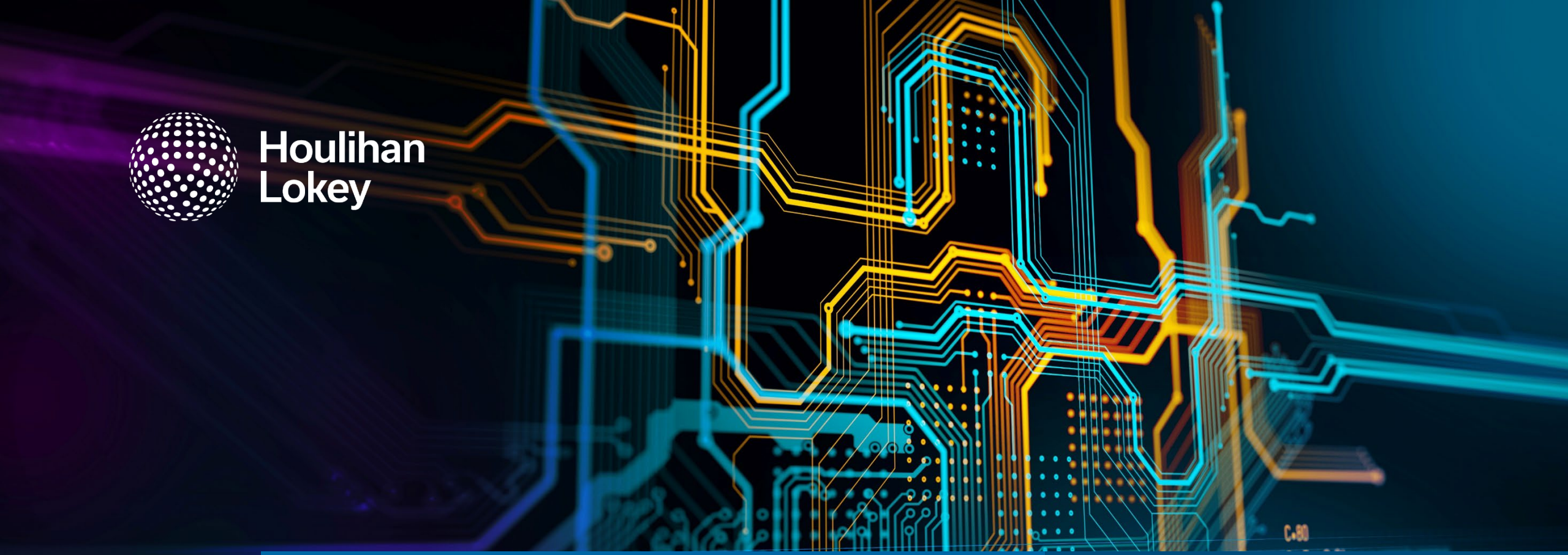


Houlihan Lokey

From Code to Creation

How AI Is Reshaping Digital Engineering

September 2025

About **Our Firm**

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank with expertise in mergers and acquisitions, capital solutions, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

CORPORATE FINANCE

2024 M&A Advisory Rankings
All Global Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**415**
2	Rothschild & Co	406
3	Goldman Sachs & Co	371
4	JP Morgan	342
5	Morgan Stanley	309

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

No. 1
Global M&A Advisor

Leading
Capital Solutions Group

FINANCIAL RESTRUCTURING

2024 Global Distressed Debt &
Bankruptcy Restructuring Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**88**
2	PJT Partners Inc	59
3	Rothschild & Co	48
4	Lazard	44
5	Perella Weinberg Partners LP	40

Source: LSEG (formerly Refinitiv).

No. 1
Global Restructuring Advisor

1,800+
Transactions Completed Valued at More Than $3.8 Trillion Collectively

FINANCIAL AND VALUATION ADVISORY

2000-2024 Global M&A
Fairness Advisory Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**1,243**
2	Duff & Phelps, A Kroll Business	1,045
3	JP Morgan	1,020
4	UBS	792
5	Morgan Stanley	698

Source: LSEG (formerly Refinitiv).
Announced or completed transactions.

No. 1
Global M&A Fairness Opinion Advisor Over the Past 25 Years

2,000+
Annual Valuation Engagements

Learn more about how our advisors can serve your needs:

Corporate Finance →

Financial Restructuring →

Financial and Valuation Advisory →

Our Industry Coverage →

Our clients benefit from our local presence and global reach.

34
Locations Worldwide

~2,000
Total Financial Professionals

347
Managing Directors(1)

2,000+
Clients Served Annually

$13.98B
Market Cap(2)

$2.5B
Annual Revenue(3)

AMERICAS	Atlanta	Los Angeles	**EUROPE AND MIDDLE EAST**	Amsterdam	Manchester	**ASIA-PACIFIC**	Beijing	Shanghai
	Baltimore	Miami		Antwerp	Milan		Gurugram	Singapore
	Boston	Minneapolis		Dubai	Munich		Hong Kong SAR	Sydney
	Charlotte	New York		Frankfurt	Paris		Mumbai	Tokyo
	Chicago	San Francisco		London	Stockholm			
	Dallas	Washington, D.C.		Madrid	Zurich			
	Houston							

(1) As of June 30, 2025.
(2) As of August 29, 2025.
(3) LTM ended June 30, 2025.

Fully Integrated Financial Sponsor Coverage

26
Senior officers dedicated to the sponsor community in the Americas and Europe.

1,900+
Sponsors covered, providing market insights and knowledge of buyer behavior.

850+
Private equity firms in the past five years have chosen Houlihan Lokey to advise on M&A or capital raises for their portfolio companies.

HLI LISTED NYSE

About **Our Business Services Industry Group**

Houlihan Lokey's Business Services Group combines extensive industry relationships with substantial experience to offer a broad array of M&A, corporate finance, restructuring, and financial and valuation advisory services to the business services industry.

2024 M&A Advisory Rankings
All Global Business Services Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**86**
2	Rothschild & Co	62
3	Goldman Sachs & Co	54
4	Benchmark International	49
5	JP Morgan	46

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

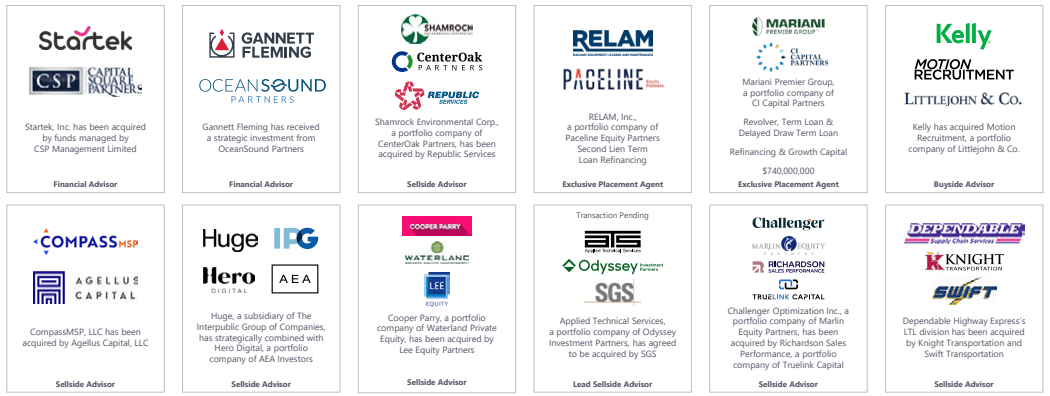
Based on number of transactions and according to data provided by LSEG (formerly Refinitiv), Houlihan Lokey was ranked the

No. 1

investment bank for all global business services M&A transactions

Business Services Industry Coverage

Featured Business Services Industry Transactions



Industry Sector Coverage

We cover a broad array of sectors, with financial professionals dedicated to each of our primary coverage areas.

- BPO Services
- Education Training and Services
- Engineering and Infrastructure
- Environmental Services
- Equipment-as-a-Service
- Facility and Residential Services
- HCM Services
- IT Services
- Marketing Services
- Specialty Consulting and Risk Services
- Testing, Inspection, Certification, and Compliance
- Transportation and Logistics

Key Facts and Figures

170+
Dedicated Business Services Financial Professionals

86
Completed Business Services M&A/Private Placement Transactions in CY24

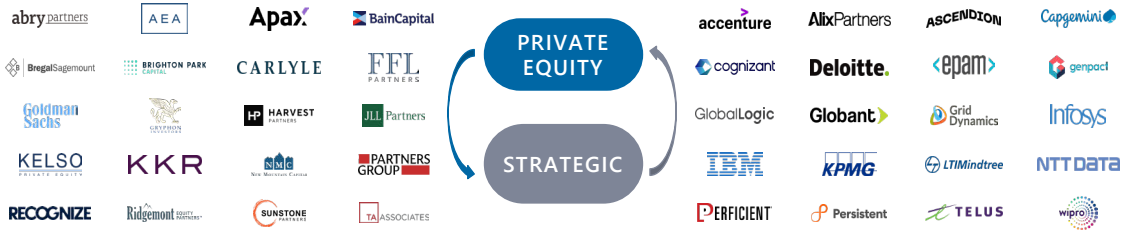
Tombstones included herein represent transactions closed from 2022 forward.

Houlihan Lokey's **IT Services Team**

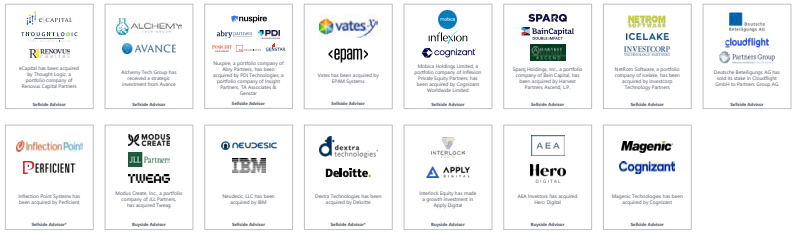
Deep IT services experience and success with some of the most active investors and strategic buyers.

Highly Relevant IT and Consulting Services Experience…

Houlihan Lokey maintains strong cross-cap relationships with leading investors and strategic buyers, driving proprietary insights.



With a proven track record of working with world-class financial sponsors and strategic buyers.



Tombstones included herein represent transactions closed from 2021 forward.
**Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.*

Leadership

IT Services Team

Leroy Davis
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Tripp Davis
Managing Director
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Horacio Yenaropulos
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Will Mahaffey
Vice President
WMahaffey@HL.com

Houlihan Lokey's IT Footprint

25+
IT Services Financial Professionals Across the Globe

4
Continents Covered

350+
IT Services Transactions

5+
Distinct Subsectors

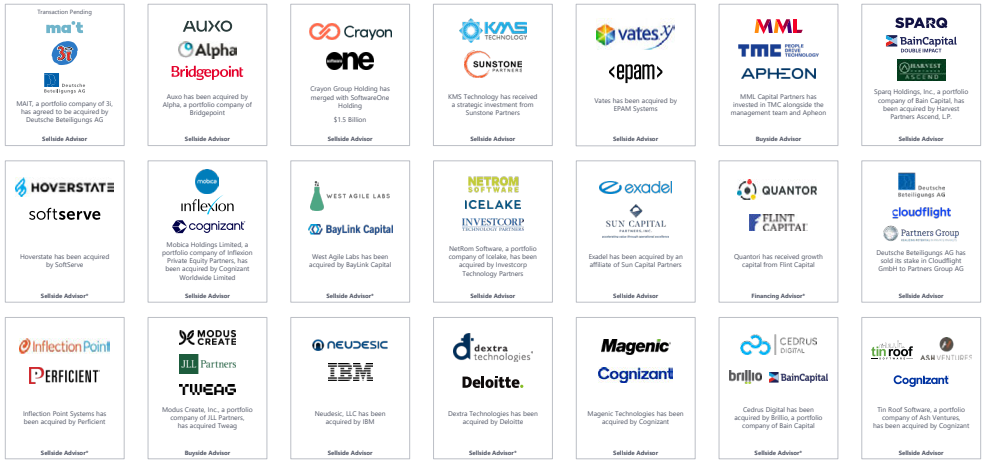
Houlihan Lokey's **Digital Engineering Team**

Houlihan Lokey's Digital Engineering team comprises financial professionals within the firm's IT Services practice.

Our clients run the gamut from early-stage businesses and midsized companies to large, market-leading corporations. We understand that an industry driven by innovation and change requires the sophistication of an advisor who can think ahead of the market and utilize solid industry relationships to help advance your vision.

We optimize client outcomes by running well-executed, competitive processes, focusing on deep domain knowledge to position for synergy and scarcity value, and leveraging our world-class strategic and private equity access to bring the right senior decision-makers to the negotiation table.

Featured Digital Engineering Transactions



Tombstones included herein represent transactions closed from 2020 forward.
**Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.*

Leadership

Digital Engineering and AI

Leroy Davis
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Malte Abrams
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Sara Napolitano
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Sameer Jindal
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Alex Scott
Vice President
Atlanta
AScott@HL.com

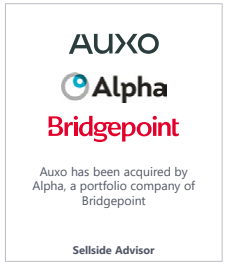
Frederik Gradl
Vice President
Frankfurt
Frederik.Gradl@HL.com

Verticals Covered

- Automotive
- Healthcare/ Health Systems
- Life Sciences/ Pharma
- Financial Services
- Real Estate/ Leisure
- Consumer
- Entertainment
- Industrials

Recent Houlihan Lokey Transactions in Digital Engineering

Alpha FMC Acquires Auxo Solutions



Jun-25

Transaction Overview

- Auxo Solutions (Auxo) is a leading technology engineering company specializing in modern enterprise solutions, cloud, data, and AI for the financial services industry.
- Co-founded by Ryan Lemoie and Mike Driesen, Auxo's proposition combines deep industry expertise with extensive software engineering capabilities.
- Through the acquisition of Auxo, Alpha is deepening its full-service technology capabilities to financial services and insurance clients.

Key Transaction Details

- Employees: ~300 (United States, Eastern Europe, APAC)
- Houlihan Lokey served as the exclusive financial advisor to Auxo and curated a highly competitive sellside process that maximized the outcome for stakeholders.

TMC to Receives Investment From MML Partners

Dec-24

Transaction Overview

- Founded in 2000 and headquartered in Eindhoven, the Netherlands, TMC is a mission-critical partner for international technology and R&D consulting.
- TMC provides unique know-how and expertise, collaborating with blue-chip clients in dynamic and fast-growing market sectors, such as technology and engineering, life sciences and pharma, energy and renewables, and digital and IT.
- MML is seeking to provide additional capital to strengthen TMC's ability to expand into new markets and develop cutting-edge capabilities for clients, thereby solidifying its position as the top global destination for high-tech engineering and digital talent.

Key Transaction Details

- Employees: ~2,750 (Western Europe, United States, APAC)
- Houlihan Lokey was mandated for its strong track record and expertise in the technology consulting and digital and IT services space, as well as its international footprint and local coverage.

KMS Technology Receives Investment From Sunstone Partners

Nov-24

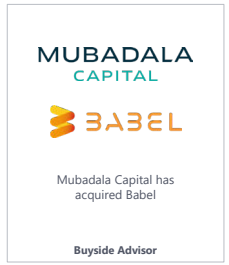
Transaction Overview

- KMS Technology is a leading digital consultancy that provides services in digital engineering, data, and artificial intelligence. KMS Technology has a strong reputation for providing high-quality consulting services with predominantly offshore delivery capabilities.
- Sunstone Partners was interested in partnering with KMS Technology to help the platform fuel its continued growth, innovation, and expansion of service offerings. With the growth capital, KMS Technology plans to bolster its integrated suite of innovative solutions designed to help businesses accelerate their digital product development and speed-to-market.

Key Transaction Details

- Employees: ~1,200 (Vietnam, United States, LATAM)
- KMS Technology attracted considerable interest from parties seeking to develop a digital engineering platform. Houlihan Lokey conducted a selective process, resulting in a premium outcome.

Mubadala Capital Acquires Babel



Oct-24*

Transaction Overview

- Babel is a leading European IT services consultancy that offers services in big data, analytics, cybersecurity, artificial intelligence, hyper-automation, and process robotics.
- Mubadala Capital (Mubadala) invested in Babel to continue its pattern of investing in tech consulting firms, as the global demand for digital transformation continues to rise.
- This transaction positions Mubadala as a prominent player in the expanding digital engineering market, as Babel looks to solidify its presence across multiple regions and tech sectors.

Key Transaction Details

- Employees: ~3,600 (Western Europe)
- Houlihan Lokey served as the buyside advisor, helping Mubadala negotiate to win the process despite numerous large counterparties.
- Closing of the transaction is subject to customary regulatory approvals.

Sources: Press releases, publicly available information.
**Announced date.*

Introduction to
AI in Digital Engineering

Why Digital Engineering Is Entering a New Era, and Why Investors Should Take Note

As AI reshapes the technology services landscape, digital engineering is undergoing a fundamental transformation. For incumbents and emerging players alike, AI presents a paradox: it promises to reduce the number of people required to build software—yet unlocks unprecedented opportunity for value creation.

Firms that embrace AI-enhanced delivery models are accelerating product development, shifting talent toward higher-order consulting and strategy work, and redefining client expectations around speed and quality. Strategic acquirers and industry leaders are already investing accordingly, betting on a future where smaller teams deliver faster, better, and more scalable solutions.

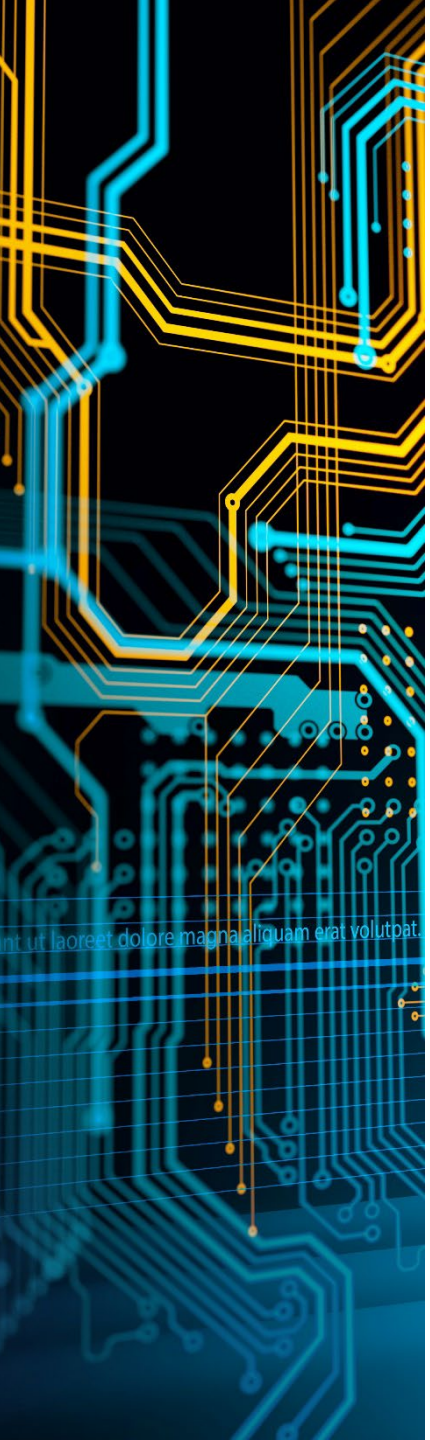
At Houlihan Lokey, we believe this shift is seismic. While private equity and many investors are still coming up the learning curve, the underlying productivity and revenue tailwinds suggest a market that is not just evolving—it is being rewritten. Now is the time to pay attention.

Source: McKinsey, "Tech Services and Generative AI: Plotting the Necessary Reinvention."

Against the Backdrop of Widespread AI Adoption, Digital Engineering Is Being Reshaped

AI is quickly becoming embedded across both business and personal domains, reshaping how work gets done and value is created. In digital engineering, its impact is particularly acute. McKinsey estimates that generative AI (GenAI) could drive $2.6 to $4.4 trillion in annual economic value, with software engineering among the most affected sectors.

White Paper Participants



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Digital Engineering Backdrop

AI is unlocking new market value for digital engineering services.

From Software Development to AI-Driven Digital Engineering (Digital Engineering 2.0)—An Evolution in How We Build

AI is reshaping software development, shifting toward intelligent automation, real-time learning, and cloud-native agility. Modern applications are no longer built through traditional coding alone; instead, AI systems help design and deploy software faster and with greater resilience. This evolution empowers engineers to innovate proactively, creating smarter, more adaptive solutions.

In an era where AI transforms software development, the most valuable skill isn't writing code—it's communicating intent with precision. Specifications, not prompts or code, are becoming the fundamental unit of programming, and spec writing is the new superpower.

Today's AI-Developed Digital Products and Next-Gen Services

- Personalized Treatment Recommendation AI-Enabled Engines Using EHR Data
- AI Copilots for Navigation, Route Optimization, and In-Car Voice Assistants
- AI-Driven Fraud Detection Engines for Finance and Insurance

Market Opportunity(1)

$200B

Estimated Market Size for AI-Related IT Services by 2029

30%

Estimated Profitability Gains From Capturing a Share of the $200 Billion Market

Outsourced AI Services: Expected to grow at a double-digit pace as enterprises seek external support due to limited in-house AI talent and early-stage adoption. Demand is rising for services like AIOps, coding copilots, and industry-specific solutions.

Outsourced Digital Services: Forecasted to grow 8% to 12% as providers embed GenAI into core offerings, including cloud enablement, legacy modernization, and advanced data and analytics services.

Enterprise Applications: Adoption is accelerating as companies deploy GenAI-enabled software to improve productivity and address long-standing IT and workflow challenges.

New AI Stack Solutions: Rapidly expanding market for GenAI-native tools and services, including large language models (LLM), orchestration layers, and modern data architectures, designed to enable scalable, enterprise-grade use cases.

Sources: Cognizant, Deloitte, IDC, MarketingLand.
Note: (1) McKinsey, "Tech Services and Generative AI: Plotting the Necessary Reinvention." (June 2024)

Digital Engineering Evolution Timeline From Open-Source to AI

Dynamic journey molded by the convergence of technology trends and innovations.

Open-Source and Agile Software Development

Modern Software Development Takes Shape

1983: Widespread pushback against the limitations of proprietary software.

1999: The term "open-source" is adopted.

2000: Salesforce launches its first application programming interface (API).

2001: Birth of Agile development methodology.

A Software of Collaboration

Mobile Application Development

2007–2011

2008: Apple App Store launches with more than 500 applications.

2008: Mobile applications built using C++, Java, Kotlin, Swift, etc.

2010: Google launches Android.

2011: Emergence of cross-platform development tools.

Rise of Mobile Applications Driven by the Invention of Smartphones and Tablets

DevOps Methodology

2011–2015

2011: DevOps becomes adopted on a universal scale.

2015: DevOps incorporated into the agile methodology of the Scaled Agile Framework (SAFe).

2015: Baidu's Minwa supercomputer sets record for image recognition.

Development and Operations Teamwork

Cloud-Native, Low-Code, and Foundational AI Emerges

2015–2024

2015: Inception of cloud-native application development centered around the scalability of applications.

2017: Rise of transformers and natural language processing (NLP).

2023: Widespread presence of large language models (LLMs).

2024: AI and machine learning (ML) are used as tools to modernize legacy applications.

2024: Strong demand for comprehensive low-code/no-code (LCNC) capabilities continues to rise.

User-Driven Shift Toward Seamless Cloud UX/UI

AI-Native Transformation

2025–Beyond

2025: AI agents begin executing full workflows across engineering and operations.

2025: Digital engineering replatforms on orchestration, LLMOps, and model infrastructure.

2025: Demand grows for AI-literate talent and human-in-the-loop system design.

Future: Prompt engineering and LLMOps emerge as core delivery roles.

Reshape Delivery, Talent, and Enterprise Workflows

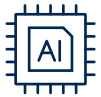
Sources: IBM, Forbes, Kromeon, Geeksforgeeks, S&P Global.

Digital Engineering Headwinds and Tailwinds

	Headwinds/Challenges	Tailwinds/Mitigants	Market Trends
AI/ML Replacement Risk	Skeptics warn that AI and ML could automate jobs, reduce demand for human roles, and shift focus away from human-led digital transformation.	• While automation may reduce the need for some entry-level positions, it simultaneously creates demand for a new breed of digital engineers. These mid- to senior-level professionals will be expected to blend deep technical expertise with AI fluency, business acumen, and strong interpersonal skills. Their role will shift from execution to orchestration—designing, governing, and optimizing AI-driven systems to deliver strategic, high-impact outcomes. • Moreover, the rise of AI introduces entirely new career paths focused on its responsible deployment. Roles in AI governance, ethical oversight, and regulatory compliance will become essential, ensuring that AI systems are transparent, fair, and aligned with societal values. These functions will not only safeguard public trust but also reinforce the human-centric foundation of digital transformation.	~$244B AI Addressable Market (2025E)(1) ~27% Expected Market CAGR (2024E–2031E)(1)
Regulatory and Compliance Challenges	Regulators are intensifying scrutiny of digital engineering's impact—like data security, AI ethics, and sustainability—as tech evolves faster than laws can keep up, leaving enterprises exposed in tightly regulated industries.	• To address these challenges, organizations are investing heavily in DevSecOps practices—embedding security and compliance into every phase of the development lifecycle. This proactive approach ensures that digital systems are not only resilient to cyber threats but also aligned with evolving regulatory standards. • In parallel, the rise of LCNC platforms is transforming how regulated industries approach digital transformation. These platforms enable faster, more controlled development cycles, reducing the risk of noncompliance while empowering domain experts to contribute directly to solution design. Industry forecasts suggest LCNC could account for up to 65% of all application development, underscoring its role in balancing innovation with governance.	~30% North America Market Share (2024E)(1) ~27% AI Investment CAGR (2020E–2025E)(2)
Organizational Resistance and Constraints	Many organizations hesitate to embrace digital engineering without proven ROI, often favoring short-term gains over long-term innovation, which can hinder digital transformation progress.	• While skepticism persists—particularly around emerging technologies like GenAI—rapid advancements and a growing body of successful use cases are steadily shifting perceptions. As generative AI matures, it is demonstrating tangible value across industries, helping to build trust among stakeholders and driving increased interest from CIOs and digital leaders. • Moreover, organizations are more willing to adopt solutions designed for adaptability—those that can evolve with changing project requirements, business needs, and technological advancements. These flexible, future-ready platforms empower solution providers to respond effectively to change, optimize resource utilization, and deliver improved project outcomes. This adaptability reduces perceived risk and enhances the appeal of digital engineering investments.	~40% Working Hours Impacted by AI(3) +19% U.S. AI Job Postings (2023A–2024A)(4)

Sources: (1) Statista; (2) IDC; (3) Accenture; (4) Aura, Alteryx, Gartner, IBM, Snowflake, Forbes, Deloitte, Virtusa.

Emerging Digital Engineering Trends

	Exploration and Definition	Why Is This Interesting?
 AI Agents/Pods	Creation of agentic systems that use an LLM to write initial code, a reinforcement learning model to optimize performance, and a monitoring agent to ensure compliance with security standards, all under human oversight.	**AI Agent Automated Digital Engineering:** IT service costs closely align with direct labor expenses, meaning even slight cost reductions can significantly boost profit margins. As routine coding demands decline, there's a growing need for strategic business insight to guide and interpret technical solutions.
 AI Agents in Enterprise Applications	Implementing AI Agents to autonomously interact with environments and users—handling tasks like customer service, data analysis, workflow optimization, and decision-making with speed and adaptability.	**Leveraging Internal and External AI Agents:** Infusing business applications with intelligent automation, AI agents transform rigid infrastructure into responsive, resilient ecosystems—enabling real-time optimization and seamless collaboration that maximizes client ROI.
 Consulting-Led Engagements	Companies increasingly expect their digital engineering collaborators to deliver rigorous ROI projections and compelling proof of concept up front—reflecting a shift toward data-driven decision-making and a higher bar for strategic alignment before committing resources.	**Favoring Digital Engineering Consultancies:** To meet rising client expectations, digital engineering firms are transitioning into strategic consultancy roles—emphasizing project milestones, ROI-driven strategies, and business outcomes alongside traditional technical execution.
 Senior Engineer Demand	With AI transforming technical workflows and clients seeking continuous strategic guidance, there's a rising demand for senior engineers who can prompt AI tools with precision and act as business-savvy consultants—bridging technology and client needs with fluency across both domains.	**Shifting the Delivery Model:** Digital engineering firms are moving away from the traditional offshore-heavy delivery pyramid. Instead, leaning into a flatter model centered on experienced, onshore talent—placing greater emphasis on senior engineers and consultants with deep technical expertise who can lead, strategize, and integrate AI effectively.
 Fixed Pricing Model	Modern fixed pricing in digital engineering is evolving to balance predictability with flexibility. Instead of rigid, scope-locked contracts, firms are adopting milestone-based fixed pricing—where payment is tied to clearly defined deliverables, timelines, and ROI metrics.	**Mutually Beneficial Pricing:** The new pricing model offers clients clearer budgeting, lower operational risks, and stronger business alignment, while allowing engineering firms to leverage AI-driven efficiencies rather than relying on the traditional billable-hours approach.
 End-Market Specialization	Off-the-shelf products are being outcompeted and losing market share to smaller niche products that focus on performing a specific task more precisely.	**Opportunities for Smaller Niche Service Providers to Gain a Foothold:** Thoughtful development of directed products and service offerings will allow for a more diversified digital engineering landscape.

Sources: Gartner, Forbes, Globant, Salesforce.

Globant's AI Pods

The new AI-enabled model that has the potential to disrupt traditional IT services.

The AI Pods are outcome-based agentic AI subscription products that offer clients monthly access to agentic AI capabilities under expert supervision.

Consistent Output: Users access a set number of tokens for defined, tailored outputs, ensuring a steady flow of high-quality deliverables. Once the token limit is reached, subscriptions can be renewed or AI Pods added—enabling effective resource management and confident planning.

Agentic AI Delivery: Advanced agentic AI systems, trained across domains like software development, UX, and QA, power highly efficient and precise AI Pods. Leveraging these capabilities helps users execute projects seamlessly while maintaining a competitive edge.

Human Supervision: AI Pods operate under the guidance of senior AI architects, who uphold innovation, alignment, and accountability throughout the project.

Global Verification: AI Pods adhere to top-tier quality and enterprise-grade security protocols. Through rigorous testing and validation, Globant ensures reliable results and safeguards data—empowering businesses to thrive in a secure digital landscape.

This exemplifies:

- The shift in digital engineering becoming more focused on harnessing efficiencies to produce specific outcomes rather than the traditional billable hour model.
- An effective GTM strategy and monetization of Agentic AI products designed to enable the digital engineering process.

Globant's AI Pod Products

Build E2E End-to-End Application Development	Creates digital solutions from scratch: product definition, development, and testing.
AMS E2E Application Maintenance Services	Optimizes the software development life cycle's maintenance phase, ensuring continuous application health and efficient issue resolution.
Product Definition Product Definition and Requirements	Conducts interviews, extracts insights, and generates structured backlogs ready for build.
SW Architecture Architecture	Reinvents existing solutions by redefining core, architecture, processes, and UX.
UX Design Design and Architecture	Translates product requirements into user flows, wireframes, and design systems.
Web Design Development	Generates high-quality frontend and backend code from design specs and architecture blueprints.
Test Automation Testing and QA	Automates testing across functional, performance, and security domains, with expert QA validation.
AI-Driven QC Testing and QA	Handles existing systems through code archeology, bug fixing, and maintenance.

Integrates With Hyperscalers, Technology Partners, and LLMs

Hyperscalers

aws Microsoft Google

Enterprise Technologies

SAP salesforce ORACLE servicenow

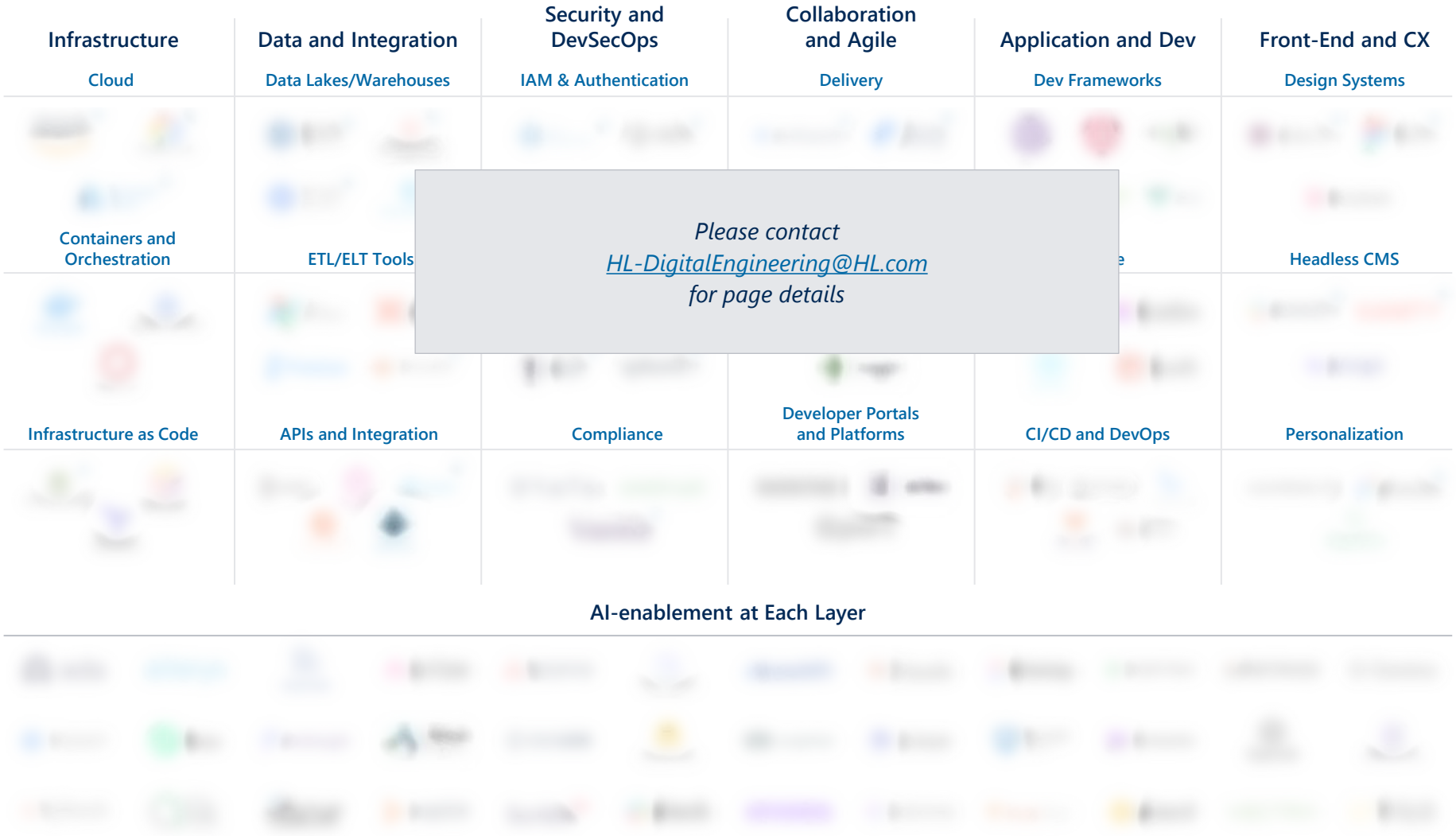
LLMs

OpenAI Gemini 100+

Sources: Globant, Yahoo Finance, Bain & Co.

Modern Developer's Tool Kit

AI's impact on the modern digital engineering technology stack.



Reshaping the Digital Engineering Stack

AI-native and other low-code/no-code tools are becoming embedded across every layer of the modern digital engineering tool kit, enhancing how software is built, tested, deployed, and monitored.

- AI-Native Tooling (Copilots, Prompt Engineering Frameworks)
- Composable AI-Driven Architecture (Micro Front-Ends, MACH)
- AI-Infused DevSecOps
- Domain-Driven Design and Platform Engineering
- API Centric Products (APIs-as-Products Mindset)

Digital Engineering 2.0

Note: Selected representative technologies.

★ Denotes Internal AI Solutions

Digital Engineering Process: Before vs. After

A shift from build-heavy projects to strategy-led, AI-driven iteration.

	Before	After 2025 (Digital Engineering 2.0)
Process Model	Waterfall	Consulting-Led/Agile
Phases	Strategy → Design → Build → Test → Deploy → Maintenance	Strategy → PoC → Build and Test (AI-Driven) → Deploy → Maintenance and Updates
Main Focus	Heavy Time Spent on Design and Build of Web/Mobile Applications	Modernizing Code, Business Processes, and Applications With AI
Development Cycle	Short (Months) to Long (Multi-Year)	Short, Iterative + Milestones, With Longer Maintenance (Months to Years)
Maintenance Effort	Low (Post-Launch Only)	High (Ongoing Enhancements and Bug Fixes)
AI Integration	Minimal or Experimental	Embedded in PoCs, With Growing Operational Use
Budget Approach	Full Funding Approved Upfront	Incremental-Scale Only if PoC Proves ROI
Risk Profile	High Sunk Cost if Project Fails	Lower risk via staged investment and early validation
Proof of Concept (PoC)	Rare or Informal	Standardized, critical to go/no-go decisions
Code Creation	Human	Human and AI
Examples	ERP Rebuilds, Legacy System Overhauls	AI Copilots, AI Agents, Low-Code Prototypes, Smart APIs

From Linear, Build-Centric Workflows to Agile, AI-Driven Processes With Continuous Iteration

Before 2025: Digital engineering followed a linear, capital-intensive model—most effort concentrated on design and build, with AI playing a minimal role. Maintenance was largely reactive and deprioritized post-deployment.

After 2025: The model shifted to agile, strategy-led execution. Small, modular AI projects are launched through PoCs, allowing for faster validation and dynamic scaling. Maintenance and enhancement are embedded throughout the lifecycle, enabling continuous delivery and clearer ROI.

Defining AI's Impact on Digital Engineering

Software engineers must adapt to evolving market demands amid AI's rapid rise.

Replacement Risk

- Replacement risk is often the first concern when considering AI's effect on the digital engineering job market. While AI has the potential to automate repetitive tasks through machine learning, potentially replacing certain roles, it will not eliminate the need for engineers entirely.
- AI should be seen as a productivity tool that enhances the efficiency and precision of engineering projects. By automating routine tasks or quality assurance processes, digital engineers can shift their focus to more complex projects while simultaneously delivering higher-quality, less error-prone results.

Current State of AI

- Automation of selective tasks such as basic code snippets, code refactoring, and assistance in bug detection/fixing.
- Generate code based on existing patterns and learned examples.
- Automate quality assurance and de-bugging processes.

Example Technologies

GitHub Copilot — AI-powered code completion tool developed jointly by OpenAI and GitHub that leverages machine learning.

PyTorch — Open-source deep learning framework known for computation used to debug and prototype AI models.

TensorFlow — Open-source catalog developed by Google and used for creating and testing deep learning models.

Critical Skills for Engineers in the Age of AI

Hard Skills

- Machine Learning and Data Science
- Neural Networks and Deep Learning
- Natural Language Processing
- Technical Debt Management

Soft Skills

- Clear Communication
- Domain Knowledge
- Critical Thinking and Problem-Solving
- Technological Adaptability

AI Augmenting, Not Replacing Engineers

- Digital engineering is far more than simple coding tasks, requiring significant problem-solving skills to craft complex algorithms aimed at solving material business problems. Although AI will disrupt the ecosystem in certain areas such as automating repetitive tasks and quality assurance, the need for human input, strategy, and execution is anticipated to persist for the foreseeable future.
- Software developers must stay up to date with the latest technologies and innovations to adapt to the evolving landscape but should not expect to be fully replaced by AI solutions in the near term.

Notable Viewpoints

Google

"AI will likely become capable of doing much of what a junior developer does within about a year — writing code, running tests, finding bugs — though it will still lack full problem-solving maturity and the broader understanding that human programmers bring"

Jeff Dean, Head of Google AI

"AI won't replace human workers, but people that use it will replace people that don't"

Andrew Ng, Co-Founder, Google Brain

Microsoft

"The way we create software is fundamentally changing. This time, the transition is to natural-language AI tools, some of which … will lower the barrier to entry for software development, make existing developers more productive, and ultimately lead to a new era of creativity"

Satya Nadella, CEO, Microsoft

snowflake

"AI will augment their (software engineers) productivity, making way for more engaging, high-value work, like creating architectures and designs, resolving ambiguity around hard business problems"

Qaiser Habib, Head of Canada Engineering, Snowflake

Sources: University of Chicago Booth School of Business, McKinsey, Google, Microsoft, Brainhub, Forbes, Snowflake, ANZ Bank.

Embedding AI Agents in and Across Enterprise Applications

Enterprise application providers and third parties double down on AI agents.

Many enterprise application technology providers are embedding their own in-house AI agents into their products.

Embedded Trust and Compliance: Enterprises already trust the core app's governance, security, and data architecture. Embedded AI inherits that trust.

Data Proximity: AI agents operating inside their own tech stack can leverage contextual data without complex integrations.

Monetization Pressure: These vendors must AI-enable their platforms to justify rising subscription costs and fend off external platforms.

AI Agent Orchestration: Native agents (SAP Joule, Salesforce Einstein, Oracle Digital Assistant, IBM Watsonx, etc.) will be tuned to workflows and governed by platform-specific logic (authorizations, data models, and workflows).

Frictionless UI: Embedded agents can be invoked in-line—no need to context-switch or leave the interface.

Notable Parties:

External third-party AI/automation tools (or technology partnerships) are layered on top of and linking different enterprise applications.

Composability: Enterprises want to stitch together best-of-class tools across fragmented application landscapes.

Bridging Technologies: Horizontal AI platforms can build orchestration layers across applications with the ability to read/export from one technology while actioning another.

Customization: Some customers want agents that reflect their internal ontology, security, and workflows.

Cost Control: External orchestration allows for lower-cost experimentation before committing to enterprise AI license tiers.

Vendor Lock-In Resistance: Enterprises don't want AI agents that only work in one technology—they want to traverse cloud, email, ERP, CRM, etc.

Notable Parties:

Outlook: Embedded will win tactical workflows, external will dominate orchestration.

Application Domain	Likely Winner	Rationale

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What Should We Expect?

Embedded AI agents to become default assistants within leading SaaS platforms like Salesforce Einstein Copilot, SAP Joule, and Oracle Guided Journeys. By operating close to user actions and data, they enable real-time decision-making and streamline tactical workflows directly within the application environment.

External AI agents will flourish in digital-native enterprises, large IT teams, and multi-app ecosystems. Their strength lies in orchestrating across disparate systems, coordinating multiple embedded agents, and optimizing complex, cross-functional processes from a centralized, high-level vantage point.

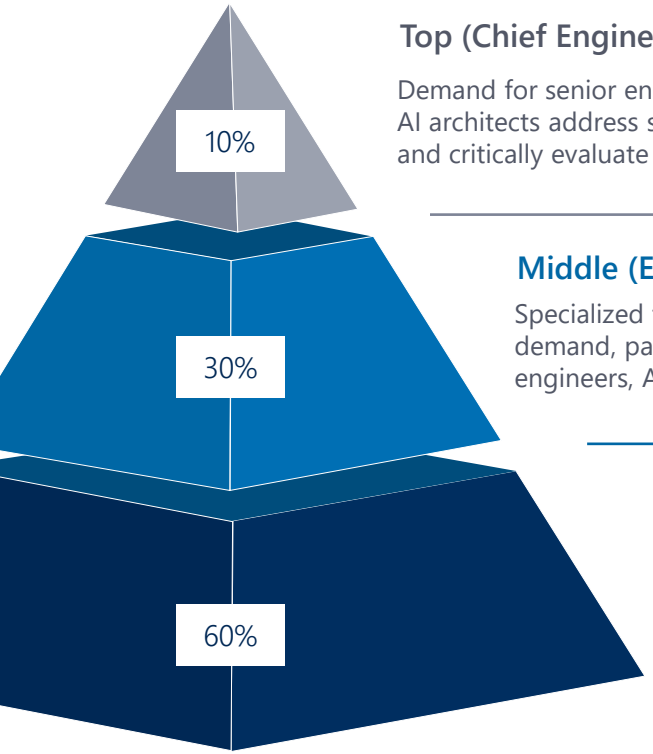
A hybrid future where AI routing engines decide which agent to invoke—internal or external—based on task, data source, and user role.

Sources: Forbes, CIO, Businesswire, Microsoft, Oracle, SAP, Salesforce, UI Path, Relevance AI, LangChain, IBM.

Evolving Delivery Model

The talent pyramid across service providers is set to undergo a significant transformation.

AI is reshaping software development by creating high demand for roles that integrate, govern, and apply AI—not just build it.
As AI becomes embedded across software, communication, integration, and intent definition are becoming just as critical as coding.



Top (Chief Engineers/Architects):

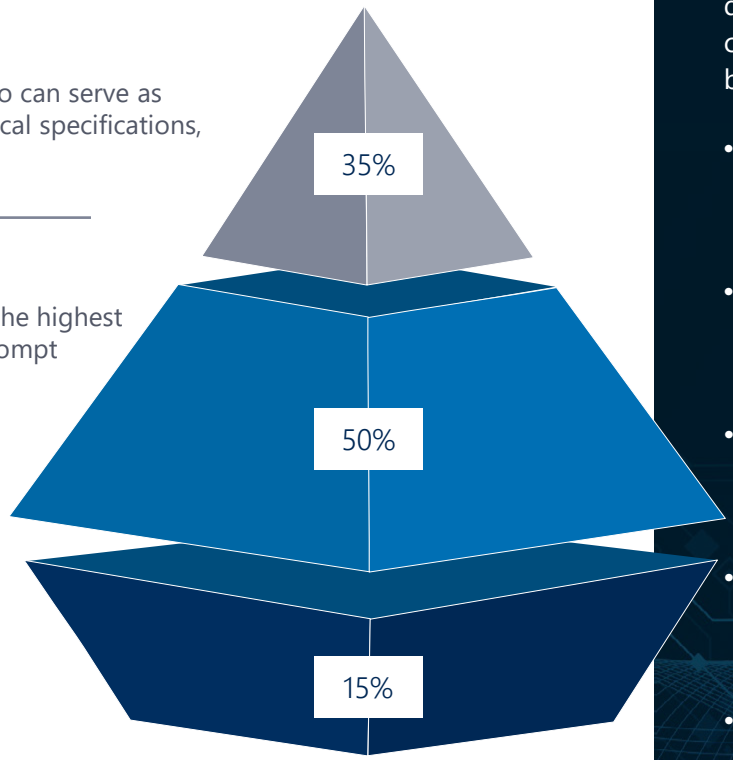
Demand for senior engineers is projected to rise, particularly for those who can serve as AI architects address security and ethical considerations, write clear technical specifications, and critically evaluate model behavior.

Middle (Engineering Leads/Senior Engineers):

Specialized talent capable of effectively leveraging AI will be in the highest demand, particularly roles such as AI/ML engineers, LLM and prompt engineers, AI product developers, and MLOps professionals.

Base (Entry-Level Engineers)

Widespread job displacement at the entry level is anticipated as workflow automation significantly reduces the need for certain roles.



Pyramid-Shaped Talent Distribution

Human Specifications and AI

Diamond-Shaped Talent Distribution

Why Digital Engineering Must Reinvent

The sector is at an inflection point—driven by rapid AI adoption, shifting customer expectations, and new business models.

- Traditional service models are under pressure from AI-led delivery and automation.
- Enterprises are demanding outcome-based, hyper-personalized solutions.
- GenAI is disrupting existing talent models and reshaping delivery structures.
- Service providers must pivot to IP-led offerings and vertical-specific solutions.
- Speed, agility, and innovation are now key differentiators for survival.

Source: Zinnov.

Talent Pool Breakdown

A Dynamic Landscape

AI is reshaping software development by shifting the focus from pure coding to problem-solving and strategic consulting. As automation handles more routine tasks, developers will increasingly act as consultants—defining project requirements, understanding business needs, and architecting solutions that align with broader objectives.

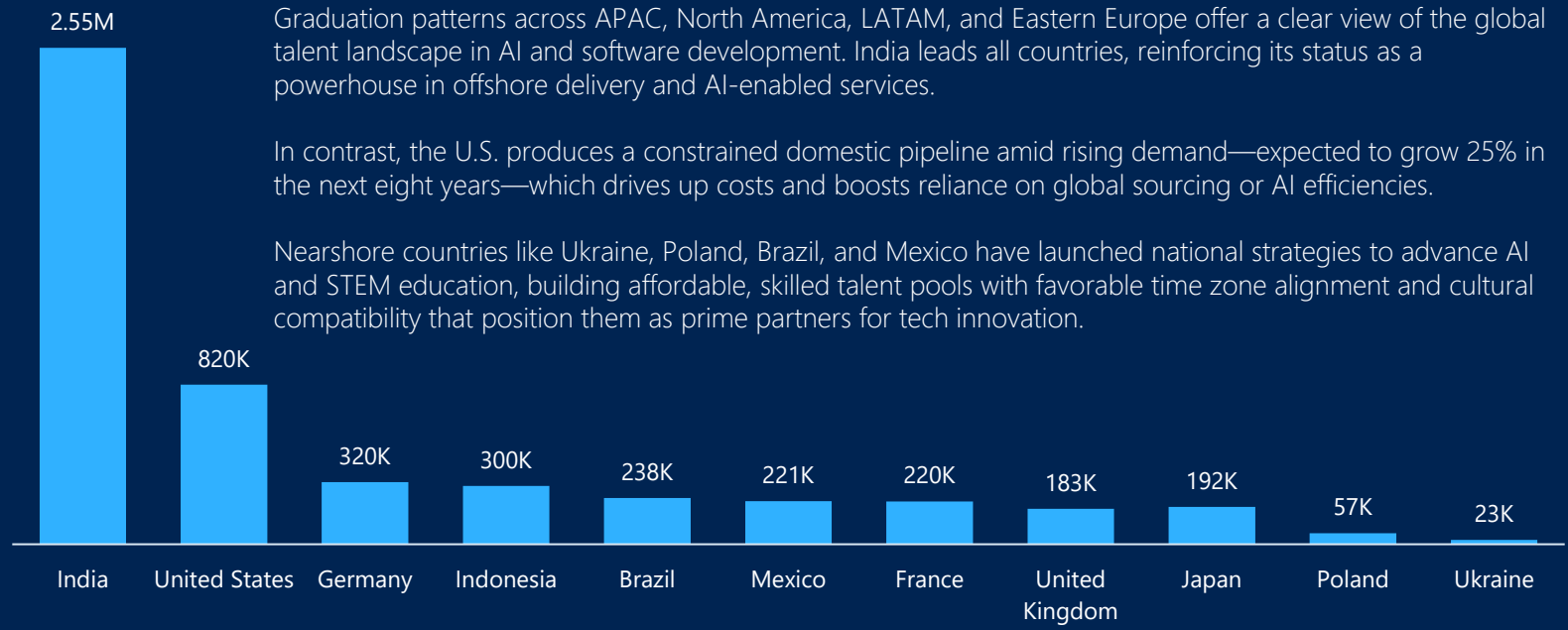
As AI becomes a foundational element of modern technology stacks, STEM programs worldwide are evolving to emphasize machine learning, data science, and AI application development. This shift is accelerating the emergence of AI specialists and consultants, increasingly supplementing or even replacing traditional software engineering roles.

Although around 30% of STEM graduates are expected to move into AI-enabled roles by FY 2026, this shift to AI will also democratize technology—elevating the importance of adaptability, creativity, and business insight alongside traditional STEM expertise.

AI will reward regions like India that have deep technical talent—but only if they evolve from execution partners to innovation partners. Those who combine engineering skills with consulting, domain knowledge, and communication will lead the next era.

Sources: (1) Georgetown Center for Security and Emerging Technology (2023), HSEA, Forbes, U.S. Bureau of Labor Statistics, The Economic Times.

Top Countries by Number of STEM Graduates[1]

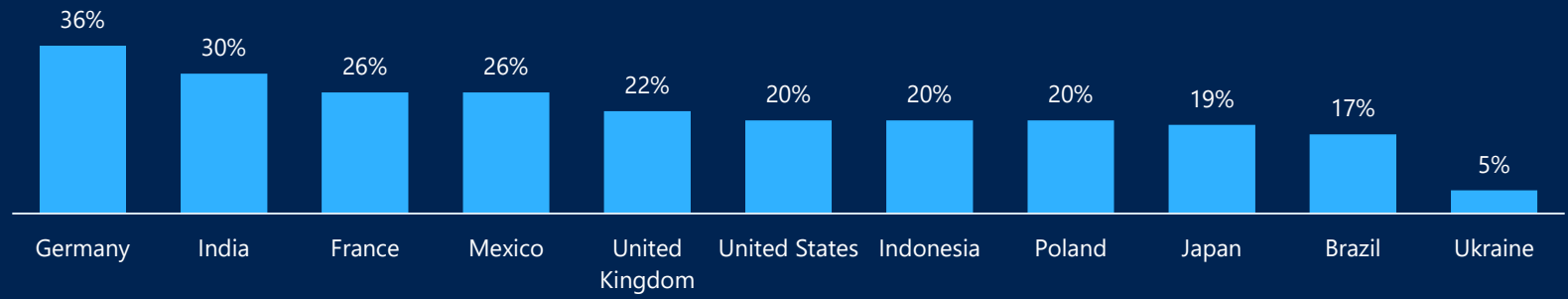


Graduation patterns across APAC, North America, LATAM, and Eastern Europe offer a clear view of the global talent landscape in AI and software development. India leads all countries, reinforcing its status as a powerhouse in offshore delivery and AI-enabled services.

In contrast, the U.S. produces a constrained domestic pipeline amid rising demand—expected to grow 25% in the next eight years—which drives up costs and boosts reliance on global sourcing or AI efficiencies.

Nearshore countries like Ukraine, Poland, Brazil, and Mexico have launched national strategies to advance AI and STEM education, building affordable, skilled talent pools with favorable time zone alignment and cultural compatibility that position them as prime partners for tech innovation.

Percentage of Total Graduation in STEM Fields[1]



Navigating Digital Engineering Delivery Models: **Onshore vs. Nearshore vs. Offshore**

	Onshore	Nearshore	Offshore
Delivery Proximity	Leverages delivery talent in the same region as client location.	Leverages delivery talent in adjacent regions from client location.	Leverages delivery talent in geographies distant from client location.
Geographic Delivery Examples	Delivery primarily in the U.S., ANZ, Japan, or Western Europe.	North American Clients: Delivery primarily in LATAM countries and in Canada. Western European Clients: Delivery primarily in Central and Eastern Europe.	North American Clients: Delivery primarily in Central and Eastern Europe, India, and the APAC region. Western European Clients: Delivery primarily in LATAM, India, and the APAC region.
Software Development Costs	Involves **premium bill rates**. Regarded highest in the market given geographic and language capabilities.	Involves **competitive bill rates**. Offers a strategic balance between cost savings and geographic proximity.	Involves substantial cost savings due to **lower labor and operational costs**.
Time Zone Differences	Uniform	Minimal	Significant
Cultural/Language Alignment	Shares cultural values, business practices, and language.	Provides some cultural similarities, with potential differences in business practices and minimal language barriers.	Potential cultural disparities with stronger differences in business practices and more substantial language barriers.
Legal and Regulatory Familiarity	Strongest understanding of local rules and regulations.	Requires understanding of legal and regulatory procedures.	Strong legal and regulatory differences, which can be complex and challenging.
Talent Pool	Limited pool of IT talent.	Expanded talent pool with access to nearby countries.	Largest talent pool offering a more expansive range of skills and expertise.
Impact of AI	Organizations will lean on senior-heavy pods with strong communication, design, and governance capabilities, while AI agents, copilots, and autonomous workflows take on continuous monitoring—lessening the need for traditional 24/7 coverage. Nearshore and offshore teams must evolve into high-value roles like AI integration, prompt engineering, model evaluation, and product design.		

A shifting landscape once led by outsourcing, now driven by AI.

As digital engineering firms grow, they've traditionally expanded talent across global locations to offer around-the-clock support and cost-efficient services. By adopting a multi-shore model instead of relying on a single region, these firms diversify delivery risk and tap into a wider pool of expertise. However, AI is reshaping this model—evolving it from a labor-arbitrage mechanism to a value-arbitrage ecosystem. In this new paradigm, leaner, more intelligent global teams will drive AI-powered execution, coordination, and measurable impact for clients.

Source: Hatchworks.

Mapping Digital Engineering Delivery
Global Digital Engineering Talent Centers, Salaries, and Bill Rates

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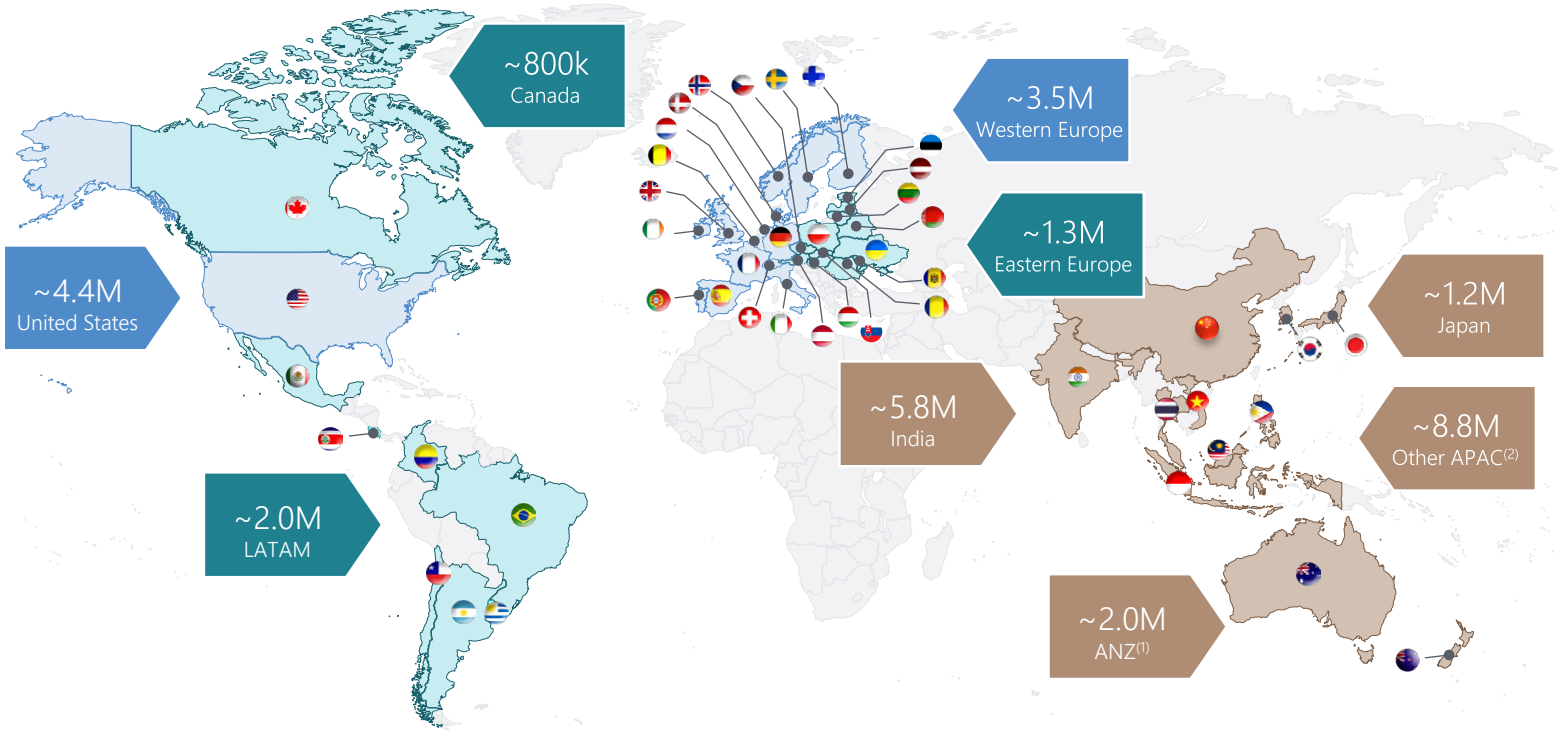
Talent Pool By Geography

Geo-based pricing has evolved significantly over the past two to three years. While AI has driven operational efficiencies, senior and mid-level employees remain critical, making delivery location decisions highly impactful to the bottom line for digital engineering firms.

Recently, more firms have also begun shifting away from traditional time-and-materials (T&M) models toward outcome- or milestone-based pricing structures, which better capture margin improvements from AI-driven efficiencies.



Onshore

United States | **Western Europe**

Nearshore

Canada | **LATAM** | **Eastern Europe**

Offshore

Australia/NZ | **Japan** | **India/APAC**

Pricing and bill rates in digital engineering are primarily driven by talent quality, technical complexity, location, domain expertise, and client urgency. Rates are higher for roles involving cloud, data, AI/ML, and platform engineering, especially when combined with consulting or product thinking. Nearshore or onshore delivery commands a premium due to time zone alignment and proximity to stakeholders. AI is expected to compress pricing for commoditized tasks like basic development, QA, and documentation, as these become automated. However, rates will likely increase for AI-enabled roles—like prompt engineering, model evaluation, and system orchestration—where human oversight and creativity remain crucial. In the long run, value-based pricing may replace time-based billing, especially as AI shifts output toward outcomes rather than hours.

Sources: Estimates based on Genius and Sequoia Capital as of Spring 2024.
Notes: (1) Australia and New Zealand; (2) China, Thailand, Singapore, South Korea, The Philippines, Vietnam, Malaysia, Indonesia.

Digital Engineering End Markets

Top digital initiatives within digital engineering end markets.

With increased demand for technological advancement and legacy infrastructure, these four industries have especially high growth potential.

Automotive

- Data-Based Insight Generation
- Autonomous Driving
- Connected Vehicles
- Electrification of the Powertrain
- Continuous Integration and Delivery (CI/CD)
- AI Prototyping and Testing

Healthcare/ Health Systems

- AR-Based Solutions
- Smart Wearable Devices
- Remote Monitoring Devices
- VR Customer Experience
- Digital Medical Platforms
- Connected Pharmacies

Life Sciences/ Pharma

- Virtual Data Assistants
- AI Drug Discovery
- Digitalized Clinical Trials and CROs
- Master Data Management
- Digital Data and Compliance Recordkeeping
- Real-Time Tracking, Forecasting, and Tracing

Financial Services

- Intelligent Middleware
- Next-Gen Banking
- Infrastructure Automation and DevOps
- Agile Framework
- AI/ML Driven Data Analytics
- Application Programming Interfaces (APIs)

Real Estate/Leisure

- Smart Homes
- Intelligent Systems
- Security Systems
- Property Management Software
- Virtual Property Tours
- Booking Systems

Consumer

- ML-Powered Digital Twin
- Autonomous Mobile Robots (AMR)
- AR-Embedded Product Packaging
- VR-Based In-Store and Factory Experience
- Smart Stores
- Integrated Business Planning

Entertainment

- AI/ML-Powered Direct-to-Consumer Initiatives
- IoT-Driven Experiences
- AI Content Production
- VR Immersive Experiences
- AI Data Management

Industrials

- Smart Stores
- Integrated Business Planning
- Parameter Optimization
- IoT-Enabled Solutions
- Big Data Warehouse
- Digital Operations
- Digital Product Development

Sources: Dataforrest, Deloitte, IBM, McKinsey, SpencerStuart.

Digital engineering and technology advancements are shaping industries.

In the digital age, companies across industries risk being left behind as robust external and internal applications become crucial for sustaining competitiveness in the broader market.

Automotive Digital Engineering End Market

83%
Of automotive leaders believe digital services will be key differentiators by 2040.

$3.5 Trillion
In potential revenue from digital-enabled services, comprising 40% of total industry revenue.

58%
Of all new cars sold in Europe in 2030 will be electric vehicles.

Factors Driving Rapid Technology Adoption in the Automotive Industry

1. The main disruptive forces behind the growing automotive software market are collectively known as ACES: autonomous driving (AD), connected vehicles, the electrification of the powertrain, and shared mobility. These are the primary contributors to the rapid growth in the space.
2. New participants continue to enter the electric vehicle (EV) market, and many have higher valuations than incumbent OEMs.
3. As the availability of high-tech driver solutions has increased, consumer preferences are changing with the adoption of driver assistance systems and autonomous driving.

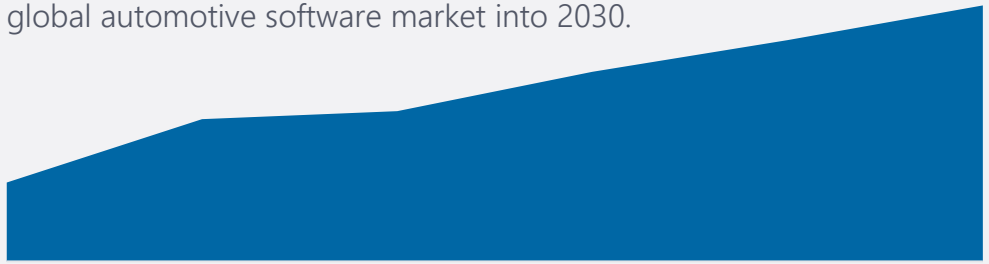
Applications of Automotive Technology

- Artificial Intelligence
- Autonomous Vehicles
- Driver Monitoring
- Electric Vehicles
- Passenger Safety
- Software-Defined Vehicles

Sources: Accenture, McKinsey, Society of Automotive Engineers, Lazard.

Market Size

McKinsey forecasts steady growth from the global automotive software market into 2030.



$462B
2030E

CAGR
5.5%
2020A-2030E

Market Outlook

01 Most tech players in the automotive industry are poised for growth over the next decade, despite automotive industry headwinds affecting traditional manufacturers and suppliers.

02 New automotive technology companies with a plethora of resources at their disposal, paired with successful suppliers that are better able to fund R&D, will enable them to capture lucrative market share.

03 As traditional combustion engine technologies continue to decline and mechanical components slide even further towards commoditization, software, electronics, and battery technology will primarily deliver growth.

Software Engineering in the Automotive Industry

Current Industry Trends

	Challenge	Solution
Digital Maturity Gap	Modern automotive systems have larger code bases and are becoming more complex, making IT management challenging.	Adopting continuous integration and delivery (CI/CD) practices and automated testing methodology can help overcome these challenges. Also, enterprises can resort to managed IT services.
Capturing Value From Digital and Analytics	The number of cyber threats has increased in recent years, putting driving safety and end-user data at risk.	Product development teams can implement robust security monitoring tools based on AI and ML. In addition, enterprises should run regular security audits of their digital ecosystems.
Early Innovation Catching Up	Automotive software engineering implies constant updating and optimization, requiring new software delivery models.	By implementing a SaaS delivery model, enterprises can continuously deliver new services and add value to their solutions.
Analytics Remain the Top Priority	Since automotive software development is no longer a one-time delivery, enterprises should spend more on continuous updating and maintenance.	By using small maintenance codes and utilizing open-source software development tools, automotive system engineers can reduce IT costs.

Modern Automotive Software Architecture

Source: Itransition.

Automotive software development is building digital tools for boosting business performance.

With automotive software, automakers, OEMs, dealerships, maintenance providers, car-sharing services, and automotive technology vendors can streamline operations, enhance productivity, and improve customer experience.

cognizant · Deloitte. · DXC TECHNOLOGY · HCLTech · IBM · Infosys · PERFICIENT · tcs

APR. 2024	Highlighted Market Transaction
	Infosys / intech
	Buyer / Seller

Life Sciences/Pharma Digital Engineering End Market

Current Industry Trends

Digital Maturity Gap	Life sciences companies still trail cross-industry leaders in digital maturity by a factor of two to three times in every key dimension—strategy, culture, organization, and capabilities—without any clear signs of catching up. Life sciences have also struggled to execute the idea of building novel digital businesses beyond digital solutions, such as applications supporting their existing products.
Capturing Value From Digital and Analytics	The top 20 pharma and top 20 medtech companies generated a 70% increase in patents for digital analytics capabilities in the past five years, driving a 5% to 15% bottom-line improvement in specific pockets of their functional areas. The largest opportunities that digital and analytics could help unlock are de-risking drug discovery, accelerating clinical trials, and reinventing engagement with HCPs.
AI and Digital Twins in Drug Discovery and Testing	Artificial intelligence and large language models have been revolutionizing drug discovery through deep learning, enabling faster identification of potential therapeutic targets. Digital twins of large data sets are similarly being used to simulate and optimize the drug discovery process, resulting in faster, more efficient stages of the pharmaceutical value chain.
Regulatory Reporting and Cybersecurity	With increasing regulatory and security threats to the life science/pharmaceutical industry, factors such as pharmacovigilance, cybersecurity, and regulatory reporting are a major focus when implementing digitally engineered products. These services are often fulfilled by industry-specialized consultancies.
Analytics Remain the Top Priority	Life sciences companies make 45% of their tech investments in three analytics-related technologies: applied artificial intelligence, industrialized machine learning, and cloud and edge computing—and expect to derive most of their short-term benefits from these investments. For instance, life sciences companies could accelerate drug discovery, create more personalized treatments, and optimize treatment plans for patients by leveraging a combination of AI and ML, cloud computing, quantum technologies, and bioengineering.

Source: McKinsey.
Note: (1) "Top ten observations from 2022 in life sciences digital and analytics" McKinsey estimates that digital transformation in Pharma and Life Sciences could produce ~$160B-$190B in value.

Intelligent Software Enables Life Sciences and Pharma to Innovate

AI, ML, and cloud computing intended for the life sciences and pharma end market enable the de-risking of drug discovery, more efficient clinical trials, and enhanced data analytics.

Digital Transformation Impact(1)

$190B

accenture · cognizant · epam · indegene · IQVIA · NTT DATA · QUANTORI · TEKsystems · ZS

Highlighted Market Transaction

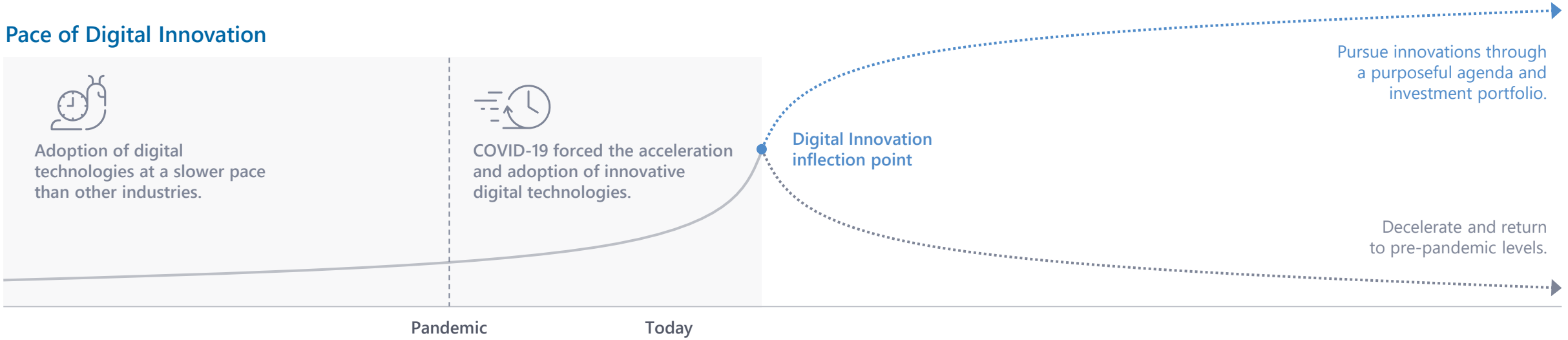
JUNE 2024

epam (Buyer) / ODYSSEUS DATA SERVICES (Seller)

Digital Engineering Accelerates Innovation in Life Sciences/Pharma Sector

Digital technologies are revolutionizing the life sciences/pharma sector.

Pace of Digital Innovation

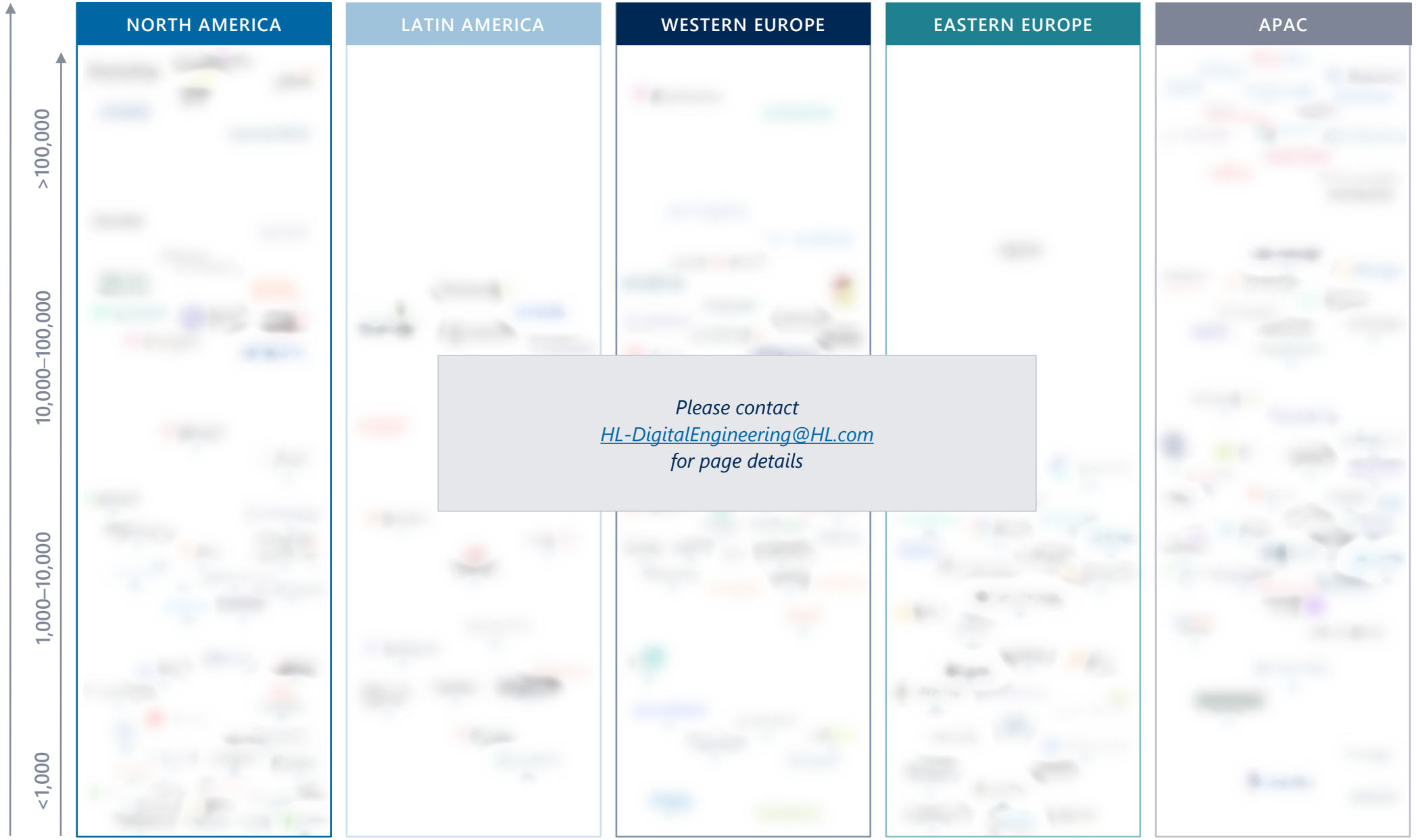


The Digitally Enabled Drug Development Lifecycle

Research	Development	Manufacturing	Supply Chain	Commercial
NORTH STARS				
Lab of the Future	Patient-Centric and Seamless Trials	Smart Factory	Predictive and Autonomous Supply Chain Management	Precision Experiences for Patients and Partners
INNOVATIONS				
• **AI Drug Discovery** • Virtual Data Assistants • Interoperable Data Ecosystems	• **Digital CROs** • Longitudinal Engagement Models • Digital Patient Monitoring, Data Flow, and Regulatory Reporting	• **Digital Twins** • AI-Driven Asset Uptime • Digital Batch Disposition • Site Command Centers	• **Real-Time Tracking and Tracing** • Machine-Driven Resilience Management • Control Towers	• **AI-Based Engagement Recommendations** • Connected Patient Platforms • Proactive Market Intelligence

Source: Deloitte.

Digital Engineering Market Map
by Delivery Geography[1]



★ Denotes private equity-backed company.

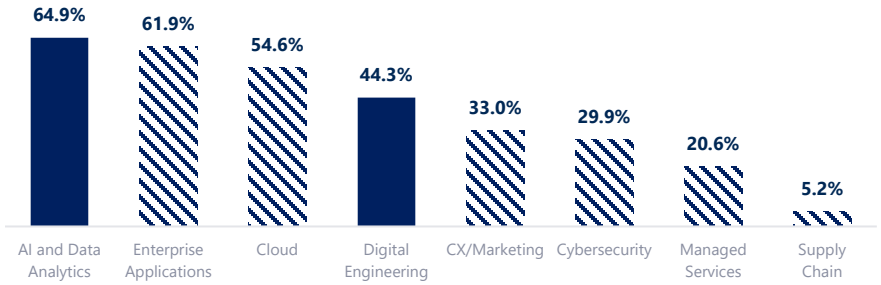
Note: (1) Estimates based on LinkedIn headcount. Companies categorized by talent pool delivery.

2025 M&A Criteria Takeaways

Insights from Houlihan Lokey's survey of strategic buyers in IT services.

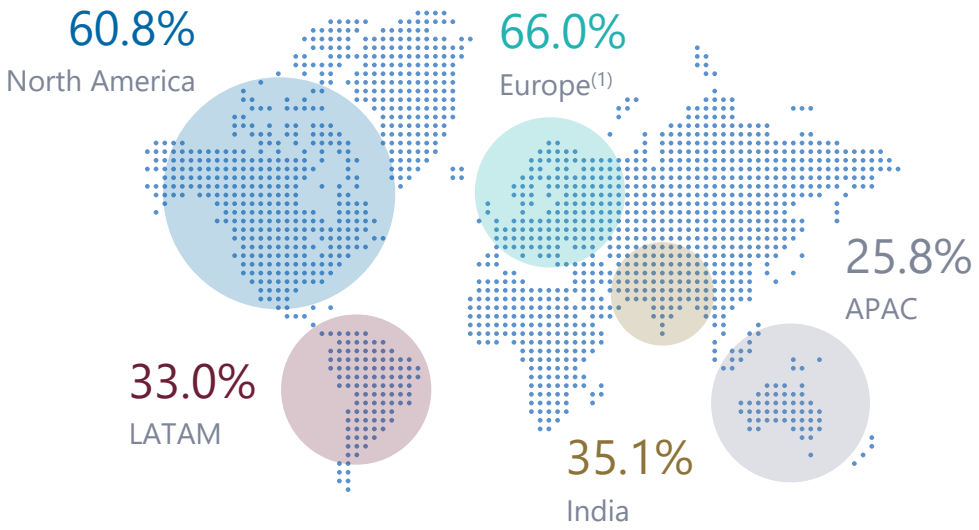
2025 Strategic Buyer M&A Focus by Capability

Digital engineering and AI services ranked as a top priority across the surveyed group of buyers. The majority of survey participants claim that they are actively pursuing opportunities to expand their digital, data, and AI engineering capabilities in 2025.

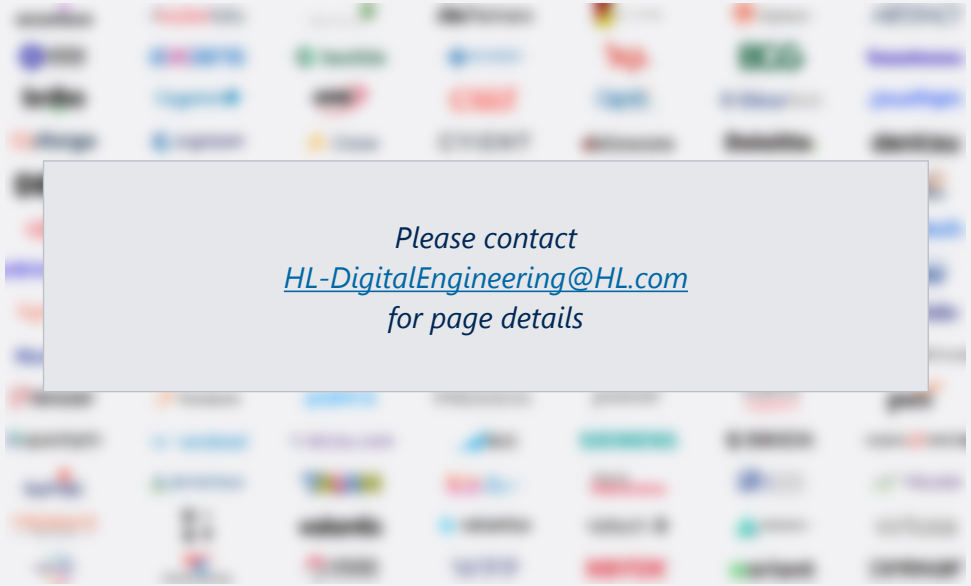


Delivery Focus Across Strategic Buyers

Europe and North America are the most desired locations for technical delivery resources. Buyers are interested in differentiated onshore assets with premium bill rates and full-time talent, with little interest in heavy contractor models. Buyers are willing to pay a premium for scaled assets to increase their presence and capabilities in Europe and North America.



Contacted Strategic Buyers



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Takeaways

Growing demand for companies with LATAM, Eastern Europe, and India talent pools as buyers look to diversify delivery and increase gross margins.

Strategic buyers are actively expanding their M&A programs, with a growing focus on AI.

Premium value is received by companies that bridge service offering gaps, have an enterprise client base, demonstrate strong financial metrics, and leverage IP and innovative technologies.

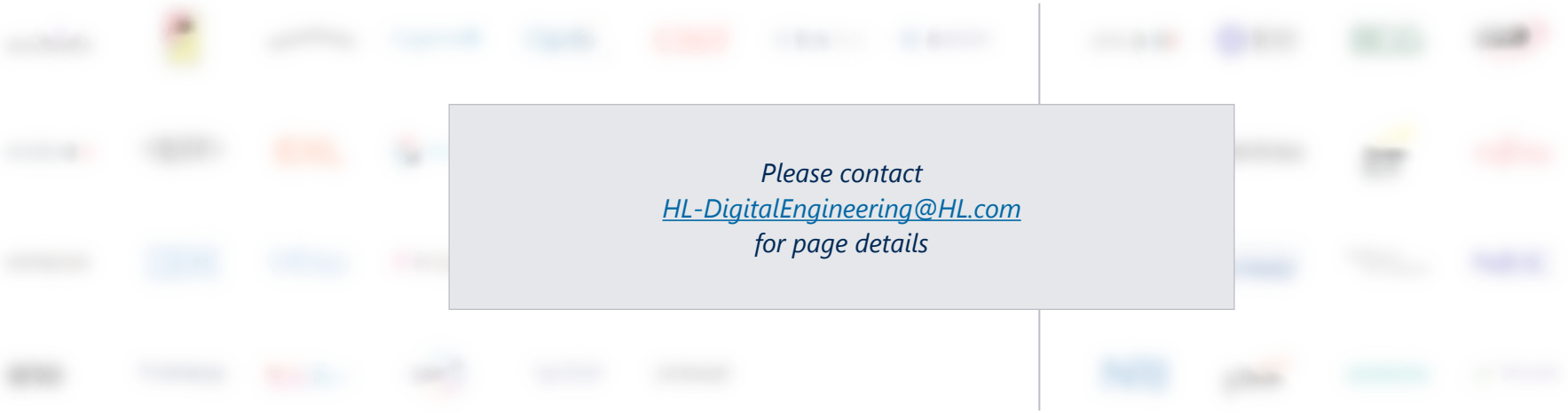
Note: (1) Includes Western and Central and Eastern Europe (CEE).

Digital Engineering Strategic Buyers

Increasing demand for digital engineering firms from global system integrators (GSIs).

GSIs and Core IT Services

Global Professional Services



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Recent Strategic Transactions

FEB. 2025	IBM (Buyer) / DATASTAX (Seller)	FEB. 2025	encora (Buyer) / DMI (Seller)
OCT. 2024	epam (Buyer) / F/RST DER/VAT/VE (Seller)	SEPT. 2024	Globant (Buyer) / blankfactor (Seller)
MAR. 2024	epam (Buyer) / vates (Seller)	APR. 2024	Infosys (Buyer) / intech (Seller)

DEC. 2024	one software (Buyer) / Crayon (Seller)	FEB. 2024	endava (Buyer) / galax e solutions (Seller)
JUNE 2024	cognizant (Buyer) / Belcan (Seller)		

Strategic digital engineering firms turn to M&A to bolster growth.

Given the underperformance of organic growth initiatives. Strategic digital engineering firms continue to prioritize M&A to support inorganic growth. Strategic demand remains strong for quality, scaled digital engineering assets.

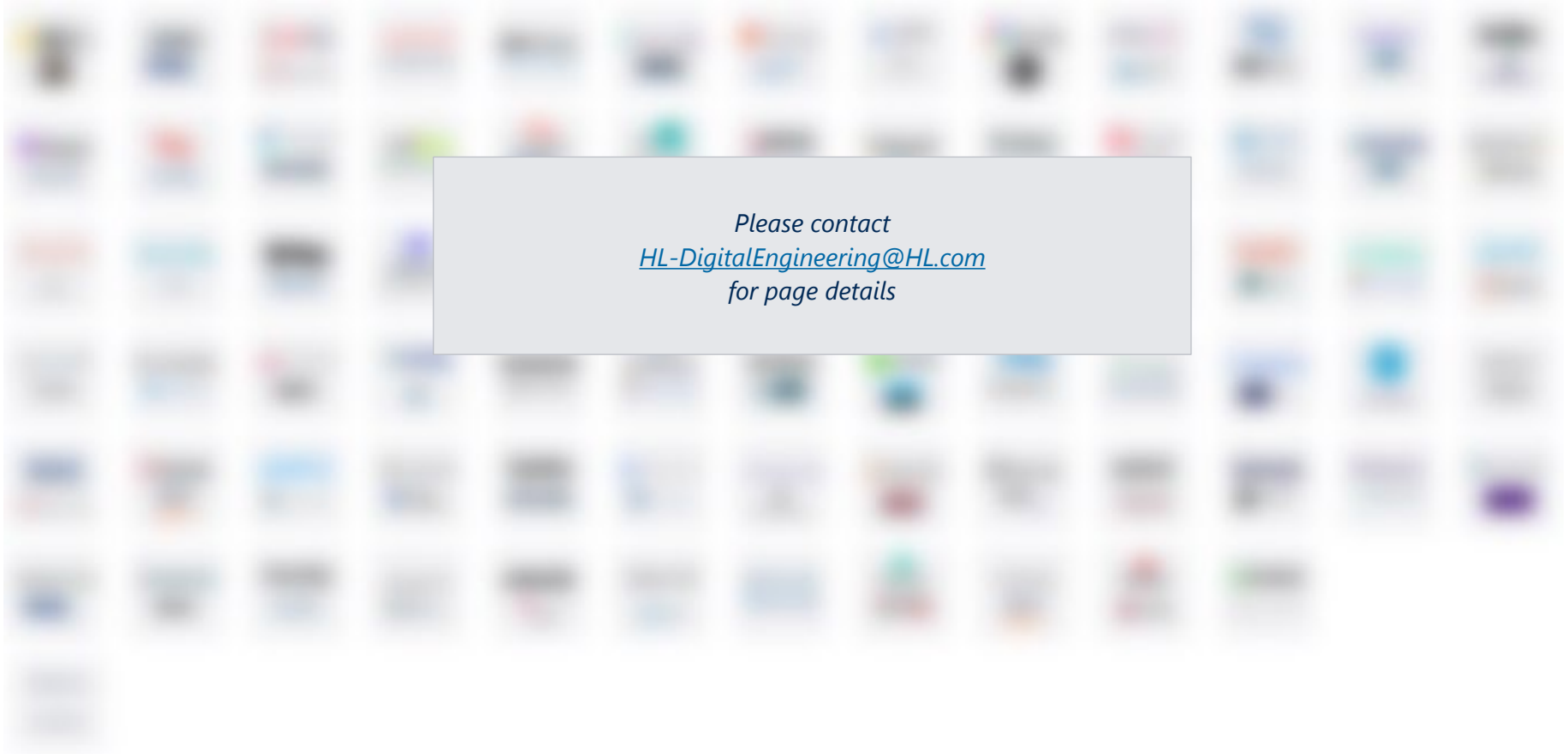
Sources: S&P Capital IQ, PitchBook.

Represents a Houlihan Lokey Deal.

Sponsor-Backed Digital Engineering Platforms (cont.)

Increasing demand for digital engineering firms from private equity-backed groups.

Private Equity-Backed Platforms



Please contact
HL-DigitalEngineering@HL.com
for page details

Sources: S&P Capital IQ, PitchBook.

Private Equity's High Involvement With Premium Digital Engineering Assets

Tempered M&A activity over the past two and a half years has created pent-up demand in private equity, with many firms now sitting on dry powder and actively searching for new opportunities.

FEB. 2025

Highlighted Market Transaction

HEXAWARE

Hexaware's partial IPO marks the largest Indian IT services IPO since the Tata Consultancy Services IPO over two decades ago. Carlyle partially exited its position of ~95% ownership to ~75% valued at ~$1.0 billion.

Expectations for 2025 and Beyond

IT Services M&A

Despite macro headwinds, activity in the IT services sector remains strong and steady. PE investors are actively pursuing deals to deploy capital, while strategics continue to focus on scaling AI-led transformation services.

M&A in Digital Engineering and AI

Strategic buyers and sponsors continue to prioritize digital engineering and AI as a top M&A focus for 2025 and beyond. This is evidenced by several recent transactions in the space, including EQT's privatization of Perficient, Ridgemont's acquisition of Unosquare, and Alpha FMC's acquisition of Auxo Solutions. These deals underscore growing confidence in the M&A market and highlight the increasing demand for digital engineering capabilities and global talent.

Heightened Demand for AI Services

Houlihan Lokey is watching as strategics increasingly target firms with strong AI capabilities and modernization expertise. The need for firms to adopt AI-driven services is driving M&A interest, particularly in digital engineering, heading into the back half of 2025.

Recent Digital Engineering **M&A Activity**

Target	Acquirer	HQ	Talent	Date	Commentary

Please contact
HL-DigitalEngineering@HL.com
for page details

Sources: S&P Capital IQ, PitchBook.

Represents a Houlihan Lokey Deal.

Recent Digital Engineering **M&A Activity** (cont.)

Target	Acquirer	HQ	Talent	Date	Commentary

Please contact
HL-DigitalEngineering@HL.com
for page details

Sources: S&P Capital IQ, PitchBook.

Represents a Houlihan Lokey Deal.

Recent Digital Engineering **M&A Activity** (cont.)

Target	Acquirer	HQ	Talent	Date	Commentary
[redacted]					

Please contact
HL-DigitalEngineering@HL.com
for page details

Sources: S&P Capital IQ, PitchBook.

Represents a Houlihan Lokey Deal.

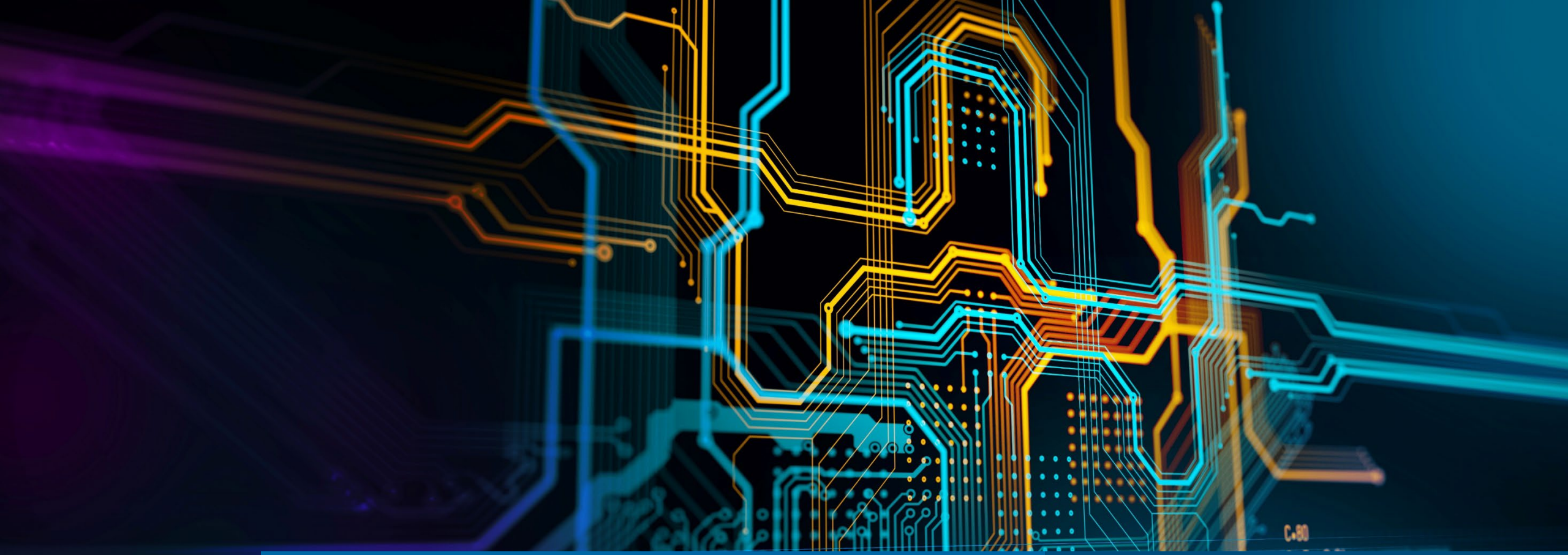
Recent Digital Engineering **M&A Activity** (cont.)

Target	Acquirer	HQ	Talent	Date	Commentary

Please contact
HL-DigitalEngineering@HL.com
for page details

Sources: S&P Capital IQ, PitchBook.

Represents a Houlihan Lokey Deal.



Company Spotlights

Company Spotlight
Allata

BUSINESS DESCRIPTION

Allata is a global leader in AI consulting, empowering Fortune 1000 companies across North America, Europe, India, and Australia to achieve digital excellence. Allata specializes in helping clients navigate complex digital landscapes, seize growth opportunities, and deliver exceptional customer experiences. Allata serves as a leading provider of AI and digital acceleration services with strong capabilities in strategy, experience design, enterprise-level custom software development, cloud, and data and analytics. Alltata is focused on helping clients enhance and scale business opportunities, create efficiencies, and bring new products to market. Allata's experience-led, strategy-aligned, tech-enabled, and data-driven approach delivers value-based outcomes while identifying growth opportunities, optimizing efficiency, and automating processes to ensure its clients stay ahead of the competition.

RELEVANT INFORMATION

Founded: 2016

Employee Base: 350+

Headquarters: Dallas, Texas

Other Locations: Six Global Offices

Status: Privately Held (PE-Backed)

Industries: Automotive, Logistics, Financial Services, Manufacturing, Healthcare and Life Sciences, Professional Services, High-Tech, Construction

NOTABLE CLIENTS

Associa, vizient, Austin Industrial An Austin Industries Company, Freeman, Balfour Beatty, BELL

ALLATA | CIVC PARTNERS

TECHNOLOGY PARTNERS

Collaborating with leading industry partners to create cohesive strategies that resonate with business goals, tackle ecosystem complexities, empower enterprises to achieve value-driven success, and adeptly manage transformative growth.

aws, databricks, Microsoft, snapLogic, snowflake

CAPABILITIES

- Strategy Services
- Data and Insights
- Technology and Cloud
- Product and Experience
- Support Services
- Artificial Intelligence

RECENT AWARDS AND RECOGNITIONS

Great Place To Work. Certified MAY 2022–MAY 2023 USA — 2023

Inc. 5000 America's Fastest-Growing Private Companies — Four Years

2021 Draft Dallas 100 — 2021

DRIVEN BY VALUES

DIVERSITY & BELONGING

Allata gives back to its community, people, and society through various programs, investments, and donations. The Allata Ascend program invests in the education of junior "Allatians." The Allata Launch program invests both externally and internally in technology solutions that can make a difference for the greater good. On top of everything, Allata donates time and 1% of its net income to its local communities.

Sources: Company Websites, PitchBook.

Company Spotlight
Allata

Matt Rosen

Founder and Chief Executive Officer

Matt Rosen is the Founder and CEO of Allata. He has spent the past 25 years building high-performance teams and consulting organizations in the DFW Metroplex. Prior to starting Allata in 2016, Mr. Rosen served as a Vice President at Pariveda Solutions for seven years, where he built long-lasting relationships with enterprise clients. He co-founded the DFW IT Roundtable, a group of high-integrity IT professionals who serve many clients and nonprofit organizations in DFW. Mr. Rosen is an active member of YPO Lone Star and the Founder of YPO Lone Star Gold.

Q: How will AI/ML evolve over the next three years in software product development?

A: The future of AI in software development is accelerating rapidly, with enhanced workflows through AI-powered automation expected within a year and multimodal AI systems becoming mainstream in just one to two years. This evolution is transforming development methodologies as DevOps incorporates predictive analytics, and intelligent automation becomes standard practice. Organizations are implementing agile methodologies while maintaining flexible architectures with strong APIs for AI integration, as low-code platforms enhanced by AI democratize development across teams. By prioritizing user-centric design and investing in AI training tools, companies can leverage unified development platforms and maintain strategic flexibility to thrive in this AI-accelerated future.

Q: How will the adoption of low-code/no-code platforms impact traditional software development practices?

A: The rise of low-code/no-code platforms revolutionizes software development by enabling non-technical users to create functional applications without programming expertise. As developers shift focus toward system integration and user experience, improved collaboration between business users and IT teams emerges alongside new security and compliance challenges.

Q: What emerging technologies or market trends will disrupt software development the most in the next three years?

A: AI and machine learning make coding easier through automation, while low-code platforms allow end users to build applications independently. DevOps is breaking down barriers between teams, leading to faster and better software delivery. Cloud-native development helps apps scale quickly when demand increases. In the next three years, AI is expected to enhance communication capabilities, aiding in real-time translation, summarization, and complex report generation with minimal human input while developing a better understanding and empathy for more creative interactions.

Q: How are you handling the increasing complexity of software projects as clients demand more integrated, agile, and flexible solutions across multiple platforms and devices?

A: Our team takes a hands-on approach to tackle the growing complexity of software projects. We use agile methodologies that let us develop in small, manageable increments, making it easier to adapt based on client feedback. We enable cross-functional teams to bring together different skills and perspectives, ensuring we cover all aspects of a project to create flexible solutions that work well across various platforms and devices by using modular architectures. Additionally, we keep the lines of communication open with our clients to ensure we're aligned with their needs to deliver effective, adaptable solutions.

Q: As automation and AI increasingly play a role in software development, how do you see the role of human developers evolving within your company's structure over the next decade?

A: As AI becomes more integrated into software development, developers will shift from traditional coding roles to focus more on problem-solving, system design, and user experience. They will use AI tools to enhance productivity, automate repetitive tasks, and tackle more complex challenges. Now more than ever, effective communication with cross-functional teams will be crucial to aligning AI technology with business goals. Ultimately, developers will transition into strategic roles that leverage their creativity and critical thinking in an AI technology-driven landscape.

Q: As the industry evolves, how do you ensure that your company remains a strategic partner rather than just a service provider for your clients?

A: At Allata, we build strong, collaborative relationships with our clients. This involves actively engaging with them to understand their business goals and challenges, allowing us to offer tailored solutions that align with their needs. To achieve this, we invest in continuous learning and innovation, staying ahead of industry trends to provide valuable insights and recommendations. Additionally, we prioritize open communication and transparency, fostering trust and ensuring that clients see us as an integral part of their success in achieving digital excellence.

Q: Have client priorities shifted in 2025? If so, what are the most important considerations for the client side when assessing a digital engineering initiative?

A: Our client's priorities have significantly shifted in 2024, with a greater emphasis on AI and the need for digital solutions. Integration and interoperability are crucial as clients seek solutions that work seamlessly with existing systems across various platforms. Scalability is also a top concern, ensuring digital solutions can grow and adapt to future needs. Enhancing user experience through intuitive interfaces to improve customer engagement and streamline processes has become essential, along with prioritizing data security and compliance. Clients are increasingly focused on understanding the potential return on investment (ROI) for their projects, making it vital for us to align their offerings with these evolving needs and expectations.

Company Spotlight
Exxeta AG

exxeta | ICG

BUSINESS DESCRIPTION

Exxeta was founded in 2005 and is a leading digital transformation provider in the DACH region, with nearly 1,400 digitalization specialists. Backed by its technology and agile digital services skill set, paired with best-in-class strategy and transformation skills, the company offers its clients a unique end-to-end service delivery platform. With unmatched domain expertise in mobility, financial services, energy, and public verticals, Exxeta benefits significantly from multi-billion-dollar industries that are ripe for digital transformation. Exxeta has grown its client base into a portfolio of strong partnerships, serving leading DAX-30 corporates and larger midsized companies. As a trusted partner, the company enjoys a very sticky long-term customer base and high revenue visibility.

RELEVANT INFORMATION

Founded: 2005

Employee Base: 1,400+

Headquarters: Karlsruhe, Germany

Other Locations: Switzerland, Serbia, Georgia, Slovakia

Status: Privately Held (PE-Backed)

Industries: Financial Services, Energy Mobility, Public

NOTABLE CLIENTS

BMW, BITMARCK, BDR Bundesdruckerei, Daimler, Deka, DB, Deutsche Bank, EnBW, Finanzgruppe, Fraunhofer, ista, Leipziger Stadtwerke, Porsche, Red Bull, RWE, State Street, Vattenfall, Zeiss

TECHNOLOGY PARTNERS

Microsoft, Datadog, databricks, Google Cloud, Azure, aws, DELOS CLOUD, SAP, Scrum.org The Home of Scrum

CAPABILITIES

- Transformation Expertise
- Java/JEE Development
- Cloud Architecture
- UX/UI Design
- DevOps/Hosting
- Mobile Development
- Data Engineering
- AI Solutions

RECENT AWARDS AND RECOGNITIONS

Handelsblatt FAIR COMPANY 2025 Exxeta AG

brandeins /thema 2024 Beste IT-Dienstleister Heft 27

Lünendonk® - Liste 2024

Platz 13

"Führende mittelständische IT-Beratungs- und Systemintegrations-Unternehmen in Deutschland."

EXXETA: HIGH-TECH WITH A HEARTBEAT

Vision

Leading digital change—creating impact for business, society, and the planet.

Mission

Transforming mindsets and markets with a passion for technology.

Values

- People First
- Passion Is Power
- Creating Impact

Sources: Company Websites, PitchBook.

Company Spotlight
Exxeta AG

André Lindenberg

Head of Artificial Intelligence

André Lindenberg has 20 years of experience in IT, focused on AI-driven software engineering. Previously, he was a Technology VP and Division Lead.

Q: What emerging technologies or market trends will disrupt software development the most in the next three years?

A: From Exxeta's perspective, the most disruptive trends will be:

- AI-Augmented Development: Widespread use of autonomous AI agents for coding and testing.
- Low-Code and Automation Explosion: Rapid, modular application assembly changing development workflows.
- Cloud-Native and Edge Computing: Distributed, real-time architectures pushing developers toward hybrid, event-driven systems.
- Security-First Development (DevSecOps): Mandatory integration of security at every development stage, shifting software practices toward secure-by-design principles.

Q: How would you rank the importance of the following over the next few years: industry specialization, programming skill sets, and intellectual property?

A: From highest to lowest priority:

- Industry Specialization: Key differentiator, providing deep, client-specific value and targeted innovation.
- Intellectual Property (IP): Critical to scaling our impact, creating sustainable growth, and differentiating us from competitors.
- Programming Skillsets: Essential foundation enabling industry expertise and IP creation, but increasingly supported by AI and automation tools, shifting developer roles toward high-level architecture, security, and integration tasks.

Q: How will AI/ML evolve over the next three years in software product development?

A: AI/ML will become a standard component in every stage of software development—moving beyond coding assistance toward comprehensive lifecycle support, including design, testing automation, deployment optimization (AIOps), and intelligent monitoring. At Exxeta, we actively leverage AI-driven analytics and GenAI capabilities to embed intelligence deeply into client solutions, prioritizing ethical use with a human-in-the-loop approach.

Q: How will the adoption of low-code/no-code platforms impact traditional software development practices?

A: Low-code/no-code adoption will rapidly increase, democratizing software creation and reshaping traditional development roles. Exxeta leverages low-code platforms to accelerate delivery and empower business users, while strategically complementing them with deep engineering expertise to handle complex enterprise-grade integrations. Traditional software engineering practices will thus evolve toward integration, governance, and specialized customization rather than pure coding.

Q: Have client priorities shifted in 2025? If so, what are the most important considerations from the client side when assessing a digital engineering initiative?

A: Client priorities have significantly shifted in 2024, moving from pure digital transformation toward optimization and tangible ROI. Key considerations now include cost efficiency and quantifiable business outcomes; AI integration capabilities that deliver immediate operational advantages; robust security and compliance frameworks; and scalable, adaptable architectures. At Exxeta, we've responded by implementing value-based engagement models, embedding AI capabilities into existing systems, and developing comprehensive ROI frameworks to help clients measure and maximize their technology investments.

Q: With the global push toward digital transformation, what industries are you seeing the most growth in outsourcing their software development needs?

A: We're witnessing accelerated outsourcing growth in healthcare (digital health platforms, AI diagnostics); financial services (embedded finance, regulatory technology); energy and utilities (sustainability applications, smart grid management); manufacturing (IoT-enabled predictive maintenance, digital twins); and transportation (autonomous systems, logistics optimization). Exxeta's cross-industry expertise positions us strategically to address these sectors' complex regulatory requirements while delivering industry-specific innovations that create sustainable competitive advantages.

Q: How has the widespread adoption of cloud platforms like AWS, Azure, and Google Cloud influenced the types of software development projects clients demand?

A: Cloud platform adoption has fundamentally transformed client demands toward multi-cloud and hybrid strategies requiring sophisticated orchestration; serverless architectures enabling rapid scaling and cost optimization; containerized microservices supporting modular, agile development; cloud-native AI/ML implementations with reduced infrastructure complexity; and comprehensive FinOps practices for optimizing cloud spending. At Exxeta, we've built specialized competencies across all major cloud providers, helping clients navigate the complexity of modern cloud ecosystems while maximizing their infrastructure investments through architectural excellence.

Company Spotlight
FullStack

BUSINESS DESCRIPTION

FullStack is a cutting-edge software consultancy providing value-driving solutions for industry-leading brands looking to augment their internal technology capabilities. FullStack leverages its network of world-class engineers across the U.S. and Latin America to offer its blue-chip clients end-to-end development services and access to trustworthy, on-demand team augmentation. The firm provides unparalleled transparency into its talent vetting process through its one-of-a-kind, AI-augmented talent portal, FullStack Connect.

RELEVANT INFORMATION

Founded: 2013

Employee Base: 700+

Headquarters: San Antonio, Texas

Other Locations: Fully Remote (Brazil, Colombia, Dominican Republic, United States)

Status: Privately Held (PE-Backed)

Industries: Technology and Digital Services, Live Experiences, Healthcare and Life Sciences, Professional Services

NOTABLE CLIENTS

AAM, Carrier, Deloitte., Ericsson, GoDaddy, Hinge Health, Massachusetts General Hospital, MGM, PACIOLAN, Siemens, Thomson Reuters, Uber

FullStack | BregalSagemount

TECHNOLOGY PARTNERS

All of FullStack's professionals have deep experience and certifications in hundreds of the most-demanded and advanced technologies.

AICPA SOC, Google Cloud Partner, aws PARTNER, databricks CONSULTING PARTNER

600+ Technologies

20+ Frameworks

75+ Competencies

CAPABILITIES

- Custom Design and Development
- AI, Data, and Analytics
- Custom AI
- Discovery
- DevOps
- Support and Iterations

RECENT AWARDS AND RECOGNITIONS

Inc. 5000

2023, 2024

GLASSDOOR

4.4 Stars
89% Recommend to a Friend
94% Approve of the CEO

FULLSTACK'S AI-DRIVEN TALENT PORTAL

FullStack has developed a proprietary AI-driven talent portal, FullStack Connect, that connects leading brands to thousands of pre-vetted software developers, AI engineers, designers, project managers, DevOps engineers, QA specialists, and other IT professionals located throughout Latin America and the United States. This one-of-a-kind platform makes team augmentation fast, flexible, and transparent. The firm helps companies to lower hiring costs by 50% compared to full-time employees and accelerate their hiring process by 20x.

Sources: Company Websites, PitchBook.

Company Spotlight
FullStack

FULLSTACK'S CONNECT PLATFORM

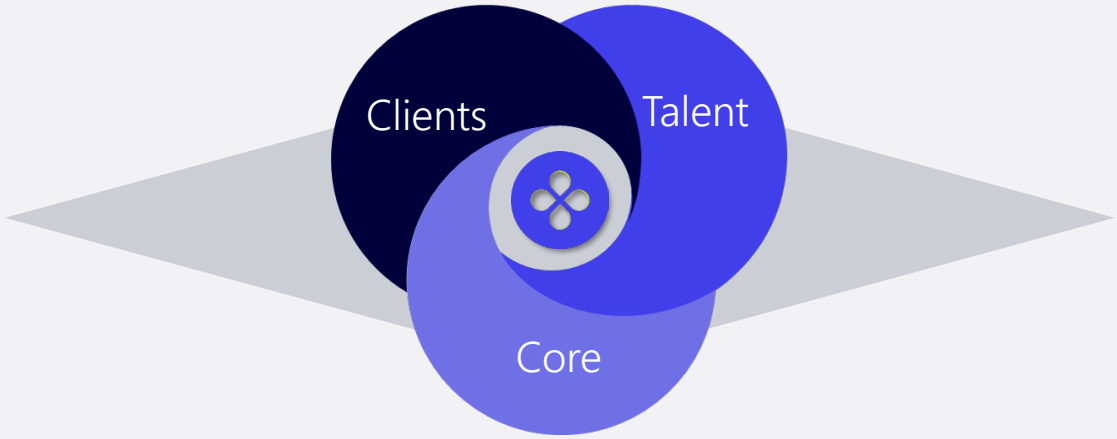
FullStack Connect syndicates all information, workflows, and experiences across all user bases, including clients, talent, and internal teams. The platform is built for trust, clarity, and performance, incorporating custom-built AI solutions to streamline internal and client-facing processes.

Client Experience

Allows clients to access FullStack's roster of available talent and profiles, its analysis of their challenge performance, and book interviews directly with the talent.

Talent Experience

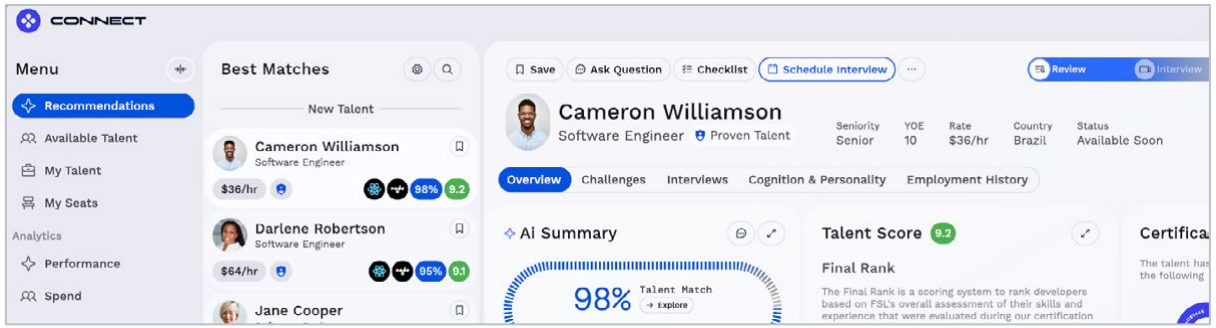
Allows talent to build out their engineer profiles, browse available projects, and earn their FullStack certifications.



Core Experience

The internal engine, Connect, serves as FullStack's proprietary ATS, admin, and CRM, powering deal flow, staffing, analytics, and project execution.

TECHNOLOGY PARTNERS



ADVANCED FUNCTIONALITY:

1. **AI Grading**
   - Automates grading for most tech certifications.
   - Reduces human error and boosts efficiency with lower costs and accelerated grading speed.
2. **AI Inbound Matching**
   - Clients can upload job descriptions in PDFs or describe ideal candidates.
   - AI matches candidate skills/backgrounds to job requirements.
3. **AI Outbound Matching**
   - Automatically finds top candidates for public job postings.
   - Generates personalized outbound email sequences for client outreach.
4. **Internal Workflow Automation**
   - FullStack has deployed automations throughout every department and is actively investing in further automations with innovative tools such as N8N.
   - To streamline and further foster AI use cases, its product team has launched an innovation accelerator called HYPR.

Sources: Company Websites, PitchBook.

Company Spotlight
FullStack

FullStack | BregalSagemount

DEEP ROOTS IN AI

FullStack leverages AI and ML solutions internally and externally, resulting in better client service, higher workplace productivity, automating workflows, and deriving data-driven insights.

INTERNAL USE CASES

- AI-Enabled Talent Platform
- Autonomous Coding Challenge Review
- AI-Driven Interview Assessment
- Automated Onboarding and Offboarding
- Automated Client Feedback System

EXTERNAL USE CASES

- Machine Learning Solutions
- Natural Language Processing
- Computer Vision
- AI-Powered Automation
- Custom AI Applications

CASE STUDY: LUXER AI ASSISTANT

Lux Research

Lux Research, a leading provider of research and analysis, partnered with FullStack to build Luxer, a cutting-edge AI research assistant that accelerates the client journey from days to seconds.

The Opportunity

Lux has a library of 16,000+ proprietary documents for clients on demand, and manually searching for specific reports was too slow—75% of inquiries took more than seven days to schedule.

The Solution

Lux partnered with FullStack to build an AI assistant powered by retrieval-augmented generation, providing cited, trustworthy answers from Lux's library.

The system then uses conversational context to match clients with analysts and lets them self-schedule with SMEs in seconds.

The Impact

Within just two weeks of launch, Luxer handled 900 client queries, and automated scheduling resulted in 35% of inquiries being scheduled within 48 hours.

Luxer quickly generates actionable insights and dynamically responds to user queries, enabling users to compile expert analyses in seconds instead of hours or even days.

TRUSTED BY

AAA · GoDaddy · Lux Research · Optima Supporting Success · SIEMENS · Uber

Sources: Company Websites, PitchBook.

Company Spotlight
FullStack

Ben Carle

Chief Executive Officer

Ben Carle is the CEO of FullStack, where he leads key client projects and oversees all areas of the company's operations, including recruitment, sales, marketing, accounting, tax, and legal functions. With more than seven years of experience as Chief Information Officer, he played a significant role in guiding the company's growth. Mr. Carle has more than 15 years of expertise as a software engineer, with a focus on developing complex custom software and leading development teams. Before joining FullStack, he was the VP of Engineering at Tallac Networks and an Assistant Professor of Computer Science at Marist College. Mr. Carle holds a Ph.D. in Computer Science from the University at Albany.

Q: What tools or practices are you currently developing and implementing that you believe will have a meaningful impact on your business—internally or externally?

A: We are actively working on several tools, with a strong focus on AI-enabled and AI-enhanced workflows in FullStack Connect, our proprietary platform for all client, talent, and internal processes.

FullStack Connect manages all information, journeys, and processes, providing a seamless experience for clients and syndicating internal processes to ensure our team delivers the best possible service. It includes our AI-enabled ATS, CRM, and client-facing talent portal experience.

A few key features we're building include:

- **AI Grading:** In 2023, we began including AI in our grading process for candidate interviews and skill challenges, enabling accurate grading of video-based assessments, to additional skill sets and technology certifications. We are actively expanding these AI grading capabilities, improving our time-to-hire, reducing our recruiting costs, and improving our client experience.
- **AI Lead Briefs:** We are in the process of implementing an AI-powered sales lead brief generator, which creates bespoke content for the sales team to prepare for client calls. It watches for new client calls and generates a summary of relevant services, case studies, and sales tactics for every new call.
- **Improved Client Experiences:** We are expanding the client experience on FullStack Connect to provide more self-service functionality. This includes Ask AI, an LLM-based search that allows clients to describe needs or upload job descriptions and receive a tailored, match-rated list of best-fit talent. We also provide AI-powered talent matching that surfaces suitable candidates for current job openings.
- **Agentic AI:** We are building a suite of AI agents to automate common tasks and provide access to insights that would otherwise be unavailable.

Q: How will AI/ML evolve over the next three years in software product development?

A: AI/ML will shape both the way we approach software development processes and what software products consumers come to expect.

- Consumer Expectations: As AI becomes more prevalent in everyday life, consumers will come to expect the seamless, intuitive experiences that AI provides. For instance, LLM-powered search will likely become a "must-have" feature for both consumers and internal applications.
- Over the next three years, AI will cease to be an optional add-on for UX. Rather, it will become an integral feature.
- Software Development Processes: A review of four online studies found that collaboration between human workers and GenAI made teams more productive, efficient, and accurate. Coding is no exception. In the same way that coding frameworks became standard practice across the industry, so too will AI-augmented coding.
- Coding teams will not get smaller. Rather, companies will be able to build more, scale faster, and optimize their processes with their existing teams. The average developer will grow more efficient, and AI-enabled coding will become standardized in company processes.
- Companies that fail to implement comprehensive frameworks for AI-driven code will quickly fall behind—and may be susceptible to maintenance and scalability issues down the line as individual developers leverage AI without team-wide documentation or standardized strategy.

Q: As automation and AI increasingly play a role in software development, how do you see the role of human developers evolving within your company's structure over the next decade?

A: AI is poised to significantly enhance the capabilities of experienced developers rather than replace them. While junior developers may benefit incrementally, the greatest gains will come from senior engineers who can effectively integrate AI into their workflows.

The role of human developers will shift toward higher-leverage tasks: designing systems, evaluating tradeoffs, and guiding AI-generated output. With AI tools able to quickly produce proofs of concept, simulate user behavior, and test alternative approaches, developers will be able to explore a broader solution space in less time. This will enable more experimentation and faster iteration.

As a result, skilled developers will be positioned to drive better outcomes with greater efficiency. The core value of human contribution will increasingly lie in judgment, creativity, and system-level thinking—areas where AI can assist but not replace.

Company Spotlight
FullStack

Q: What emerging technologies or market trends will disrupt software development the most in the next three years?

A: While AI adoption is already widespread, the most profound disruption will come from agentic AI—especially systems with growing autonomy. As these agents improve their ability to reason, troubleshoot, and act with minimal oversight, development teams that integrate them into their workflows will gain a significant competitive edge. Those who fail to adapt risk being left behind.

Another major force of disruption will be quantum computing, particularly in how it reshapes data processing and security. As quantum capabilities evolve, so too will the need for advanced cryptographic systems and secure infrastructure, fundamentally altering how we store, share, and protect information.

Q: How are you navigating the talent shortage in the tech industry, and what strategies are you employing to attract, develop, and retain top software development talent?

A: The FullStack Recruiting Team leverages a multifaceted approach to attract, develop, and retain top-tier software development talent. Our strategy is rooted in collaboration across departments: We partner with Marketing and Sales for outreach, Product and IT for a technology-driven recruiting process, and a strong, holistic employer brand that speaks for itself.

- Developing Talent: Talent development is a core pillar of our strategy. We actively support our talent network in obtaining double or even triple certifications in their chosen technologies. Additionally, we provide AI-enabled badges for those working with the latest AI tools, fostering a forward-thinking and future-ready workforce.
- Once onboarded, employees benefit from our structured Mentorship Program, designed to accelerate growth and elevate seniority levels across the organization.
- Retaining Talent: Our commitment to talent is reflected in our exceptionally low attrition rate—below 4% since 2023. This demonstrates the strength of our people-first culture. Our highly effective referral program also plays a crucial role, contributing more than 10% annually to our new hires.

Q: Have client priorities shifted in 2025? If so, what are the most important considerations from the client side when assessing a digital engineering initiative?

A: Clients in 2025 are more focused, cautious, and value-driven. Success in digital engineering initiatives requires both strong execution and a consultative approach, early alignment on business outcomes, and scalable architecture choices that support AI and data readiness and internal enablement.

- Economic Pressures Are Forcing Prioritization Around ROI and Risk Reduction
  - Decision-making has slowed unless there's a clear financial or operational return.
  - Proposals that emphasize automation, cost savings, or internal enablement, such as admin tooling or AI assistants, are gaining more traction than those centered solely on feature development.
  - Clients also want flexibility and are scoping smaller, focused phases like discovery or MVPs, with the ability to adjust or pivot based on what they learn.
- AI Maturity Curve Is Impacting Digital Engineering Spend
  - AI has become the lens through which most clients now evaluate digital initiatives. Even when AI isn't the core of the immediate build, clients are evaluating the feasibility for the project to leverage AI down the line.
  - We're seeing new projects emerge specifically around agentic use cases like customer service automation and workflow engines for intake or triage.
  - There's also a clear shift from experimentation to real-world implementation. Clients want to connect AI to their existing systems, whether Salesforce, ERPs, or custom admin tools, and are prioritizing data readiness, orchestrated workflows, and intuitive user interfaces as a result.
- Modernization as a Strategic Prerequisite for Scale and Speed
  - Infrastructure modernization has taken on a much more strategic role. What used to be considered an internal IT initiative is now central to enabling business growth.
  - Clients are refactoring legacy systems and adopting microservices not just because it's technically sound, but because it's necessary to scale operations, potentially adopt AI, improve release velocity, and meet new security and compliance requirements.
  - Modernization is now tied directly to initiatives that were previously blocked by fragile, monolithic systems. Clients want to embed AI into day-to-day workflows, generate predictive insights from their operational data, and deploy new features through CI/CD pipelines, among other priorities.

Company Spotlight
Improving Enterprises

BUSINESS DESCRIPTION

Improving Enterprises (Improving) is a modern digital services company that provides enterprise software consulting, development, and training to Fortune 500 and Global 1000 enterprises across the world. Improving's expertise converges to meet every technological challenge of its clients with a unique focus on stakeholder value and usability. The unique approach integrates advanced areas like platform engineering, AI/ML, and modern data strategies with core business functions such as agility, automation, and collaboration. This synergy ensures not only functional software but a complete transformation of business processes and output. Improving leverages a robust nearshore presence for cost advantages, talent pool, favorable business conditions, cultural diversity, and time-zone alignment with the United States.

RELEVANT INFORMATION

Founded: 2006

Employee Base: 1,500+

Headquarters: Plano, Texas

Other Locations: 18 Global Offices

Status: Privately Held (PE-Backed)

Industries: Healthcare, Finance, Technology, Defense, Retail, Hospitality, Transportation, Insurance, CPG, Energy

NOTABLE CLIENTS

American Airlines, bp, Costco Wholesale, CVS pharmacy, Northrop Grumman, Norwegian Cruise Line, Raytheon, Royal Bank of Canada, Sherwin Williams, Wendy's, Toyota, UnitedHealth Group

TECHNOLOGY PARTNERS

aws, Confluent, databricks, Google Cloud, Microsoft, SAP, snowflake, Scrum.org

CAPABILITIES

- Agile Product Engineering
- .Net and Java Development
- Cloud Architecture
- UX/UI Design
- QA Automation
- Mobile App Development
- Data Engineering
- Differentiated AI Solutions

RECENT AWARDS AND RECOGNITIONS

Inc. 5000 — 15x Winner

Great Place To Work. Certified MAY 2022–MAY 2023 USA

- Technology
- Texas
- Medium
- Millennials

CODELAUNCH

A unique community connection and public involvement event that puts Improving's culture on display lifts its presence in conscious capitalism, elevates diversity in its industry, and invests in the economic development of targeted markets. Improving is focused on getting greater outcomes in business development, recruiting, sponsorship, attendance, and startup community engagement, and the emphasis is on growing the digital community and increasing the visibility of CodeLaunch in 2025.

Sources: Company Websites, PitchBook.

Company Spotlight
Improving Enterprises

Curtis Hite

Chief Executive Officer

Curtis Hite is the CEO of Improving, which he founded in 2007. With a focus on Conscious Capitalism, the company has grown to 1,500+ employees across 18 offices. Mr. Hite is a regular speaker on leadership, culture, and entrepreneurship. He has been recognized as the "Most Admired CEO of the Year" by the *Dallas Business Journal*, was a two-time finalist for E&Y's "Entrepreneur of the Year," and received the Aggie 100 Inaugural award. Mr. Hite serves on the international board of directors for Conscious Capitalism. He was a founding member of the Dallas Chapter of YPO, served on the board, and is still very active in both the Dallas and Columbus Chapters. Mr. Hite currently serves on the Improving and Ranger Capital Boards.

Q: How will AI/ML evolve over the next three years in software product development?

A: We are expecting that AI/ML will impact multiple areas of software product development over the next one or two years. The earliest impact will be in the personal productivity enhancements of the product development through acceleration of the design, development, and testing portions of the process. This compression of cycle time on development will likely increase the speed to market and lower the unit economics for features delivered. We don't expect that this will lower the overall demand for software and software services, but it could decrease the average engagement size.

The next impact we expect is the integration of AI/ML tools into existing systems and processes. With the rise of AI agents for coordinating complex workflows, this could add efficiencies to software that previously were unachievable. We expect that the combination of productivity gain and integration of AI/ML tooling will cause a wave of application modernization efforts for existing legacy code bases. These modernization efforts will likely be on a similar scale to that of the object-oriented wave in the late 90s and early 2000s.

Lastly, the transformation of business processes and customer expectations is expected to shift the forms of interactions away from traditional desktop and mobile experiences to voice-first experiences due to the advances of AI/ML in these spaces. These optimizations will take longer, as user adoption and shifting consumer expectations have historically taken 10-plus years to become pervasive.

Q: How will the adoption of low-code/no-code platforms impact traditional software development practices?

A: Low-code and no-code solutions will continue to play an important part in the evolution of technology platforms. These platforms have historically been effective when applied to systems/processes with established patterns, cross-industry generalizations, and domains without specific complexity. As we continue to see the expansion of platforms used to run businesses, the integration needs and coordination complexities will likely expand faster than the low-code/no-code platforms can handle. Improving is approaching these platforms as a wedge offering to incubate customers at low cost and ultimately convert them to more mainstream software practices. AI will actually lower that conversion cost.

Note, there have been tools claiming to replace software development for 20+ years with very limited success.

Q: What emerging technologies or market trends will disrupt software development the most in the next three years?

A: As we move toward 2028, the definition of what it means to be a software developer will continue to evolve. We project that those who who embrace these disruptive technologies, as enablers of creativity and innovation rather than threats to established practices, will thrive. The most likely areas of disruption are in the continuing evolution of AI, the amplification of real-time data systems and edge computing, as well as the growing needs for advanced DevOps and Cybersecurity practices.

Real-time data systems for customer engagement, operations, and IoT in manufacturing are likely to shape the next several years of specialized development and tooling. This focus will drive decision-making systems progressively closer to the hardware systems doing the work and uncover new complexities and software patterns.

The increasing tooling and platform complexity will drive additional needs in DevOps and platform engineering to deliver and keep these new systems running. These new systems and patterns will also be increasingly under cyber attack because of both the labor compression of AI being leveraged by bad actors and the impacts of geopolitics, causing a rise in economic warfare through targeted cybercrime.

Q: How would you rank the importance of the following over the next few years: industry specialization, programming skill sets, and intellectual property?

A: All are obviously important; however, I believe recently there has been an increase in priority on software engineering skill sets, in particular. As AI toolsets continue to evolve, the priority of skill sets in this area will likely increase. Related intellectual property in AI support skills may also help companies differentiate themselves. While industry specialization seems to be an important priority for the largest companies, mid-cap and small-cap companies do not seem to frequently demand this specialization. Furthermore, while some of the largest companies emphasize this, in execution, it most often is not the differentiating factor—technical skill sets tend to have a more significant impact on software system success than vertical specialization.

Company Spotlight
Improving Enterprises

Q: What sales/go-to-market strategies have proven most successful during the past 12 months?

A: At Improving, there has not been a significant shift in lead source over the past 12 months. As with many service businesses, Improving's top source of leads is our previous clients, who return after successful projects or have moved to new companies and need assistance. The second-largest source of leads is partnerships—like Confluent, Snowflake, Microsoft, AWS, and Google. Furthermore, we have seen an immense demand for thought leadership in the areas of data, ML, and AI. As a result, Improving is maintaining its diligence around our previous clients yet expanding resources and efforts with our partners (significantly expanded team) and in thought leadership (we presented nearly 400 times in 2024 and will be increasing this in 2025).

Q: Regarding market competition, are you under pressure from smaller niche players or large, global GSIs? How are you differentiating yourself in a crowded market?

A: The digital services industry still tends to be a very crowded market. We rarely find ourselves in an environment where we are competing against the same competitor. Most often, it's one to two other companies that have some sort of connections with the prospective client partner, previous client, referral, etc. At the lower end of the middle-market, we find ourselves successfully winning business against the smaller niche players more frequently, as our scale, accessibility to resources, and breadth of experience come into play. Recently, we have found ourselves competing with the larger GSIs more frequently. I believe this is due to the size of the engagement we are targeting (larger) and the larger GSIs pursuing smaller opportunities as the market has tightened.

Q: Have you seen a specific demand for talent in certain regions (onshore, nearshore, offshore)? If so, what factors drive demand for specific regions, and how do you think about expanding to provide a diversified, global offering?

A: There seems to be a slightly increased demand for nearshore and offshore resourcing. As our clients start to assess remote work environments, they have started to assess, "If I never see our software engineers and never see our suppliers' software engineers, why am I paying local rates for similarly skilled professionals?" While skill level, productivity, and time zone still play an important role, local services companies should have a great strategy around this challenge (particularly in an industry such as ours, where employees are adamant about remote work).

Company Spotlight
Modus Create

MODUS CREATE | JLL Partners

BUSINESS DESCRIPTION

Modus Create combines leading-edge technology, modern engineering, and human creativity to help clients shape the future of digital business. Modus Create combines world-class engineering expertise with global scale to help its clients solve their toughest challenges. From strategy through implementation, Modus Create's opinionated but outcome-driven approach helps organizations in regulated and high-integrity industries build new products, modernize their product portfolios, strengthen security, and unlock their full potential.

RELEVANT INFORMATION

Founded: 2011

Employee Base: 500+

Headquarters: Reston, Virginia

Other Locations: France, Costa Rica, Romania

Status: Privately Held (PE-Backed)

Industries: Life Sciences and Pharma, Financial Services, Automotive, Manufacturing, High-Tech, Retail

NOTABLE CLIENTS

adidas, Audi, Dropbox, Eisai, LG, Marriott Bonvoy, OneMain Financial, Pfizer, Sephora, Toyota, Volkswagen, Wayfair

TECHNOLOGY PARTNERS

Aha!, aws, Atlassian, GitHub, Google Cloud, Ionic, Microsoft, snyk

CAPABILITIES

- Strategy and Design
- AI & ML
- Product Engineering
- Platform Engineering
- Data Engineering
- Modernization and Optimization
- Atlassian Products and Services
- Specialized Engineering and Advisory

RECENT AWARDS AND RECOGNITIONS

- Inc. 5000 — 8x Winner
- 2022 Stevie Winner — Company of the Year
- Great Place To Work. Certified — 2023
- Washington Business Journal — Fastest Growing 2018–2020
- flexjobs — 2020
- Entrepreneur — 360 Member 2019

OPEN-SOURCE PIONEERS

TWEAG by Modus Create

Tweag is the open-source program office (OSPO) of Modus Create. The OSPO aims to democratize state-of-the-art technologies by promoting or developing new open-source frameworks, programming languages, and tools. The team employs multiple Ph.D.s, helps maintain 25-plus open-source projects, and has written hundreds of research papers and blog posts about its work.

Sources: Company Websites, PitchBook.

Company Spotlight
Modus Create

Greg Sterndale

Vice President Digital Strategy Practice Lead

With more than 20 years of software development, AI/ML application, and advisory experience, Greg Sterndale has advised and delivered digital innovations to enterprise companies such as URBN, Comcast, IQVIA, Cisco, Vanguard, and the United States Department of Defense

Q: How will AI/ML evolve over the next three years in software product development?

A: Over the next three years, AI and ML will quietly but profoundly transform software product development by embedding themselves across the entire development lifecycle. AI will evolve from a helpful sidekick to a proactive collaborative pair programming partner, writing boilerplate code, debugging faster, aiding in legacy code base migrations, and even suggesting architecture improvements. GenAI, despite being over-hyped (Jaffri), will settle into practical niches, automating tedious tasks and scaffolding prototypes and greenfield projects. Beyond IDEs, GenAI will become commonplace across the SDLC and team (Atlassian), AIOps powering CI/CD pipelines (Chakrabarty et al.) to optimize build processes and enhance project management tools with predictive insights for resource allocation and task prioritization. Increasingly, GenAI will be used to bolster security in the DevSecOps process, as has been seen with some of GitHub Advanced Security's latest features, such as the AI-backed Autofix. AI won't replace developers. Rather, in the short term, it will make bad developers stand out, while great ones use it to move faster and build smarter. Over time, it will allow people to write programs in natural language, blurring the lines between coding and human intent expression, and opening the field to those without traditional coding skills.

Testing will see one of the biggest transformations, shifting from reactive to predictive. Teams will rely on AI to detect potential failures before they surface, dramatically cutting costs and reducing time-to-market. However, the most unexpected shift will be in product prioritization. Just like with the deployment of AI itself, a product mindset is critical: aligning the highest priority work around the most financially impactful features, backed by data. Real-time analytics, powered by ML, will force teams to confront hard truths about what users really value. Pet projects will be sent to pasture while data-driven analytics will inform priorities more than ever before. AI's role in software product development won't just be technical; it will encourage cultural change, demanding that teams be adaptive, data-driven, and ruthlessly focused on delivering value.

Q: What emerging technologies or market trends will most disrupt software development in the next three years?

A: In the next three years, software development will increasingly focus on building agentic AI systems (Thomas) designed to autonomously take action, be collaborative, and adapt to achieve some goal, which will transform how businesses operate across functions. AI will move beyond being a tool to act as semi-autonomous managers, contributors, and even subject matter experts in areas from sales to customer support to operations. These agents will automate complex tasks—managing resources, generating insights, and mitigating risks—faster and more accurately than humans. They'll also contribute directly, drafting proposals, reconciling accounts, or optimizing operations. Reinforcement learning will enable them to continuously adapt and improve.

Another large trend is toward more modular architectures. Many firms still struggle to scale and extend monolithic systems where interconnected components make updating or scaling time and cost-prohibitive. Shifting to modular, service-oriented designs, such as microservices architectures, will be essential to shed technical debt and scale smarter, not harder.

Let's not forget security. As breaches and ransomware dominate headlines and bad actors increasingly weaponize AI to launch more sophisticated attacks, security will shift from being a checkbox to a critical market differentiator. Proactive, security-conscious enterprises will adopt the concept of digital twins from IoT, creating virtual replicas of their infrastructure to simulate operations, test vulnerabilities, and evaluate advanced hardening techniques. Companies that fail to treat security as a core feature, baked into every stage of development, will be taking on a degree of risk that will scare off investors and customers alike.

We'll see a huge uptick in AI use cases for transformative customer interaction and value creation. While the majority of use cases we see right now are focused on operational efficiencies, back-office departments, and processes, the next three years will be when the market learns from the bleeding-edge leaders. These firms are using AI right now to enable value-creating initiatives like hyper-personalized customer experiences, real-time sentiment analysis, and content delivery at scale.

Q: Have client priorities shifted in 2025? If so, what are the most important considerations from the client side when assessing a digital engineering initiative?

A: In 2024, client priorities in digital product engineering have shifted toward delivering tangible business outcomes. The buzzwords of the past decade—cloud, agile, and AI—are table stakes. The overriding question now is: "Does this initiative deliver measurable value to my business?" Clients have grown weary of "transformation for transformation's sake and demand proof of economics. External consultants must demonstrate a clear alignment between investment and revenue growth, cost reduction, or customer experience improvement. If they can't arm their internal stakeholders with that information, or if an internal stakeholder tries to sell in a project that can't demonstrate an impact in these areas, it's dead on arrival.

Sources: Atlassian, GitHub Blog (Chakrabarty), Gartner (Jaffri), Uncle Bob Consulting (Martin), IBM (Thomas).

Company Spotlight
Modus Create

Q: What roles do partnerships and alliances with other technology providers play in your company's strategy for delivering comprehensive solutions to clients?

A: At Modus Create, partnerships are not an add-on; they're integral to our delivery. Our strategy isn't about bundling pre-packaged alliances; it's about architecting an ecosystem that aligns with each client's unique needs.

We see partnerships as opportunities to co-create high-impact, tailored solutions with our clients and some of the world's biggest technology companies. Whether it's integrating GitHub Advanced Security with Azure Defender for Cloud to bolster security or leveraging LaunchDarkly with AWS Bedrock to enhance GenAI experimentation, we use these relationships to address complex challenges and unlock new value streams.

Our opinionated approach to selecting commercial partners ensures we work with technologies that align with our clients' goals. But what sets Modus Create apart is the ability to weave multiple partner technologies into cohesive platforms, creating bespoke solutions that competitors can't replicate. It's not just about the tools; it's about enabling our clients to innovate and lead in their industries.

Q: How are you handling the increasing complexity of software projects as clients demand more integrated, agile, and flexible solutions across multiple platforms and devices?

A: Complexity is going nowhere but up. It's the cost of innovation. Consumers expect valuable, performant, and, of course, AI-enabled apps as the norm. The only way forward is to embrace it with discipline and strategy. The truth is that traditional best practices like designing loosely coupled, cohesive systems, following SOLID principles (Martin), and maintaining robust automated testing aren't outdated; they're more essential than ever.

What we're finding, especially with the new excitement around AI, is that proofs of concept (POCs) and rapid prototyping are key to scaling successful projects and de-risking initiatives. The next generation of technology leaders we work with have formed effective partnerships with their CFOs and take an investment portfolio approach to POCs—align projects to business value, invest moderately, and monitor the return. Set stage gates and measurement criteria, and scale up on what works, pulling funding from POCs that don't pay off. By validating assumptions early and uncovering potential challenges, POCs help mitigate risk while balancing agile experimentation with financial stewardship. It also allows firms to control projects' increasing complexity by defining clear POC criteria and success metrics.

To thrive in the evolving landscape of software development, executives must embrace complexity as a strategic advantage and act decisively. Invest in AI, not as a gimmick, but as a tool to amplify your team's strengths, streamline workflows, and predict challenges before they arise. Ditch monolithic systems in favor of modular architectures that allow agility and scalability. Prioritize initiatives that directly impact revenue, costs, or customer experience—anything less is wasted effort. Strengthen data strategies to fuel AI and ensure security is embedded early as a core differentiator, not an afterthought. Finally, cultivate partnerships that do more than check boxes; leverage them to co-create high-impact solutions tailored to your business needs.

Sources: Atlassian, GitHub Blog (Chakrabarty), Gartner (Jaffri), Uncle Bob Consulting (Martin), IBM (Thomas).

Company Spotlight
Myridius

myridius | Frontenac

BUSINESS DESCRIPTION

Myridius, formerly RCG Global Services, has been at the forefront of helping enterprises transform through technology. Today, we are shaping the next era of digital engineering—an AI-native era where success is defined not by scale alone, but by speed, intelligence, and measurable business outcomes. Myridius brings together deep domain expertise, modern engineering, and AI-first innovation to help organizations move beyond experimentation and achieve real impact. We partner with clients in financial services, healthcare, travel, and manufacturing to modernize core systems, unlock data-driven insights, and create new digital business models that drive growth and resilience. Anchored in more than 50 years of industry heritage and powered by a future-focused mindset, Myridius is the partner of choice for enterprises seeking to reinvent themselves with confidence—delivering not just digital transformation, but business transformation at scale.

RELEVANT INFORMATION

Founded: 1974

Employee Base: 2,000+

Headquarters: Iselin, New Jersey

Other Locations: Philippines, India

Status: Privately Held (PE-Backed)

Industries: Financial Services, Healthcare, Travel, Hospitality, Life Science, Consumer Goods, High-Tech, Education, Manufacturing

NOTABLE CLIENTS

Boy Scouts of America
chico's
First National Bank
Hilton Grand Vacations
insurity
Martin Brower
Origami Risk
Travel + Leisure
Western Alliance Bancorporation

TECHNOLOGY PARTNERS

aws
salesforce
databricks
Google Cloud
Microsoft
OrbusSoftware
Tricentis
snowflake

CAPABILITIES

- Agile Product Engineering
- .Net and Java Development
- Cloud Architecture
- UX/UI Design
- QA Automation
- Mobile App Development
- Data Engineering
- AI Solutions and Analytics

RECENT AWARDS AND RECOGNITIONS

2024 DEI Award

2024 Gold

2024 India

2024 Philippines

OTHER

M&A History: Woodridge Software (2023): Banking Temenos | Aethereus Consulting (2024): Salesforce

Culture: Open | People First | Inclusive | Excellence | Collaborative | Challenge Status Quo

IP: Myridius' internally developed Evoq offering helps tackle complex challenges, harness the power of AI to drive purposeful innovation, and deliver transformative results. Evoq turns vision into reality. It unlocks new digital experiences and smarter ways of working to unleash productivity, elevate performance, and realize measurable business outcomes.

Sources: Company Websites, PitchBook.

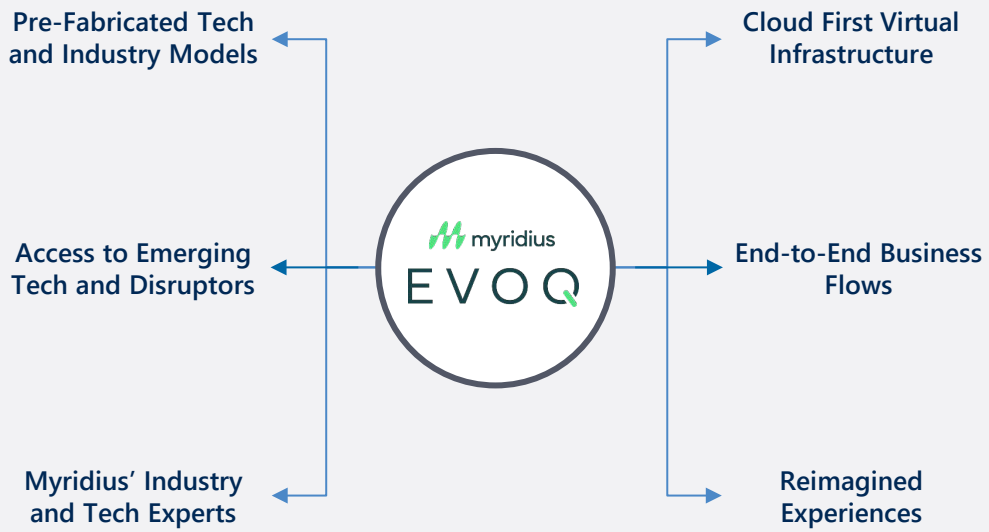
Company Spotlight
Myridius

myridius | Frontenac

AI-POWERED COLLABORATION FOR SCALABLE BUSINESS TRANSFORMATION

Evoq is Myridius' flagship innovation platform—built for enterprises ready to move beyond experimentation and deliver real outcomes in the AI-native era. With industry-specific models and accelerators, Evoq helps modernize legacy systems, embed intelligence into operations, and unlock new digital business models. Backed by Myridius' deep domain expertise and engineering heritage, Evoq drives faster innovation, smarter decisions, and transformation at scale.

What Evoq Brings



How Myridius Engages

Pathfinder
(Define and Strategize)

- Industry Advisory
- Problem Identification
- Strategic Alignment

Craftsman
(Design and Validate)

- Prototyping
- Experience Transformation
- AI-Driven Solution Design

Builder
(Develop and Scale)

- Agile Development
- Technology Integration
- Market Testing

Validator
(Test and Optimize)

- AI Model Validation
- Deployment
- Continuous Improvement

Maximize ROI | Amplify Human Capabilities | Accelerate Product Launch | Streamline Operations

Sources: Company Websites, PitchBook.

Company Spotlight
Myridius

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Ramesh Ramani

Chief Executive Officer

Mr. Ramani is a global business leader with more than 30 years of experience driving growth in professional services, consulting, and technology. His strategic vision and collaborative approach have helped clients navigate complex business and technology transformations. At Myridius, Mr. Ramani champions AI-driven solutions, cloud innovation, and data insights, helping organizations navigate digital disruption and achieve sustainable growth in a rapidly evolving landscape. Prior to Myridius, he was a Senior Vice President at Cognizant, leading market expansion, industry solutions, and strategic partnerships. With deep expertise in finance, private equity, and M&A, Mr. Ramani has built and led global teams focused on client-first innovation. He holds an MBA from the University of Sydney and is based in Florida and New Jersey.

Q: How will AI/ML evolve over the next three years in software product development?

A: AI/ML will continue reshaping software development by automating routine tasks, enhancing low-code/no-code platforms, and enabling agentic systems. GenAI will act as a coding co-pilot, streamlining development processes and driving innovation through predictive capabilities. Organizations will increasingly integrate "cognitive digital brains" to centralize enterprise knowledge and enhance decision-making autonomy.

Q: How will the adoption of low-code/no-code platforms impact traditional software development practices?

A: Low-code/no-code platforms will become more powerful with GenAI, enabling users to create advanced applications without extensive technical expertise. These platforms will redefine traditional development roles, shifting skilled developers to focus on back-end customization, AI model training, and security. GenAI will also allow these platforms to provide dynamic, intelligent recommendations, further democratizing development.

Q: How would you rank the importance of the following over the next few years: industry specialization, programming skill sets, and intellectual property?

A: 1. Industry Specialization: Critical for tailoring solutions to industry sector-specific challenges.
2. Intellectual Property: Essential for differentiation and competitive advantage.
3. Programming Skill Sets: Foundational but evolving, as AI increasingly supports basic development tasks.

Q: What emerging technologies or market trends will disrupt software development the most in the next three years?

A: GenAI, agentic systems, and advancements in low-code/no-code tools will be the primary disruptors. GenAI will drive the creation of personalized and autonomous solutions, while agentic systems will transform workflows by automating complex tasks. Digital twins and edge computing will further disrupt traditional paradigms, providing scalable and real-time application environments.

Q: What sales/go-to-market strategies have proven most successful during the past 12 months?

A: Strategies combining AI innovation with industry-specific expertise have driven success. Companies leveraging AI-enabled personalization, cost-efficiency initiatives, and ecosystem partnerships are achieving higher client engagement. Early adoption of agentic solutions to demonstrate tangible business outcomes has also proven effective. Demonstrable ROI is still an important consideration for clients.

Q: With the global push toward digital transformation, what industries are you seeing the most growth in outsourcing their software development needs?

A: Industries such as healthcare, financial services, retail, and automotive are leading in outsourcing due to their demand for AI-driven solutions and digital modernization. GenAI adoption is particularly significant, enabling these industries to achieve personalized, scalable, and cost-effective transformations. Outsourcing to nearshore and offshore hubs enables scalability and access to specialized talent.

Q: How are you navigating the talent shortage in the tech industry, and what strategies are you employing to attract, develop, and retain top software development talent?

A: Strategies include upskilling employees with AI and emerging technology certifications, fostering a culture of innovation, and offering competitive compensation. Building diverse, global talent pools through partnerships with universities and leveraging remote work flexibility have also been effective. At Myridius, we have invested in continuous learning programs, fostering an innovation-driven culture. We are upskilling employees in AI, generative platforms, and agentic systems.

Q: Regarding market competition, are you under pressure from smaller niche players or large, global GSIs? How are you differentiating yourself in a crowded market?

A: Differentiation is achieved through innovation, domain-specific expertise, and strategic alliances with technology providers. Offering end-to-end AI-driven services and maintaining flexibility in delivery models positions us competitively against both niche players and GSIs.

Company Spotlight
Stride

BUSINESS DESCRIPTION

Stride is a digital AI and custom software development consultancy that works with everyone from large global brands to growing startups. The company adopts an iterative approach to software delivery, leveraging progressive agile and GenAI practices. Stride emphasizes the integration of its highly collaborative, diverse, and cross-functional teams within clients' organizations to create custom applications perfectly aligned with each business's unique objectives. Beyond software development, Stride also serves as a consultant, helping clients streamline processes, improve communication, and enhance team productivity, ultimately driving both strategic and technological transformations that have a lasting impact.

RELEVANT INFORMATION

Founded: 2014

Employee Base: 40+

Headquarters: New York, New York

Other Locations: Main hubs in New York City and Chicago, with employees located across 15 states.

Status: Privately Held

Industries: High-Tech, Retail, Telecom, FinTech, EdTech

NOTABLE CLIENTS

Casper

The City University of New York

CLEAR

codecademy

Plated.

Saks Fifth Avenue

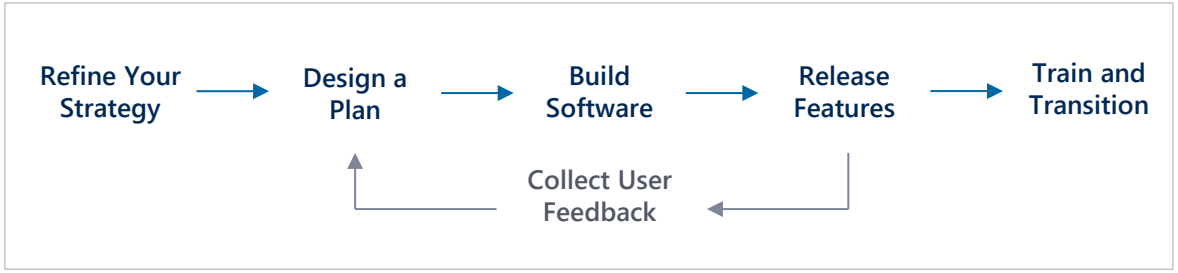
shutterstock

Simon & Schuster

STASH

Stride

AGILE, OUTCOME-DRIVEN DELIVERY PROCESS



CAPABILITIES

- Custom Software Development
- Re-Architecture
- LLM and GenAI
- DevOps and Product Management

RECENT AWARDS AND RECOGNITIONS

Crain's New York Business FAST 50

2018, 2019 Crain's New York Business

Inc. 5000

2019

Gold Stevie Winner

3x 2015

COMMUNITY EDUCATION ON AI

Through initiatives such as workshops, learning hubs, conference presentations, and podcasts, the Stride team actively engages with and educates the community. Recent topics have covered retrospective insights from recent projects, the creation of large language models, AI, and key tech learnings from industry leaders. Much like the AI models they develop, the Stride team is committed to ongoing learning, drawing insights from their work and sharing knowledge with both themselves and their broader community.

Sources: Company Websites, PitchBook.

Company Spotlight
Stride

Debbie Madden

Founder and Chairwoman

Stride was founded in 2014 by industry veteran and serial tech entrepreneur Debbie Madden. As Chairwoman, she brings more than 25 years of leadership, scaling profitable technology startups, including SaaS platforms, professional services, e-commerce, and enterprise organizations, while driving excellence in business strategy, agility, operations, sales, and company culture. Stride is proud to be a place where diversity of thought and experience combine to create truly high-functioning teams, both within and for its clients.

Q: How will AI/ML evolve over the next three years in software product development?

A: Over the next three years, we'll see AI/ML/GenAI tooling accelerate code generation, automate testing, and modernize legacy code. But this speed comes with a cost—human eyes will never view most code written. The companies that win will be those that embed AI in ways that create real business value while staying grounded in ethical responsibility and human-centered design.

Q: As automation and AI increasingly play a role in software development, how do you see the role of human developers evolving within your company's structure over the next decade?

A: Human developers are becoming even more critical—not less. As AI takes on repetitive tasks, developers are stepping into roles that demand creativity, empathy, and strategic thinking. We see engineers evolving into product thinkers, problem solvers, and innovation leaders. Over the next decade, Stride will prioritize cross-functional teams, continuous learning, and a culture where humans and AI collaborate to drive outcomes, not just outputs.

Q: Have client priorities shifted in 2025? If so, what are the most important considerations from the client side when assessing a digital engineering initiative?

A: Absolutely. Clients are laser-focused on ROI. The tech exec/finance exec relationship has changed drastically in the past two years. Tech execs are now required to be truly financially literate and prove their investments will generate returns. Tech teams are being surgical like never before, and this trend is here to stay.

Q: What shifts have you seen in client expectations regarding software development timelines and quality in the past few years, and how are you meeting these evolving demands?

A: Clients expect faster delivery, without compromising quality. This is driven by the globalization of delivery teams and GenAI. We've responded by bringing to market two GenAI software products: Conductor and 100x. Conductor eliminates tech debt via an agentic codegen approach that's tailored and secure. 100x combines high-end Agile teams with a legacy modernization GenAI tool kit. The result is the best of both worlds—our clients still get high-end Stride teams steering development, powered by GenAI to enhance speed.

Q: What are the key challenges facing outsourced software development companies today, especially in managing predominantly remote and/or hybrid delivery teams and ensuring quality control across multiple geographies?

A: The biggest challenge today is creating cultural cohesion across distributed teams without sacrificing accountability. Quality control in a global model requires disciplined processes, shared values, and real-time visibility into progress. We invest in aligned ways of working, clear metrics, and leadership that leads with trust. Remote isn't a blocker—it's a strategic advantage when done right.

Q: How are you navigating the talent shortage in the tech industry, and what strategies are you employing to attract, develop, and retain top software development talent?

A: I do not believe there's a talent shortage right now. I think tech teams are smaller than they were even one year ago and will continue to run lean for the near future. Given that Stride is truly on the leading edge of GenAI software development, we're finding that a lot of great technologists are excited to join our team, which is wonderful. Regarding retention, this is an ongoing process as always. We hold true to our values, treat employees with respect and fairness, and give continuous feedback against a clear set of objectives so that individuals know where they stand.

Q: As the industry evolves, how do you ensure that your company remains a strategic partner rather than just a service provider for your clients?

A: We listen deeply, challenge thoughtfully, and deliver consistently. We bring not just code, but context—business acumen, market awareness, and a proactive mindset. We care about our clients' goals and desired outcomes, and we bring a nondogmatic, consultative approach to everything we do. Our clients know we're in it with them, thinking two steps ahead and always looking for ways to unlock more value.

Q: How do you ensure flexibility in your service offerings to adapt to evolving client needs, especially when balancing changing project scopes, timelines, and budget constraints?

A: Stride has been industry and technology agnostic by design since day one. Our adaptability has always been our core strength. We meet our client teams where they are at and design our delivery models to adapt—modular teams, and agile engagement structures. When scopes or budgets shift, we work side-by-side with clients to reprioritize without losing momentum. It's not about being reactive—it's about building partnerships that are resilient by design.

Q: From your perspective, how have recent macroeconomic trends impacted client demand for outsourced software development, and how has your company adapted to these challenges?

A: Macroeconomic shifts have made clients more selective and more strategic. They're not just outsourcing to cut costs—they're outsourcing to stay competitive. We've adapted by focusing on value creation, tightening delivery efficiency, and proving ROI early and often. In times of uncertainty, clients want partners who are steady, smart, and solutions-oriented—and we've positioned ourselves to be exactly that.

Company Spotlight
Solvd

Solvd | Siguler Guff

BUSINESS DESCRIPTION

Solvd is an AI-first advisory and digital engineering firm focused on delivering measurable impact through strategic digital transformation. As an AI-native company, it combines continuous innovation with scale and experience to support global enterprises. Solvd identifies high-value use cases and optimizes tailored solutions through scalable AI frameworks and a modern outcome-based delivery model. Its services include AI advisory, data engineering, application development, cloud engineering, digital experience and quality engineering.

RELEVANT INFORMATION

Founded: 2011

Employee Base: 750+

Headquarters: Walnut Creek, California

Other Locations: Poland, Argentina, Colombia

Status: Privately Held (PE-Backed)

Industries: BFSI, Healthcare and Life Sciences, Retail, CPG, and High-Tech

NOTABLE CLIENTS

billion minds, LiveU, myfitnesspal, Nasdaq, nerdwallet, reddit, Sands Capital, Stanford University, tetrascience, tu simple, Under Armour, The Washington Post

TECHNOLOGY PARTNERS

aws, databricks, Google Cloud, Microsoft

CAPABILITIES

- AI Advisory
- Cloud Engineering
- Application Development
- Data Engineering
- Digital Experience
- Quality Engineering

RECENT AWARDS AND RECOGNITIONS

2024

2023

2023

2023

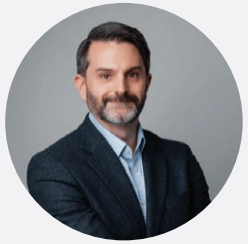
STRENGTHENED CAPABILITIES

EASTBANC TECHNOLOGIES, TOOPLOOX

To strengthen its AI capabilities and talent base, Solvd has acquired EastBanc Technologies and Tooploox, expanding its reach and deepening expertise across advanced AI, data science, and product engineering. These strategic acquisitions enhance Solvd's ability to deliver end-to-end AI solutions. By integrating the specialized talent and technologies of both firms, Solvd now has an R&D group of more than 40 engineers and researchers—many with Ph.D.s—who have collaborated with world-leading institutions like Stanford, Carnegie Mellon University, ETH Zurich, INRIA, and Imperial College London. Their work has been featured in more than 30 peer-reviewed research papers at conferences such as NeurIPS, ICML, and ECCV.

Sources: Company Websites, PitchBook.

Company Spotlight
Solvd



Adam Gabrault

Chief Executive Officer and Board Member

Adam Gabrault, CEO of Solvd, is a customer-centric, revenue-driven executive with a strong record of delivering double-digit year-over-year growth across multiple business units. With direct P&L responsibility and deep domain expertise spanning healthcare and life sciences, banking and financial services, insurance, and retail, he brings strategic clarity and operational excellence to every challenge. Before Solvd, Mr. Gabrault held senior leadership roles at Virtusa, SoftServe, and State Street Global Advisors, where he scaled global teams and led complex transformations. His experience shaped a leadership style focused on mentoring talent and fostering cultures of accountability and collaboration.

Q: How will AI/ML shape software development in the next three years?

A: Software development is entering an era shaped by two mutually reinforcing AI paths: AI-native development and AI-powered delivery. AI-native development designs products and services with learning, adaptation, and autonomy embedded from day one, delivering differentiated experiences, unlocking new revenue streams, and creating customer lock-in beyond what conventional software can achieve.

In parallel, AI-powered delivery brings generative tools into every stage of the software development lifecycle (AI SDLC), compressing release cycles, improving quality, and increasing efficiency. Together, these tracks form a flywheel: operational savings fund bolder product bets, which in turn accelerate market advantage.

In the near term, many organizations are focusing narrowly on the efficiency gains from individual developers using AI tooling in development. While true, this view oversimplifies the deeper shift underway. New AI tooling is breaking down long-standing walls between software disciplines, similar to how JavaScript and JSON (via frameworks like Node) enabled the rise of the "full-stack" engineer.

Only now, the shift is far more dramatic. AI is compressing engineering disciplines, allowing senior engineers to fluidly span front-end, back-end, quality, architecture, data integration, database modeling, and DevOps—managing multiple contexts simultaneously. For those who embrace this approach, the traditional development paradigm will change radically.

Lastly, for organizations intent on leading in AI rather than relying on packaged solutions, responsible AI guardrails and real-time FinOps transparency must be built in from the first sprint, not bolted on later. Trust and compliance matter as much in how a product is developed as in the result. As engineers adopt AI-enabled development paradigms, they must do so with safety, governance, and accountability at the core.

Q: Have client priorities shifted in 2025? If so, what are the most important considerations from the client side when assessing a digital engineering initiative?

A: AI has followed a similar arc to other big tech waves—but at a speed and intensity we've never seen before. In 2023 and early 2024, everyone jumped in because the promise of AI was too big to ignore. By the back half of 2024, a lot of leaders were asking tougher questions: "What's the killer use case?" "Where's the value?" The answer wasn't to stop innovating; it was to get more disciplined. Pilots are still critical; companies are no longer writing blank checks. Every initiative needs a clear path to ROI and a plan for how to scale it responsibly if it works.

We're also seeing a sharp split in mindset. Some companies are putting AI at the center of how they think and operate, reimagining themselves as AI-driven enterprises. Those reimagined enterprises will be the most disruptive, as long as they act strategically. On the other hand, plenty of companies would rather buy a packaged solution and call it a day. While there is room for both approaches, we expect the gap in impact between them will only grow over the next few years.

What's emerged for the AI-driven enterprises is a two-track pattern. On one track, organizations are investing in applied R&D to explore new AI-driven paradigms like machine-vision commerce experiences that challenge the very idea of "search" or hyper-personalized virtual try-on that could collapse the distinction between online and in-store shopping. On the other hand, they are demanding production-grade controls: real-time visibility into model usage, token spend, and data access; governance gates embedded in the SDLC; and assurances that AI systems are as safe and trustworthy as they are groundbreaking.

Governance is no longer an afterthought. The EU AI Act and other regulations have made bias testing, data lineage, and audit trails board-level requirements. Lessons learned from surprise cloud bills, data exposures, and poorly governed AI rollouts have also driven procurement teams to insert more gates than ever before. Real-time visibility into model usage, token spend, and data access isn't a "nice to have;" it's a prerequisite.

We believe the real leadership opportunity is not just about building the most advanced models—it's about embedding an evaluation engineering discipline that handles performance, bias, and compliance from the start. In 2025, the companies that win will be the ones who can prove three things: it works, it's safe, and it's worth the investment.

Q: As the industry evolves, how do you ensure that your company remains a strategic partner rather than just a service provider for your clients?

A: A strategic partnership in AI means co-owning ROI while balancing the goals of business, IT, legal, and finance. Co-ownership is a strategy that combines several key elements to create a powerful, ROI-focused system. It uses solution accelerators to speed up the time to value, AI-powered delivery for greater efficiency, and real-time MLOps and financial controls to build confidence. This approach also requires alignment across diverse stakeholders. The result is a system that would be difficult to replicate without significant investment and large-scale deployment. This strategy delivers faster outcomes, better unit economics, quicker payback, and integrates AI directly into how the enterprise plans, operates, and invests.

Company Spotlight
Solvd

Q: What happens to human developers as AI takes over routine coding?

A: AI is refocusing developers on designing the conditions under which high-quality code is produced by agents. In this "system-composer" role, engineers will shift to more creative tasks requiring greater business understanding. Execution-focused tasks will shift to defining clear specifications, curating trusted data, and embedding branch, test and security rules directly into the repository playbook. Those guardrails let AI tools generate and integrate code that meets corporate standards at generation, reducing re-work and accelerating release cycles. As velocity rises, disciplined quality-engineering and IP-protection practices become just as essential as the playbooks themselves.

Q: What emerging technologies or market trends will most disrupt software development in the next three years?

A: Over the next three years, software work will be reshaped by multiple converging forces. AI agents will evolve beyond chatbots, becoming autonomous teammates stitching together full workflows, while edge-first computing allows privacy-critical tasks to run where the data is generated, eliminating roundtrips to distant clouds. Next-generation developer platforms will help even average teams ship at a pace that was the sole province of elite engineers. Finally, the rise of open-source foundation models will give every startup a world-class AI engine, shifting competitive moats away from model size toward proprietary data and real-world feedback loops. These forces will shorten release cycles, widen margins through automation, and make catching up difficult for late adopters, making up-to-date AI thought leadership critical for enterprises to ensure they don't fall behind.

Q: What are the key challenges facing outsourced software development companies today, especially in managing predominantly remote and/or hybrid delivery teams and ensuring quality control across multiple geographies?

A: Outsourced development firms face a major hurdle in maintaining consistent quality standards when work happens across time zones. Leading teams embed quality rules in each repository, using automated security checks, interface tests, and cost guards so noncompliant code is blocked before merging. They pair those gates with tools that flag hidden changes across different cloud platforms, run quarterly audits, and rely on real-time FinOps dashboards so finance can track model and cloud spend before the invoice arrives.

Company Spotlight
UDig

BUSINESS DESCRIPTION

Udig is a technology consulting firm focused on a collaborative approach to transform ideas into impactful solutions. Keeping the end goal in focus, Udig quickly partners with clients, establishing clear milestones to maintain project momentum. The company designs digital products and experiences that address complex challenges, delivering measurable outcomes. Udig is recognized for its adaptable digital innovation and capacity to handle everything from strategy to implementation. With its extensive industry expertise and capabilities in strategy, software, data and analytics, AI, and automation, Udig works alongside clients to create customized digital products that drive their business objectives forward.

RELEVANT INFORMATION

Founded: 2001

Employee Base: 120+

Headquarters: Henrico, Virginia

Other Locations: Tennessee, District of Columbia

Status: Privately Held

Industries: Energy and Utilities, Manufacturing, Financial Services, Retail, Healthcare, State Government, Insurance

NOTABLE CLIENTS

Berkley, CarMax, Clayton properties group, CWA, Ferguson, HCA Healthcare, Hill Group, Ingram, McGuireWoods, Navy Federal Credit Union, Netflix, The Guild, Tractor Supply Co

UDIG'S APPROACH TO UNLOCKING THE TRANSFORMATIVE POWER OF AI

Discovery and Assessment	→	Solution Design and Prototyping	→	Deployment and Training	→	Scale
(2–4 Weeks)		(10+ Weeks)		(4–6 Weeks)		

Udig develops AI products that are result-oriented, maximizing the value of investments in AI for its clients.

CAPABILITIES

- Strategy and Planning
- Digital Products
- Artificial Intelligence
- Automation
- Data and Analytics

RECENT AWARDS AND RECOGNITIONS

- Best Business in Nashville 2023
- Virginia 2022
- 2015
- Nashville 2022

EMPOWERING EMPLOYEES

At UDig, the belief is that by empowering employees to unlock their full potential, they can drive their clients' success. Collaboration, combined with meaningful work, forms the core of both their employees' careers and their partnerships. These values fuel UDig's ability to nurture individual talents and turn client visions into lasting business value. UDig's culture has earned widespread recognition, receiving numerous accolades from industry experts.

Sources: Company Websites, PitchBook.

Company Spotlight
UDig

Andy Frank

Chief Executive Officer

In 1994, Andy Frank earned a B.S. from James Madison University. Shortly after, while serving as a Manager in Architecture Services at Capital One, he identified an opportunity to improve service consulting staffing. In 2001, Mr. Frank founded Udig with the goal of creating a business that prioritizes both its clients and its employees. Since its founding, Udig has evolved from a technology staffing firm into a solutions and consulting company, offering flexible engagement models and maintaining a strong focus on digital, data, and engineering. He has fostered a dynamic and enjoyable work environment that draws top talent, leading to much of the company's success.

Q: How will AI/ML evolve over the next three years in software product development?

A: At UDig, we're already seeing GenAI reshape how we design, build, test, and deploy software. Over the next three years, we expect AI to evolve from a productivity tool into a core architectural element of digital products.

This shift means AI won't just assist in development—it will become part of the product experience, positively impacting every stage of the lifecycle. We use GenAI tools to boost productivity across product strategy, engineering, and operations, embedding them into our daily workflows.

We also see machine learning becoming foundational to digital ecosystems, powering automated decisions, personalization, and continuous optimization. Traditional testing will increasingly be replaced with intelligent, AI-driven validation processes that enhance speed, precision, and reliability.

We're investing in AI accelerators, upskilling our teams, and co-developing AI-native products with clients to lead this evolution.

Q: As automation and AI increasingly play a role in software development, how do you see the role of human developers evolving within your company's structure over the next decade?

A: Over the past few decades, the developer's role has come full circle. In the 1990s, developers were expected to understand both business and technology. However, the role has become narrowly technical over the past 20 years. As infrastructure and development become more abstracted, we're seeing a return to developers who can connect their work to business strategy and impact.

Today, developers must understand how their digital products tie directly to business strategy. At UDig, the role evolves from purely technical execution to business-minded engineering focused on delivering impact.

As automation and AI streamline repetitive work, the most valuable developers will be those who can make smart tradeoffs, communicate across teams, and stay focused on solving real business problems. Technical skills still matter but understanding the "why" behind the work sets the best apart.

Our talent acquisition strategy reflects this shift. We're focused on hiring smart, capable people who bring strong technical chops and understand how to engage with clients and align their work to outcomes. It's not just about building things right—it's about building the right things.

Q: What emerging technologies or market trends will most disrupt software development in the next three years?

A: We expect the next three years to bring significant disruption driven by the convergence of new technology and evolving business expectations. Three trends stand out:

1. AI-Integrated Delivery: GenAI is already changing how we design, build, test, and deploy software. It's accelerating development cycles and reducing the need for repetitive tasks. The next wave will involve embedding AI directly into the product experience—making it a first-class part of the architecture.

2. Composable Architecture and Platform Thinking: Clients are shifting from monolithic systems to modular, API-first architectures built for change. This is driving demand for reusable components, scalable platforms, and teams that understand how to build for long-term flexibility.

3. Business-Driven Engineering: Clients want engineers who understand the business and can align technical decisions to strategic goals. That shift is disrupting traditional teams and increasing the gap between those who adapt and those who fall behind.

As these trends accelerate, legacy technical teams that can't adapt will either retire or fall further behind. We're leaning into this disruption by investing in AI, modern architecture, and people who build with both speed and business impact in mind.

Q: What sales/go-to-market strategies have proven most successful during the past 12 months?

A: The most successful strategy for us has been doubling down on focus—fewer, better bets.

We've prioritized building deeper relationships with a targeted set of enterprise clients with ongoing transformation needs. These clients aren't just buying capacity—they're looking for partners who move fast, deliver outcomes, and understand their industry.

We differentiate in three clear ways:

- Speed: We move quickly without cutting corners.
- Impact: We stay focused on solving the right problem, not just building software.
- Partnership: We show up as part of the team, not as a distant vendor.

We've also shifted from selling capabilities to making proactive offers—tailored ideas for how we can help. These lead to faster, more strategic conversations. Combined with tighter alignment between growth and delivery, this approach has helped us expand within existing accounts and land new ones that fit our model well.

Q: Have client priorities shifted in 2025? If so, what are the most important considerations from the client side when assessing a digital engineering initiative?

A: Yes—and the most significant shift we've seen is a strong preference for fixed-price engagements.

Clients don't want to spend endlessly on open-ended tech projects. They want to know what it will cost, how long it will take, and—most importantly—what impact it will have. That means we must be exceptional at understanding the problem, defining a solution, and negotiating delivery terms that make sense for both sides.

This model plays to our strengths. It forces clarity up front and ensures everything we build aligns with business outcomes. We focus on truly understanding what matters to the client and ensuring we deliver against that.

Beyond that, clients are looking for partners who can move fast and work within constraints. There's less appetite for theoretical strategies or long discovery phases. It's about doing the right work at the right pace with a clear path to impact.

Q: Regarding market competition, are you under pressure from smaller niche players or large, global GSIs? How are you differentiating yourself in a crowded market?

A: We feel pressure from both sides—large GSIs that promise scale and smaller boutiques that offer specialization. But most clients don't want one extreme or the other. They want a partner that's big enough to deliver and small enough to care.

We differentiate in three clear ways:

- Speed: We move quickly without bureaucracy.
- Impact: We focus on business outcomes, not just technical output.
- Partnership: We're collaborative, candid, and show up as part of the team.

We also align deeply with the industries we serve, so we don't start from scratch every time. That allows us to bring sharper ideas and stronger execution to the table.

Q: From your perspective, how have recent macroeconomic trends impacted client demand for outsourced software development, and how has your company adapted to these challenges?

A: The macro-environment has made clients more cost-conscious, but it hasn't reduced the need for software development—it's just changed what clients value in a partner.

There are two types of outsourced development:

1. Partners who align business and technology to solve real problems; and
2. Order takers who provide hands-on keyboard execution.

We're seeing demand shift away from the second. As AI can handle repetitive, lower-value tasks, clients are rethinking their outsourcing models. They want partners who can understand the business, define the right solution, and deliver impact.

That shift plays to UDig's strengths. One of our biggest value drivers is the tight alignment between business and technology. We don't just build what we're asked to—we work with clients to understand what matters and how to make meaningful progress.

We've leaned into fixed-price work, focused on high-fit accounts, and built teams with a business-first mindset. This model is designed for where the market is headed—not where it's been.

Company Spotlight
Very Good Ventures

BUSINESS DESCRIPTION

Founded in 2018, Very Good Ventures (VGV) designs and builds world-class digital experiences for any screen, with the best tools and engineering approaches for consistent, scalable results. VGV works with the biggest companies to strategize, design, build, and scale successful experiences for all. We are the premier multi-device design and development agency, and the gold standard in Flutter, working to empower software excellence for any platform. VGV's global team includes a presence in the United States, LATAM, and Europe.

RELEVANT INFORMATION

Founded: 2018

Employee Base: 140+

Headquarters: New York, New York

Other Locations: Uruguay, Europe

Status: Privately Held

Industries: Financial Services, Travel, Hospitality, Entertainment, QSR

NOTABLE CLIENTS

American Airlines, berkheimer, Betterment, Dow Jones, GEICO, Google, Hamilton, JSX, The New York Times, Norwegian Cruise Line, slickdeals, Toyota Connected India, Trackhouse, Universal Destinations & Experiences, V1 Sports

TECHNOLOGY PARTNERS

Flutter

VGV is the world's leading Flutter development agency. It has partnered with Google since 2018 and has been integral to some of the industry's largest projects to date.

codemagic, embrace, Google Cloud, RevenueCat

CAPABILITIES

- Agentic AI Solutions
- Application Development
- AI-First Engineering
- Product Design
- Performance and Growth
- Product Engineering
- Product Strategy
- AI and Strategy Workshops

BUILD TO SUCCEED

Build to Succeed is a podcast by VGV that gives senior leaders a platform to share their stories and insights learned through direct experience building and maintaining successful digital products. It features industry leaders from companies like Etsy, JPMorgan Chase, Keller Williams Realty, and Wendy's sharing lessons on building the right way, balancing speed with design, and navigating growth. Topics include building scalable digital products, leveraging Flutter for cross-platform development, and integrating AI with design and technology, offering listeners practical insights from real-world innovators.

A VERY GOOD START

Very Good Start is VGV's foundational Flutter app and code generator that creates a unique customized codebase with all of the functionality every app needs to launch and scale successfully, combined with our expert consulting services. This allows for an accelerated timeline, scalable architecture, baked-in automation, Firebase pre-configuration, testing, and enterprise-grade features.

Sources: Company Websites, PitchBook.

Company Spotlight
Very Good Ventures

David DeRemer

Founder, President, and Chief Executive Officer

With nearly 20 years of technology and design consulting experience, David DeRemer plots the course for VGV and its partners. Previously, he co-founded the mobile agency, Posse, and worked at Frog Design, Chobani, and Accenture. Mr. DeRemer is a graduate of the University of Pennsylvania's Jerome Fisher Management and Technology program, earning dual degrees from the Engineering School and the Wharton School.

Q: How will AI/ML evolve in software product development over the next three years?

A: AI and ML will fundamentally shift software development from a focus on writing code to reviewing and guiding it. Essentially, a handful of senior engineers will oversee a large amount of code generated by AI agents, similar to having to manage many junior developers at once. This means that core engineering principles, architecture knowledge, and the ability to review and understand code quality will become more critical than ever. While the need for experienced talent will stay strong, the industry will need new ways to help junior developers grow into senior roles.

Q: As automation and AI increasingly play a role in software development, how do you see the role of human developers evolving within your company's structure over the next decade?

A: The role of human developers will evolve to focus heavily on oversight, context, and decision-making, especially in enterprise and mission-critical environments. While AI agents will handle large volumes of code creation, human developers will be essential for reviewing that code, bringing context and architectural insight, ensuring compliance, and managing risks.

Q: How will adopting low-code/no-code platforms impact traditional software development practices?

A: Software engineering is about translating the intent of product teams, designers, and stakeholders into a functioning product. While low-code and no-code tools, along with AI, aim to simplify that translation layer, the deeper craft of software engineering (e.g., architecture, scalability, and guiding a project to a robust outcome) remains evergreen. These tools can make coding more accessible, but the strategic and architectural expertise of engineers will always be vital for delivering truly effective and scalable solutions.

Q: What emerging technologies or market trends will most disrupt software development in the next three years?

A: GenAI will be one of the biggest disruptors, not only because it'll write code, but it'll also change all phases of the product lifecycle. AI tools will be able to generate PRDs and functional specs and help with CI/CD pipelines and real-time documentation. AI will assist in testing, bug-fixing, and validating whether business outcomes are being met in a more dynamic way. Generative UI is also an emerging trend to watch, where interfaces can be tailored on the fly by built-in models to match individual user needs in real time. All of this promises a more personalized and efficient development process, but will also require new tools and transparency in decision-making, because most current tools are designed for deterministic processes and workflows.

Q: How would you force rank the importance of the following over the next few years: industry specialization, programming skill sets, and intellectual property?

A: Industry specialization takes the top spot because having deep knowledge of a specific domain is becoming crucial in a world where building quickly is easy. Programming skill sets come second, as there's still a need for engineers who understand what's happening under the hood, especially for compliance and troubleshooting in large organizations. Intellectual property ranks last because, as it becomes easier to create new things, the value of IP may diminish compared to the value of tailored knowledge and expertise.

Q: What sales/go-to-market strategies have proven most successful during the past 12 months?

A: Over the past year, the most successful go-to-market strategies for us have centered on building genuine human relationships. Meeting people face-to-face, engaging with real purpose and intention, and consistently providing value in every interaction have proven most effective. While automations and targeted outreach have their place, they must be used thoughtfully to avoid coming off as impersonal or inauthentic. At the core, people prefer to work with those they trust and enjoy, so giving more than taking, and doing the work to build a real-world connection is crucial.

Company Spotlight
Very Good Ventures

Q: Have client priorities shifted in 2025? If so, what are the most important considerations from the client side when assessing a digital engineering initiative?

A: Budgets are under tighter financial scrutiny, even if macroeconomic pressures are no longer as severe. Many companies have retained strict spending controls, making it harder to secure investment and slowing down initiatives. At the same time, there's an emphasis on incorporating AI or data-driven elements into projects, even as companies are cautiously navigating compliance and security concerns.

Clients are looking for solutions that drive business outcomes efficiently and cost-effectively in an environment that's still figuring out how to fully embrace AI. There's a bit of tension between product teams that want to move fast and risk teams that want to slow things down.

Q: What shifts have you seen in client expectations regarding software development timelines and quality in the past few years, and how are you meeting these evolving demands?

A: Clients expect faster delivery without sacrificing quality. There is a sense of urgency fueled by new frameworks and tools like Flutter, which promise to make engineering more efficient, and tools like Figma, that streamline collaborative design processes.

However, AI has also set new and unrealistic expectations, leading some to believe development can be almost instantaneous and cheap. In reality, while things are speeding up, solid engineering practices are still required, and much of the world is still executing with limited or no AI enhancement. It's a balancing act between meeting accelerated timelines and managing the reality of what still needs to be done under the hood.

Q: With the global push toward digital transformation, what industries are you seeing the most growth in outsourcing their software development needs?

A: Strong growth is occurring in industries like financial services, which are complex, user-connected, and have massive compliance needs. Travel, hospitality, and entertainment are also likely to grow as people look for more ways to enjoy their time in a world where AI handles more routine tasks. Data-related industries are set to be huge players over the next decade, as companies work to get their data in shape to fully leverage AI.

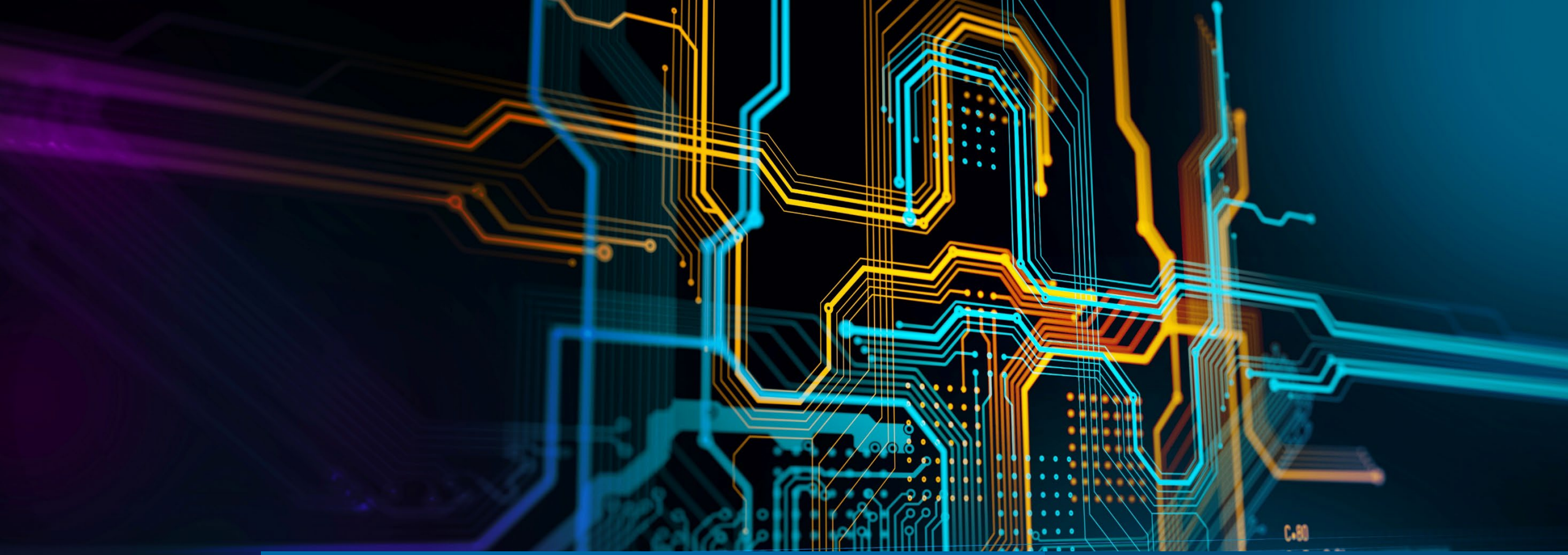
Q: What are the key challenges facing outsourced software development companies today, especially in managing predominantly remote and/or hybrid delivery teams and ensuring quality control across multiple geographies?

A: Managing remote and hybrid delivery teams in software development is already effective due to robust tooling, such as task management systems and code repositories that support remote workflows. As AI tools become more prevalent, they'll further streamline understanding and context without constant in-person clarification.

A key challenge is that lower-cost offshore development may be more disrupted by AI automation, while nearshore and onshore teams, which rely on closer collaboration and communication, are likely to thrive. The core differentiator will be the human element and communication, such as defining requirements, aligning on business needs, and ensuring synergy between teams.

Q: How are you navigating the talent shortage in the tech industry, and what strategies are you employing to attract, develop, and retain top software development talent?

A: Companies with a strong brand and reputation as a cutting-edge, desirable place to work aren't necessarily facing a tech talent shortage. Effective retention strategies involve offering growth opportunities, evolving with team needs, and maintaining a clear mission and set of values. Ensuring that everyone understands where the company is heading and why helps align individual goals with company objectives. Thought leadership through writing, open-source contributions, and developer conference participation can also help position a company as a developer-friendly environment. Creating a place where people genuinely want to work and feel they can grow is the ultimate magnet for talent.



Case Studies

Client Case Study
Auxo Solutions

AUXO

Alpha

Bridgepoint

Auxo has been acquired by Alpha, a portfolio company of Bridgepoint

Sellside Advisor

Client Profile

Co-founded by Ryan Lemoie and Mike Driesen, Auxo is a leading enterprise software engineering firm focused on the financial services industry. Its proposition combines deep industry expertise with extensive software engineering capabilities.

Buyer Profile

Alpha FMC (Alpha) is a leading global consultancy to the financial services industry. Alpha combines highly specialist sector-focused strategy, management consulting, and technology expertise to support the client transformation lifecycle. Founded in 2003, it now has more than 1,180 consultants across North America, the U.K., Europe, MENA, and APAC. Alpha has been supported by investment partner Bridgepoint, one of the world's leading quoted private asset growth investors, since 2024.

Our Role

Houlihan Lokey served as the exclusive financial advisor to Auxo and curated a highly competitive sellside process that maximized the outcome for stakeholders.

Transaction Snapshot

The transaction closed on June 27, 2025.

Client Case Study
KMS Technology

KMS Technology has received a strategic investment from Sunstone Partners

Sellside Advisor

Client Profile

Founded in 2009, KMS Technology is a leading provider of digital engineering, data, AI, and consulting services. The company's global engineering teams deliver an integrated suite of innovative solutions designed to help businesses accelerate their digital product development and speed-to-market. Headquartered in Atlanta, with additional offices in Vietnam and Mexico, KMS Technology is committed to driving innovation and delivering exceptional value through a technology-focused, customer-centric approach.

Buyer Profile

Sunstone Partners is a growth-oriented private equity firm that invests in AI- and technology-enabled services and software companies. The firm partners with exceptional management teams, often as their first institutional capital partner, to help accelerate organic growth and fund acquisitions. Founded in 2015, the firm has $1.7 billion committed capital to its three funds. Sunstone Partners has been recognized as one of *Inc. Magazine*'s "Founder-Friendly Investors" list in 2020, 2021, 2022, 2023, and 2024.

Our Role

Houlihan Lokey served as the exclusive financial advisor to KMS Technology and curated a highly competitive sellside process between a few selected parties, maximizing the outcome for the founders.

Transaction Snapshot

The transaction closed on November 19, 2024.

Disclaimer

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