

The IT Market in 2035.

Who wins, who disappears, and what **AI** changes forever.

A forward-looking brief for technology and business leaders.

Sources: Gartner · McKinsey · IDC · Goldman Sachs · Crunchbase · GitHub · Accenture · Jefferies · Bessemer.

The IT market is not evolving — it is being rebuilt. Software is moving from something users operate to something that operates on their behalf. SaaS pricing is collapsing, IT services are entering deflation, and the difference between winners and losers in 2035 is being decided in the next 24 months.

\$6.15T

Global IT spend, 2026

Source: Gartner

119%

Agentic AI CAGR

Source: Gartner

\$300B

VC into AI, Q1 2026

Source: Crunchbase

46%

Code AI-generated

Source: GitHub / Accenture

72%

CIOs not seeing ROI

Source: Gartner

The thesis

By 2035, agentic AI will drive ~30% of enterprise software revenue — and AI-native companies will dominate every major technology category.

Software is no longer something you use. It is something that acts on your behalf.

SaaS is under structural pressure. IT services are entering deflation.

Two simultaneous forces — one on the product side, one on the services side — are rewriting the economics of the industry. Both decisions are being priced into markets now.

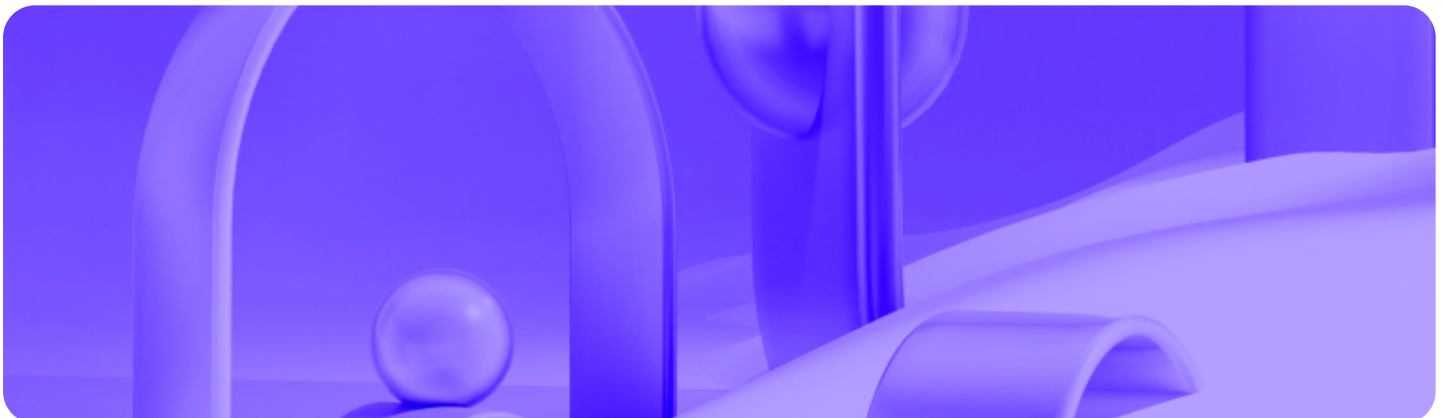
SaaS pricing is **structurally collapsing**

- **Per-seat pricing is collapsing.** Seat-based revenue fell from 21% to 15% in one year. EV/Revenue multiples dropped from 18.6x to ~6x today.
- **\$285B erased in early 2026.** First time software traded at a discount to the S&P 500.
- **35% of point SaaS replaced by 2030.** Tools without data moats are most exposed. 70% of vendors are migrating to outcome-based pricing by 2028.

IT services are entering **deflation**

- **AI cuts coding time by 55%.** Billing by the hour is becoming irrelevant. Jefferies cut IT sector targets by up to 33%.
- **43% of new outsourcing contracts are outcome-based.** What survives is complex engineering, AI system design, and production reliability.
- **Body-shop economics no longer work.** The economic unit is shifting from billable hours to delivered outcomes.

The implication. Companies whose business model assumes seat-based licensing or hour-based services billing have to redesign — not their pricing page, but their **unit of value**. The companies that don't, won't be in the market in 2035.



AI writes half the code. Governance is the differentiator.

How software development changes

The economics of writing code have been inverted.

The speed gain

46%

Of code is AI-generated.

30-55% faster cycles. Up to 80% lower early-stage costs.

75%

Of developers will orchestrate, not code, by end of 2026.

The unit of value moves from typing to system design.

-40%

Junior dev demand collapsed.

AI/ML salaries hit \$206K (+\$50K YoY).

The hidden cost

2.74x

More vulnerabilities in AI-written code.

45% OWASP failure rate.

25%

Of enterprise breaches will trace to AI agents by 2028.

Untracked autonomy is the new attack surface.

40%

Of agentic AI projects will be cancelled by 2027.

Unrealistic expectations and governance gaps.

The 2035 timeline

From probabilistic novelty to operational backbone.

2026

The crossover year.

AI in 40% of enterprise apps. SaaS trades at a discount to the S&P 500. Agentic AI spending overtakes chatbots.

2028

Per-seat is obsolete.

AI agents intermediate \$15T in B2B transactions. 25% of enterprise breaches trace to AI agents.

2030

AI becomes the default.

70% of routine coding automated. All IT work involves AI. 35% of point SaaS replaced by agents.

2035

AI-native dominance.

Agentic AI drives ~30% of enterprise software revenue (\$450B+). AI-native companies dominate every major technology category.

The market will split — not gradually transition.

A bifurcation, not a glide path.

The companies that compound through 2035 share a property: their unit of value is something AI agents can't substitute. The ones that disappear share the opposite — their unit of value is a seat, a headcount, or an interface layer that an agent removes.

Wins by 2035	Disappears by 2035
<p>Platforms with deep data moats Salesforce, ServiceNow — entrenched workflow + proprietary data</p>	<p>Point SaaS with no data layer Tools without network effects or proprietary signal</p>
<p>Vertical AI companies 400% YoY growth — Bessemer estimates 10× the SaaS market cap</p>	<p>Body-shop IT services Billing by headcount in a 55% productivity world</p>
<p>AI-native engineering firms Deliver outcomes, not hours — accountable for results in production</p>	<p>Mid-tier consultancies Models that rely on junior analyst leverage</p>
<p>SaaS rebuilt around AI agents Workflows redesigned for agentic execution, not user sessions</p>	<p>Legacy SaaS on per-seat pricing Per-seat pricing held past 2027</p>

The pattern across both columns

Winners own the workflow or the data.
Losers own the interface to it.



Different industries. Different bottlenecks. Same urgency.

Healthcare

The bottleneck is data,
not diagnosis.



- **Prior authorization compressed from days to minutes.** AI reads policy, patient history, and clinical criteria simultaneously.
- **2 hours of documentation per 1 hour of care.** Ambient AI scribing shows 50–70% reduction.
- **By 2030: real-time patient flow optimization.** Governance and audit trails are mandatory architecture, not add-ons.

How FLS helps

We build AI for clinical ops, patient flow, and health data governance — auditability and hallucination monitoring built in from day one.

Real Estate

Document-dense,
compliance-heavy,
structurally
underdigitized.



- **Due diligence compressed from weeks to days.** AI extracts and cross-references hundreds of transaction documents automatically.
- **New-gen AVMs integrate unstructured data** — planning records, satellite imagery, demographics. Not just comparable sales.
- **By 2030: end-to-end transaction orchestration by AI agents.** Humans review exceptions only.

How FLS helps

We build document intelligence and transaction automation with confidence scoring and human-in-the-loop architecture for high-stakes outputs.

Digital Experience

Speed without
governance is a brand
liability.



- **3–5× content throughput with AI.** Without quality control, this produces brand inconsistency and compliance violations.
- **AI-as-a-feature is a differentiation requirement.** Embedded into the core product, not alongside it.
- **By 2030: fully AI-orchestrated content pipelines** — brief to published, with automated brand compliance and regulatory flagging.

How FLS helps

We build AI-as-a-feature with a full audit trail by design: what was generated, by which model, approved by whom, published where.

We design, build, and operate AI systems in production.

We engineer and operate — with defined outcomes and accountability for results.

The question has changed

It is no longer 'Should we use AI?'

It is: 'Where does AI create real value — and where does it break our system?'

Operate. Transform. Re-engineer.

01

Managed AI Services (MAIS)

Operate AI as a production system.

- **Continuous operation** — monitoring, retraining, drift detection, incident response. Not a one-time deployment.
- **KPIs that matter** — ESR, hallucination rate, cost per execution. Not just uptime SLAs.
- **No hand-off.** We operate, adapt, and improve as your business evolves.

02

SaaS Exit

Transform SaaS products for the AI economy.

- **Rebuild workflows around AI agents** — not user sessions or seats.
- **Migrate to outcome-based pricing** — without breaking existing revenue.
- **Relevant for** vertical SaaS losing moat, horizontal SaaS facing agent substitution, PE-backed portfolios preparing for exit.

03

Re-engineering

Rebuild legacy systems for AI integration.

- **Legacy codebases are the #1 barrier to AI adoption.** You cannot embed an agent into a 15-year-old monolith reliably.
- **Modern architecture and accessible data layer** — AI deployable in core workflows, not bolted on at the edge.
- **Foundation for everything after.** Without it, agentic AI has nowhere to land.

Book your AI readiness assessment

A clear answer before any commitment.

A focused, time-boxed engagement that maps where AI delivers measurable ROI in your business — and where it would introduce more risk than value. No pilots. No slide decks.



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