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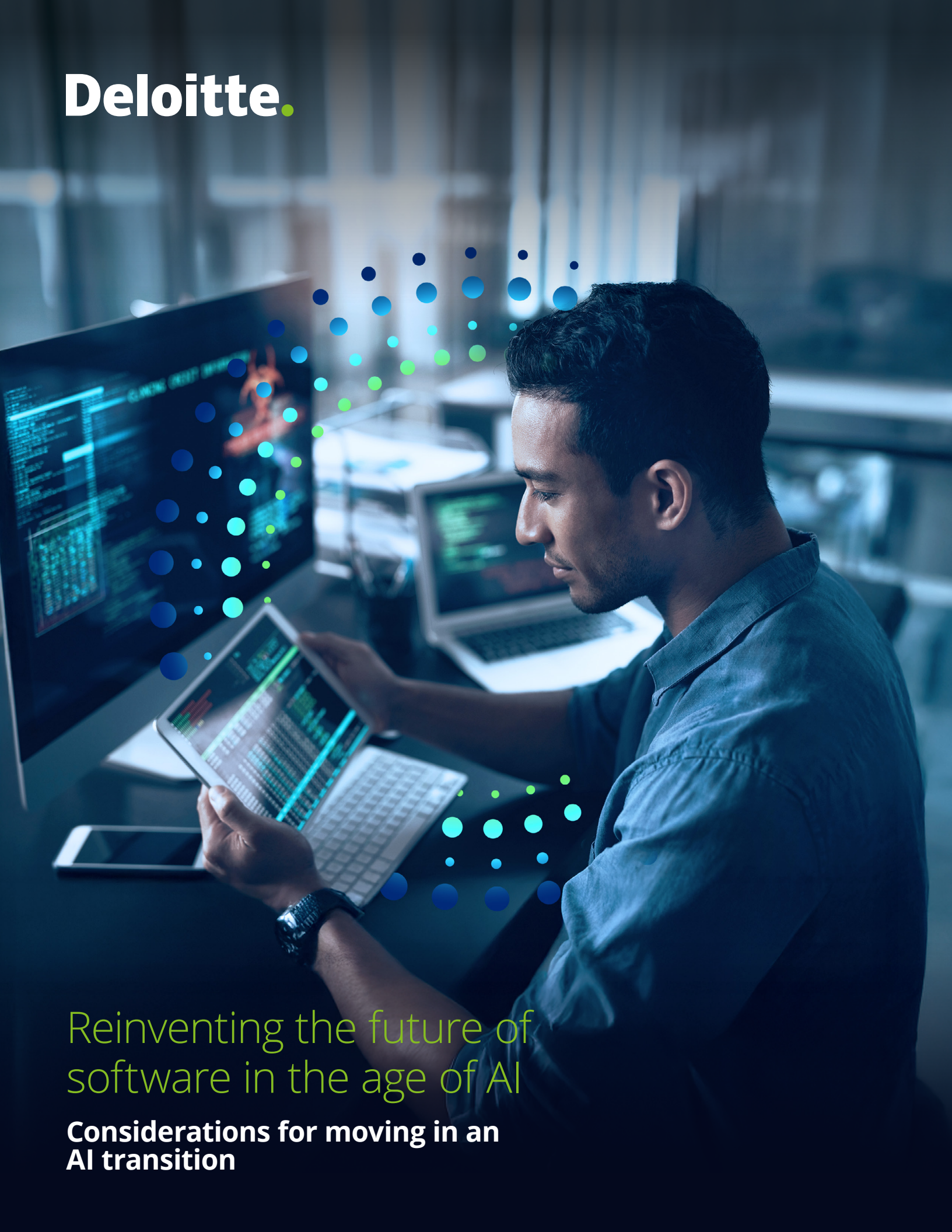

Reinventing the future of software in the age of AI

Considerations for moving in an AI transition

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Introduction

The software industry is facing a platform shift, as the rapid evolution of artificial intelligence (AI) disrupts the industry. Some technology executives have begun to call this out explicitly, with some alluding to the future of enterprise AI being defined by intelligent agents that bring unique context and capabilities and can work together across systems.[1] This transition is expected to redefine how software is built, delivered, and monetized—similar to the industry's earlier move to cloud and software-as-a-service (SaaS) models.

In the last software industry platform shift, the "as-a-service" transition, first movers were often rewarded with significant growth. Similarly, in the AI platform shift, some early adopters are seeing market capitalization gains, positioning themselves as leaders in an increasingly competitive landscape. As market dynamics shift, those who delay their AI transition may risk falling behind, losing their competitive edge, and missing out on growth opportunities.

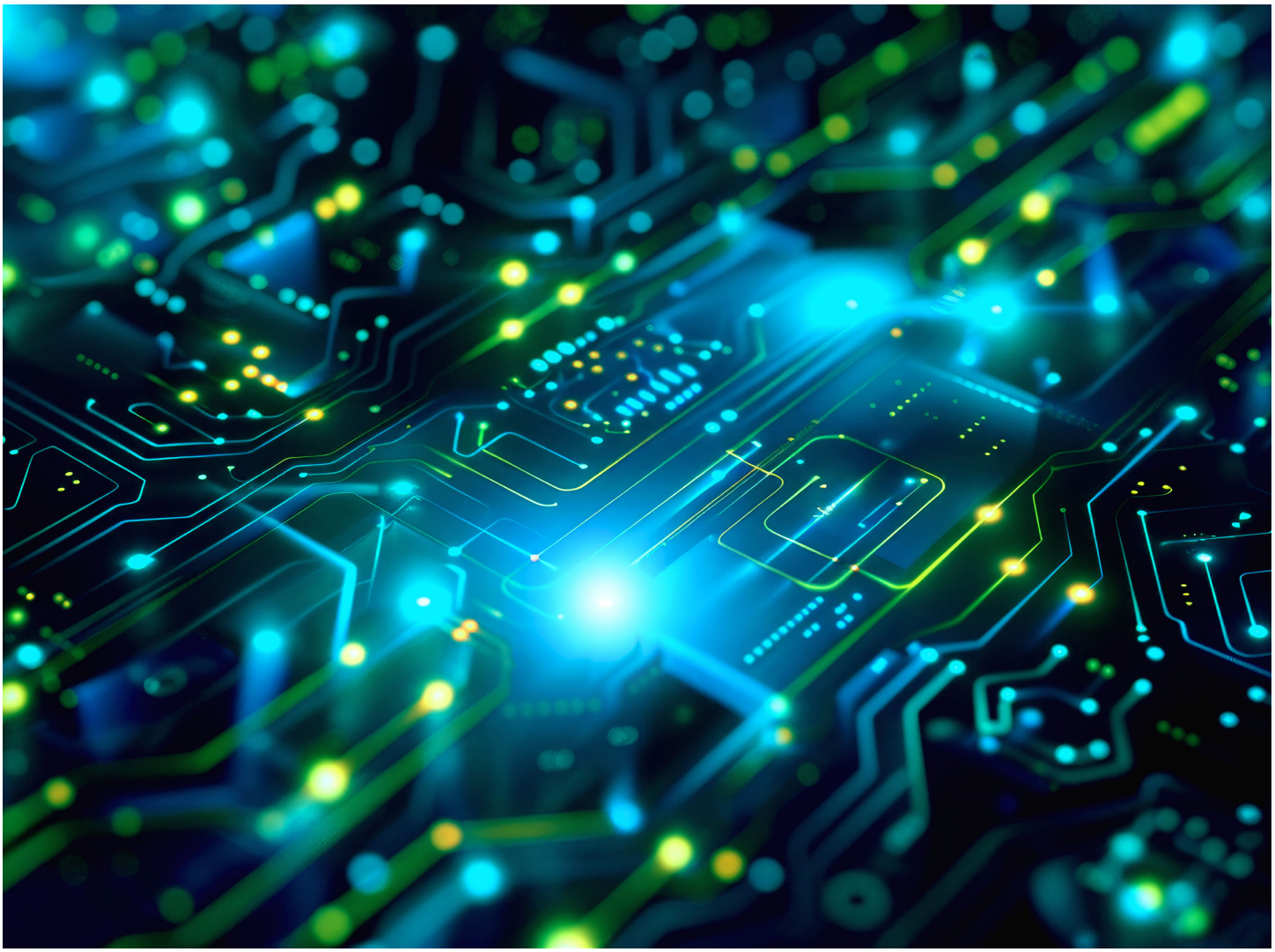
AI is not just a technological advancement; it can be a transformative force that is expected to disrupt business models and monetization strategies, streamline operations, and generate new revenue streams. The window of opportunity is likely narrow, and the cost of inaction could be significant.

Two simultaneous initiatives for software companies

Today, software companies may face two simultaneous AI initiatives:

- Activate AI for the business—embedding intelligent capabilities into the products they offer.
- Embed AI within the business—transforming how software is developed, decisions are made, and operations are internally run.

This dual ask is already reshaping some software organizations. Within the product, AI can improve user experience and product performance. Within the organization, AI can automate some development tasks and enable new collaboration models between humans and machines.



AI trends impacting software organizations

Several AI trends—some already in motion, others emerging—are influencing both product development and operational life cycles across software organizations:

- **Enhanced software functionality and user experience**
  Nearly 70% of SaaS companies that offer an AI component are testing or monetizing AI products, underlining the rising expectation for AI-native capabilities.[2]
- **Faster time-to-market and improved product quality**
  AI-powered tools are demonstrating productivity gains, helping developers reduce time-to-market and improve output quality.
- **Shift in configuration and integration revenue capture**
  AI is helping make the configuration of software increasingly intuitive and dynamic. Deloitte's AI Assist™ has transformed software engineering delivery via a GenAI-powered integrated productivity platform.[3]
- **Workforce transformation**
  Deloitte's Zora AI™ is building customer AI agents to provide insights and help drive intelligent decision-making for clients.[4] Zora AI™ primarily focuses on unlocking business value through domain-specific intelligence, flexible architecture, and transparent autonomous models. According to research from Salesforce, with AI agents adoption increasing over the next two years, HR leaders are reimagining the way organizations structure and skill their workforce.[5]
- **Redefinition of software operations**
  AI can automate back-end tasks across sales, support, and IT—streamlining processes and helping organizations to operate more efficiently and with greater agility.

The degree to which these trends reshape the industry will likely depend on evolving market conditions: customer demand, trust in AI, compute costs, regulatory frameworks, and maturity of AI technologies.

Those who delay their AI transition could risk falling behind, losing their competitive edge, and missing out on growth opportunities. The question should no longer be if companies should adopt AI, but how fast they can evolve.

Future of a software organization's AI journey

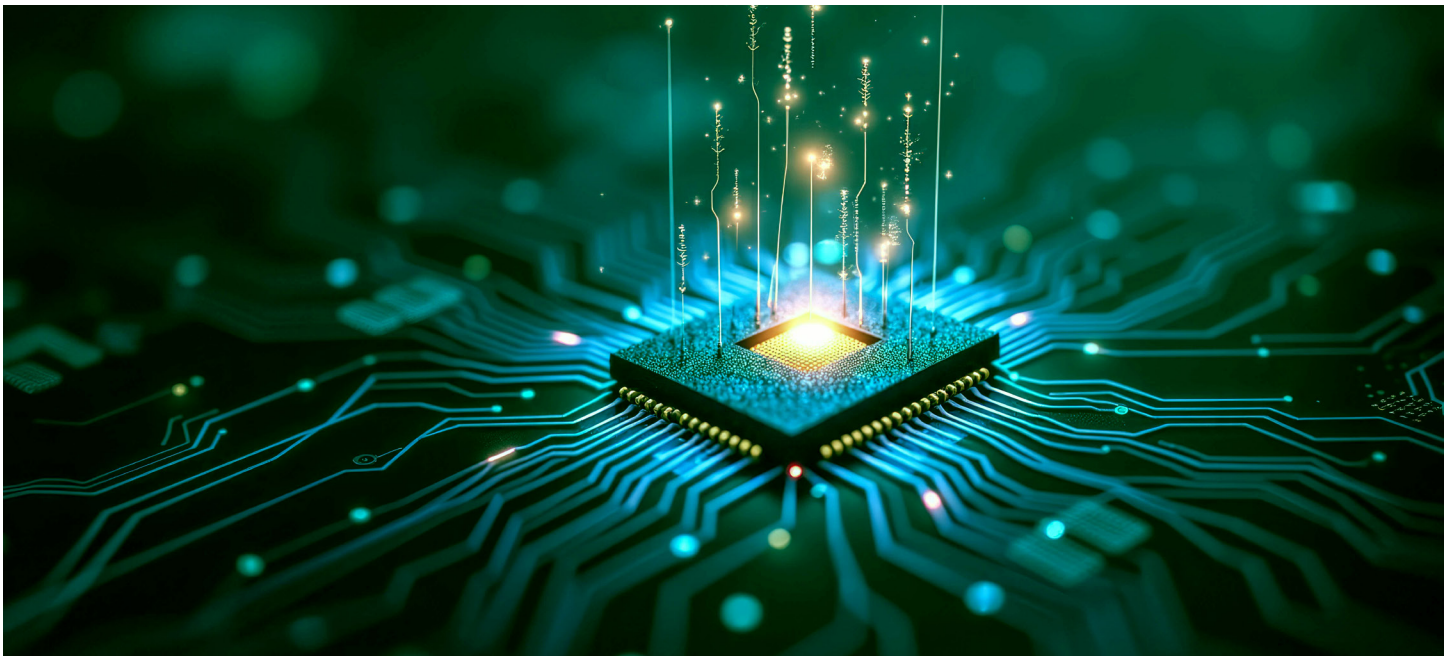
Looking ahead, the software landscape is expected to undergo a fundamental transformation. Traditional software design, which has long relied on fixed configurations, rule-based logic, and static user interfaces, appears to be giving way to a new paradigm—one in which software is dynamic, adaptive, and increasingly intelligent with agents.

The nature of software products is being redefined. Instead of monolithic tools with rigid workflows, the emergence of systems that function more like intelligence partners could be seen. These AI-powered systems can respond in real time to user needs, learning and evolving continuously. Product development itself is likely to change. What once relied on manual coding and human-led R&D cycles could increasingly be driven by low-maintenance, self-optimizing software that can evolve autonomously, shortening time-to-market and expanding innovation velocity.

Additionally, product configuration will likely become more fluid. Rather than relying on complex rules or third-party service providers to tailor software environments, companies could configure their systems directly, leveraging integrated AI platforms. This could shift the balance of power from system integrators to software companies, as configuration becomes more automated, intuitive, and tightly linked to customer needs.

As AI agents become more capable, they will likely augment human users for many tasks. This could alter how value is priced and delivered. Software that was once licensed per seat and designed for human use could be increasingly used by autonomous agents operating 24/7. This shift may usher in new pricing models that move away from usage-based or per-seat billing toward value-based pricing tied to outcomes.

Beyond the product itself, AI will play an increasingly central role in the internal operations of software organizations. Processes that were once labor-intensive and manual, such as shared services, will likely become automated and streamlined. This operational transformation can allow companies to become leaner, more efficient, and more agile—enabling them to adapt faster to changing market demands.



A path forward

The transition to becoming an AI-native organization may no longer be optional. It may not be a matter of choosing between adopting some AI features or fully transforming into an AI-powered business. Most software companies are expected to move down this path from incremental AI adoption to deep, structural reinvention. One question should be: how fast can, and will, your organization evolve?

Many companies today are in the early stages of this journey. Some have begun by optimizing existing products with embedded AI features, while keeping their legacy systems and workflows largely intact. This phase can allow for quick wins and visible customer value, but it should be a starting point.

As AI technologies mature and competitive pressures mount, companies may need to go further—reimagining their operating model so that AI-enhanced and AI-native products can coexist. This could include shifting from simply adding AI to existing tools toward redesigning workflows, investing in modular and interoperable architectures, and embracing more flexible pricing and distribution models.

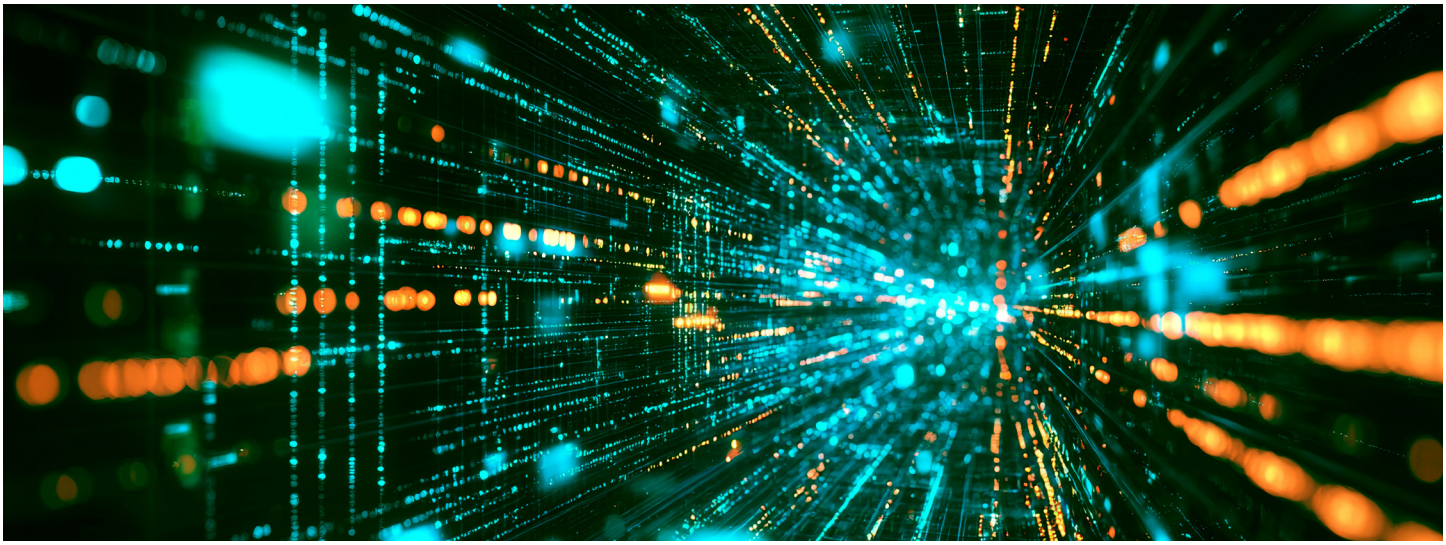
This evolution could span several dimensions:

- **Product**: From rule-based tools to autonomous, self-improving systems developed collaboratively by humans and machines.
- **Pricing**: Transition from license-based and usage-based models to value-based pricing tied to business impact and outcomes.
- **Routes to market**: AI-enhanced sales, personalized marketing at scale, and agent-led discovery or transactions.
- **People and capabilities**: Redefining roles, investing in governance and oversight, and upskilling teams to partner effectively with AI systems.
- **Processes**: Modular, composable architectures and dynamic workflows powered by intelligent automation.
- **Technology and integration**: Adoption of AI-native stacks and frameworks that allow for continuous learning, delivery, and improvement.

As AI reshapes the software landscape, organizations should assess where they stand today and define a clear roadmap to evolve their business and product models. Rather than selecting one of four mutually exclusive AI strategies, these distinct stages could be seen as a continuum of AI maturity. Software companies could identify their current state and then progress systematically toward a more AI-native future—culminating in the most advanced and transformative stage: Reinvent as an AI-native leader.

1. **Cautiously invest in AI, avoid the hype:** Some companies in this early stage are making what could be seen as conservative AI bets—prioritizing proven, low-risk use cases and staying watchful of return on investment. These organizations often face internal skepticism, external regulatory uncertainty, and immature infrastructure. The focus is typically on learning and laying foundational AI capabilities without significant disruption to existing operations.
2. **Optimize with AI while retaining core products:** In this phase, AI can be leveraged to improve internal efficiency and selectively enhance existing software products. However, core product architecture and pricing models remain largely intact. Companies can begin integrating AI into development processes, customer support, and data workflows, but full AI-native transformation is still a future ambition.
3. **Reimagine as AI-native and AI-enhanced coexist:** Here, companies can build AI-native products while continuing to support and monetize legacy platforms. Organizations at this stage should balance transformation and stability—restructuring operations to manage both models, investing in upskilling talent, and preparing for AI-centric customer experiences. This dual approach can allow flexibility and resilience while building toward the future.
4. **Reinvent as an AI-native leader:** This state can be characterized by a fundamental reinvention of software—from user interfaces and pricing models to routes to market and internal roles. AI-native products become the core business, and AI agents automate workflows end to end. Companies in this stage can not only lead with AI but also help define new markets and user behaviors.

No matter where a company begins, progress is important. Delaying transformation or staying static may limit competitiveness in a world where AI-native players are redefining value creation. By treating these four paths as points in an ongoing journey, software leaders can future-proof their organizations—gradually shifting capabilities, talent, and operating models to unlock new value and deliver on the full promise of AI.



Considerations for the journey ahead

As software companies pursue AI transformation, they're often navigating a complex landscape shaped by uncertainties. These uncertainties can either act as accelerators of transformation or become friction points that hinder progress. If returns are unclear or execution is poor, companies may struggle to justify further investment. Regulatory delays or loss of investor confidence could slow momentum. Successful transformation requires strategic clarity, agility, and continued investment.

Each presents a spectrum of possible outcomes, often dependent on broader ecosystem shifts, policy choices, or technological breakthroughs. Consider the following five dimensions:

1. **Customer demand**
   AI is reshaping competitive dynamics. Dominant incumbents, nimble startups, and even enterprise customers are vying to define the AI-native software landscape. This could lead to consolidation, platform lock-ins, or an explosion of vertical-specific innovation.

   Will the market be reshaped by a broad influx of competitors and customers building their own AI solutions, or will control remain with a few scaled players that consolidate power through foundational models and platform effects?

2. **AI and data functionality maturity**
   While current generative models show promise, questions remain about the pace of improvement and long-term sustainability. Seamless integration into enterprise systems and workflows will also be important. Poor functionality, brittle interfaces, or diminishing returns could dampen momentum.

   Will AI systems continue to outperform human capabilities in key enterprise tasks, or will limitations in data, integration, and model evolution force organizations to look beyond AI for future innovation?

3. **Trust in AI and autonomous agents**
   The success of AI depends in part not just on technical capability but also on user confidence. Trust may grow through explainability, reliability, and regulatory alignment—or erode due to hallucinations, privacy breaches, or inconsistent results.

   Will users and enterprises come to trust AI as a reliable partner in productivity and revenue generation, or will skepticism around transparency and safety stall adoption?

4. **Regulatory impact**
   Regulation has the potential to create confidence and ethical guardrails, especially in sensitive sectors like health care, finance, and education. However, excessive or inconsistent regulation could increase costs, delay deployments, and stifle experimentation.

   Will regulation provide essential guidance and safety in high-risk use cases, or will it increase complexity and hinder AI innovation at scale?

5. **AI compute costs**
   The cost of compute remains a foundational determinant of AI accessibility and scale. Open-source models, improved efficiency techniques, and advancements in hardware promise cost reductions. However, rising energy demands, strained chip supply chains, and environmental constraints may offset those gains.

   Will innovation in model efficiency and open-source AI drive compute costs down, or will infrastructure and energy challenges make AI prohibitively expensive for all but the largest firms?

Steps to consider

1. Treat AI transformation as a top-down strategic priority. This means allocating budget and headcount to AI initiatives—not as side projects, but as core business drivers.
2. Revisit your product portfolio. Determine which AI features to embed and where to build entirely new AI-first products.
3. Begin redesigning internal processes. Identify where AI can automate operations in both the front and back office to help improve agility and reduce cost.
4. Assess your workforce strategy. Consider how to upskill your teams, redesign roles, and manage the organizational shift as AI begins to automate important tasks.
5. Invest in trustworthy AI practices. Build systems that are explainable, ethical, and aligned with evolving regulatory and customer expectations.
6. Reevaluate your pricing model and partner ecosystem. As you shift toward outcome-based offerings and AI-driven configuration, your go-to-market strategy should evolve in parallel.

This journey will likely demand focus, investment, and agility. But it can also offer unprecedented opportunity. Companies that move quickly and decisively can not only remain competitive—they could redefine the software industry.

Summary table: The evolution of software organizations in the AI era

Dimension	Today	AI-enhanced	AI-native future
Product	Rules-based, manually coded	Embedded AI features	Self-optimizing, autonomous systems
Pricing	License or per seat	Usage-based pricing	Value-based, outcome-tied models
Routes to market	Human-led sales and marketing	AI-personalized customer engagement	Agent-led transactions and contextual go-to-market
People and capabilities	Manual execution	AI-augmented tasks	Human oversight of autonomous AI
Processes	Static workflows, legacy systems	Automated, modular processes	Continuous, adaptive, intelligent workflows
Technology and integration	Monolithic, fragmented	Partially AI-integrated	Fully AI-native architectures with real-time learning

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Endnotes

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