efficient application outsourcing and digital transformation.

Service providers are increasingly adopting GenAI-led talent models, where GenAI tools, AI agents and human expertise cocreate solutions. This hybrid workforce accelerates delivery, enhances decision-making and fosters innovation at scale. AI copilots and intelligent assistants are becoming integral across development pipelines, significantly improving velocity and quality.

A full-stack collaboration model, encompassing applications, AI models, data platforms and cloud-native infrastructure, is now essential for holistic transformation. Integrating agentic AI into the SDLC enables dynamic, AI-driven automation, compressing timelines, reducing rework and ensuring continuous delivery.

Another emerging capability is AI-powered technical debt remediation frameworks. These frameworks automatically detect, assess and prioritize technical debt in real time, helping organizations maintain architectural integrity, minimize risk and optimize long-term performance.

The business impact of AI-enhanced outsourcing is substantial, resulting in faster time to market, reduced operational costs, improved scalability and increased profit margins. With AI as a force multiplier, service providers are redefining value delivery, positioning themselves as strategic partners in driving agile, data-driven and future-ready digital transformation for their clients.

From the 75 companies assessed for this study, 22 qualified for this quadrant, with nine being Leaders and one Rising Star.

accenture

Accenture has launched AI Refinery™ distiller agentic framework that provides an enterprise-grade platform for building, deploying and scaling advanced AI agents.

Capgemini

Capgemini offers its clients a variety of pricing models, with significant contributions from output-based, business outcome-based and revenue gain share models to its total application development engagements.

cognizant

Cognizant's Neuro® AI Engineering platform revolutionizes application development by allowing enterprises to integrate generative and agentic AI into their operations.

Deloitte.

Deloitte's AI Assist platform is designed to transform software engineering delivery through an integrated productivity framework that enhances outcomes, efficiency and quality across the SDLC.

HCLTech

HCLTech's AI Force platform integrates automation and intelligence throughout the SDLC. This AI-powered delivery framework enhances developer productivity, accelerates project timelines.

IBM

IBM utilizes a variety of GenAI use cases, enabling the generation of architecture diagrams, API specifications, user stories and automated test cases. This focus on GenAI supports IBM's aim to improve overall efficiency and outcomes for its clients.

Infosys

Infosys AI-First Software Engineering Framework revolutionizes software engineering by integrating AI-augmented workflows and tools, enabling a shift toward agentic-AI driven processes.

TCS AI WisdomNext™ is designed to accelerate enterprise adoption of GenAI by aggregating multiple GenAI services into a single interface and enabling cost reductions while adhering to regulatory frameworks.

Wipro's incorporation of the ai360 framework in its application development processes enables intelligent automation throughout the lifecycle, from code generation to observability. This focus on AI-driven solutions allows for faster software delivery.

DXC's (Rising Star) Converge platform is a proprietary GenAI orchestration engine that integrates AI agents across the product engineering lifecycle. It automates tasks from requirements generation to deployment validation.

Leader

"Deloitte has transformed its application development offering by integrating AI, GenAI and agents to enable end-to-end SDLC efficiency with industry-specific context, boosting deployment speed and increasing overall efficiency."

Akhila Harinarayan

Deloitte

Overview

Deloitte is headquartered in London, U.K. It has more than 460,000 employees across over 150 countries. In FY24, the company generated $67.2 billion in revenue, with Consulting as its largest segment. Deloitte provides end-to-end services for application development, including design, implementation and utilization of its core industry expertise. Ascend for Operate is Deloitte's management and delivery platform powered by GenAI, combining data, tools and knowledge from its Operate practice to empower project teams and drive efficiencies in delivering Operate projects. The company generates more than $10.6 billion in ADM revenue, globally.

Strengths

Integrated framework: Deloitte's AI Assist platform is designed to transform software engineering delivery through an integrated productivity framework that enhances outcomes, efficiency and quality across the SDLC. It caters to various personas, including product owners, architects, developers, QA engineers and data engineers, facilitating seamless collaboration from ideation to deployment. This platform incorporates client-specific digital capabilities and uses autonomous learning to continually adapt to client workflows, thereby improving team performance.

Comprehensive portfolio: Deloitte provides end-to-end application design, implementation and technology operations, leveraging deep industry expertise to enhance engineering teams and modernize technology solutions. With strategic investments, including acquisitions of firms such as Giant Machines, Deloitte strengthens its comprehensive product engineering capabilities, emphasizing innovative training programs such as the AI Academy to upskill professionals across roles. This proactive approach fosters a sustainable workforce equipped to meet evolving market demands.

Caution

Deloitte should invest in innovation centers and showcase forward-thinking use cases for clients to gain a competitive edge over its competitors in this segment. Deloitte should showcase its latest innovations through multiple channels to ensure the market perception moves from a consulting firm to an ADM provider.

Application Development Projects

Who Should Read This Section

This report is valuable for providers offering application development **services** in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Innovation managers

should read this report to explore new business models enabled by AI-driven application development and partner with providers to incorporate innovative solutions across staggered projects. They can leverage provider expertise to identify opportunities for rapid time to market and operational efficiency gains. With this expertise, they can foster creativity and align innovative applications with enterprise strategies.

Procurement and vendor management specialists

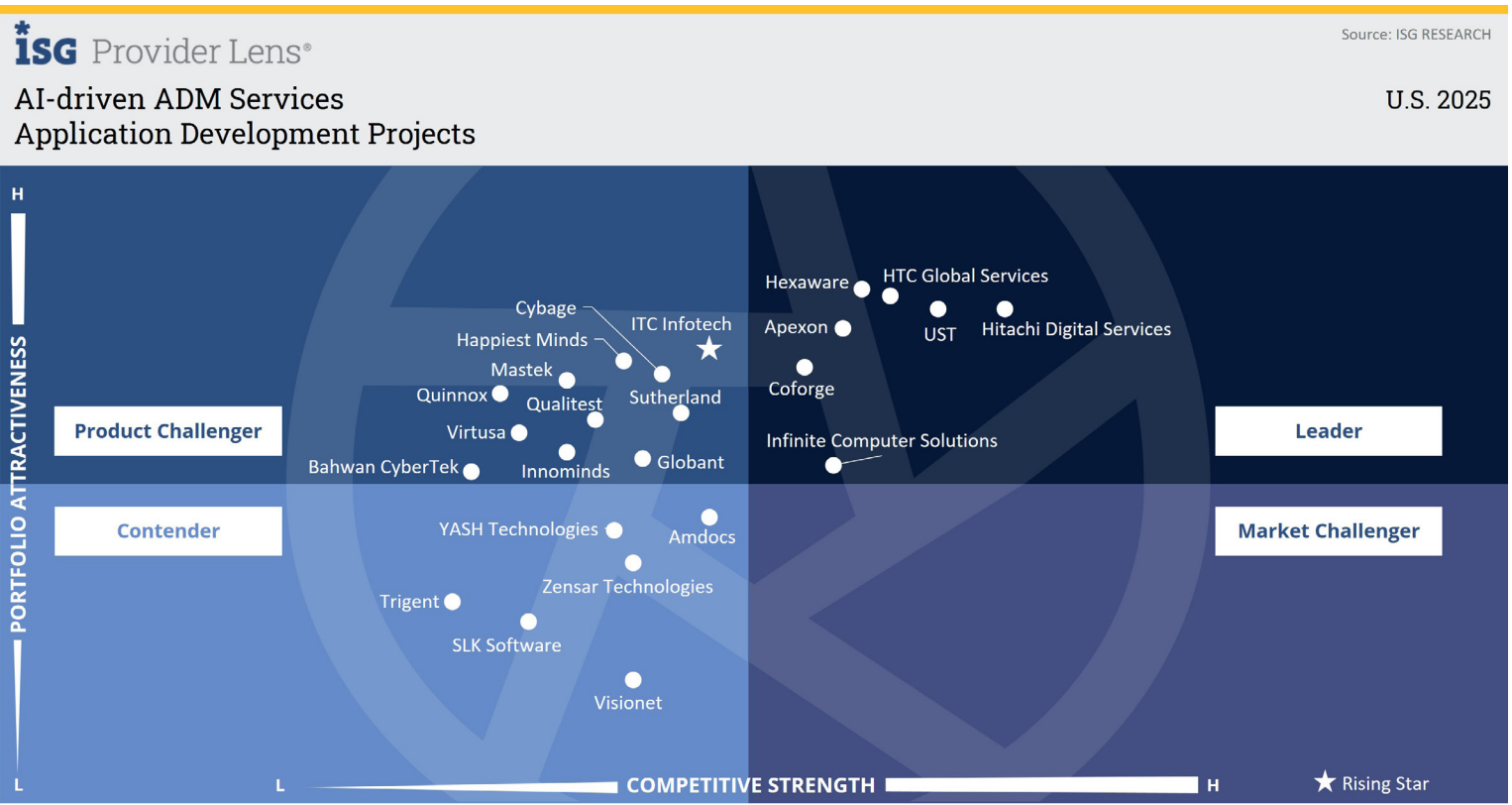
should read this report to assess provider expertise, partnerships and methodologies to select the best fit for managing intricate application landscapes. They can help organizations negotiate and manage contracts with AI-driven ADM service providers, ensuring alignment with enterprise goals and delivery capacities.

IT operations professionals

should read this report to understand providers' capabilities in facilitating the seamless deployment and management of AI-based applications in their organizations and coordinate with providers to meet throughput targets and staggered delivery schedules. They can evaluate providers' tools to optimize costs and improve operational efficiencies across industry segments.

CIOs and IT directors

should read this report to assess the adoption of AI-based application development services to drive digital transformation, aligning projects with enterprise goals such as improved operational efficiency. They can evaluate providers' capabilities in industry-specific solutions (e.g., mobile applications and complex implementations) and ensure integration with the existing systems using provider tools and accelerators.



This quadrant evaluates providers of **AI-enabled application development** delivering transformation, efficiency and CX improvements through **managed teams, accelerators, cost optimization and innovative solutions** across industries and varied project scopes.

Akhila Harinarayan

Application Development Projects

Definition

This quadrant evaluates providers offering application development services using AI. These services help clients achieve digital transformation benefits, such as improved operational efficiency or CX. Providers in this quadrant have capabilities specific to an industry segment or software and project scopes ranging from mobile applications to complex implementations, typically delivered within 18 months in a staggered approach. These providers manage their delivery teams, control team sizes and align experts with throughput targets. They also offer tools, accelerators and solutions that ensure rapid time to market, identify areas for cost optimization and improve clients' operational efficiencies. This quadrant also includes providers that help clients develop new business models or refine existing models while incorporating innovative AI-enabled solutions to drive stakeholder benefits.

Eligibility Criteria

1. **Projects evaluated** based on the number of squad members, user stories delivered, deployment rate and frequency, defect count, time to market and business-related indicators, such as shared business outcomes
2. Experience in projects involving AI applications, including integration into existing landscapes and leveraging AI or GenAI throughout the SDLC
3. **Expertise in advising clients** on the right infrastructure and data management capabilities and AI models
4. **Certifications** in Agile methodologies, such as Scrum, Kanban or Lean development; cloud-native data analytics; AI application development; low-code/no-code development; system architecture and CX design
5. Certifications in **software specialties and niche development areas,** such as security, legacy modernization, AI, ML or dedicated industry expertise
6. **Talent acquisition** programs, AI training programs, knowledge management processes and a healthy work environment to retain top talent
7. **Business expertise** or development accelerators for CRM, e-commerce, ERP or industry-specific technologies

Observations

Organizations are increasingly adopting consumption-based or outcome-driven ADM contracts, seeking proactive, insight-driven services. AI plays a pivotal role in continuously monitoring application health, user behavior and key business performance indicators, enabling service providers to deliver real-time insights for enhanced decision-making.

At the same time, clients are prioritizing legacy modernization by leveraging AI to accelerate code analysis, refactoring and migration processes. GenAI facilitates rapid reverse engineering, test case generation and thorough code quality assessments, promoting faster transitions to cloud-native or microservices architectures, while reducing costs and minimizing technical debt.

Furthermore, integrating AI into DevOps and Agile methodologies is essential for achieving quicker development cycles and continuous delivery. Clients increasingly demand AI-driven ADM and testing services that align seamlessly with their existing workflows, necessitating close collaboration among development, operations and testing teams.

By embracing outcome-based cognitive service models and harnessing AI throughout the application development lifecycle, organizations can effectively address current challenges and position themselves for sustained growth and innovation in a rapidly evolving digital landscape. This strategic approach enables them to enhance application performance and maintain a competitive edge in the market.

From the 75 companies assessed for this study, 24 qualified for this quadrant, with seven being Leaders and one Rising Star.

Apexon

Apexon offers a unified AgentRise platform and intelligent SDLC through its Alpha Suite, which embeds Genysys, a proprietary agentic AI platform with Agentic Foundation that addresses Enterprise Security and Guardrails & over 150 reusable AI agents.

Coforge

Coforge emphasizes agentic AI across its service offerings, allowing clients to harness AI-driven insights for operational decisions. Tools such as CodeInsight.AI transform legacy code into valuable knowledge bases, facilitating modernization efforts.

HEXAWARE

Hexaware leverages its proprietary platform, RapidX™, to integrate GenAI and agentic AI into the SDLC. RapidX™ assists in requirement elaboration, code comprehension and automated code generation, enhancing development efficiency.

HITACHI
Inspire the Next

Hitachi Digital Services leverages custom model building, fine-tuning and data engineering to enhance its application development offerings. Its HARC.agents is a newly added system that integrates agents across the software engineering lifecycle.

H T C GLOBAL SERVICES

HTC Global Services' MAiGE platform optimizes application services by integrating AI throughout the application lifecycle. This not only accelerates deployment but also enhances monitoring and support capabilities.

infinite

Infinite Computer Solution's Attinio is an agentic AI platform that embeds agents into each phase of development lifecycle. This platform enables contextual automation and enhanced productivity without deep AI expertise.

U ▪
S T

UST's PACE platform enables end-to-end automation throughout the agile development lifecycle. With enhanced AI features, PACE facilitates automatic generation of DevOps pipelines and deployment scripts, significantly improving productivity.

ITC Infotech (Rising Star)

ITC Infotech (Rising Star) has implemented an agentic AI-based solution that automates the generation of innovative product designs, significantly reducing manual effort and improving scalability.

Application Managed Services — Global SIs

Who Should Read This Section

This report is valuable for global system integrators offering application managed services (AMS) in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

CIOs and IT directors

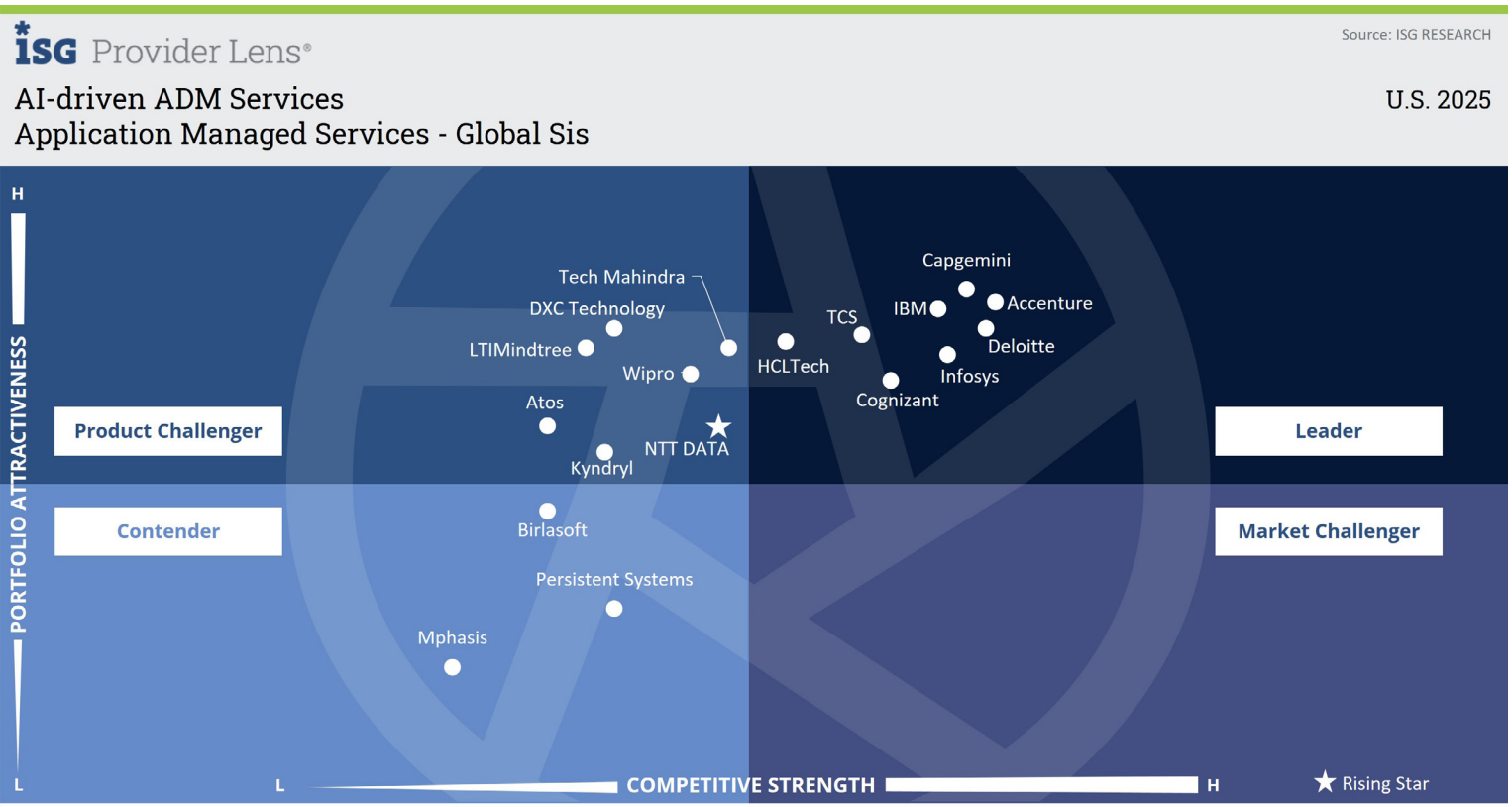
should read this report to understand how they can strategically adopt AI-driven AMS, ensuring that the management of defined application portfolios in production aligns with enterprise goals such as operational efficiency. They can evaluate global system integrators expertise in AI automation tools for monitoring, release management and defect resolution, guiding the integration of enhancements and platform upgrades.

Operations professionals

should read this report to understand providers' capabilities in facilitating the seamless deployment and management of AI-based applications in their organizations and coordinate with providers to meet throughput targets and staggered delivery schedules. They can evaluate providers' tools to optimize costs and improve operational efficiencies across industry segments.

IT professionals

should read this report to determine service providers' strengths and weaknesses in managing enterprises' interaction with global system integrators, overseeing application support and security management, and troubleshooting production portfolios. They can collaborate with providers on AI-driven automation to enhance performance, integrate development backlogs using Agile methodologies, and ensure technical alignment and operational success.



This quadrant evaluates **GSIs managing production application portfolios,** delivering AMS with AI-driven automation and GenAI to **enhance efficiency, optimize performance, streamline operations and maximize stakeholder value.**

Akhila Harinarayan

Definition

This quadrant evaluates global system integrators (GSIs) that manage clients' defined application portfolios, specifically for applications in production, while excluding niche specialists. Application managed services (AMS) include technical functions such as application support, enhancements, platform upgrades, security management, bug fixing, troubleshooting and the integration of enhancements and development backlogs using methodologies like Kanban or Scrum. Leading providers in this quadrant utilize AI-driven automation tools to augment application monitoring, optimize release management, streamline version control, improve defect identification and resolution, and boost database query performance. This quadrant also evaluates providers' expertise in integrating AI and GenAI into the managed services lifecycle to enhance operational efficiencies and deliver value to stakeholders.

Eligibility Criteria

1. **Service platforms** for performance and defect management, including troubleshooting, application tickets and service requests
2. **Vendor-certified experts** in packaged e-commerce, ERP or CRM (at least one of these commercial applications)
3. Strong support for **Microsoft and Oracle technologies,** Java programming and relational databases (such as MySQL, Oracle Database, PostgreSQL and SQL Server); mainframes; and other technologies (This can add to a provider's rating but is not required for inclusion.)
4. **Ability to integrate more than two service platforms,** such as Atlassian Jira, SAP Solution Manager and ServiceNow and application platforms, such as AWS, Google Anthos, IBM Rational and Microsoft Azure
5. **AI-based automation** tools that cover a client's entire application landscape and extend beyond incident and alert management
6. **Use of AI or GenAI** to maintain applications and deliver substantial benefits
7. Contracts based on **fixed service fees or outcomes,** providing clients with options; staff augmentation is an accepted exception
8. Continuous and effective **cost optimization** and control mechanisms that cover end-to-end application management

Observations

Organizations are increasingly prioritizing application management centered around AI-driven responsiveness and frictionless operations. They demand resilient environments with minimal downtime and optimized performance. To meet these needs, service providers are leveraging advanced AI platforms for real-time monitoring, predictive issue resolution and intelligent incident triage.

The integration of AI technologies significantly reduces mean time to recovery (MTTR) and enhances SLA compliance, ensuring seamless operations and business continuity. By embedding agentic AI into support workflows, service providers create self-healing systems that proactively address potential issues.

Global capability centers (GCCs) are capitalizing on application managed services (AMS) to shift their focus from routine tasks to innovation and strategic growth. Access to AI-powered, scalable platforms enables GCCs to achieve system resilience, faster incident resolution and improved SLA compliance. This enhances agility, reduces operational costs and drives digital transformation.

Service providers bring standardized processes, automation and global expertise to facilitate legacy system modernization and accelerate technology adoption. As a result, GCCs are positioned as innovation hubs within enterprises, effectively navigating the complexities of a digital-first era, while maintaining a competitive advantage in the market.

From the 75 companies assessed for this study, 18 qualified for this quadrant, with eight being Leaders and one Rising Star.

accenture

Accenture's application managed services integrate cloud, GenAI and emerging technologies with traditional managed services. This approach enables enterprises to modernize their digital core, leveraging cloud-native operations.

Capgemini

Capgemini's ADM Assistant accelerates incident creation via auto-population based on user submissions and automates incident assignment for optimal routing and resource allocation.

cognizant

Cognizant's AMS is underpinned by its Cognizant Neuro IT Operations platform, which implements AI and agentic AI capabilities. This enables hyperautomation of IT operations, delivering significant reductions in operational costs.

Deloitte.

Deloitte has incorporated generative and agentic AI into its Modern Operate platform to enhance automated and predictive IT operations, fundamentally shifting how businesses manage their application environments.

HCLTech

HCLTech's Experience Management Office (XMO) is a dedicated function within HCLTech's AMS offering that focuses on optimizing and transforming user experiences across all touchpoints.

IBM

IBM significantly enhances its application management services by integrating its IBM Consulting AIOps platform, which leverages advanced ML and automation for superior operational insights.

Infosys

Infosys leverages the Live Enterprise Automation Platform (LEAP) to deliver its AMS services. LEAP integrates various AI-driven capabilities such as predictive analytics, root cause analysis and self-healing solutions.

TCS harnesses its proprietary platforms, such as ignio™ and TCS Cognix™, to drive intelligent automation across the AMS value chain. These tools enable proactive issue resolution, predictive maintenance and continuous service improvement.

NTT DATA's (Rising Star) Application Managed Services leverage AI, GenAI and agentic AI to deliver proactive, analytics-driven maintenance across complex application portfolios.

Leader

"Deloitte's integration of generative and agentic AI in its Modern Operate platform transforms IT operations, driving innovation and efficiency through AI-driven automation and strategic management of custom applications as business assets."

Akhila Harinarayan

Deloitte

Overview

Deloitte is headquartered in London, U.K. It has more than 460,000 employees across over 150 countries. In FY24, the company generated $67.2 billion in revenue, with Consulting as its largest segment. With over 50,000 dedicated practitioners across 30 global delivery centers, Deloitte's AMS teams are present on-site, offshore and nearshore, providing around-the-clock functionality and support. Deloitte's AMS practice is enriched with extensive industry and sector expertise, offering a comprehensive range of capabilities in advisory, audit, consulting, tax and risk management.

Strengths

Leveraging multiagent systems: Deloitte's AMS is strengthened by a robust AI-augmented framework that integrates human expertise with a multiagent system to drive hyperautomation across four key service areas: service management, app/infra/data management, autonomous and assisted engineering, and process enablement. This system enables capabilities such as AI-assisted incident resolution, IT asset monitoring, automated governance and intelligent process operations. It also integrates with platforms such as ServiceNow and supports human-in-the-loop interfaces to ensure seamless, efficient and compliant operations. This comprehensive structure enhances operational agility, reduces manual effort and improves service outcomes.

Modern IT operations: Deloitte has incorporated generative and agentic AI into its Modern Operate platform to enhance automated and predictive IT operations, fundamentally shifting how businesses manage their application environments. This AI-enabled platform delivers unique business value and optimizes service delivery and operational frameworks. By leveraging modern AI capabilities, Deloitte focuses on transforming IT operations to enhance UX, effectively addressing current operational challenges.

Caution

Deloitte should focus on showcasing its strengths and capabilities, including their innovation centers that are beneficial for existing and prospective clients for application managed services and enhancing its competitive positioning.

Application Managed Services — Local SIs

Who Should Read This Section

This report is valuable for system integrators (SIs) offering AMS in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

CIOs and IT directors

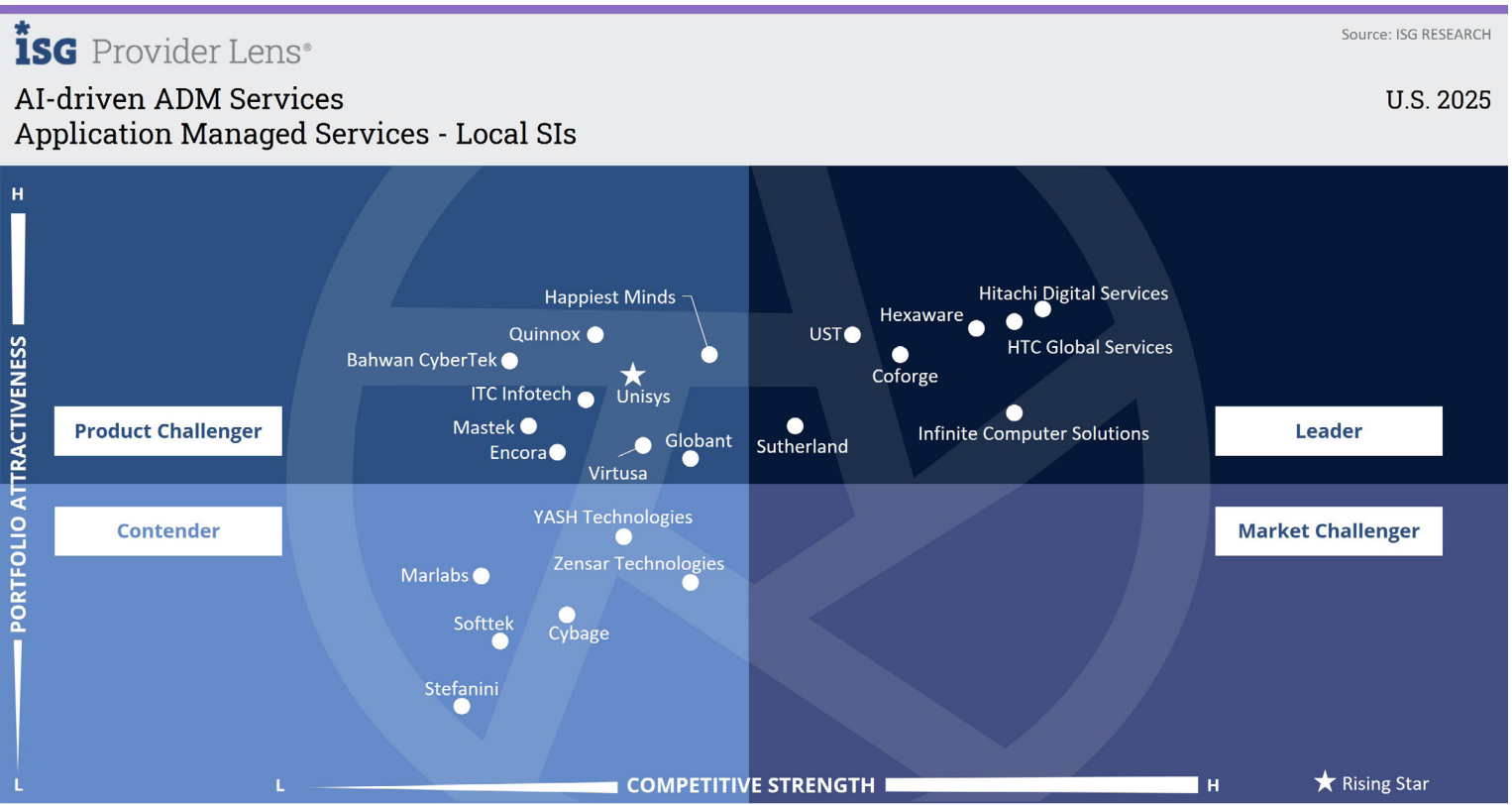
should read this report to understand how they can strategically adopt AI-driven AMS, ensuring that the management of defined application portfolios in production aligns with enterprise goals such as operational efficiency. They can evaluate SI expertise in AI automation tools for monitoring, release management and defect resolution, guiding the integration of enhancements and platform upgrades.

Operations professionals

should read this report to understand providers' capabilities in facilitating the seamless deployment and management of AI-based applications in their organizations and coordinate with providers to meet throughput targets and staggered delivery schedules. They can evaluate providers' tools to optimize costs and improve operational efficiencies across industry segments.

IT professionals

should read this report to determine service providers' strengths and weaknesses in managing enterprises' interaction with SIs, overseeing application support and security management, and troubleshooting production portfolios. They can collaborate with providers on AI-driven automation to enhance performance, integrate development backlogs using Agile methodologies, and ensure technical alignment and operational success.



This quadrant evaluates **AMS specialists with deep industry or technology expertise,** providing tailored support, enhancements, security and performance-driven services while ensuring smooth transitions and **maximizing client value.**

Akhila Harinarayan

Definition

This quadrant evaluates providers offering AMS to clients with expertise in specific technologies or industries. Unlike GSIs, these providers offer services in some regions with deep expertise in certain industry segments. These specialists focus on delivering high-impact services leveraging their in-depth knowledge. They offer technical functions such as specialized application support, targeted enhancements, platform upgrades, security management, bug fixing and troubleshooting — all customized to a client's needs.

Service agreements with these specialists typically emphasize performance metrics that reflect their focused expertise, such as incident resolution times, service uptime, defect rates and UX. The transition to managed services involves detailed documentation, clear service ticket processes and comprehensive knowledge transfer specific to an industry. This quadrant highlights application management specialists' capabilities in their respective fields.

Eligibility Criteria

1. Expertise in **specific technology or industry** and proven cases to substantiate the depth of services
2. **Deployment and operation of service platforms** for performance and defect management, including troubleshooting, application tickets and service requests
3. **Vendor-certified experts** in packaged e-commerce, ERP, HCM, SCM or CRM (at least one of these commercial applications)
4. **Knowledge of service platforms,** such as Atlassian Jira, SAP Solution Manager, and ServiceNow and application platforms, such as AWS, Google Anthos, IBM Rational, and Microsoft Azure
5. **AI-based automation** tools that cover a client's entire application landscape and extend beyond incident and alert management; usage of GenAI tools with proven benefits is advantageous
6. Contracts based on **fixed service fees or outcomes,** providing clients with options; innovative pricing models to deliver client benefits
7. Continuous and effective **cost optimization** and control mechanisms that cover end-to-end application management

Observations

Application managed services (AMS) offered by system integrators (SIs) are experiencing a profound transformation, largely due to the integration of AI, automation and cloud-native technologies. Many service providers in this quadrant are headquartered across the globe, with significant operational presence in the U.S.

Traditional application maintenance models are evolving into intelligent, predictive and proactive service frameworks. A key development in this transition is the implementation of AIOps, which utilizes ML to forecast and prevent system issues before they disrupt operations. This predictive maintenance capability enhances efficiency by facilitating anomaly detection and automated incident resolution, significantly reducing the need for reactive support. GenAI further drives operational efficiency by automating the creation of scripts and documentation, streamlining routine maintenance tasks and lowering costs.

Hyperautomation of IT operations is another critical trend, as clients increasingly seek AI-powered solutions for intelligent ticket routing,auto-remediation and root cause analysis. These innovations drastically decrease the mean time to repair (MTTR), minimize human intervention and enhance service reliability. AI-driven service desks and self-healing systems are becoming industry standards, establishing new benchmarks for operational excellence.

Additionally, hyperpersonalization is gaining traction, with enterprises leveraging NLP, GenAI and adaptive interfaces to deliver tailored UX and EX. This focus on personalization enhances productivity and the overall digital experience quality.

From the 75 companies assessed for this study, 22 qualified for this quadrant, with seven being Leaders and one Rising Star.

Coforge

Coforge has developed AMS studio, a comprehensive suite of AI agents specifically for AMS, which allows Coforge to look at application and infrastructure support holistically.

HEXAWARE

Hexaware's AMS leverages AIOps through its Tensai platform, enabling landscape observability by integrating existing monitoring tools. The platform utilizes ML algorithms for proactive monitoring, anomaly detection and automated RCA.

HITACHI
Inspire the Next

Hitachi Digital Services' HARC platform integrates multiple operational elements, encompassing cloud, infrastructure and data operations, which allows for real-time monitoring and automated self-remediation features.

H GLOBAL SERVICES
T C

HTC Global Services enhances its AMS solutions by integrated frameworks and accelerators such as CHAMP and ServiceFocus. These tools are designed to optimize development and deployment processes, providing clients with a unified approach to application management.

infinite

Infinite Computer Solutions' application managed services portfolio spans the complete application lifecycle from onboarding to decommissioning. It incorporates real-time monitoring, predictive analytics and continuous service improvement frameworks.

SUTHERLAND

Sutherland's application managed services leverage advanced AI-driven platforms and frameworks, including S3H.ai and Cignals.ai, to enhance operational efficiency and UX across various sectors.

U ▪
S T

UST employs agentic AI to facilitate zero-touch IT operations, automating the resolution of IT tickets based on previous resolutions. This capability enhances operational efficiency by allowing IT teams to focus on more strategic initiatives.

Unisys (Rising Star) enhances its AMS offerings with AI-driven automation tools that support application monitoring, release management, version control and defect resolution.

Application Quality Assurance

Who Should Read This Section

This report is valuable for providers offering application quality assurance services in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Chief technology officers (CTOs)

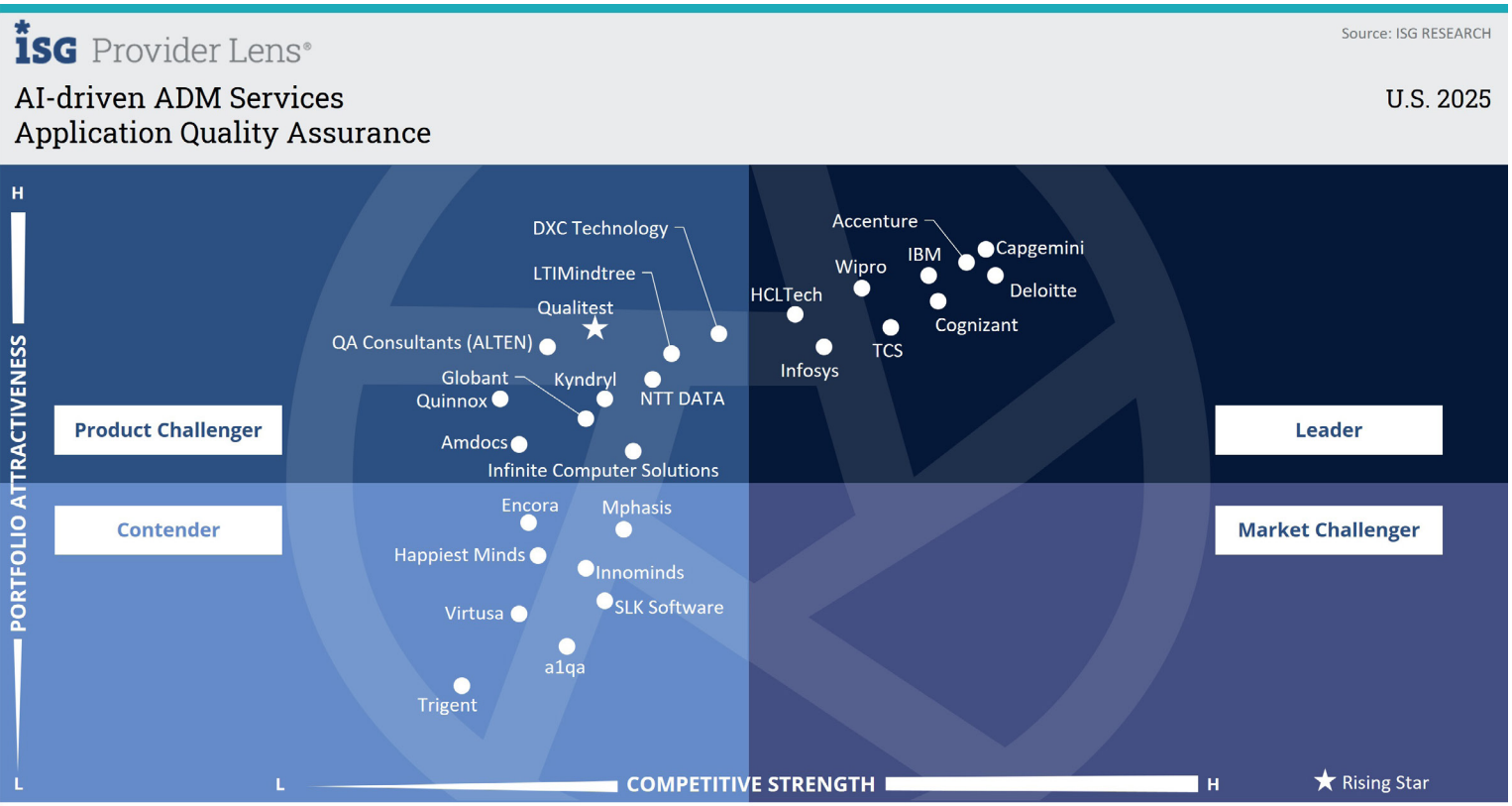
should read this report to understand how other providers are integrating AI-driven predictive analytics and GenAI testing to enhance application quality across client portfolios. They can ensure the development of methodologies for business process optimization and project planning that align with client needs. They can also assist enterprises in driving the adoption of quality frameworks and training programs to improve their software engineering capabilities.

Operations professionals

should read this report to understand how providers manage the operational execution of QA services. They can learn how other providers are utilizing AI and GenAI tools to monitor application performance and optimize business processes, ensuring high-quality deliverables. These insights would enhance operational efficiency and stakeholder value and provide business benefits such as cost savings, enhanced productivity and robust client trust.

IT professionals

should read this report to design and implement QA services, utilizing conventional and AI-driven testing strategies to identify bugs, enhance code quality and ensure infrastructure resiliency. They can support clients with tailored processes and digital testing across diverse applications, delivering business benefits such as reduced downtime, improved product reliability and rapid market delivery.



This quadrant evaluates **QA providers** delivering assessments, design, implementation and managed services **using GenAI, predictive analytics and frameworks** to optimize processes, enhance quality, resiliency, security and application performance.

Akhila Harinarayan

Definition

This quadrant evaluates service providers offering QA services encompassing assessments, design, implementation and managed services. Deliverables include methodologies for business process optimization, effort estimation, project planning, documentation, sprint execution timelines and completion criteria. The services utilize conventional and GenAI-driven testing strategies, along with AI-driven predictive analytics, to identify bugs or defects and determine the level of business process optimization achieved. Providers tailor processes to ensure high quality across clients' application portfolios and use quality frameworks to enhance application code quality, infrastructure resiliency, digital testing and security. QA services also incorporate training to help clients improve their software engineering capabilities. This quadrant assesses how providers utilize production logs for actionable insights and integrate AI and ML tools in application performance management to monitor data and predict new applications' quality.

Eligibility Criteria

1. **Centralized QA** unit that sets quality standards for clients' projects
2. Comprehensive technical **QA framework,** which includes planning, implementation, monitoring, review and improvements
3. **QA methods for AI applications** integrated within the larger IT landscape
4. **Consulting team** focused on analyzing business demands and securing development and delivery according to business requirements
5. **Technology for analytics** over logs and AI implementation for continuous improvement in results
6. **Differentiation with proprietary tools,** leveraging vendor partnerships for quality monitoring, application performance and testing tools
7. **Training and education programs** for developers, testers and operators to develop a quality excellence mindset and ensure that the overall product or service meets the desired quality

Observations

Application quality assurance (QA) is undergoing a strategic transformation to meet the needs of modern digital enterprises. A significant trend is the integration of AI throughout the SDLC, where AI-assisted development enhances productivity by automating tasks such as code generation, test creation and defect prediction. This automation accelerates the transition from experimentation to production, driving faster innovation cycles. Another key development is the shift toward dynamic, technology-aligned testing. Organizations are adopting flexible testing methodologies that align with evolving technology stacks, while maximizing the reuse of existing assets. Quality engineering (QE) is increasingly tailored to support complex transformation initiatives involving enterprise platforms, ensuring that QA strategies meet the unique demands of specific industries.

An integrated QE strategy is essential, encompassing applications, devices, platforms and data to provide comprehensive quality coverage. This holistic approach improves traceability, eliminates silos and enhances UX. Organizations are turning to QE advisors to align QA efforts with broader business and IT objectives, positioning quality assurance as a strategic enabler of digital transformation rather than an afterthought. These trends reflect a movement toward intelligent, agile and value-driven QA practices that support enterprise growth.

From the 75 companies assessed for this study, 27 qualified for this quadrant, with nine being Leaders and one Rising Star.

accenture

Accenture's QE approach leverages AI and ML to enable predictive and preventive quality management. By harnessing extensive datasets across development and operations, the platform proactively identifies potential defects, pinpoints high-risk areas.

Capgemini

Capgemini's adaptable quality assurance framework supports various IT delivery models, including Agile and DevOps, with specialized solutions for system integration testing, cloud environments, Agile methodologies, infrastructure testing and DevOps.

cognizant

Cognizant Flowsource™ platform improves engineering productivity and software quality by simplifying the adoption of agentic AI and GenAI-powered tools within a unified collaborative interface.

Deloitte.

Deloitte partners with clients at a strategic level, which includes developing a comprehensive test strategy, streamlining and optimizing testing processes, and fostering a culture of shared quality ownership.

HCLTech

HCLTech offers an AI-driven test platform comprising eight intelligent agents designed to automate the Software Testing Lifecycle (STLC). Key features of this platform include automated generation of test cases, feature files and automation code.

IBM

IBM Watsonx helps in application quality assurance primarily by leveraging GenAI to accelerate and improve coding tasks that directly impact software quality such as code generation, explanation, documentation and unit test creation.

Infosys

Infosys Quality Engineering AI Platform is a comprehensive solution that provides a suite of ready-to-use AI tools designed to support various stages of quality testing.

TCS' CX Assurance Platform focuses on enhancing UX through intelligent, tool-agnostic testing of customer-facing applications. It offers real-time insights and KPI-based performance tracking.

Wipro IntelliAssure is an AI and ML and GenAI-driven QE platform that is designed with a flexible microservices architecture. It integrates seamlessly with CI/CD and DevSecOps pipelines.

Qualitest (Rising Star) has developed an integrated AI platform that uses AI Agents focused on Quality Engineering – ensuring quality is built into every project from the outset.

Leader

"Deloitte has built a strong quality assurance practice that includes advisory and intelligent QE. The robust practice and inclusion of GenAI has enabled to help clients across various industries."

Akhila Harinarayan

Deloitte

Overview

Deloitte is headquartered in London, U.K. It has more than 460,000 employees across over 150 countries. In FY24, the company generated $67.2 billion in revenue, with Consulting as its largest segment. Deloitte offers a comprehensive portfolio of QE services by embedding quality within Agile and DevOps workflows. Deloitte focuses on proactive defect prevention, enabling faster, more reliable delivery of digital solutions while maintaining high standards of performance and UX. Leveraging an AI-first model, Deloitte integrates intelligent automation, cognitive capabilities and predictive analytics to optimize testing.

Strengths

Transformation and advisory: Deloitte partners with clients at a strategic level, which includes developing a comprehensive test strategy, streamlining and optimizing testing processes, and fostering a culture of shared quality ownership across development, quality assurance and operations teams. The goal is to embed quality as a fundamental pillar of the software delivery lifecycle, driving greater efficiency, agility and business value.

Intelligent automation and AI: Deloitte's Quality Engineering practice offers strategic use of AI and automation to drive efficiency, accuracy and scalability in testing. Anchored by AI Assist™, a proprietary end-to-end accelerator powered by GenAI, the solution automates test case and scenario generation directly from user stories, minimizing manual effort and enhancing consistency. Integrated within the broader Deloitte Ascend™ platform, it embeds AI seamlessly across workflows to accelerate delivery and improve quality outcomes.

Tangible impact and proven success: Deloitte's approach has delivered measurable results, demonstrating the value of integrating engineering discipline into quality assurance. In a client success story, the firm's quality Engineering services achieved 85 percent automation of all test cases, 65 percent reduction in the hours required for regression testing, less than 1 percent product defect leakage into production.

Caution

Deloitte should market its AI plus human collaborative capabilities leveraged for quality assurance. Deloitte is less known for its quality assurance capabilities among the competitors and in the market.

Continuous Testing Specialists

Who Should Read This Section

This report is valuable for providers offering continuous testing **services** in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

IT professionals

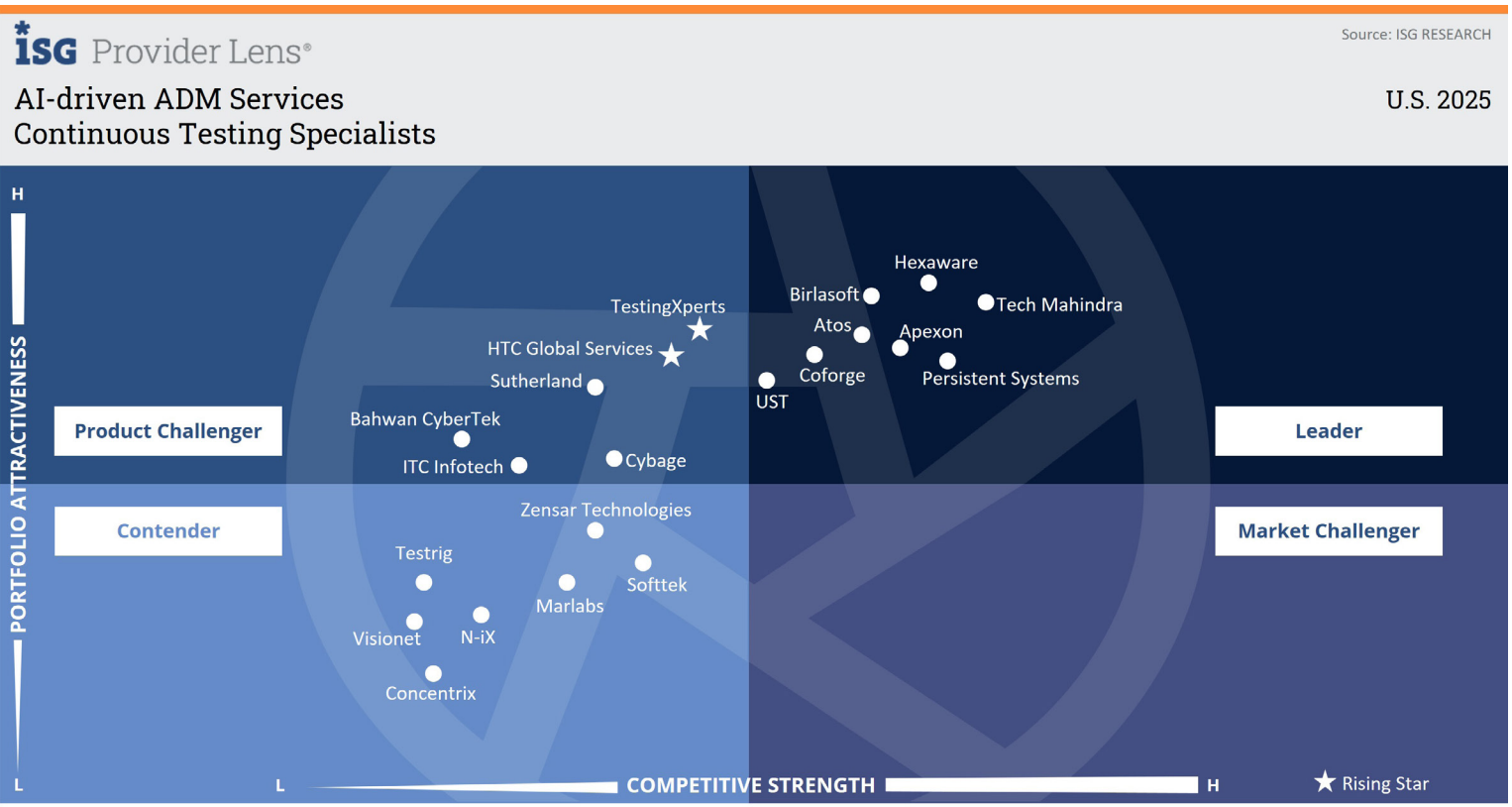
should read this report to determine service providers' strengths and weaknesses in ADM and learn how to integrate cutting-edge technologies for market advantage. They can leverage these technologies to define robust testing strategies, methods and scripts for continuous testing processes and assist clients in implementing automated testing tools, including AI-driven solutions for predictive analytics and test case generation.

CTOs

should read this report to gain insights into the market dynamics of adopting AI-driven continuous testing strategies to enhance software quality and delivery speed. They can leverage this information to align testing practices with organizational goals and technology road maps. They can also promote innovation in QA processes while balancing cost-effectiveness.

Operations professionals

should read this report to understand providers' capabilities in managing the operational execution of continuous testing services and overseeing the application of AI-driven strategies. They can optimize workflows and support comprehensive testing approaches for client success. They can also ensure high-quality deliverables to enhance operational efficiency and stakeholder value while providing business benefits such as cost savings, enhanced productivity and robust client trust.



This quadrant evaluates **continuous testing providers** leveraging **AI-driven automation and predictive analytics** to optimize coverage, prevent regressions, enable shift-left practices and e**nsure quality across the software delivery lifecycle.**

Akhila Harinarayan

Definition

This quadrant evaluates providers of continuous testing services, which are essential for modern software development. These providers ensure that new features and code changes do not introduce regressions or disrupt existing functionality. They define robust testing strategies, scope, methods and scripts necessary to determine the most effective approach for testing, including employing AI-driven automation for execution.

Integrating AI enhances continuous testing capabilities by enabling predictive analytics to identify potential issues, optimize test coverage and automate test case generation. This approach promotes shift-left testing and end-to-end automation at every stage of the continuous delivery process. Provider portfolios typically include unit testing, system testing, regression testing, compliance testing, performance or load testing, user acceptance testing and smoke testing, with more comprehensive offerings receiving higher evaluations.

Eligibility Criteria

1. Ability to **improve collaboration** between quality assurance and development teams, ensuring they are responsive to changes and focused on feature-driven testing
2. **Qualified professionals** for test-driven development (TDD), behavior-driven development (BDD) and other approaches
3. Capability to **handle large-scale testing** and continuous integration demands of complex systems, such as ERP and e-commerce, with many test cases
4. **Portfolio of consulting services** that include test automation implementation, which can be integrated with clients' development and DevOps tools and help clients optimize their continuous testing performance to reduce the testing time
5. **Portfolio of continuous services,** including testing data and test coverage assessments, enabling automated testing across many continuous integration pipelines, and managing testing artifacts for the significant reutilization of such artifacts
6. **Use of AI** to deliver rapid time to market and improve testing results
7. **Replication and reuse of testing artifacts** to use in multiple projects

Observations

The continuous testing specialists market is undergoing a significant transformation driven by the integration of advanced technologies such as AI, agentic AI and GenAI. These innovations are transforming testing processes through enhanced automation, allowing repetitive tasks to be executed quickly and accurately, thereby reducing manual effort and improving overall efficiency. GenAI plays a critical role by automating the creation of comprehensive test cases, including edge scenarios, which accelerates the testing lifecycle and ensures adaptability to changing application features. Agentic AI introduces proactive testing capabilities by enabling real-time adjustments to strategies based on application behavior, which enhances defect prediction and risk management. This technology also facilitates self-healing test scripts that automatically adapt to environmental changes, thus minimizing maintenance burdens on QA teams. Furthermore, AI-driven tools enhance performance testing by simulating user behavior under various conditions, ensuring applications meet performance expectations while under load.

Data-driven insights from AI analytics are reshaping decision-making processes, as historical data informs test case prioritization and provides stakeholders with real-time quality metrics. Additionally, AI enables risk-based testing approaches that allocate resources where they are most needed, increasing testing accuracy and reducing redundancy. Compliance and security testing are also enhanced, as AI automates assessments against regulatory standards, ensuring adherence without hindering the deployment speed.

From the 75 companies assessed for this study, 21 qualified for this quadrant, with eight being Leaders and two Rising Stars.

Apexon

Apexon's use of AI-driven accelerators, such as the AssureAlpha platform, transforms traditional testing methodologies through shift-left testing strategies. This platform generates and validates user stories, test cases and automation scripts with high efficiency.

Atos

Atos Group leverages an AI-based Data Quality Assurance (DQA) accelerator, which automates data validation processes across heterogeneous sources. This capability enhances data integrity and simplifies failure analysis.

birlasoft

Birlasoft's Lynx platform is GenAI-based, enabling efficient, low-code and no-code testing without requiring specialized skills. It features advanced capabilities such as AI-driven test case creation, automated script generation, and a smart execution engine.

Coforge

Coforge's Blue Swan platform is a low-code oritented, designed for end-to-end automation of digital applications. It supports functional, API, cross-browser, accessibility, localization and mobile testing.

HEXAWARE

Hexaware's Tensai® for autonomous testing is a comprehensive AI-enabled platform that orchestrates automated testing and supports over 200 autonomous use cases.

Persistent

Persistent Systems offers domain-specific QE automation, effectively tailoring solutions for specialized industries such as BFSI, Healthcare and Life Sciences.

Tech Mahindra's strategic alliances focus on co-development and co-innovation to enhance QE transformation through solutions such as LitmusT, AppGinieZ and Predictive Analytics.

UST's QE360 platform integrates multiple GenAI modules for test strategy generation, user story validation and autonomous test execution. This comprehensive offering allows UST to provide end-to-end continuous testing services.

TestingXperts' (Rising Star) agentic AI services portfolio enhances traditional quality assurance processes through advanced AI capabilities. This portfolio features intelligent test automation solutions, allowing test cases to self-heal and adapt to application changes.

HTC (Rising Star) adopts a robust outcome-focused delivery model, emphasizing project-based and transaction-based strategies to manage risks effectively.

Appendix

The ISG Provider Lens® 2025 – AI-driven ADM Services study analyzes the relevant software vendors/service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens® program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of September 2025 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

All revenue references are in U.S. dollars ($) unless noted otherwise.

The study was conducted in the following steps:

1. Definition of AI-driven ADM Services market
2. Use of questionnaire-based surveys of service providers/ vendors across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge and experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts and figures received from providers and other sources.
6. Use of the following main evaluation criteria:
   * Strategy and vision
   * Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * Technology advancements

Lead Author

Akhila Harinarayan

Manager and Principal Analyst

Akhila Harinarayan is Senior Lead Analyst and the lead author for ISG Provider Lens® studies with a focus on Digital Business Transformation and SAP Services. She has more than 12 years of experience across research and consulting including provider strategy, enterprise strategy, industry roadmaps, point-of-view papers, service provider assessment across regions. She has strong expertise on strategy and transformation, digital insights, thought leadership, benchmarking, market assessments and go-to-market strategies.

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Vartika Rai is a senior research analyst at ISG and is responsible for supporting and co-authoring Provider Lens® studies on AI-driven ADM Services and the SAP Ecosystem. She has also co-authored the Analytics Services Study. She supports the lead analysts in the research process and authors the global summary report. Vartika also develops content from an enterprise perspective and collaborates with advisors and enterprise clients on ad-hoc research assignments. Vartika started her current role in June 2022. Before this role, she worked on secondary research, competitive intelligence, market trends, and newsletter analysis.

Study Sponsor

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Director & Principal Analyst, Global IPL Content Lead

Heiko Henkes serves as Managing Director and Principal Analyst at ISG, where he oversees the Global ISG Provider Lens® (IPL) Program for all IT Outsourcing (ITO) studies alongside his pivotal role in the global IPL division as strategic program manager and thought leader for IPL Lead Analysts. Additionally, Henkes heads the Star of Excellence, ISG's global customer experience initiative, steering program design and its integration with IPL and ISG's sourcing practice.

His expertise lies in guiding companies through IT-based business model transformations, leveraging his deep understanding of continuous transformation, IT competencies, sustainable business strategies, and change management in a Cloud-AI-driven business landscape. Henkes is renowned for his contributions as a keynote speaker on digital innovation, where he shares insights on leveraging technology for business growth and transformation.

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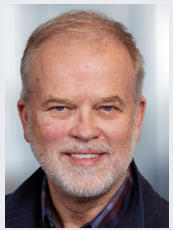

Jan Erik Aase

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Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes;. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry.

Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a partner and global head of ISG Provider Lens®, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens®

The ISG Provider Lens® Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

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The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

For more information, visit isg-one.com.

ISG Provider Lens®

SEPTEMBER, 2025

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