



AI and the Global Outsourcing Industry

Briefing for Vendor Leadership

What is changing, what it means for the vendor model, and the decisions in front of leadership.

Phil Hatch

Published by Akholi

October 2026

AAO-127

AI is moving outsourcing value away from labor faster than vendors have learned to manage the work that replaces it.

Complete paper edition of the vendor leadership analysis.

[Read the paper online](#)

Executive Summary

AI is moving outsourcing value away from labor faster than vendors have learned to manage the work that replaces it. Provider leadership must decide how to price changed work, build the delivery capability required to perform it, and make the human effort supporting automated services visible to the customer.

The market is growing unevenly. In the first half of 2026, as-a-service annual contract value rose 53% to \$59.2 billion, while managed services rose 2.7% to \$22.1 billion. Within managed services, information technology outsourcing contracted even as business process outsourcing grew. Aggregate technology spending therefore provides an incomplete picture of the pressure on labor-based delivery.

Clients expect agentic AI productivity improvements of 30% to 40%, while most providers commit to 6% to 15%. Buyers increasingly want to pay for outcomes. Providers continue to rely heavily on time and materials or fixed-price arrangements, restructure their workforces, and compete with customers' expanding captive centers.

Results at scale remain limited. Analyst research reports a wide gap between adoption plans and established returns, alongside substantial rework and forecasts of project cancellation. Vendor-side evidence from 150 engagements at Tier 1 financial institutions shows staff rating organizational readiness, co-management, and vendor capability far worse than the AI technology. Frontline staff describe holding delivery together through manual correction that rarely reaches the client through the disclosure route measured.

Five leadership decisions follow: how to share productivity and price outcomes; what delivery capability must exist before the work is sold; how to disclose intervention; who owns joint decisions; and how to protect workforce capability while planning the onshore and offshore mix. Each requires an accountable owner and a decision date.

The Market Is Growing Away from the Labor Model

As a Service Growth Conceals Weakness in Managed Services

The ISG Index measures the annual contract value of commercial outsourcing and as-a-service contracts. In the first half of 2026, the combined market rose 35% to \$81.3 billion. Cloud infrastructure and software as a service accounted for most of that growth. Managed services, comprising ITO, BPO, and engineering research and development, grew much more slowly.

First Half 2026 Commercial Contract Value

Market segment	Annual contract value	Year-on-year change
Combined market	\$81.3 billion	+35%
As a service	\$59.2 billion	+53%
Managed services	\$22.1 billion	+2.7%
ITO within managed services	\$15.5 billion	-5.6%
BPO within managed services	\$4.8 billion	+47%

Market segment	Annual contract value	Year-on-year change
Engineering research and development within managed services	\$1.8 billion	-2.8%

Managed-service subsegments are components of managed services, not additional amounts to add to the combined market. Source: ISG Index, Q2 2026.

Managed services had grown just 1.3% in 2025, to \$43.4 billion, its slowest growth since 2020. ISG’s interpretation matters for vendor planning: some activity reflects work changing providers or operating models rather than entirely new outsourcing demand.

“Much of this activity appears to reflect work moving between providers and changing operating models rather than entirely new outsourcing demand.”

ISG Index, July 2026

Source 1: ISG Index, Q2 2026 release (9 July 2026) and Q4 2025 release (15 January 2026). Annual contract value of commercial contracts. XaaS is cloud infrastructure and software as a service. Managed services is ITO, BPO, and ER&D.

ir.isg-one.com source record

www.businesswire.com source record

AI Is Reducing the Contract Value of Routine Application Work

Standalone application development and maintenance, the largest area of ITO, recorded a 20% decline in contract value in the first quarter of 2026. ITO contract value subsequently fell 5.6% in the first half. ISG identified coding, testing, and documentation as routine, pattern-based work where large language models exert deflationary pressure.

Enterprises are also consolidating suppliers, bundling service towers, and taking costs out to fund AI. A provider can therefore encounter both reduced labor requirements within its existing work and a different allocation of the customer’s technology budget. Revenue preservation requires a deliberate service and commercial response.

“Application development and maintenance (ADM) services remained under pressure, as AI-led work ate into the ACV of labor-based models.”

ISG Index, July 2026

“... traditional labor-intensive work is increasingly displaced by LLMs.”

ISG Index, July 2026

“We believe AI is deflationary to routine, pattern-based work where LLMs excel: coding, testing, documentation, etc.”

Stanton Jones and Steve Hall, ISG, April 2026

Source 2: ISG Index, Q1 2026 release (16 April 2026) and Q2 2026 release (9 July 2026). ISG Index Insider, 24 April 2026.

ir.isg-one.com source record

isg-one.com source record

Revenue and Headcount Are No Longer Moving Together

The six listed providers in the comparison reported revenue growth of 0.9% to 7% in their respective quarters. The four India-based providers grew least. The comparison preserves the reporting periods used in the original October 2026 analysis; the quarters and reporting conventions differ.

Six Vendor Revenue and Workforce Comparison

Vendor	Latest quarter	Revenue growth, year on year	People at quarter end	Change on the year	Change on the quarter
Accenture	June to August 2026	7%	About 814,000	About +35,000	Not stated
Cognizant	April to June 2026	4.1%	356,700	+12,900	-900
TCS	April to June 2026	3.2%	593,798	-19,271	+9,279
HCLTech	April to June 2026	2.6%	223,889	+738	-3,292
Infosys	April to June 2026	2.4%	Not stated	Not stated	Not stated
Wipro	April to June 2026	0.9%	Not stated	Not stated	-2,500, excluding an acquisition

Growth is year on year in constant currency, except Accenture's local-currency measure. Accenture covers June–August 2026; the other companies cover April–June 2026. Rounded company figures remain rounded. Not stated means the comparison does not supply a verified figure.

TCS grew revenue 3.2% with 19,271 fewer employees than a year earlier, although it added 9,279 people from the preceding quarter. HCLTech's workforce was 3,292 lower than in March but 738 higher than a year earlier. Accenture and Cognizant grew faster and employed more people than a year earlier. Wipro's quarterly reduction excludes the Mindsprint acquisition. Infosys's headcount is omitted because the latest figure used in the original analysis appeared only in secondary reporting.

Source 3: company results releases and earnings call transcripts for each vendor's latest quarter. Growth is in constant currency (Accenture: local currency). Headcount changes computed from the companies' own figures. Infosys's latest headcount appears only in secondary reports and is not shown.

www.tcs.com source record

www.infosys.com source record

www.wipro.com source record

Providers Are Passing Productivity Back to Customers

Senior provider executives describe productivity gains flowing into client pricing. TCS put the productivity passed on at approximately 10% to 15% in most places. Infosys acknowledged competitive pressure and revenue compression. Wipro discussed productivity already built into large operations deals, while noting that newer AI work could command a premium. HCLTech linked acceptance of lower revenue to a larger share of the customer's business.

“One quantification I can give you is in most places, the productivity gain passed on is around 10% to 15% range.”

K Krithivasan, Chief Executive Officer, TCS, July 2026

“... the competitive intensity in the market has gone up and the productivity will get passed back to the client largely.”

Jayesh Sanghrajka, Chief Financial Officer, Infosys, April 2026

“... there will be a lot of productivity, forward productivity that gets baked into deals.”

Aparna Iyer, Chief Financial Officer, Wipro, July 2026

“And it will mean some reduction in revenue for us. And we are okay with that.”

C. Vijayakumar, Chief Executive Officer, HCLTech, July 2025

“We are definitely seeing the compression.”

Salil Parekh, Chief Executive Officer, Infosys, April 2026, as cited in the original speaker notes

The commercial exposure extends beyond the labor removed. A fixed fee can coexist with additional review, exception handling, coordination, or other work that the original price did not anticipate. Productivity sharing and service economics must therefore be evaluated together.

Source 4: earnings call transcripts. TCS Q1 FY27 (9 July 2026), Infosys Q4 FY26 (23 April 2026), Wipro Q1 FY27 (16 July 2026), HCLTech Q1 FY26 (14 July 2025).

[www.tcs.com source record](https://www.tcs.com/source-record)

[www.infosys.com source record](https://www.infosys.com/source-record)

[www.wipro.com source record](https://www.wipro.com/source-record)

Client Expectations Exceed Provider Commitments

BCG's February 2026 research surveyed more than 115 enterprise executives and more than 75 provider executives. Enterprises expected agentic AI productivity improvements of 30% to 40%; most providers committed to 6% to 15%. Nearly 60% of enterprises reported no measurable total-cost-of-ownership improvement yet in deals that included agentic AI. These are different measures: expected productivity, promised productivity, and realized total cost should not be treated as interchangeable.

Persistent Systems' chief executive separately told Reuters in August 2026 that customers were demanding the same work for 25% to 30% less. The study's engagement testimony shows the operating pressure that can sit behind an unchanged commercial agreement.

“In June we were asked to add two more allocation reviewers and were told the fee is fixed on the numbers agreed last year, which nobody has revisited since agents took half the run. So we absorbed it.”

Engagement Manager, BPO, Trade, settlement and reconciliation

Source 5: BCG, The \$200 Billion AI Opportunity in Tech Services (20 February 2026), surveys of more than 115 enterprise executives and over 75 provider executives. Reuters via Yahoo Finance, 20 August 2026. Study: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi.

[www.bcg.com source record](https://www.bcg.com/source-record)

[finance.yahoo.com source record](https://finance.yahoo.com/source-record)

Buyers Want Outcomes while Providers Continue to Price Effort

HFS's Enterprise Pulse Study surveyed 202 senior enterprise leaders at organizations with at least \$1 billion in revenue. Effort-based pricing remained the most used mechanism, but respondents expected it to decline. Outcome-linked, consumption-based, platform, and gainshare mechanisms had positive outlooks.

Expected Change in Pricing Mechanisms over the Next Two Years

Mechanism	Used today	Net expected increase
Outcome or value linked	35%	+72 percentage points
Usage or consumption based	51%	+65 percentage points
License platform or subscription	48%	+60 percentage points
Gainshare or risk reward	15%	+54 percentage points
Fixed fee or milestone	62%	–50 percentage points
FTE or effort based	65%	–61 percentage points

Net equals the share expecting more use minus the share expecting less. It is not a projected market share. For effort-based pricing, 70% expected less use and 9% more; 75% expected more outcome-linked pricing. Source: HFS Research.

More than 70% of enterprise decision makers in BCG’s research preferred output- or outcome-linked models for customer experience and BPO. About 60% of providers still relied on time and materials or fixed price for agentic AI services. IDC forecast that 30% of contractual service-provider engagements would be outcome based by 2029. The forecast describes an expected future position, not an achieved market share.

“We must stop pricing this as if it were bodies on a floor.”

Portfolio Director, ITO, Technology engineering and operations

Source 6: HFS Research Enterprise Pulse Study 2026, 202 senior enterprise leaders at organizations with \$1 billion or more in revenue. Net is the share expecting more use minus the share expecting less. BCG, 20 February 2026. IDC, 11 May 2026. Study: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi.

www.hfsresearch.com source record

www.idc.com source record

The Operating Model Is Changing

Providers Are Restructuring Their Workforces

Large providers have recorded or announced substantial restructuring costs as they change their talent models. The amounts differ in timing and accounting treatment and should not be added as a comparable industry total.

Selected Workforce Restructuring Measures

Provider	Measure	Timing or qualification
Accenture	\$923 million	Business optimization actions over six months, reported December 2025; the latest quarter’s \$308 million was primarily severance
Cognizant	\$200 million–\$270 million	Severance and other personnel costs under Project Leap; substantially all expected in 2026
Capgemini	About €700 million	Restructuring over two years, mostly 2026; the company cited a technology shift primarily driven by AI

Provider	Measure	Timing or qualification
TP	€120 million–€140 million	Restructuring costs expected in 2026
TCS	About 12,200 jobs or 2% of its workforce	Announced July 2025, principally middle and senior management

“We are exiting on a compressed timeline, people where reskilling, based on our experience, is not a viable path for the skills we need.”

Julie Sweet, Chair and Chief Executive Officer, Accenture, September 2025

Stanford Digital Economy Lab research using US payroll data found a 16% relative employment decline among workers aged 22 to 25 in AI-exposed occupations. The decline was concentrated where AI automated rather than augmented work. That finding concerns a specific workforce and comparison, not a global outsourcing employment estimate. Nasscom provides a counterweight: India’s technology industry remained a net hirer in FY26, with headcount up 2.3%.

Source 7: Accenture Q1 FY26 call (18 December 2025) and Q4 FY25 call. Cognizant Q1 2026 results. Capgemini full-year 2025 results. TP H1 2026 results. Reuters, 27 July 2025. Brynjolfsson, Chandar, and Chen, Stanford Digital Economy Lab, 13 November 2025. Nasscom Strategic Review 2026.

finance.yahoo.com source record

digitaleconomy.stanford.edu source record

Customers Are Expanding Their Own Captive Centers

Global capability centers are enterprises’ own offshore operations. Xpheno data reported by Business Standard show their net hiring in India exceeding the IT services sector’s net hiring for three consecutive years. By FY26, the difference had widened to approximately 200,000 GCC hires against 110,000 in IT services.

India Net Hiring in the Comparison

Financial year	Global capability centers	IT services sector
FY24	60,000	50,000
FY25	110,000	100,000
FY26	200,000	110,000

Xpheno figures reported by Business Standard; values are approximate, as presented in the original chart.

Nasscom and Zinnov reported 2,117 GCCs in India employing approximately 2.36 million professionals in FY26. ISG’s State of BPO research found that 90% of 250 senior decision makers intended to increase the scope handled by their GCCs within the following 12 months. Captive expansion creates a second challenge for providers: customers can change the boundary between purchased services and retained delivery while adopting AI.

Source 8: Xpheno data reported by Business Standard, 20 May 2026. Nasscom and Zinnov GCC Landscape Report, 2 July 2026. ISG State of BPO Report, 17 June 2026, survey of 250 senior decision-makers.

www.business-standard.com source record

www.prnewswire.com source record

Automation Is Reducing Contact Volumes and Reshaping BPO

Concentrix reported a 0.5% constant-currency revenue decline in its third quarter of 2026. Its guidance implied a full-year decline of 0.3% to 0.8% and a fourth-quarter decline of 3.0% to 5.0%. TP’s first-half revenue declined 1.7% like for like to €4,883 million; the company described a sharp decline in Trust and Safety caused by accelerated automation.

Customer Service Leaders’ Workforce Responses

Response	Share of leaders
Under pressure to change the workforce as AI reduces contact volumes	80%
Reducing frontline headcount through attrition	63%
Implemented or planning layoffs in response to AI through early 2027	31%

Gartner, April 28, 2026; survey of 321 customer service leaders.

The Philippine IT-BPM industry body reduced its 2028 employment expectation to 1.85 million–2.14 million, from a 2.5 million projection made in 2022. Employment stood at 1.89 million in 2025. These are scenarios and reported employment levels, not a realized 2028 result.

The contraction is not uniform. BPO annual contract value rose 47% to \$4.8 billion in the first half of 2026. Concentrix said that businesses built during the preceding three years accounted for 50% of revenue. Work is changing hands and changing composition while some established contact activities contract.

Source 9: Concentrix Q3 2026 results (29 September 2026) and earnings call transcript (TradingKey). TP H1 2026 results (30 July 2026). Gartner, 28 April 2026. IBPAP 2026 industry overview and GMA News (14 July 2026). ISG Index, 9 July 2026.

www.globenewswire.com source record

www.tp.com source record

www.gmanetwork.com source record

www.gartner.com source record

AI Service Costs Can Rise and Staffing Decisions Can Reverse

Gartner forecast generative AI customer-service costs above \$3 per resolution by 2030, higher than the cost of many offshore human agents in business-to-consumer service. The forecast reflects rising data-center costs, AI vendors’ shift from subsidized growth toward profitability, and greater token consumption. It is a forecast about cost per resolution, not a present comparison applicable to every service.

In Gartner’s October 2025 survey, 20% of 321 customer service leaders said they had reduced agent staffing because of AI. Gartner subsequently predicted that 50% of companies attributing headcount reductions to AI would rehire for similar work under different job titles by 2027.

Commonwealth Bank of Australia illustrates the risk of acting before the service requirement is understood. In August 2025, it reversed the removal of 45 customer-service roles that it had attributed to AI, called the decision an error, and apologized after finding that the roles were not redundant. Staffing decisions require evidence about the complete work remaining after automation, including demand that automation changes or creates.

Source 10: Gartner press releases of 26 January 2026 (cost forecast), 2 December 2025 (survey of 321 leaders, October 2025) and February 2026 (rehire forecast). ABC News, 21 August 2025.

www.abc.net.au source record

www.gartner.com source record

Agentic AI Plans Have Outpaced Scaled Results

Adoption Plans Do Not Establish Production Readiness or Returns

Deloitte’s State of AI research found close to three quarters of companies planning agentic AI deployment within two years. The evidence on production scale, governance maturity, and established returns was much narrower. The indicators below come from different surveys and populations; they are not directly comparable measures of one adoption funnel.

Reported Progress on Production Governance and Returns

Indicator	Reported share	Research population
Moved 40% or more of AI pilots into production	25%	Deloitte; 3,235 business and IT leaders
Scaled AI across multiple business units	22%	Gartner; 1,303 respondents
Mature governance of agents	21%	Deloitte; companies planning agentic AI
Established return on investment	8%	KPMG Global AI Pulse; 2,110 senior executives

Workday’s survey of 3,200 employees, fielded in November 2025 and published in January 2026, found that nearly 40% of AI time savings were lost to rework. Gartner forecast in June 2025 that more than 40% of agentic AI projects would be canceled by the end of 2027. The former concerns reported rework; the latter is an analyst forecast. Both bear on the provider’s need to measure completed service value rather than gross time saved by a tool.

Source 11: Deloitte, State of AI in the Enterprise 2026, 3,235 business and IT leaders. Gartner, 1 September 2026, 1,303 respondents. KPMG Global AI Pulse, Q1 2026, 2,110 senior executives. Workday, 14 January 2026. Gartner, 25 June 2025.

www.deloitte.com source record

newsroom.workday.com source record

www.gartner.com source record

Forward Deployed Engineering Can Leave Clients Dependent

Forward-deployed engineering places vendor engineers inside the customer organization to build agentic AI. Gartner’s September 2026 forecast predicted that 70% of enterprises would abandon agentic AI built through this approach by 2028 because of escalating costs and an inability to evolve the resulting systems independently.

Gartner also forecast that fewer than 20% of forward-deployed engineering engagements would turn recurring customer needs into capabilities in the vendor's core product through 2028. It warned that some firms relabel consulting as forward-deployed engineering without the delivery depth implied. In June 2025, it estimated that only about 130 of the thousands of purported agentic AI vendors were genuine agentic providers.

“Some charge premium fees without the delivery depth, program management, or change management maturity to justify them.”

Gartner, September 2026

“The sales team pitched our dev kit we built as being optimized for AI. No one in sales checked if it was.”

Portfolio Director, ITO, Technology engineering and operations

The provider leadership question is whether sales claims match delivery capability. An AI label does not establish that the platform, operating playbook, change management, or client transition model has been engineered for the work being sold.

Source 12: Gartner press releases of 29 September 2026 and 25 June 2025. Study: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi.

www.gartner.com source record

Inside Delivery the Human and Organizational Gaps Dominate

Readiness and Co Management Rated Worse than the Technology

Akholi's study draws on 850 vendor delivery staff describing 150 agentic AI outsourcing engagements at Tier 1 financial institutions during the first half of 2026. Staff supplied ratings and written accounts. By the study date, 56 engagements, or 37%, had been canceled.

Share of Indicator Ratings Classified as Distressed

Area	Distressed ratings	Rating base
Financial institution readiness	51%	15,966
Co-management	49%	15,968
Vendor capability	48%	15,943
AI technology	32%	15,911
Third-party ecosystem	32%	15,947

Distressed means a rating of 3 or below on a 1–10 scale. Each area comprises 20 indicators. Bases count ratings, not unique respondents. The three organizational areas sit within three percentage points and should not be ranked as materially different from one another.

Organizational readiness, co-management, and vendor capability each attracted distressed ratings in approximately half of responses, compared with approximately a third for the technology and third-party

ecosystem. The testimony locates a substantial part of the delivery problem in how two firms organize and manage the work.

“There is nothing joint about it. Two firms in one weekly call, each waiting for the other to make a decision that neither of them owns.”

Engagement Manager, KPO, Corporate and back-office functions

Source 13: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. Vendor-side testimony from 850 delivery staff on 150 engagements. Distressed means a rating of 3 or below on a 1 to 10 scale. Bases count the ratings given.
[akholi.com source record](#)

Providers Are Learning on Live Client Engagements

Reported Agentic AI Experience and Capability Gaps

Measure	Result
Employer had delivered agentic AI outsourcing for one year or less	82% of 571 respondents
Personal agentic AI experience of one year or less	793 of 793 respondents
Working on their first agentic AI engagement	46% of 799 respondents
Written answers faulting vendor management playbook knowledge or production experience	123 of 150 engagements
Written answers faulting quality assurance platforms or operation of agents at scale	105 of 150 engagements or 70%

Respondent bases vary by question. Written-answer results identify engagements with coded testimony below zero on the named indicators; they are not independently verified findings about every provider.

The experience gap reaches beyond the familiarity of individual staff with AI tools. Respondents describe missing production experience, operating playbooks, management knowledge, quality assurance, and the ability to run agents at scale. Those capabilities determine whether a vendor can deliver the service it has contracted to provide.

“Nobody in my company has run alert triage live before. Not one person.”

Individual Contributor, ITO, Technology engineering and operations

Source 14: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. Bases count the respondents who answered each question. Written answers counted where a coded answer about the respondent's own engagement scored the named indicators below zero.
[akholi.com source record](#)

Frontline Staff Correct Work by Hand while Client Disclosure Remains Rare

Among valid responses, 91% of 667 individual contributors reported manually altering the institution's data, processes, or AI output, compared with 6.6% of 181 managers and directors. The distinction shows why senior reporting can miss the work required to make delivery usable.

What Respondents Reported Altering

Object altered	Share and valid yes-or-no response base
----------------	---

Object altered	Share and valid yes-or-no response base
Institution data	50% of 839
Institution processes	58% of 841
AI output	34% of 828

Reported Discussion of Alterations

Recipient or subgroup	Pooled yes-or-no answers
Client discussion across the three methods	13 of 1,004
Client discussion reported by individual contributors	0 of 990
Discussion with respondents' own management	70% of 1,113

These counts pool valid answers across alteration questions. They do not count unique people, distinct incidents, or engagements; the study does not establish what the client learned through other routes.

Written answers from 136 of the 150 engagements, or 91%, faulted human review or change control. The operating issue for vendor leadership is that the customer-visible service can depend on fixes that the vendor's own reporting does not adequately expose. Intervention changes cost, accountability, repeatability, and the evidence needed to explain an output.

"It won't give the same answer twice, and I can't sign my name to something that won't hold up. So I fix the Output myself."

Individual Contributor, ITO, Technology engineering and operations

Source 15: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. Alteration shares use the respondents who answered yes or no. Disclosure counts pool the yes-or-no answers on three of the alteration methods.
[akholi.com source record](#)

The Workforce Carrying Delivery Is under Strain

In the study, 54% of 799 respondents rated members of their team likely to leave within 12 months, meaning a score of 7 or above on a 1–10 scale. Written answers from 96 of 150 engagements were coded as tired or stressed. These measures describe reported expectations and testimony, not observed future departures or a clinical assessment.

"Its just there was five of us doing the work of twelve and that grinds you down"

Individual Contributor, CXM, Client servicing and communications

Replacement capability is difficult to acquire. ManpowerGroup's 2026 Talent Shortage Survey covered 39,063 employers in 41 countries, with fieldwork in October 2025. AI model and application development, cited by 20%, and AI literacy, cited by 19%, led its global ranking of hard-to-find skills. Leadership therefore needs to protect the people whose judgment and manual work sustain delivery while developing the operating competence that reduces the dependence on them.

Source 16: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. ManpowerGroup 2026 Talent Shortage Survey (26 February 2026), 39,063 employers in 41 countries, fieldwork October 2025.
[akholi.com source record](#)
[www.manpowergroup.com source record](#)

US Policy Creates Scenarios for the Onshore and Offshore Model

The policy position below preserves the October 2026 analysis and the status dates in the underlying records. A proclamation, an implementing agency policy, a proposed rule, and a bill are different instruments. Their effects should not be combined into an assumed current outsourcing tax or fee.

Policy and Litigation Timeline in the Analysis

Date	Development
September 19 2025	A proclamation required a \$100,000 payment for certain new H-1B petitions.
October 6 2025	The HIRE Act, proposing a 25% tax on outsourcing payments, was referred to the Senate Finance Committee; the analysis records no further action.
December 2025	A federal district court in Washington, DC upheld the proclamation in a case brought by the US Chamber of Commerce.
June 8 2026	A federal court in Massachusetts vacated the implementing agency policy.
July 24 2026	The First Circuit refused to pause that ruling.
August 25 2026	DHS proposed a \$103,265 fee on cap-subject H-1B petitions through rulemaking.
September 18 2026	An executive order specifically identified employers with outsourcing business models; their top six users held more than 25,000 H-1B cap registrations in FY2026.
September 23 2026	The \$100,000 payment was extended to September 21, 2027.
September 30 2026	A federal court in California vacated agency policies under both proclamations.

At the status date presented in the analysis, USCIS was not collecting the \$100,000 payment while the court orders remained in place. The courts had reached different conclusions and appeals continued. The proposed DHS fee remained a proposal, and the HIRE Act’s proposed outsourcing tax had not advanced beyond committee referral. Vendor workforce planning should therefore distinguish the operative position from contingent policy scenarios and revisit it as the underlying records change.

Source 17: Federal Register via GovInfo (23 September 2026 and 25 August 2026). Congress.gov bill status, S. 2976. White House, 18 September 2026. First Circuit order No. 26-1699. Yale OISS. CUPA-HR. KJZZ, 24 December 2025. Forbes, 1 October 2026.

www.govinfo.gov source record

www.govinfo.gov source record

www.ca1.uscourts.gov source record

oiss.yale.edu source record

Five Decisions for Vendor Leadership

The market evidence shows value moving away from labor-based work toward platforms and outcomes. The delivery evidence shows vendors learning the replacement work on live engagements, with frontline staff

carrying part of it by hand. Leadership should settle the following five decisions deliberately, with an owner and a date, rather than allow renewals and customer demands to determine them by default.

1 Pricing

Decide how much AI productivity to pass back to customers, on what timetable, and when the price should move away from effort. Use the complete service economics, including review, exception handling, coordination, and customer dependencies, to test whether the commercial commitment remains deliverable.

2 Delivery

Decide whether the agentic delivery playbook, quality assurance, and change-control capability must be established before the service is sold. Require evidence that the operating model can run the promised work at scale and that provider sales claims match production capability.

3 Visibility

Decide how manual correction becomes visible inside the provider and to the customer. Establish agreed reporting for intervention, the work altered, its reason, who authorized it, and the effect on cost, quality, and the customer's understanding of the delivered service.

4 Co Management

Set joint decision rights at the start of the engagement. Identify the owner of each consequential decision, the information needed to make it, the response time, and the escalation route. A recurring meeting does not establish shared operating authority.

5 Workforce and Policy

Protect the expertise and people carrying delivery while the replacement operating model develops. Assess the onshore and offshore mix against distinct US policy and litigation scenarios, while separating enacted or operative requirements from proposals and forecasts.

Notes on Scope and Evidence

This paper presents the complete argument and evidence of the October 2026 vendor leadership analysis in continuous prose, tables, and attributed testimony. Reporting periods, forecasts, survey populations, and policy status dates retain their original meaning. Different survey percentages should not be combined as though they measured one population.

The Akholi field study concerns Tier 1 financial institutions and vendor-side accounts. It is not a representative survey of every industry, an independent verification of customer knowledge, or a determination of legal breach. The cross-industry vendor-management implications are analytical applications of that evidence. Proposed leadership actions are recommendations.

Sources and Bibliography

1. ISG Index, Q2 2026 release (9 July 2026) and Q4 2025 release (15 January 2026). Annual contract value of commercial contracts. XaaS is cloud infrastructure and software as a service. Managed services is ITO, BPO, and ER&D.
<https://ir.isg-one.com/news-market-information/press-releases/news-details/2026/Global-Tech-Services-Market-Grows-at-Fastest-Pace-Ever-in-Q2-Propelled-by-Soaring-AI-Demand-ISG-Index/default.aspx>
<https://www.businesswire.com/news/home/20260115633375/en/Global-Technology-Demand-Reaches-Record-High-in-Q4-Fueled-by-AI-ISG-Index-Finds>
2. ISG Index, Q1 2026 release (16 April 2026) and Q2 2026 release (9 July 2026). ISG Index Insider, 24 April 2026.
<https://ir.isg-one.com/news-market-information/press-releases/news-details/2026/Global-Technology-Services-Market-Surges-to-New-AI-Fueled-High-in-Q1-ISG-Index/default.aspx>
<https://isg-one.com/articles/index-insider--is-ai-a-headwind-or-tailwind-for-it-services>
3. company results releases and earnings call transcripts for each vendor's latest quarter. Growth is in constant currency (Accenture: local currency). Headcount changes computed from the companies' own figures. Infosys's latest headcount appears only in secondary reports and is not shown.
<https://www.tcs.com/investor-relations>
<https://www.infosys.com/investors/news-events.html>
<https://www.wipro.com/investors/>
4. earnings call transcripts. TCS Q1 FY27 (9 July 2026), Infosys Q4 FY26 (23 April 2026), Wipro Q1 FY27 (16 July 2026), HCLTech Q1 FY26 (14 July 2025).
<https://www.tcs.com/investor-relations>
<https://www.infosys.com/investors/news-events.html>
<https://www.wipro.com/investors/>
5. BCG, The \$200 Billion AI Opportunity in Tech Services (20 February 2026), surveys of more than 115 enterprise executives and over 75 provider executives. Reuters via Yahoo Finance, 20 August 2026. Study: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi.
<https://www.bcg.com/publications/2026/the-200-billion-dollar-ai-opportunity-in-tech-services>
<https://finance.yahoo.com/technology/ai/articles/ai-reshapes-indias-services-sector-230207528.html>
6. HFS Research Enterprise Pulse Study 2026, 202 senior enterprise leaders at organizations with \$1 billion or more in revenue. Net is the share expecting more use minus the share expecting less. BCG, 20 February 2026. IDC, 11 May 2026. Study: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi.
<https://www.hfsresearch.com/research/headcount-era-fading-pivot/>
<https://www.idc.com/resource-center/blog/from-labor-arbitrage-to-platform-led-outcomes-how-agentic-ai-is-rewriting-the-it-services-playbook/>
7. Accenture Q1 FY26 call (18 December 2025) and Q4 FY25 call. Cognizant Q1 2026 results. Capgemini full-year 2025 results. TP H1 2026 results. Reuters, 27 July 2025. Brynjolfsson, Chandar, and Chen, Stanford Digital Economy Lab, 13 November 2025. Nasscom Strategic Review 2026.
<https://finance.yahoo.com/news/indian-tech-company-tcs-cut-103558769.html>
https://digitaleconomy.stanford.edu/wp-content/uploads/2025/08/Canaries_BrynjolfssonChandarChen.pdf
8. Xpheno data reported by Business Standard, 20 May 2026. Nasscom and Zinnov GCC Landscape Report, 2 July 2026. ISG State of BPO Report, 17 June 2026, survey of 250 senior decision-makers.
https://www.business-standard.com/amp/technology/tech-news/gccs-trump-it-services-sector-in-net-hiring-for-third-consecutive-year-126052001407_1.html
<https://www.prnewswire.com/in/news-releases/india-s-gccs-are-increasingly-leading-the-ai-mandate-for-global-enterprises-driving-global-value-creation-nasscom--zinnov-report-302817463.html>
9. Concentrix Q3 2026 results (29 September 2026) and earnings call transcript (TradingKey). TP H1 2026 results (30 July 2026). Gartner, 28 April 2026. IBPAP 2026 industry overview and GMA News (14 July 2026). ISG Index, 9 July 2026.

<https://www.globenewswire.com/news-release/2026/09/29/3371327/0/en/concentrix-reports-third-quarter-2026-results.html>

<https://www.tp.com/media/1yxhdsni/tp-press-release-h1-2026-results.pdf>

<https://www.gmanetwork.com/news/money/economy/994797/ibpam-cuts-2028-it-bpm-revenue-jobs-forecasts-after-roadmap-review/story/>

<https://www.gartner.com/en/newsroom>

10. Gartner press releases of 26 January 2026 (cost forecast), 2 December 2025 (survey of 321 leaders, October 2025) and February 2026 (rehire forecast). ABC News, 21 August 2025.

<https://www.abc.net.au/news/2025-08-21/cba-backtracks-on-ai-job-cuts-as-chatbot-lifts-call-volumes/105679492>

<https://www.gartner.com/en/newsroom>

11. Deloitte, State of AI in the Enterprise 2026, 3,235 business and IT leaders. Gartner, 1 September 2026, 1,303 respondents. KPMG Global AI Pulse, Q1 2026, 2,110 senior executives. Workday, 14 January 2026. Gartner, 25 June 2025.

<https://www.deloitte.com/us/en/about/press-room/state-of-ai-report-2026.html>

<https://newsroom.workday.com/2026-01-14-New-Workday-Research-Companies-Are-Leaving-AI-Gains-on-the-Table>

<https://www.gartner.com/en/newsroom>

12. Gartner press releases of 29 September 2026 and 25 June 2025. Study: Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi.

<https://www.gartner.com/en/newsroom>

13. Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. Vendor-side testimony from 850 delivery staff on 150 engagements. Distressed means a rating of 3 or below on a 1 to 10 scale. Bases count the ratings given.

<https://akholi.com/outsourcing-2026-agentic-ai-tier-1-banks/>

14. Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. Bases count the respondents who answered each question. Written answers counted where a coded answer about the respondent's own engagement scored the named indicators below zero.

<https://akholi.com/outsourcing-2026-agentic-ai-tier-1-banks/>

15. Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. Alteration shares use the respondents who answered yes or no. Disclosure counts pool the yes-or-no answers on three of the alteration methods.

<https://akholi.com/outsourcing-2026-agentic-ai-tier-1-banks/>

16. Outsourcing 2026: Agentic AI and Tier 1 Financial Institutions, Akholi. ManpowerGroup 2026 Talent Shortage Survey (26 February 2026), 39,063 employers in 41 countries, fieldwork October 2025.

<https://akholi.com/outsourcing-2026-agentic-ai-tier-1-banks/>

<https://www.manpowergroup.com/news-releases/news/global-talent-shortage-reaches-turning-point-as-ai-skills-claim-top-spot>

17. Federal Register via GovInfo (23 September 2026 and 25 August 2026). Congress.gov bill status, S. 2976. White House, 18 September 2026. First Circuit order No. 26-1699. Yale OISS. CUPA-HR. KJZZ, 24 December 2025. Forbes, 1 October 2026.

<https://www.govinfo.gov/content/pkg/FR-2026-09-23/html/2026-19554.htm>

<https://www.govinfo.gov/content/pkg/FR-2026-08-25/html/2026-17324.htm>

<https://www.ca1.uscourts.gov/sites/ca1/files/opnfiles/26-1699O-01A.pdf>

<https://oiss.yale.edu/news/presidential-proclamation-extends-h-1b-100000-fee-policy-fee-remains-blocked-by-court-order>