

Press Release

‘GenAI is the shapeshifter of the millennium that will transform services’ says Axis Capital’s Report on AI implications for India tech and 2025 outlook

The report also asks and answers if ‘services as a software could be the new SAAS’

Mumbai, 16th January, 2025: GenAI could generate savings of 20-40% in the software development lifecycle. Axis Capital’s institutional research sees no risk to tech spends with these savings being ploughed back into innovative tech for better business, according to a recent report, *GenAI: Millennial Shapeshifter to Transform Services*, by Manik Taneja, Saksham Savernya and Rohit Thorat. In a broader discussion on the outlook for 2025, the authors maintain that global techs offer better risk-reward relative to India peers. [Click here for the report.](#)

Spotlight

GenAI impact

- AI-led productivity gains could be in the range of 20-40%
- Savings from efficiency gains will likely be ploughed back into the business to chase more tech innovation
- GenAI unlikely to compress tech spending (remember the global delivery model impact in the 2000s)
- The notion of services-as-software model bodes well for margins, but not yet

Outlook 2025

- Expect growth recovery in CY25/FY26E
- Global techs offer better risk-reward relative to Indian techs

Highlights

AI-led efficiency gains across tech functions are real and measurable

- Industry reports suggest AI-led productivity gains of 20-40%.
- Researchers tracking productivity gains found AI boosted software-developer productivity by 26%
- Microsoft GitHub Enterprise saw client interest in AI projects grow 100% in an 18-month period with actual use growing 11.5%.

Breakthroughs diffuse slowly; IT spends to stay, Services-as-a-Software next?

- Historical tech gamechangers like cloud computing, 3D printing, offshoring etc. have seen slow diffusion cycles before generating exponential gains
- Savings from GenAI-led efficiency gains will be leveraged back into the business to chase other increasingly ambitious innovation

- We see no risk from GenAI on overall tech spending
- Services-As-A-Software is a compelling model for margins but we are wary of factoring this given that Indian IT has failed to retain currency gains or savings from delivery mix in the past.

Outlook 2025: Global techs to ride the return of growth in CY25/FY26E

- Better entry/exit arithmetic is likely to drive growth recovery in CY25/FY26E
- Similarities in the current growth set-up and that at end-CY16 (when US President Trump began his first term) stop short at valuations; notably, Indian tech stocks were inexpensive then, having been de-rated over FY15-17
- Indian techs today trade at similar-to-higher multiples vs the past 3-5-year means
- Global techs offer better risk-reward through a combination of lower-than-historical multiples and relative underperformance vs Indian techs
- Our selective preferences in Tier 1 are Wipro, Infosys and TechM.

[Click here for the report: 'GenAI: Millennial Shapeshifter to Transform Services'](#) – Manik Taneja, Saksham Savernya, Rohit Thorat. December 2024, Axis Bank Ltd.

About Axis Capital:

Axis Capital is India's leading investment bank with leadership position across investment banking and institutional equities. Axis Capital's Investment Banking business has been honed for over 40 years delivering strategic advisory and solutions for Corporates and Investors. It has leadership positions across ECM, M&A, Private Equity Advisory and InvIT/REITs. Axis Capital is also a leading institutional broker in India with a full suite of offerings – from Research to Corporate Access, Cash, Derivatives and Electronic Trading. It's a preferred partner for leading institutional investors in India and across the globe.

For further information on Axis Capital, please refer to the website: <https://www.axiscapital.co.in>

For media queries, please contact:

Axis Capital	Adfactors PR
Mittal Solanki mittal.solanki@axisbank.com +91 90049 09465	Sailee Nayak sailee.nayak@adfactorspr.com +91 99301 67115
Amrita Ganguly amrita.ganguly@axisbank.com +91 9930023793	Siddhanth Unnikrishnan siddhanth.unnikrishnan@adfactorspr.com +91 9004380023