Aventis *Advisors*

IT Services in the AI Era Webinar

18 November 2025

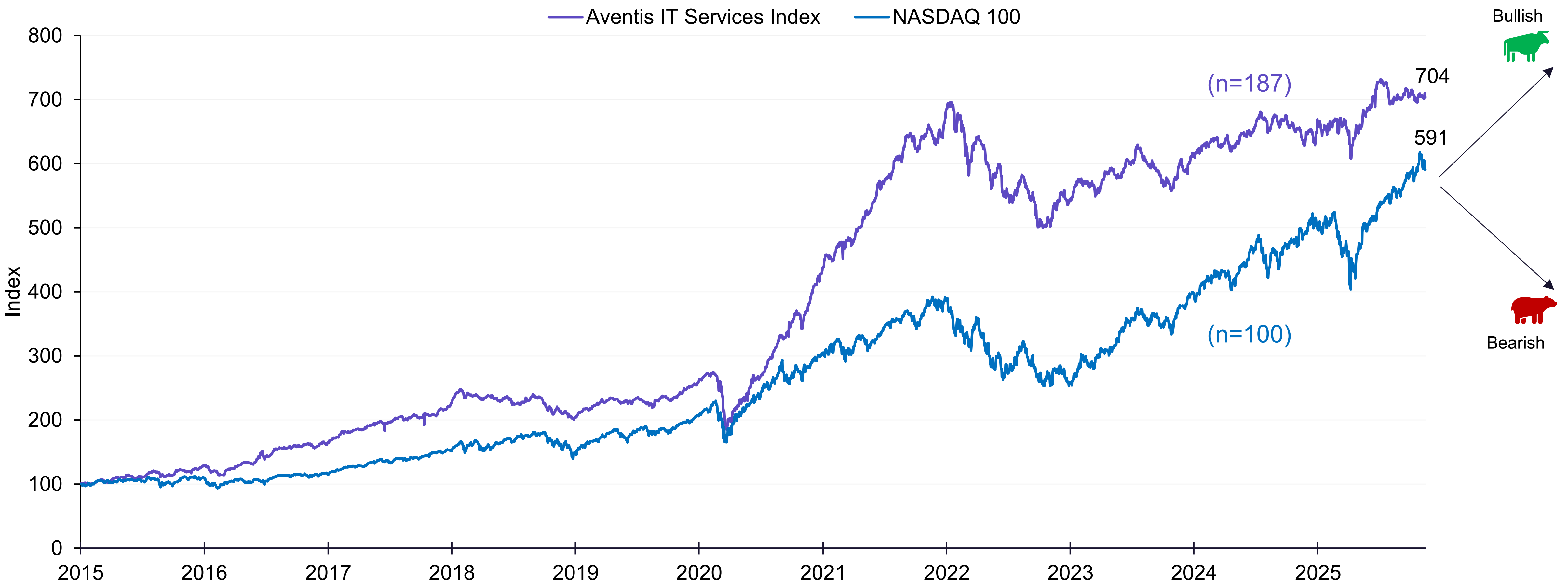
Agenda

1. How AI is Reshaping IT Services Valuations
2. Leaders vs. Laggards in AI Era: IT Services Segments
3. How to Build AI Capabilities into IT Services Businesses
4. What Acquirers Want: AI Readiness in IT Services Deals
5. Bonus: When AI Starts Writing Code, The Developer's New Role

The Aventis IT Services index continues to rise if we take a long-term view

Overall performance of the IT Services sector remains strong, with long-term momentum intact

Performance comparison between Aventis IT Services Index and NASDAQ 100, rebased, 2015-2025 (01.01.2015 = 100)



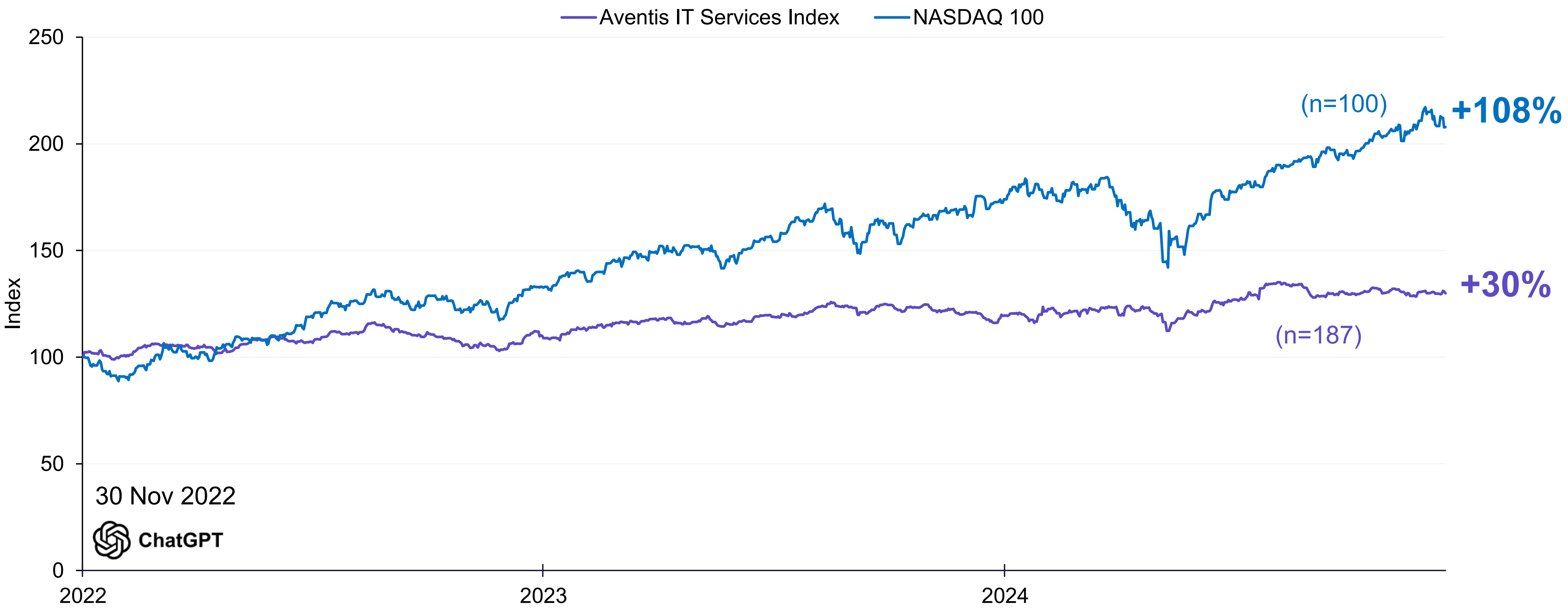
Note: Aventis IT Services index includes companies from 31 different countries.

Source: S&P Capital IQ as of November 2025

But since ChatGPT's debut, IT Services have lagged the broader AI-driven market

Following the launch of ChatGPT, the sector has delivered stable but muted gains compared to the accelerating momentum of the NASDAQ 100

Performance comparison between Aventis IT Services Index and NASDAQ 100, rebased, 2015-2025 (30.11.2022 = 100)



Source: S&P Capital IQ as of November 2025

Beneath the surface, the performance of IT services companies differs

Behind the stable headline performance lies a reshuffling of winners: defense, healthcare, and cybersecurity surge while generalists decline

HQ	Company	YTD performance	Catalyst
Hungary	4iG Group	+418%	Space & Defense
Indonesia	Multipolar Technology Group	+303%	Strong financial performance
Portugal	Glintt Global	+244%	Healthcare
Spain	Indra	+192%	Space & Defense
Poland	Comp	+100%	Cybersecurity

HQ	Company	YTD performance	Catalyst
UK	endava	-78%	**No core vertical.** Generalist software development and consulting companies.
Argentina	Globant	-71%	
USA	Grid Dynamics	-63%	
USA	unisys	-59%	
USA	ASGN Incorporated	-48%	

Note: companies with market cap above USD 100 million

Vertical specialization is outperforming generalists - specialized players benefiting from defense and cyber themes are up by triple digits, while broad software development outsourcing players are considered most at risk of AI disruption and commoditization.

Some fast-growing segments where IT Services providers are winning today

Based on our analysis of LinkedIn headcount growth data, these segments show the strongest momentum across IT Services

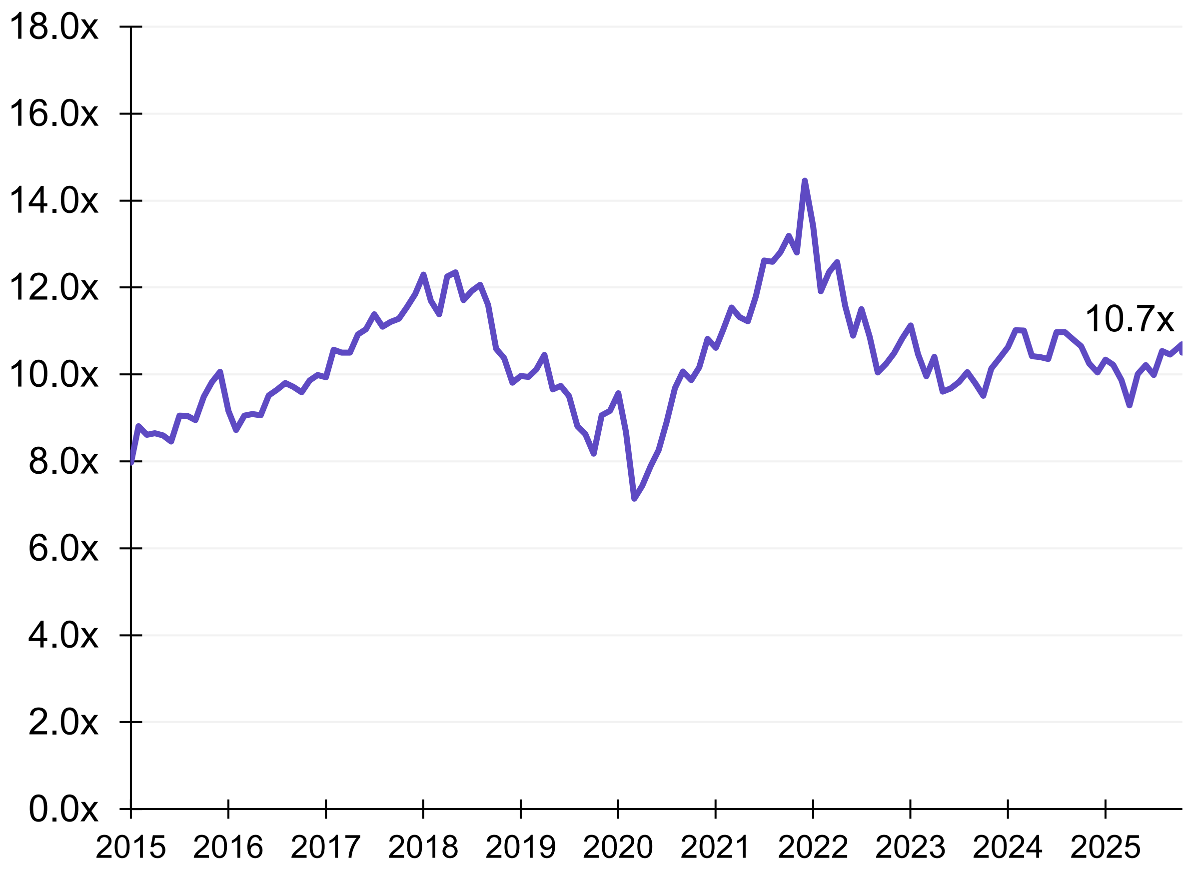
Theme	Typical services	Example vendors
AI, Data & Digital Engineering	• AI and ML solution development • Data platforms, analytics, MLOps	Metayb Seanergy.ai
Cybersecurity	• Managed security services (MSSP and SOC) • Pen testing, red teaming, incident response • Identity and digital trust	DELTA LINE INTERNATIONAL AKS IT SERVICES
Cloud, infrastructure and data center	• Cloud consulting and migration (AWS, Azure, GCP) • Infrastructure as a Service and managed cloud • Data center design, build and operations	Aptly Technology
Enterprise Platform Specialists	• Implementation, integration and managed services for specific enterprise platforms • Finance and HR transformations, often with strong industry specialisation	Cloud Odyssey invisors

Source: Linkedin

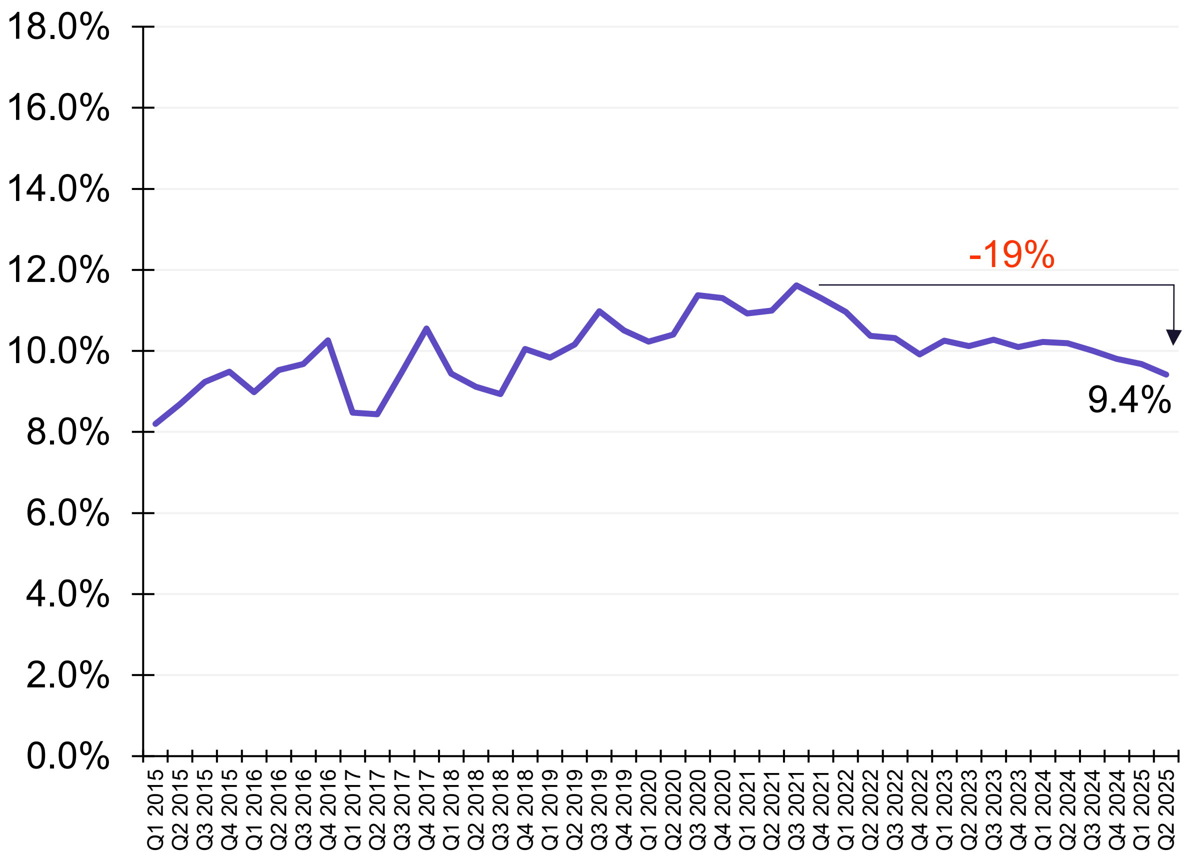
IT Services valuation multiples hold up while profitability margins decline

Multiples are holding, but margins have declined for six quarters as IT Services firms continue to issue tough guidance for the near-term

Median EV/EBITDA Multiple of IT Services companies, 2015-2025 (n=187)



Median quarterly EBITDA margin, 2015-2025 (n=187)

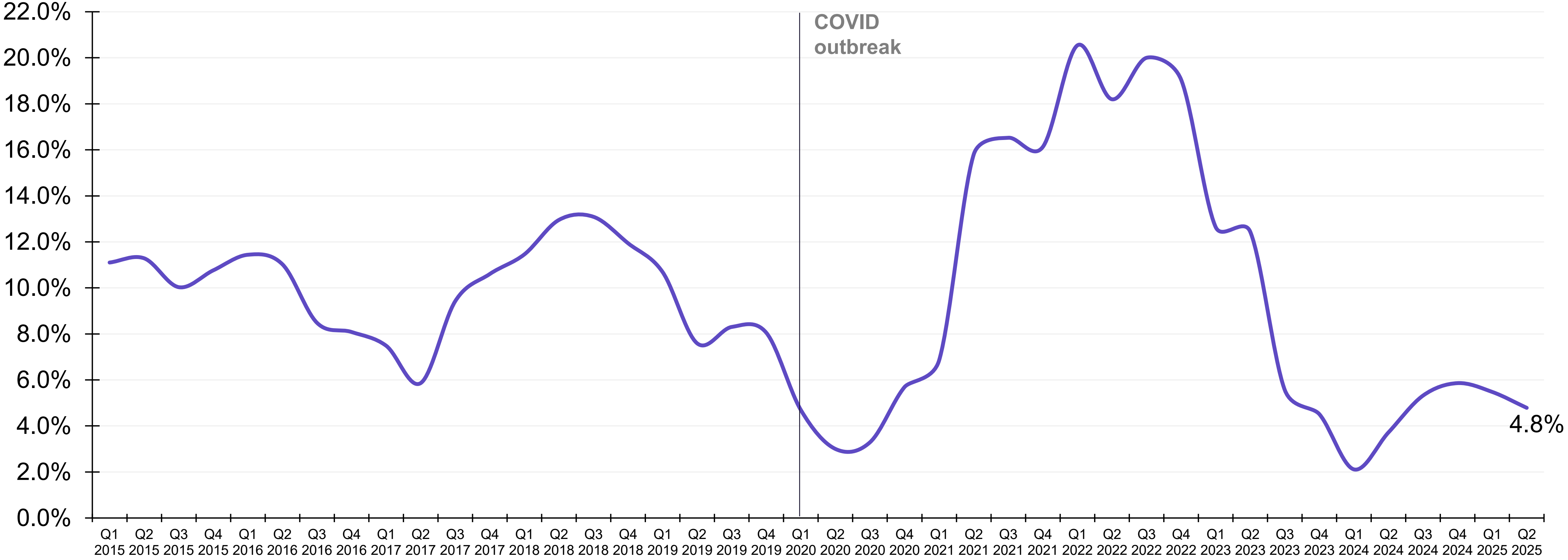


Source: S&P Capital IQ as of 14 November 2025

Revenue growth slowed down in the first two quarters of 2025

Median revenue growth stabilized at around 5% for the IT services industry

Median quarterly YoY revenue growth, 2015-2025 (n=187)

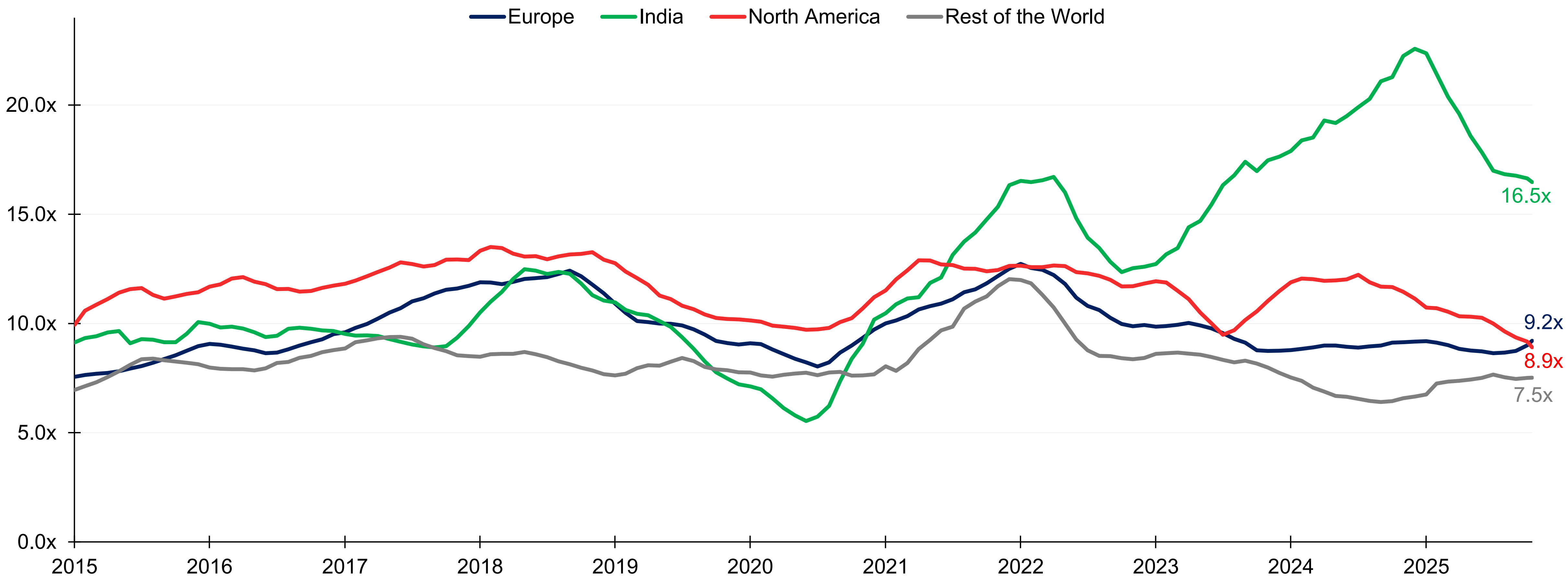


Source: S&P Capital IQ as of 13 November 2025

Valuations of listed Indian companies continued to decline

Median EBITDA multiples vary by region with India leading the way

Median EV/EBITDA multiples by region, on a 6 months rolling average basis, 2015-2025 (n=187)



Source: S&P Capital IQ as of 13 November 2025, Aventis Advisors analysis

IT services firms' response and adaptation to AI

AI-driven efficiency gains are altering delivery models, compressing margins, and prompting IT Services firms to consolidate through M&A

1. Move to India

As margins are under pressure, companies increasingly shift work to India to improve cost efficiency.

U.S. firms turn to India GCCs as Trump's H-1B visa curbs tighten

GCC ›

EPAM see GCCs in India as early adopter of AI

EPAM Systems sees the adoption level of AI among the GCCs to be on par with those in the developed economies

2. Headcount optimization

AI and automation tools are reducing the need for large delivery teams. Tasks such as coding, testing, documentation, and L1/L2 support are increasingly automated.

AI

Tech layoffs continue into 2025 as industry cuts another 26,000 jobs

21 February 2025 · 3 minutes

TECH

Accenture plans on 'exiting' staff who can't be reskilled on AI amid restructuring strategy

PUBLISHED FRI, SEP 26 2025•7:18 AM EDT | UPDATED SAT, SEP 27 2025•8:33 AM EDT

3. Consolidation wave

As AI reshapes delivery models and compresses margins, IT services firms are increasingly pursuing M&A to gain scale, fill capability gaps, and stay competitive.

Technology

Apollo sees consolidation in IT services as companies seek centralized access

Capgemini to buy outsourcing firm WNS for $3.3 billion in AI push

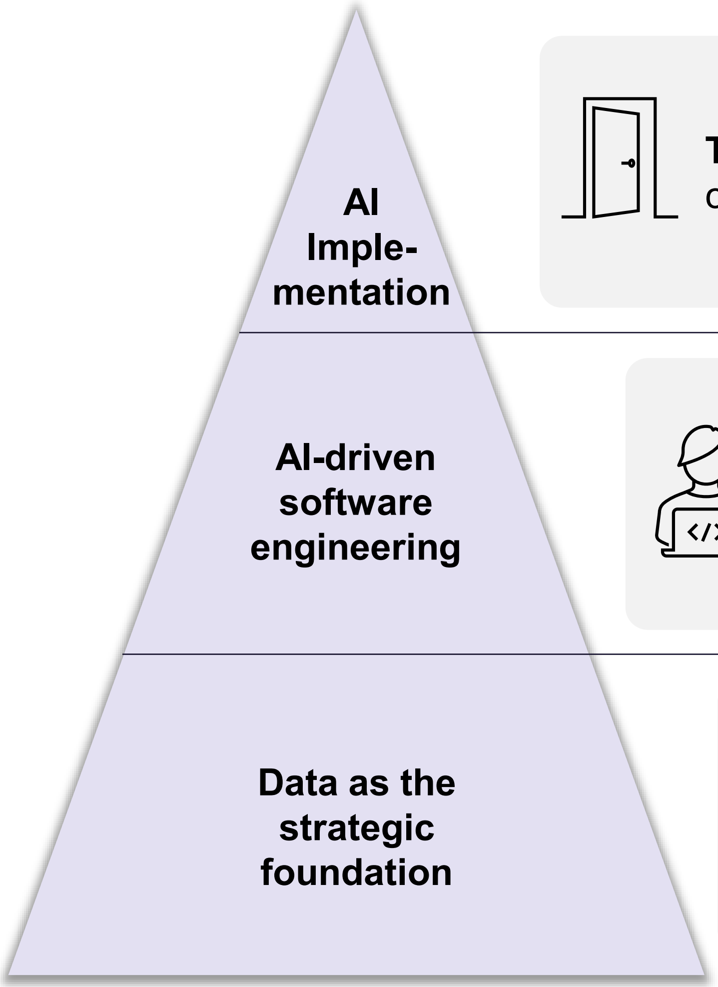
By Mateusz Rabiega

July 7, 2025 12:26 PM GMT+2 · Updated July 7, 2025

Source: Aventis Advisors analysis

How can IT Services Businesses Build AI Capabilities

To compete in an AI-first world, IT Services providers must combine data strength, AI-driven delivery, and distinctive client-facing AI offerings



The door opener for new clients and projects: AI serves as an effective way to start client conversations, using simple pilots to unlock broader, higher-value engagements.

Efficiency unlocking in project delivery: AI can augment every stage of development: from requirements analysis, coding, testing, refactoring, deployment, and support

Data as the foundational moat: Data is the most important input to LLM models and data projects will grow with the increased adoption of AI.

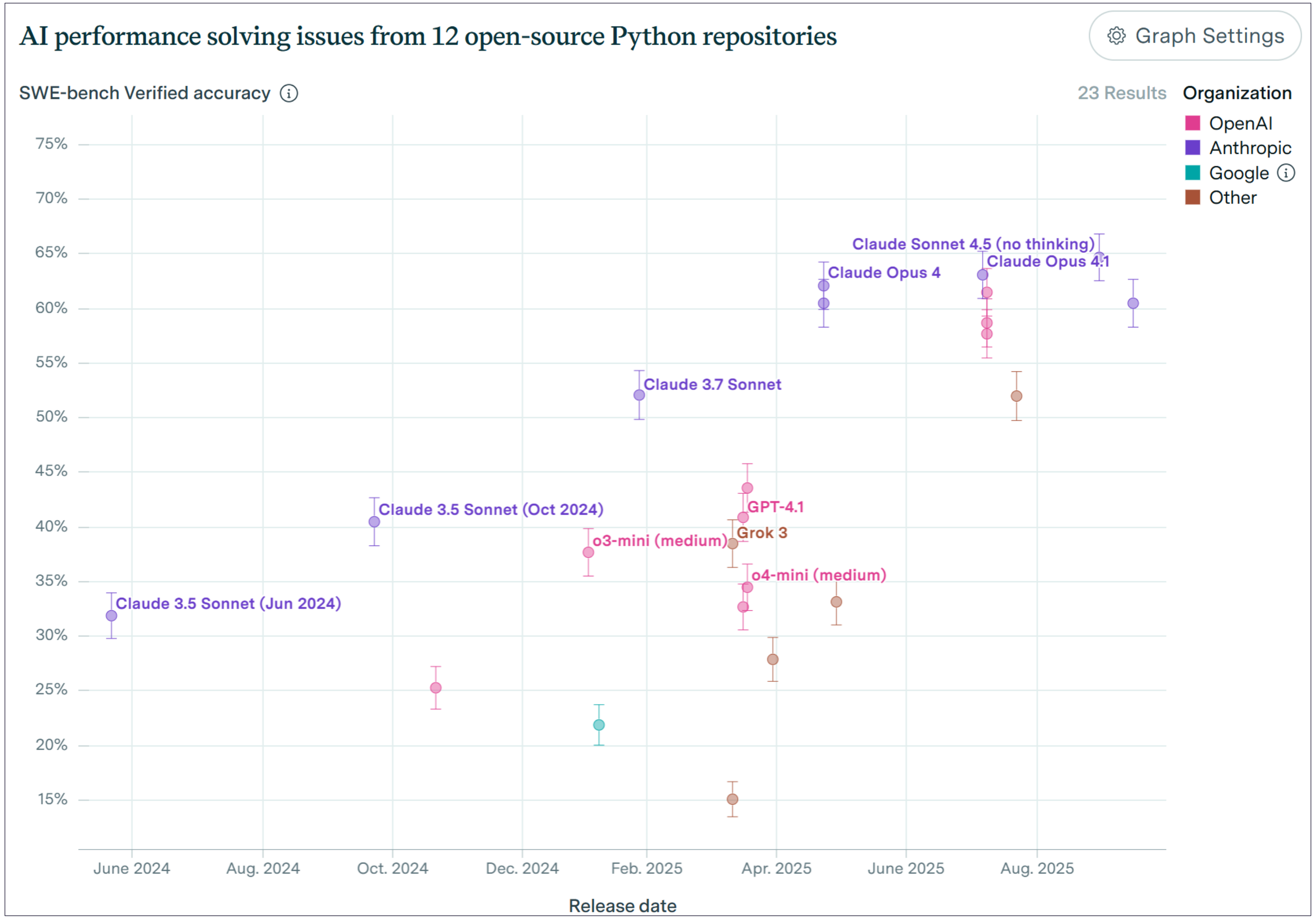
What Acquirers Want: AI Readiness in IT Services Deals

Buyer appetite is strongest for AI-ready capabilities, stable for major enterprise platforms, and weakest for commoditized engineering tasks

Factor	Discussion
Growing themes ↑	• Acquirers are prioritizing firms with **AI/ML, data engineering, cybersecurity, and vertical-specific capabilities**. • AI and data companies benefit directly from the growing demand, while vertical know-how is more resilient and difficult to replicate with AI.
Neutral verticals —	• **SAP, Salesforce, Oracle, Workday, and other major enterprise platforms** are viewed as neutral. Demand is stable, AI has limited disruptive impact so far – individual, company-specific factors are more important.
Declining themes ↓	• **Pure-play staff augmentation, legacy system maintenance, UI/UX, front-end development, and other low-complexity engineering tasks** will see valuation pressure. These areas are most exposed to AI-driven automation, making revenue less durable and reducing buyer appetite.

When AI starts writing code, the developer's new role

AI will require new skills from software engineers, less coding, more business analysis, problem solving, and consulting



Shift in most valuable skills to:

- Understanding user needs, edge cases and requirements
- Defining the architecture
- Quality control of AI-generated output
- Domain and business expertise
- Fast prototyping
- Creativity

Source: Epoch AI

Summary

The IT Services sector remains **resilient**, but AI is quietly reshaping its internal dynamics

IT Services margins are compressing and there are three major responses – **Relocate, Resize, Consolidate**

The winners of the AI era will be firms with **deep technical capabilities or vertical expertise**, not generic delivery shops

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