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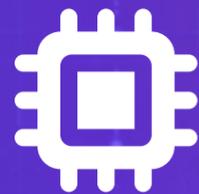
2026

State of Technology Services

The AI Services Revolution

The Services Era Arrives

AI is often framed as a technology story—but for technology services leaders, it is fundamentally an **economic story**.

AI promises automation, scale, and efficiency. But it also quietly undermines the business models that have sustained the technology industry for decades. As AI agents perform work once handled by humans, traditional pricing models become less effective. As intelligence moves closer to execution, customers stop paying for access and start expecting results. This is where many companies misread the moment.

For years, services were treated as a necessary but secondary function—an attachment to software and hardware designed to drive adoption. AI was expected to reduce that need. Instead, AI has done the opposite. It has made services the primary mechanism for delivering value.

The State of Technology Services 2026 makes one thing clear: **the industry has entered the Services Era, and AI is the driving force accelerating that transition**.

tsiaintelligence

AI. For Technology Services.

What it is

TSIA Intelligence is TSIA's new AI-powered assistant. It delivers instant, actionable insights from TSIA's exclusive, industry-validated research. Built only for Technology Services, it helps you make smarter decisions.

Why it matters

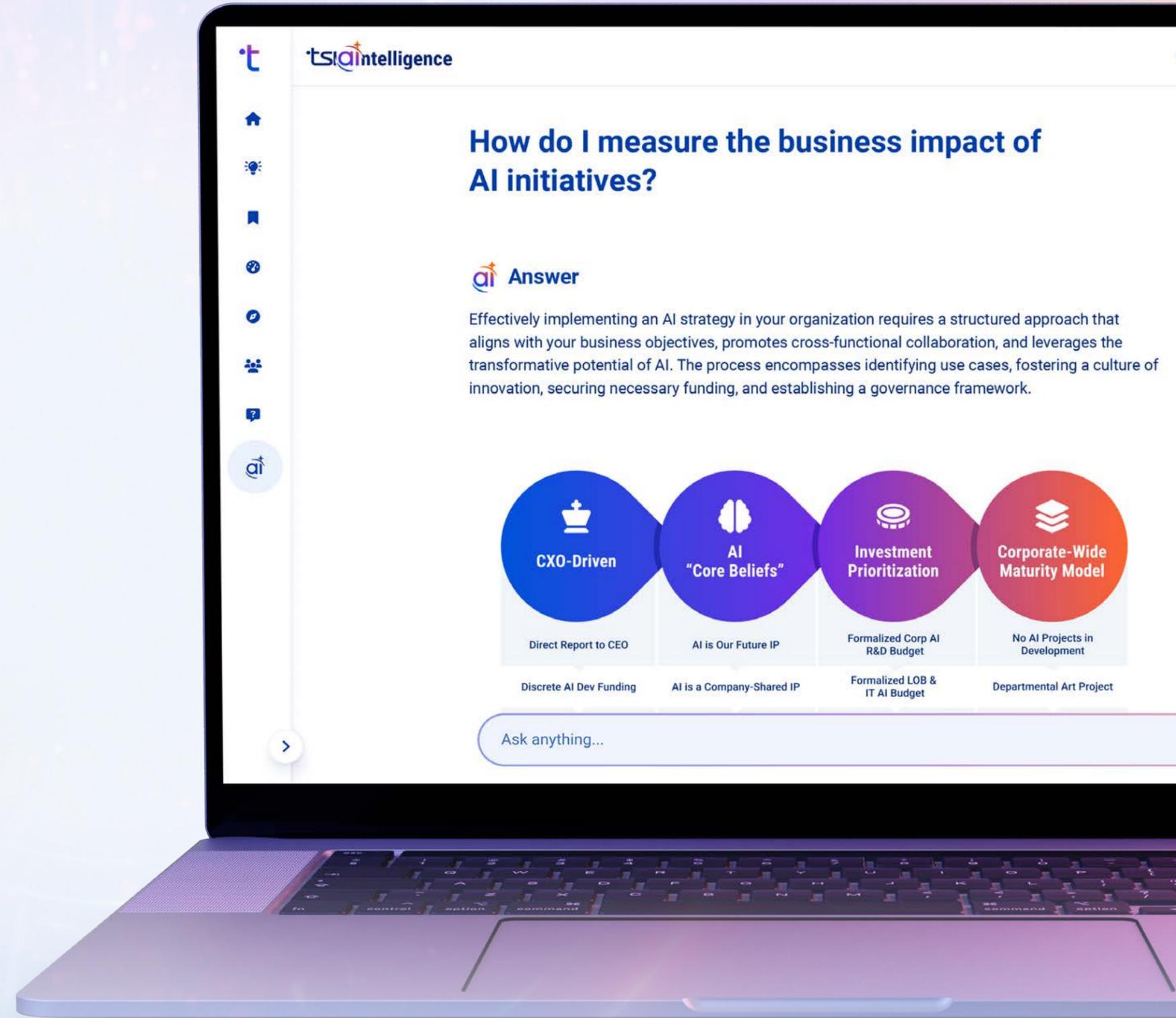**Trusted Answers, Not Generic AI:** Based on TSIA's proprietary data—not the open web.

Instant Value: Summarizes reports, answers questions, and visualizes data in seconds.

Built for Tech Services: Specialized insights tailored to your industry challenges.

Experience TSIA Intelligence today— for free—in the TSIA Portal.

Generic AI gives general answers. TSIA's AI gives the right ones.

Ask a question ▷

How do I measure the business impact of AI initiatives?

Answer

Effectively implementing an AI strategy in your organization requires a structured approach that aligns with your business objectives, promotes cross-functional collaboration, and leverages the transformative potential of AI. The process encompasses identifying use cases, fostering a culture of innovation, securing necessary funding, and establishing a governance framework.

CXO-Driven	AI "Core Beliefs"	Investment Prioritization	Corporate-Wide Maturity Model
Direct Report to CEO	AI is Our Future IP	Formalized Corp AI R&D Budget	No AI Projects in Development
Discrete AI Dev Funding	AI is a Company-Shared IP	Formalized LOB & IT AI Budget	Departmental Art Project

Ask anything...

The End of Services or the *ERA* of Services?

AI isn't eliminating services—it's launching the most service-intensive era tech has ever seen

Why? The last mile of AI adoption—vertical requirements, messy data, legacy systems, security—demands a powerful services layer.

The three truths

1 Serviceless AI is a myth
not software, or tech alone, define profitability

2 Pricing must shift
to value and outcomes

3 Incumbents have an advantage
over startups if they retool existing services

Download the AI Economics Declaration

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Why AI Changes the Economics of Technology

In the Cloud Era, value was proxied by access. Customers paid for seats. Growth came from expansion. Services helped customers get started, but responsibility for results largely stayed with the buyer. AI breaks that arrangement.

Autonomous AI agents don't support human work—they replace it. When productivity improves, fewer users are needed. And when revenue is tied to users, customer success becomes a liability for the provider.

This creates what many leaders are now experiencing firsthand: **a cannibalization dilemma**. The more effective AI becomes, the more it erodes seat-based revenue models.

AI Economics™ emerges from this tension. It describes a shift from pricing based on access or effort to pricing based on value delivered throughout the entire customer lifecycle. In this new economic model, outcomes—not usage—become the unit of value. And services become the means by which those outcomes are achieved, sustained, and expanded.

A Market Splitting Along Economic Lines

As AI reshapes value creation, the technology market is already dividing into distinct paths.

Established incumbents remain profitable but constrained by legacy pricing and operating models. Many are layering AI features onto existing platforms, hoping to protect installed bases without fundamentally changing how value is monetized.

Cloud-era leaders, built for rapid subscription growth, face a different set of pressures. Their seat-based economics and high-cost go-to-market models are increasingly exposed as AI compresses margins and reduces expansion potential. Additionally, in some cases, AI devours the capabilities of traditional software.

In contrast, AI-native challengers are taking a more radical approach. They are selling outcomes directly, often at a loss, while building the services, engineering, and delivery infrastructure required to own customer results over time.

The distinction between these groups is not innovation velocity. It is an economic orientation. And services sit at the center of that divide.

The Last Mile Makes Services Central

Early enthusiasm around generative AI suggested a continuation of product-led growth: powerful models, simple APIs, rapid adoption. Reality intervened.

Enterprise environments are complex, fragmented, and constrained by legacy systems, chaotic data landscapes, and critical governance requirements. AI models cannot simply be deployed and left to operate. They must be integrated with proprietary data, secured within existing architectures, monitored for drift, and continuously optimized as conditions change.

This "last mile" is where most AI initiatives struggle—and where services become indispensable.

Professional services integrate AI into real-world environments. Managed services ensure models continue to perform. Customer success validates outcomes. Support prevents failure before it impacts the business.

In the AI era, services no longer create value. They define it.

Five Shifts Redefining Technology Services

Shift From Products to Outcomes

AI accelerates the change from selling tools to selling results. Customers no longer want platforms that might deliver value. They want outcomes that are engineered, delivered, and maintained.

Outcome-oriented services shift operational risk from the customer to the provider. "Go-live" becomes the starting point, not the finish line. Ongoing performance, optimization, and accountability are built into the offer itself.

Shift From Feature Selling to Consultative Engineering

As outcomes replace features, selling changes becomes the focus. Demonstrations and slide decks lose relevance when customers demand proof that AI will work inside their specific environment.

This drives the rise of consultative, engineering-led sales models. Forward Deployed Engineers embed with customers to design solutions, integrate systems, and take responsibility for results. The sale becomes a design exercise, and trust is built through delivery capability—not promises.

Shift From Seat-Based Pricing to Value-Based Models

Seat-based pricing cannot survive widespread automation. As AI reduces the need for human users, revenue tied to user counts declines.

Organizations are shifting toward value-based consumption and outcome-oriented pricing models. These approaches align revenue with impact rather than access, enabling AI success to drive growth rather than erosion.

Shift From Reactive Services to Proactive Intelligence

AI transforms how services operate across the organization—support shifts from break-fix to prevention. Managed services evolve into continuous optimization engines. Customer success moves from usage monitoring to value realization. Field services become data-driven and prescriptive. Education services shift toward adaptive, AI-powered learning paths.

Across all service lines, AI removes administrative friction and elevates human judgment—turning services into a strategic asset rather than an operational burden.

Shift From Functional Silos to Value-Aligned Organizations

AI exposes organizational fragmentation. Disconnected sales, services, support, and success teams create gaps that undermine the delivery of outcomes.

Leading organizations are restructuring around value, introducing centralized value engineering functions, cross-functional delivery pods, and shared accountability for results. When structure aligns to outcomes, AI scales. When it doesn't, complexity compounds.

The Organizational Reset: Why Structure Now Determines Profitability

Delivering AI outcomes requires new operating models.

1 **Value Engineering Offices**
define what outcomes are sold—and how success is measured.

2 **Service pods**
align delivery teams around customer outcomes, not functions.

3 **Centers of Excellence**
provide scale, governance, and AI infrastructure.

This isn't org design theory. It's an economic necessity. AI amplifies whatever structure you already have. If your model is broken, AI exposes it faster.

What's Slowing the Transition

Despite urgency, many organizations are stuck.

1 **Foundations are brittle.**

2 **Data is fragmented.**

3 **Financial models resist variability.**

4 **Skills are scarce.**

5 **Services remain un-engineered.**

AI cannot automate chaos. Before scaling AI, companies must address operational debt, standardize service offerings, and establish the data discipline AI requires. Transformation doesn't start with models. It begins with foundations.

Compete or Concede

The technology services sector is entering a period of separation. Some companies will defend legacy pricing, treat AI as a feature, and protect short-term predictability. That path leads to disintermediation. Others will cannibalize themselves, redesign services around outcomes, and embrace AI Economics head-on.

There is no neutral ground. You will compete—or you will concede. The Services Era belongs to those who sell results and deliver them relentlessly.

Join the AI Economics™ Movement

AI is rewriting the rules of value creation.

Explore the AI Economics Resource Center to learn how pricing, services, and operating models must evolve together. Then, access the State of Technology Services 2026 report in the TSIA Portal for the comprehensive research, data, and frameworks shaping the Services Era. This is how you win the race to AI profitability.

TSIA's Complete Ecosystem

Benchmarking

Proprietary, data-driven comparisons against peer companies.

Performance Optimizer (self-serve or researcher-led): Measures maturity, identifies gaps, and compares against industry averages.

DataViews & Key Metrics: Bite-sized benchmarks (e.g., renewal rates, adoption ratios) available in the TSIA Portal.

Expert Inquiry

An Expert Inquiry is a direct engagement with a TSIA Research Executive to answer a specific business question or validate a strategy. Inquiries are addressed via a curated email response or a 30-minute call, depending on the complexity of the issue.

TSIA Intelligence (AI)

The first AI built exclusively for technology services. Provides trusted answers in seconds, complementing the expertise of human researchers.

Advisory Services

Advisory Blocks:
1–4 hour hyper-focused, virtual sessions solving a specific challenge.

Interactive Strategy Reviews (ISRs):
Researcher reviews strategy docs and hosts a 2-hour interactive session with recommendations.

Workshops:
Half to full-day engagements for team enablement and transformation planning.

Speaking Engagements:
Keynotes, executive briefings, or panels delivered by TSIA experts.

TSIA Portal: Research & Insights

A rich library of proprietary research and tools.

Formats include:

- Research Reports (deep analysis)
- State of the Industry Reports (annual, free)
- Framework Papers (visual best-practice models)
- Articles (thought leadership)
- DataViews (benchmark stats, always paid)
- Webinars & Podcasts (free, expert-led)
- Industry Stories (real-world applications)
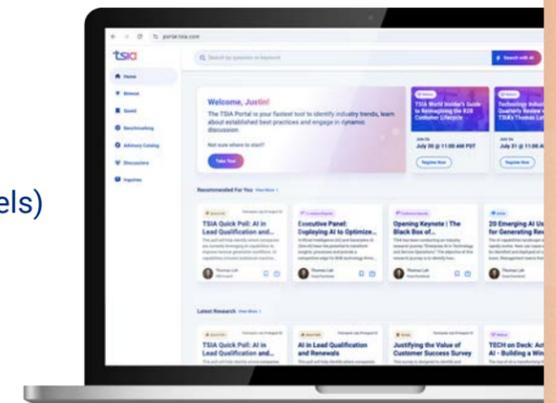
Community & Peer Learning

Advisory Boards:
Peer councils by Research Area.

Conferences:

Technology Services World

Keynotes, breakouts, and networking with thousands of executives.

STAR Awards:
Recognition of member success stories.

Executive-Hosted Forum:

tsia BOARD SUMMIT

An invite-only experience for TSIA Advisory Board executives to think deeply, connect meaningfully, and act decisively on the future of technology services.

Role of TSIA Researchers & Experts

Content Creators:
Develop all research, frameworks, and models.

Inquiry Responders:
Deliver fast, curated answers and benchmark validation.

Advisory Partners:
Lead Advisory Blocks, ISRs, workshops, and speaking engagements.

Conference Leaders:
Present keynotes, facilitate boards, and run panels.

Community Anchors:
Contribute to boards and discussions, shaping peer learning.

AI + Human Synergy (TSIA Intelligence):
Provides instant answers, while researchers add context, nuance, and strategic guidance.

Contact us

Free

Explore TSIA's ecosystem with limited access to research and AI tools—ideal for getting familiar before you commit.

- **Limited** TSIA Intelligence
- ✓ **3 AI Inquiries:** Specialized AI Q&A for technology services.
- ✓ **3 AI Content Assistant Uses:** Instant summaries and deep dives into reports, videos, and more.

- ✓ **Limited Access** to TSIA research
- ✓ **Performance Optimizer Benchmarks** free version

Best for you

Individual

Get full, self-serve access to all research areas, TSIA Intelligence, and benchmarking—built for SMB leaders and solo professionals ready to level up.

- 👤 **Single User**
- **Unlimited** TSIA Intelligence
- ✓ **AI Inquiry:** Specialized AI Q&A for technology services.
- ✓ **AI Content Assistant:** Instant summaries and deep dives into reports, videos, and more.

- ✓ **Access to all TSIA Research Areas Content** including reports, on-demand content, webinars, data, and personalized study results
- ✓ **TSIA World** Industry Conference discounts

Best for your company

Enterprise

Access organization-wide research, expert advice, and advanced benchmarking to drive large-scale service transformation.

- 👥 **Unlimited Users**
- **Unlimited** TSIA Intelligence
- ✓ **AI Inquiry:** Specialized AI Q&A for technology services.
- ✓ **AI Content Assistant:** Instant summaries and deep dives into reports, videos, and more.

- ✓ **Everything in Individual** plus:
- ✓ **Expert Inquiry:** Personalized 1-on-1 guidance calls with TSIA researchers
- ✓ **Full Expert-led Benchmarking** with Performance Optimizer
- ✓ **Advisory Services**
- ✓ **Annual Industry Briefings**
- ✓ **Speaking Engagements**
- ✓ **Interactive Strategy Reviews**
- ✓ **TSIA World Industry Conference** vouchers
- ✓ **TSIA Board Summit Executive Event** invites
- ✓ **Be recognized among peers and customers** with STAR Awards
- ✓ **Member Success Planning**

Contact us

Questions? Our team is here to guide you toward the right TSIA solution for your needs.

Get in touch

tsia

Make smart decisions.®

TSIA (Technology & Services Industry Association) is dedicated to helping technology and services organizations large and small grow and advance in the technology industry. Find out how you can achieve success, too.

Have questions? Let us know.

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