

What does GenAI *REALLY* mean for IT Services, BPO, Healthcare and Software Companies: A US \$549 Billion Opportunity or Threat?

An In-depth analysis on how to prepare for an
AI-led future

September 2024

Introduction

This research report delves into the transformative influence of Generative AI (GenAI) across key industry sectors such as IT Services, Technology/Software, and Business Process Outsourcing (BPO). Anchored by a detailed market overview, the report not only maps the GenAI value chain and the strategies of leading market players but also integrates findings from our targeted survey, which collected responses from industry leaders across these sectors. The survey aimed to capture firsthand insights into how businesses are navigating the GenAI landscape, from integration challenges to strategic advantages

The report is structured into three main sections:

Market Overview – An exploration of the GenAI ecosystem, outlining its essential components, major technological drivers, and the competitive strategies of market leaders that shape industry standards and innovations

Sector Impact Analysis – Examining the effects of GenAI on IT services, technology/software, and BPO companies, this section uses survey data to showcase the benefits and challenges, offering a balanced perspective on GenAI’s impact on operations and services

M&A Activity – An analysis of strategic, PE and VC investment trends in GenAI space since 2021, focusing on platform companies and those utilizing third-party GenAI technologies. It covers deal geography, capital raised and the role of types of investors with a breakdown of industry segments

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About Technology Holdings

Technology Holdings (TH) is a **global boutique investment bank** dedicated to delivering M&A and capital raising advisory services to **Technology Services, Software, Consulting, Healthcare Life Sciences and Business Process Management Companies** globally with enterprise values ranging from **US \$25 Million to US \$500 Million**.

TH has a global team of over 120 people across nine countries including UK, France, Germany, Spain, USA, Canada, Australia, Singapore and India.

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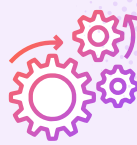
Consultancies



Healthcare &
Lifesciences



Business Process
Management



Engineering
Services

LONDON

NEW YORK

SAN JOSE

MID-WEST

TORONTO

MUMBAI

NEW DELHI

BENGALURU

KOLKATA

SINGAPORE

MELBOURNE

SYDNEY

SAO PAULO

BARCELONA

VALENCIA

PARIS

MUNICH

SECTION I

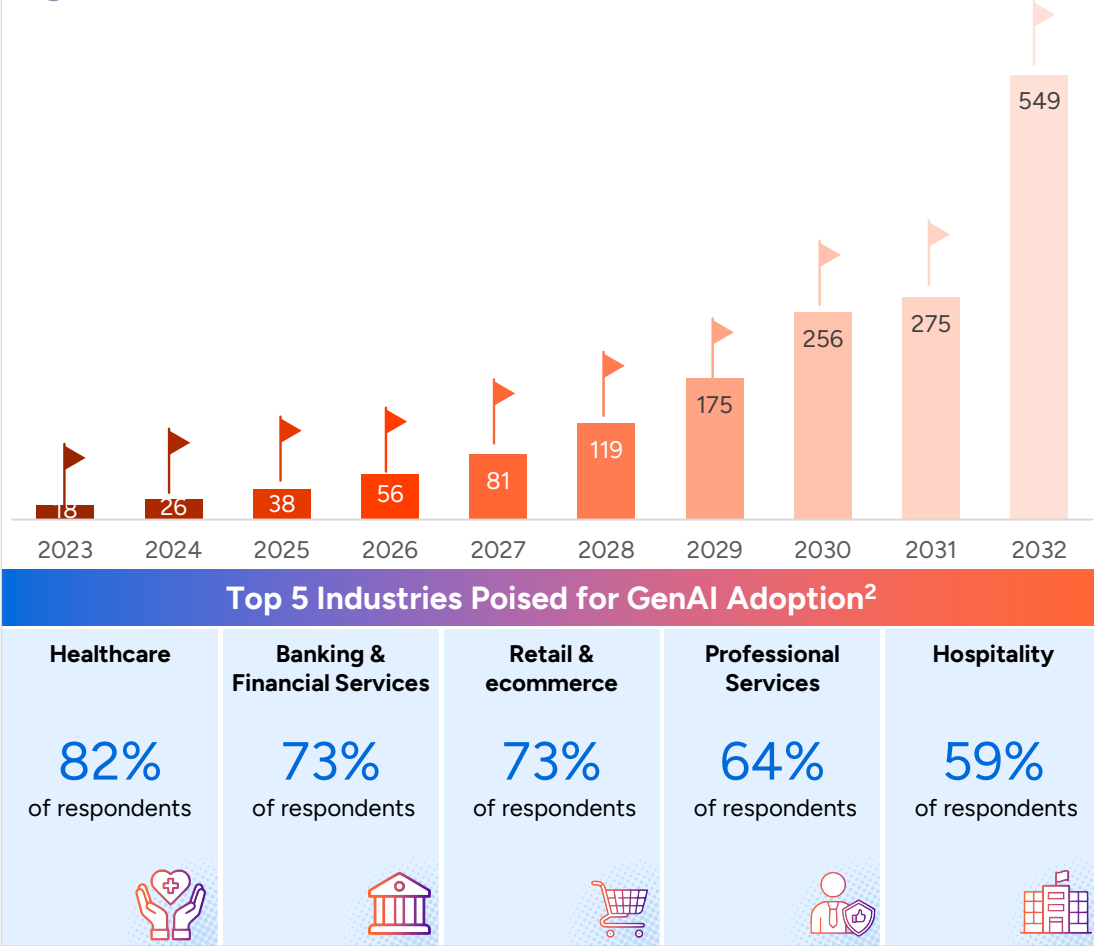
Market Overview: GenAI Market Size and Market MAP



GenAI Market Surge from US \$18 Billion in 2023 to US \$549 Billion in 2032

- **Rapid Market Expansion:** Projected growth from **\$18 billion** in **2023** to **\$549 billion** by **2032**, with a **CAGR of 46.5%**
- **Significant VC Influence:** A **US \$6 billion** AI deal in Q2 2024 spiked VC investments by 29%, signaling strong interest in GenAI
- **Tech Giants Lead Innovation:** **Microsoft** and **Google** are integrating GenAI deeply into consumer and **enterprise products, enhancing productivity** and search capabilities
- **Generative AI in Automation:** Set to revolutionize intelligent automation by enabling higher intelligence tasks beyond routine automation
- **Slow Adoption Despite Potential:** Many firms remain in experimental phases with GenAI, with significant adoption not expected for two more years
- **Reskilling for GenAI:** Nearly half of the workforce in leading companies will require reskilling to leverage GenAI effectively within the next two years and make it mainstream
- **Market Lag in Early 2020s:** Despite the initial downturn, current VC activity and deal counts are rallying, indicating a resilient and rebounding GenAI market

Figure 1: Generative AI Market Size, 2023-2032 (US\$ Billion)¹



Expected Impact of GenAI on Business Objectives²

91% of respondents
Increased Employee Productivity

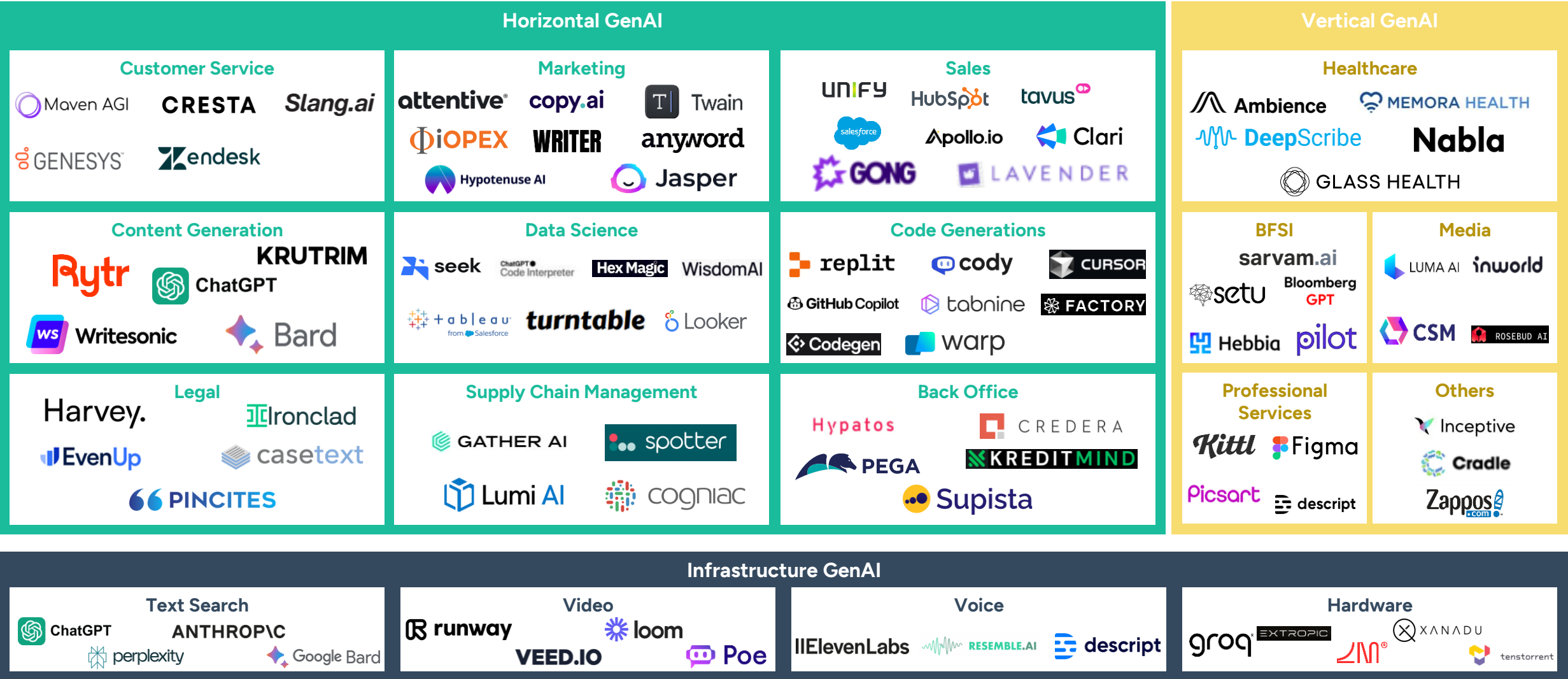
82% of respondents
Improved Operational Efficiency

82% of respondents
Enhanced Customer Experience

73% of respondents
Cost Savings

Unleashing new dimensions of growth and innovation, GenAI’s trajectory promises expansive global opportunities

The GenAI Ecosystem: Key Players and Pioneering Technologies



Note: The sub-segments and companies shown are for illustrative purposes only and do not represent an exhaustive list of GenAI space

SECTION II

GenAI Applications: Global Industry Insights and India Growth Trajectory



GenAI Revolution: Leading Industries and Emerging Applications

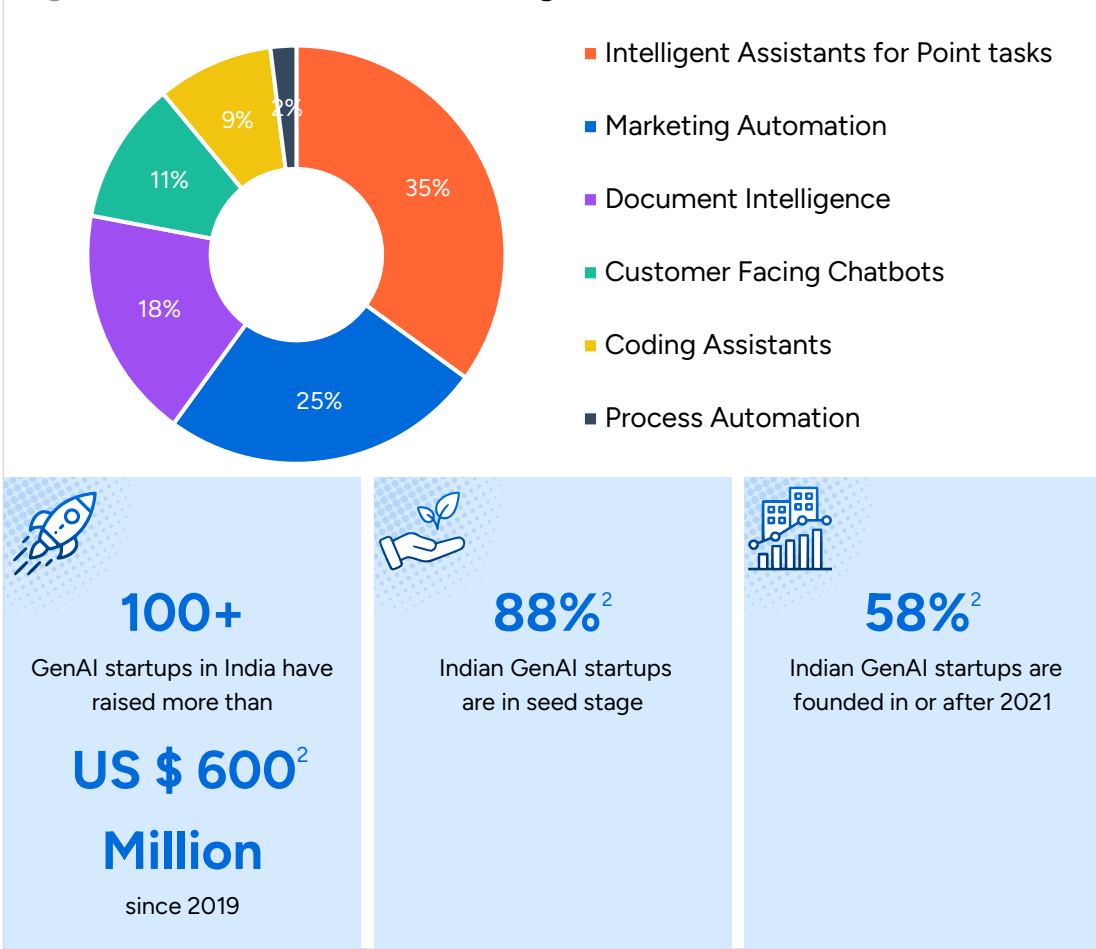
 Healthcare & Life Sciences Use Cases Today ▪ Predictive Analytics ▪ Medical Imaging Analysis ▪ Genomic Sequencing Interpretation ▪ Remote Monitoring Emerging Use Cases ▪ Autonomous Robotic Surgery ▪ AI designed personalized treatment plans based on patients' unique health profile ▪ AI-Enabled Epidemic Outbreak Prediction	 Banking & Financial Services Use Cases Use Cases Today ▪ Fraud Detection Systems ▪ Risk Management, Credit Scoring ▪ Algorithmic Trading ▪ Customer Service Bots Emerging Use Cases ▪ AI in Regulatory Compliance ▪ Blockchain Transaction Analysis ▪ Behavioral Biometric Authentication	 Retail & eCommerce Use Cases Use Cases Today ▪ Personalized Recommendations ▪ Customer Sentiment Analysis ▪ Inventory Management ▪ Automated Customer Support Emerging Use Cases ▪ Augmented Reality Shopping ▪ Predictive Customer Behaviour Modelling ▪ AI-Driven Supply Chain Logistics ▪ Automated Personal Shopping Assistants	 Professional Services Use Cases Use Cases Today ▪ Automated Document Drafting ▪ Conflict of Interest Detection ▪ Case Prediction Algorithms ▪ Tax Optimization Emerging Use Cases ▪ Predictive Policing ▪ AI Jurors ▪ Virtual Legal Assistance ▪ Contract Analysis & Renegotiation	 Hospitality Use Cases Use Cases Today ▪ Dynamic Pricing Models ▪ Customer Preference Management ▪ AI-Managed Bookings ▪ Virtual Concierge Services Emerging Use Cases ▪ AI for Personalized travel itineraries ▪ Robotic Hospitality Services ▪ AI in Event Management ▪ Predictive Maintenance
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Showcasing the transformative impact and future of GenAI across pivotal sectors

GenAI in India: A Rapid Ascent in Innovation and Investment

- **Rapid Innovation:** In 2024, a surge in proofs of concept and production deployments marked significant progress in GenAI applications across various sectors in India
- **Diverse Applications:** Enterprises adopted GenAI for internal processes, customer service enhancements, and marketing automation, with varying degrees of implementation and success
- **Investment Landscape:** The year witnessed robust investment activity with major deals like **US \$50 million** investment in Krutrim SI Designs by Matrix Partners and 70% acquisition of Decision Point by Latent View Analytics for **US \$39 million** in May 2024
- **Emerging Challenges:** Enterprises face hurdles like hallucination issues in LLMs, data privacy concerns, and the high costs of LLM services which affect the pace of adoption
- **Government Initiatives:** **IndiaAI Mission** operationalized with significant investments aimed at fostering a conducive AI development environment
- **Market Outlook:** Continued investment in GenAI, particularly in native language processing and enterprise applications, predicts a bullish growth trajectory for the sector

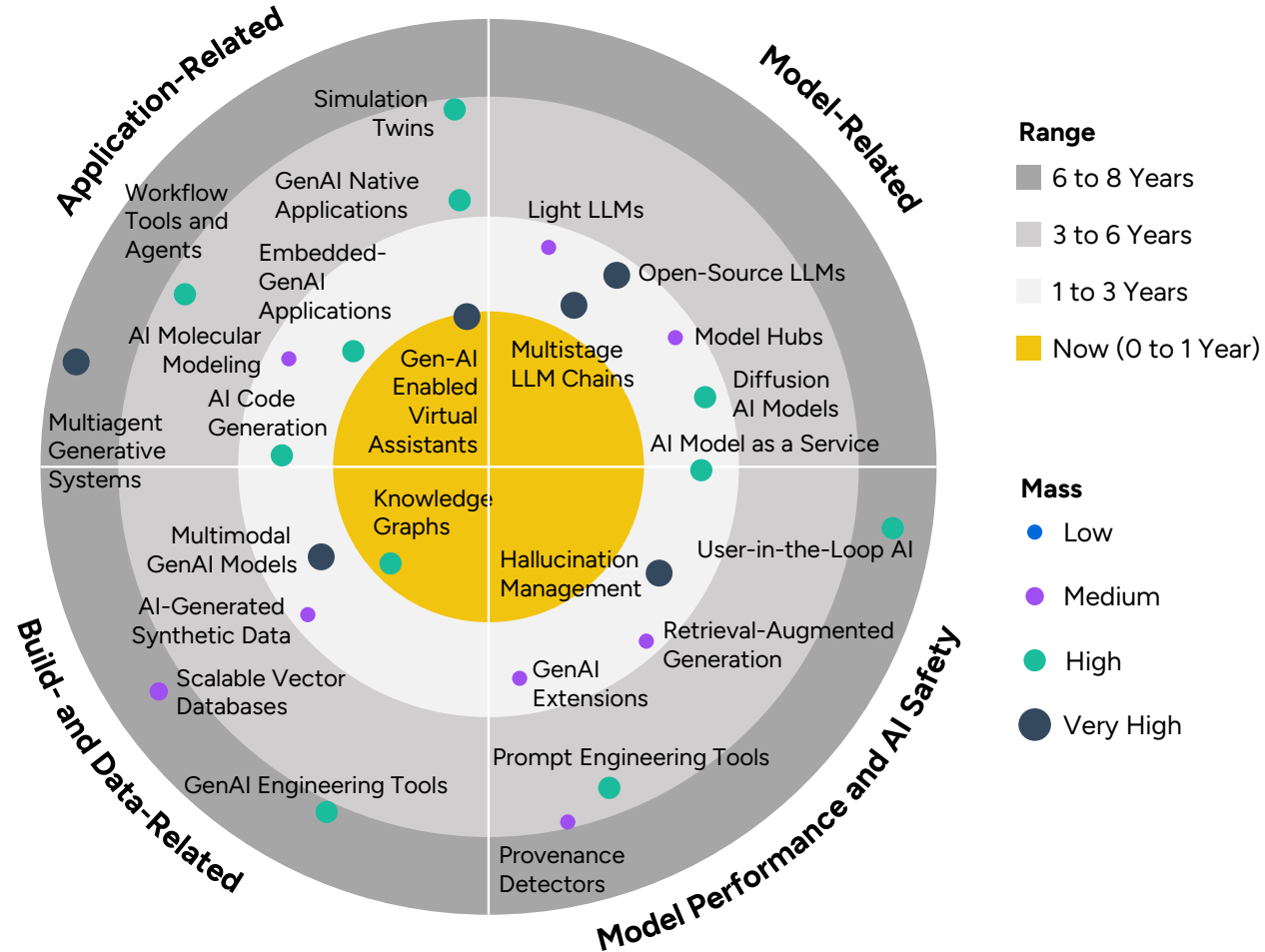
Figure 2: GenAI Use Cases in Indian Organizations 2024¹



- 66%¹**
of India's top 50 most valued unicorn startups are already using AI and GenAI
- 15-20%¹**
of proofs of concept by domestic enterprises have been rolled out into production
- 30-40%¹**
of proofs of concept by global capability centres based in India

India's GenAI ecosystem is accelerating with 100+ startups raising US \$600 million, driving innovation across sectors

Key GenAI Technologies Transforming Industry Operations: Gartner Impact Radar



As GenAI advances, it reshapes industries with scalable solutions and drives innovation. **Gartner's Impact Radar** highlights how **Light LLMs**, **Open-Source LLMs**, and **Multimodal AI** are set to impact BPO, Software, and IT Services by accelerating deployment and enhancing flexibility. These technologies enable businesses to boost efficiency, improve customer engagement, and create more value –

- **Light LLMs** enable scalable GenAI solutions for customer service and automation with lower computational needs
- **Open-source LLMs** drive rapid customization, fostering innovation in software development and IT services
- **Multimodal AI** integrates text, video, and audio data, enhancing industry applications and advanced analytics
- GenAI embedded into existing workflows automates processes, boosts efficiency, and improves customer experiences across industries

*By 2026, single-modality AI models will lose out to multimodal AI models in over **60%** of GenAI Solutions, up from less than 1% in 2023*

– Gartner

GenAI solutions driving efficiency and Innovation across industries

SECTION III

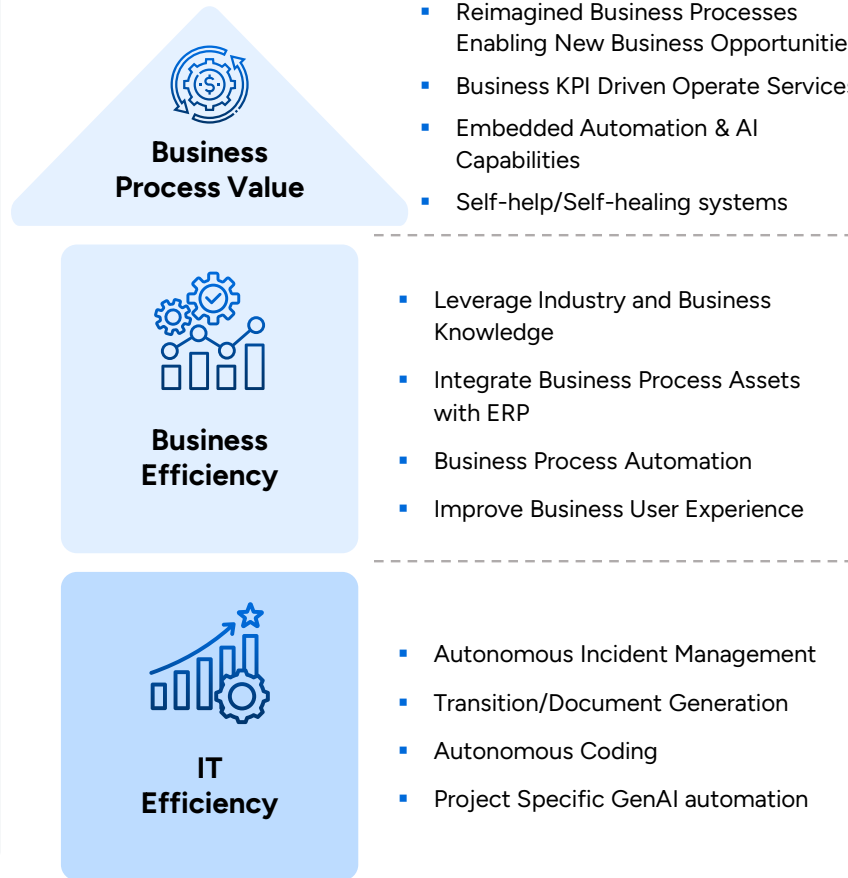
**Impact of Gen AI on IT
Services, BPO and
Software Sector:
A Technology Holdings
Survey Insights**



How GenAI is Reshaping the IT Services Landscape

- **Efficiency Gains:** Generative AI is automating repetitive tasks, allowing IT services companies to focus on higher-value work
- **Innovation in Service Offerings:** GenAI enables faster innovation, improving customer offerings with advanced AI-driven solutions
- **Improved Data Analytics:** AI-driven analytics allow IT services firms to provide deeper insights for clients, improving decision-making and business outcomes
- **Talent Optimization:** AI helps IT services firms optimize their workforce by automating low-skilled tasks, enabling reskilling towards advanced tech roles
- **Custom Solutions:** IT services companies are leveraging GenAI to develop custom solutions that streamline internal operations and optimize client delivery models
- **Risk Mitigation:** AI aids in identifying potential risks in client projects and operations, ensuring better quality control and security

Shifting from Tools to Business Focused Services



Case Study 1: Infosys & SIEMENS

- Infosys implemented GenAI to automate repetitive IT Management tasks
- Achieved a 30% reduction in downtime, minimizing service disruption for Siemens
- Improved client support efficiency by 40%, leading to faster response times and enhanced customer satisfaction

Case Study 2: Morgan Stanley

- Morgan Stanley integrated OpenAI technology to deliver insights to financial advisors, enhancing efficiency and scale
- Proprietary AI-driven tools like Next Best Action and Genome to personalize client communication
- Morgan Stanley is OpenAI's only wealth management client advancing AI based solutions for wealth management services

GenAI to drive efficiency and self-sufficiency across IT and business with automation, AI and natural language interactions

GenAI Influence on Client Services and Delivery Models in IT Services Sector

Fig 8: How is GenAI currently utilized within your organization to enhance internal operations?

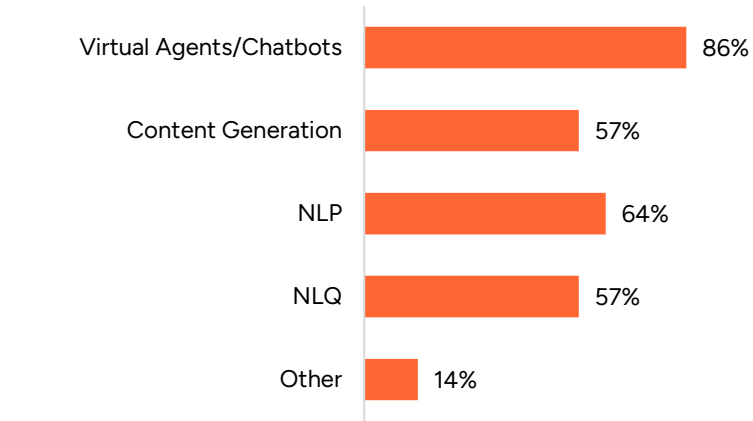


Fig 9: If your organization does not currently use GenAI, what is the timeline for investment in these solutions?

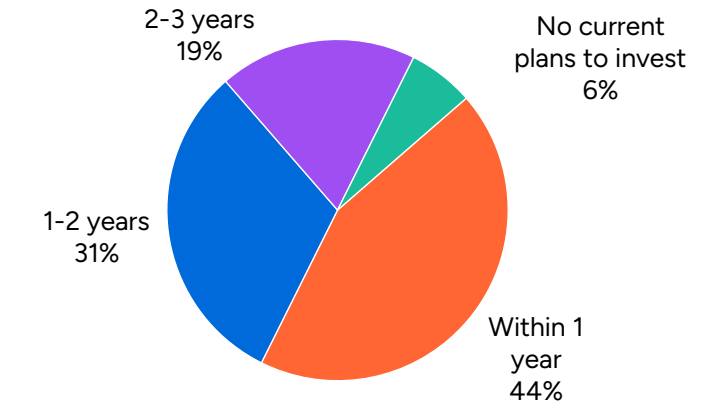


Fig 10: Which client offering areas have seen the most significant GenAI Impact?

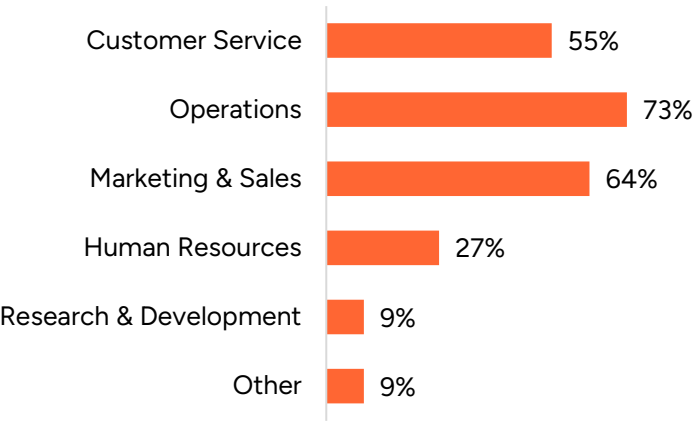


Fig 11: How does your organization measure productivity improvement result from GenAI adoption?

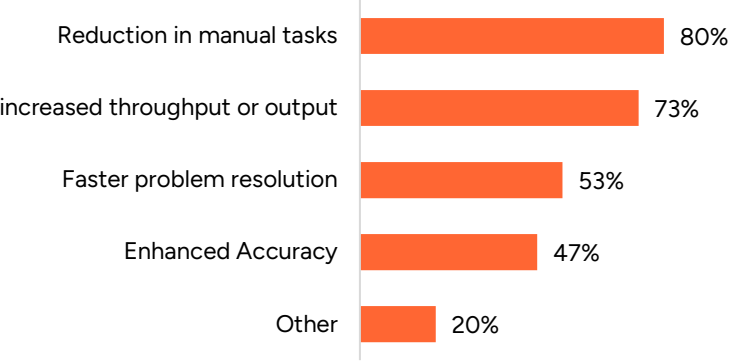


Fig 12: How do you measure the impact on GenAI on internal operations?

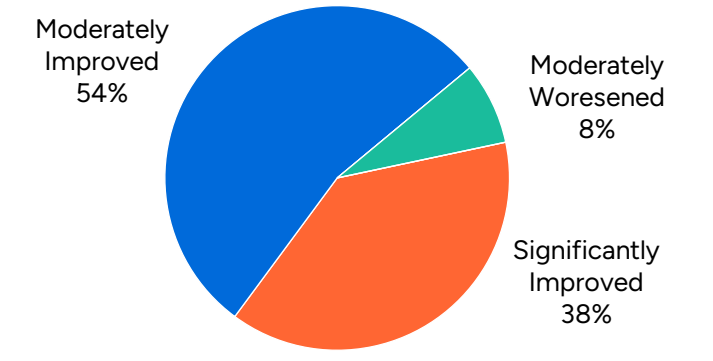
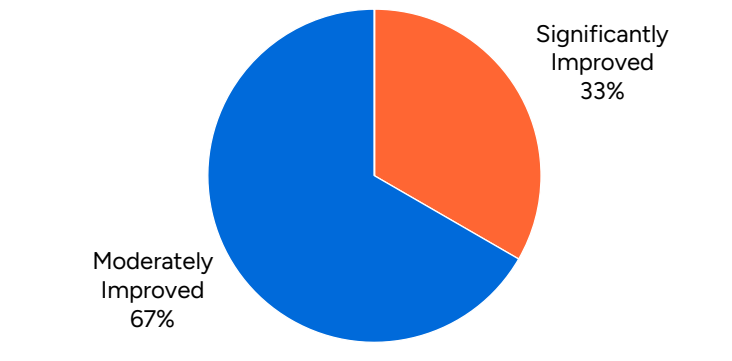


Fig 13: How has GenAI impacted your client-facing service delivery models?



TH Survey highlights GenAI’s role in reshaping client interactions and operational practices

Revolutionizing BPOs: The Impact of GenAI on Outsourcing

- **Enhanced Customer Experience:** GenAI boosts tailored experiences, improving satisfaction and loyalty through personalized services
- **Increased Efficiency:** Automates routine tasks, freeing staff for complex jobs, thus elevating productivity and reducing costs
- **Predictive Analytics Mastery:** Leverages customer data for insightful behavior analysis, aiding BPOs in strategic decision-making
- **Scalability Solutions:** GenAI enhances BPO flexibility, efficiently managing seasonal peaks and customer inquiries
- **Risk of Premature Adoption:** Caution advised as GenAI can yield unpredictable outcomes, particularly in customer-facing roles
- **Supportive Agent Assistance:** GenAI best utilized as a support tool, ensuring outputs are verified by human agents for reliability

Benefits of GenAI in BPO's

Enhance interactions by delivering more personalized experiences	Dive deeper into data to boost workforce optimization and staff training	Automate repetitive and time-consuming tasks so staff can focus on more valuable work	Respond to seasonal peaks and demand surges with greater ease
Better Customer Experience	Access Insights	Increased Efficiency	Scalability

Challenges of Implementing GenAI in BPO's

	Generative AI Security and Privacy Concerns
	Integration and Compatibility Issues
	Adding the Human Touch
	Quality Control and Consistency
	Ethical and Bias Concerns

Case Study 1:

- IndiGo introduced **6Eskai**, an **AI-driven chatbot**, utilizing **GPT-4 technology**
- Custom-built on **Microsoft Platform**, tailored beyond generic AI solutions
- Chatbot boasts **1.7 trillion parameters**; skilled in nuanced communication and humor
- 6Eskai handles inquiries, manages bookings, and offers customized travel suggestion

Case Study 2:

- GenAI deployed for **personal and small business** financial services
- Focuses on refining **predictions of customer behavior** for better financial planning
- Aims to enhance decision-making processes in financial contexts
- Exploring innovative methods to **elevate customer service and experiences**.

GenAI is transforming BPO operations, merging human expertise with AI efficiency for unparalleled service quality

GenAI Impact on BPO Operations: Technology Holdings Survey Insights

Impact on Internal Operations

Fig 14: In which area does GenAI play the most vital role in BPO Sector?

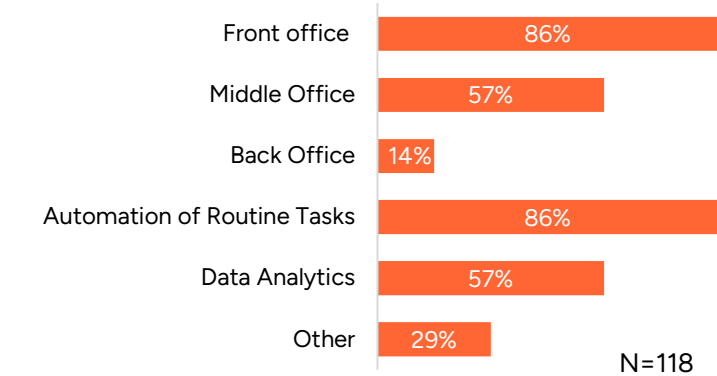
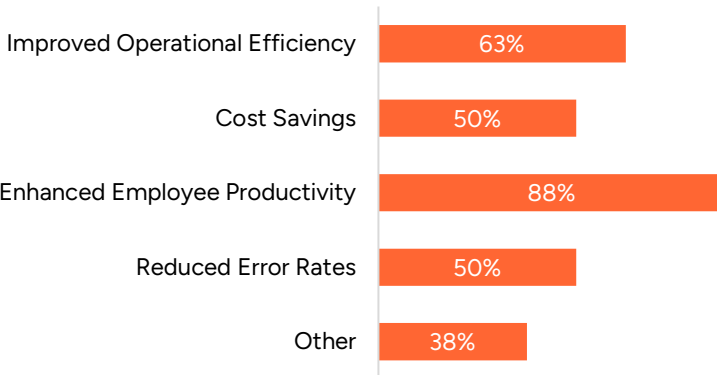


Fig 15: How do you measure the impact of GenAI investments on internal BPO Operations



Impact on Service Delivery

Fig 16: How do you rate the risk of revenue loss if competitors adopt GenAI faster?

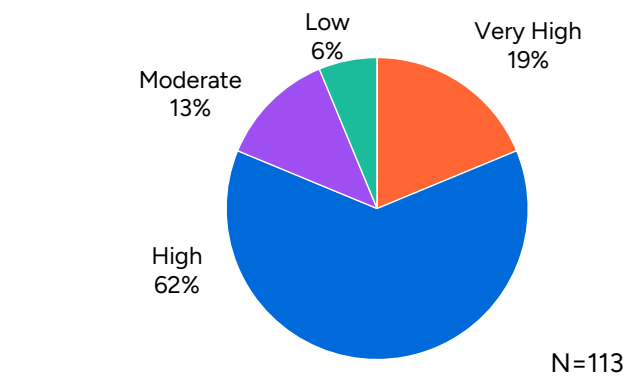
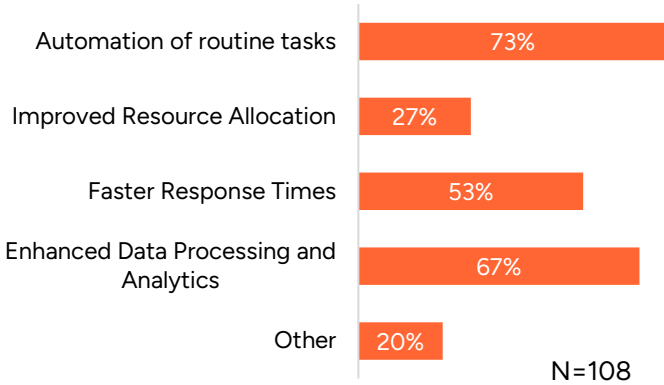


Fig 17: What efficiency opportunities has GenAI provided for your client services delivery?



GenAI Investment

Fig 18: What is the expected ROI timeframe for GenAI projects in internal BPO Operations?

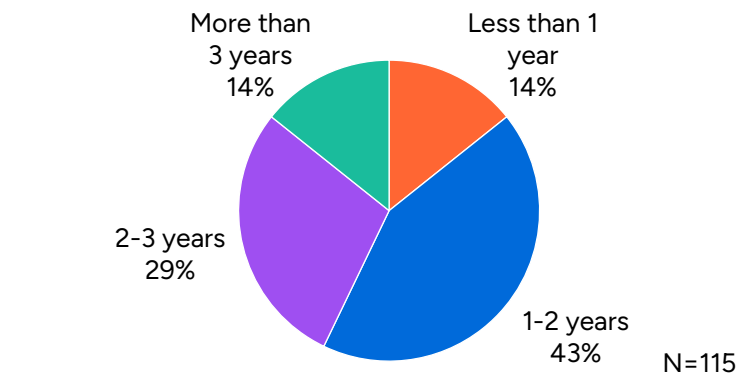
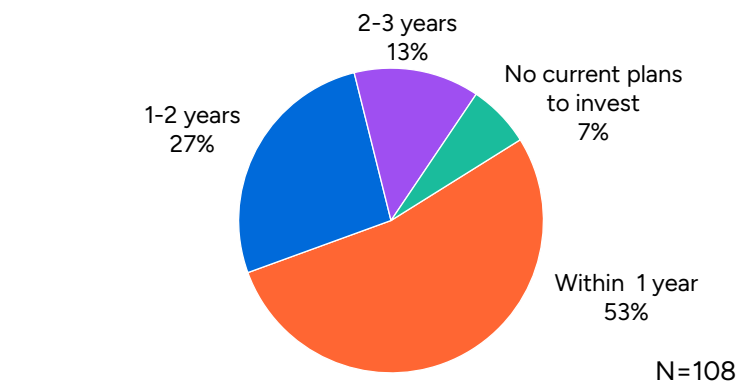


Fig 19: If your organization does not currently use GenAI, What is the timeline for investment in GenAI?



GenAI reshapes BPO's, enhances efficiency and competitive adaptability

Transforming Software Sector with GenAI

- **Rapid Adoption:** Businesses rapidly integrating Generative AI, reflecting a significant shift in software development practices.
- Generative AI will enhance over **25% of software tasks by 2026¹**, leading in coding assistance and expanding across software development life cycle activities
- **Vendor Dynamics:** Intensified vendor switching due to easier transitions and integration, potentially increasing churn by up to three percentage points
- **Innovation Drive:** New Generative AI-driven features are enhancing traditional software applications, enabling novel user interactions and efficiencies
- **Competitive Shifts:** Smaller players can now more readily challenge incumbents due to **lowered barriers to entry and reduced development costs**

Benefits of GenAI in Software

GenAI speeds development by auto generating and optimizing code to reduce boilerplate time	AI analytics enable real-time, personalized user interfaces tailored to behaviour preferences	GenAI boosts software quality via enhanced testing capabilities	Productivity in software function up 7-18% from automating routine tasks ²
Code Generation & Refactoring	Personalised User Experience	Quality Improvements	Enhanced Productivity

Challenges of Implementing GenAI in Software

	Data Privacy Risks
	AI Dependency and Reliability
	Integration Complexities
	Cultural Resistance
	Hallucination of GenAI

Illustration of GenAI Innovations in Software Sector



- Expands **GitHub** with tailored SDLC solutions across Enterprise and Workspaces
- **Copilot Studio** enables documentation using **low-code** and internal content
- **Sketch2Code** transforms hand-drawn **user interfaces (UI)** into valid HTML4

Google Gemini Code Assist:

- Offers advanced coding features for debugging, unit tests, and code optimization
- Improves code readability and addresses specific issues
- Part of **GCP Vertex**, enhancing diverse SDLC activities

Generative AI is expected to contribute an additional US \$175 to US \$250 billion to the software sector by 2027

GenAI's Transformative Impact on Software Sector

Fig 20: Percentage of Organizations seeing benefits through the adoption of GenAI

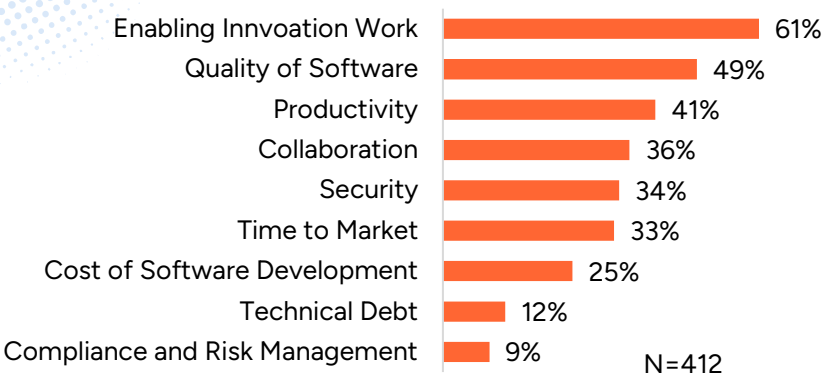


Fig 21: Maximum and Average time savings through GenAI usage for a set of activities

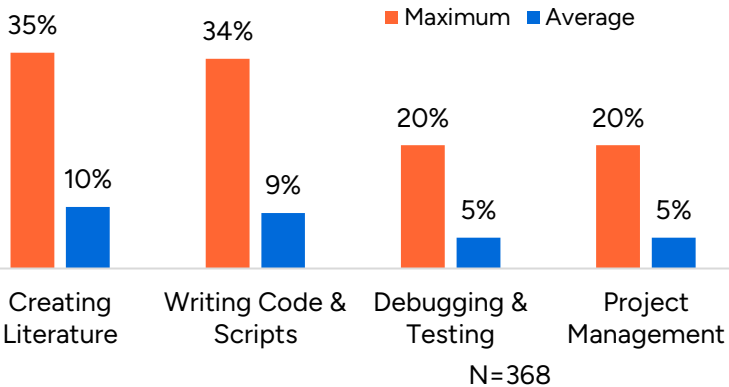
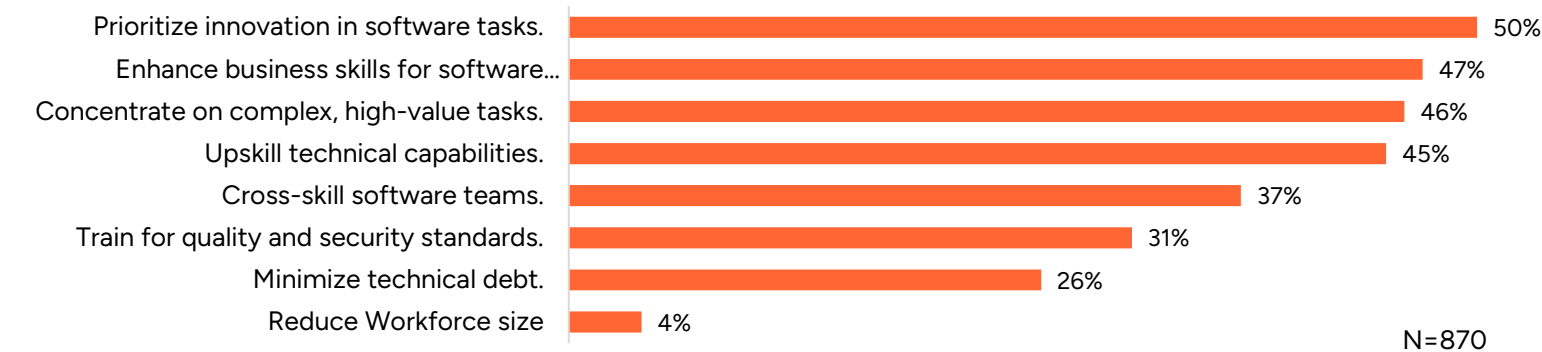


Fig 22: How is your organization planning to leverage the additional time freed up by GenAI?



Investment Growth vs Workforce Sentiment:

Fig 23: Average yearly investment in GenAI for software engineering (US\$ million) N=1098

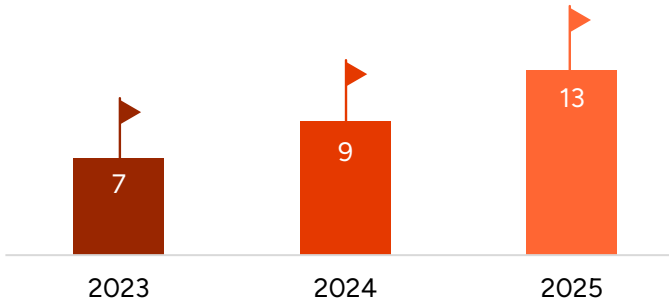
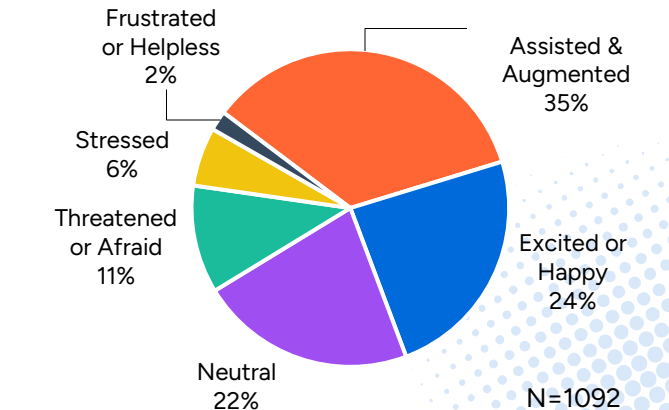


Fig 24: How does work force feel as regards to the adoption of GenAI?



Insights reveal strategic adaptations and perceived benefits of GenAI across organizational practices

SECTION IV

Global GenAI M&A and VC Investment Activity Analysis



Evolving Landscape: GenAI M&A Activity and Investment Trends (2021- 2024¹)

- **Rapid Increase in M&A and VC Investment Deals:** From 36 in 2021 to 158 YTD in 2024
- **Smaller Companies Dominate Transactions:** Majority of deals involved companies with fewer than 25 employees across all years
- **Deal Composition Over Time:** Growth in deals involving companies with 25-60 employees from 2021 to 2024 YTD
- **Shift in Company Types in Deals:** Decrease in horizontal GenAI solutions from **65% in 2023** to **50% in 2024**, increase in LLM/GenAI models from **19% to 25%**
- **Investment Surge:** **US \$21 billion** invested in GenAI in 2023; US \$9 billion by Q3 2024, with a projected total of over **US \$12¹ billion** for the year
- **Influence of Major Investments:** Significant contributions from Microsoft and Amazon shaped the investment landscape in 2023, focusing on leading AI ventures
- In Q2 2024, Elon Musk led **xAI** landed a **US \$6.0 billion** Series B funding round for GenAI, led by **Fidelity Investments, Valor Equity Partners, Vy Capital** and others. The capital will enhance market delivery, infrastructure and R&D for future technologies

Figure 25: M&A Deal Activity by Employee size

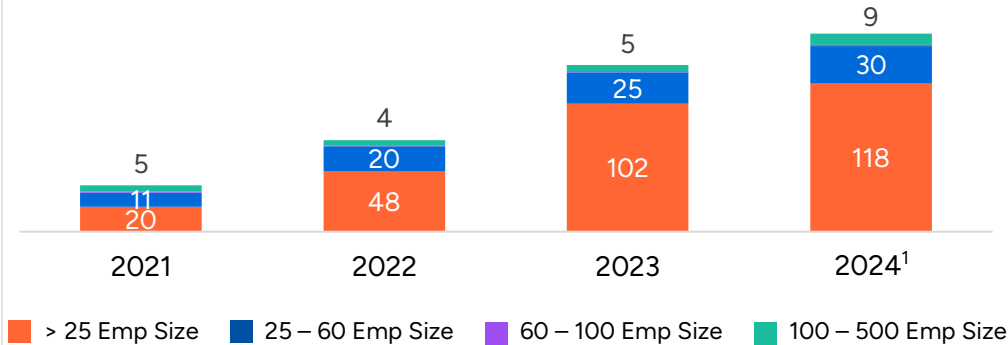


Figure 26: Deal Value in US billion

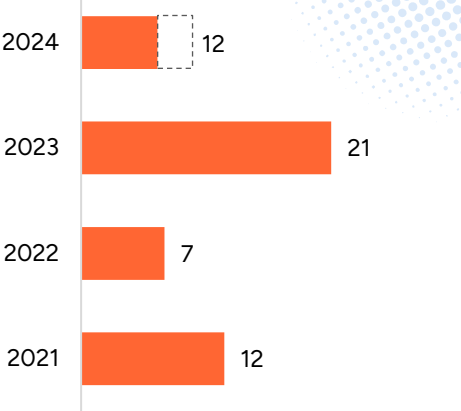
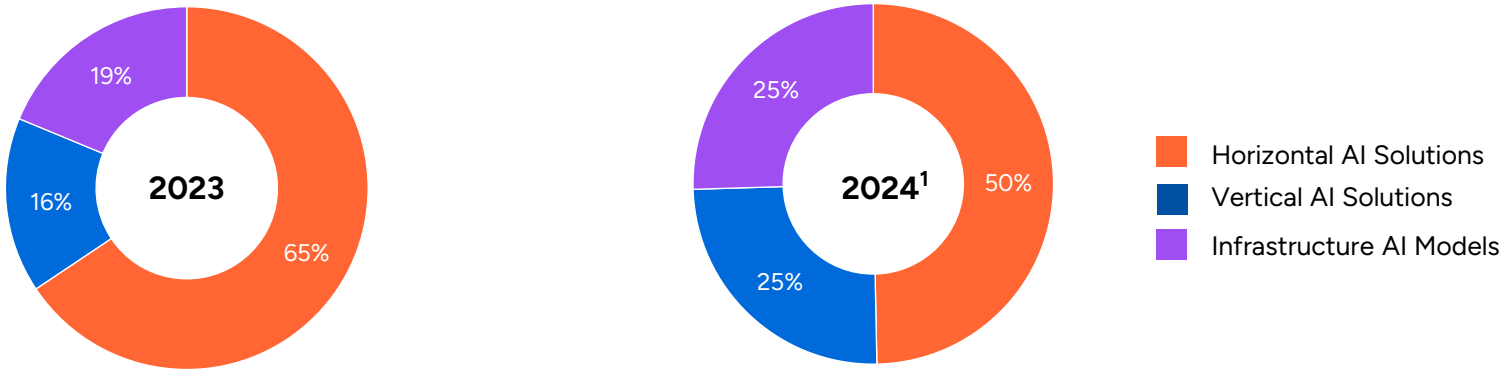


Figure 27: M&A Deal Activity by Company Type

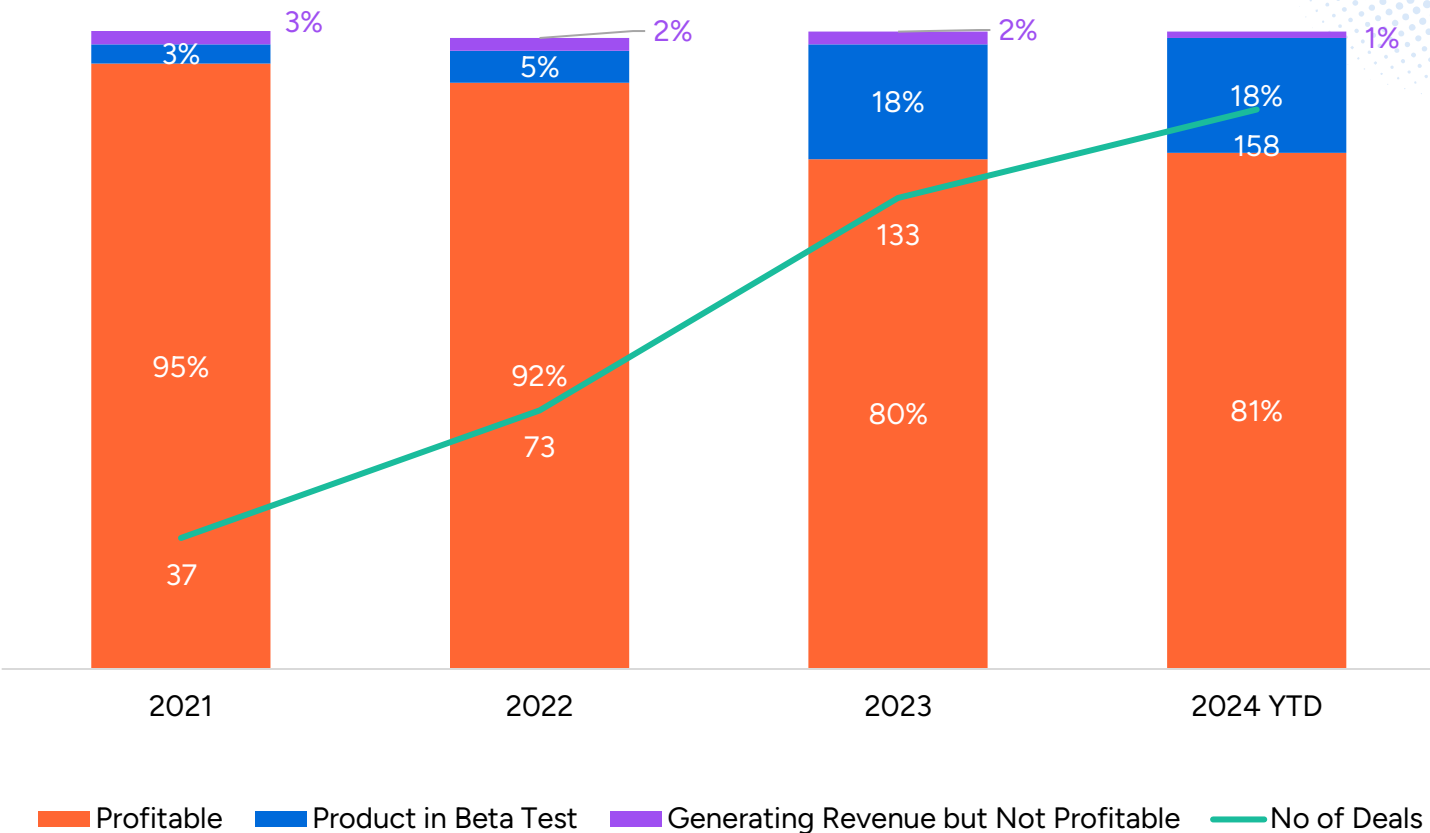


Data reflects a surge in M&A and venture capital infusion, underpinning the rapid expansion of GenAI across diverse sectors

GenAI Companies Dynamics: Financial Performance & Maturity Stages (2021- 2024¹)

- **Dominance of Early-Stage Companies:** In 2021-2024, a majority of investment activity involved companies generating revenue but not yet profitable, indicating a focus on growth over immediate returns
- **Trend Towards Beta Testing:** Increasing percentage of companies in beta testing stages receiving funding, from **3% in 2021** to **18% by 2024**, reflects investor confidence in early-stage innovation
- **Profitability Remains Rare:** Only a small fraction of companies were profitable at the time of transaction, with a decrease in the proportion of profitable companies over time
- **Expansion of Funding Base:** Despite fewer profitable and revenue-generating companies, absolute numbers of funded companies increased due to overall growth in investments
- **Shift in Investment Focus:** From 2023 to 2024, there was a notable shift towards more companies in beta stages, signaling a market optimism for emerging GenAI application

Figure 28: Evolution of investment in GenAI Companies: 2021 -2024 YTD

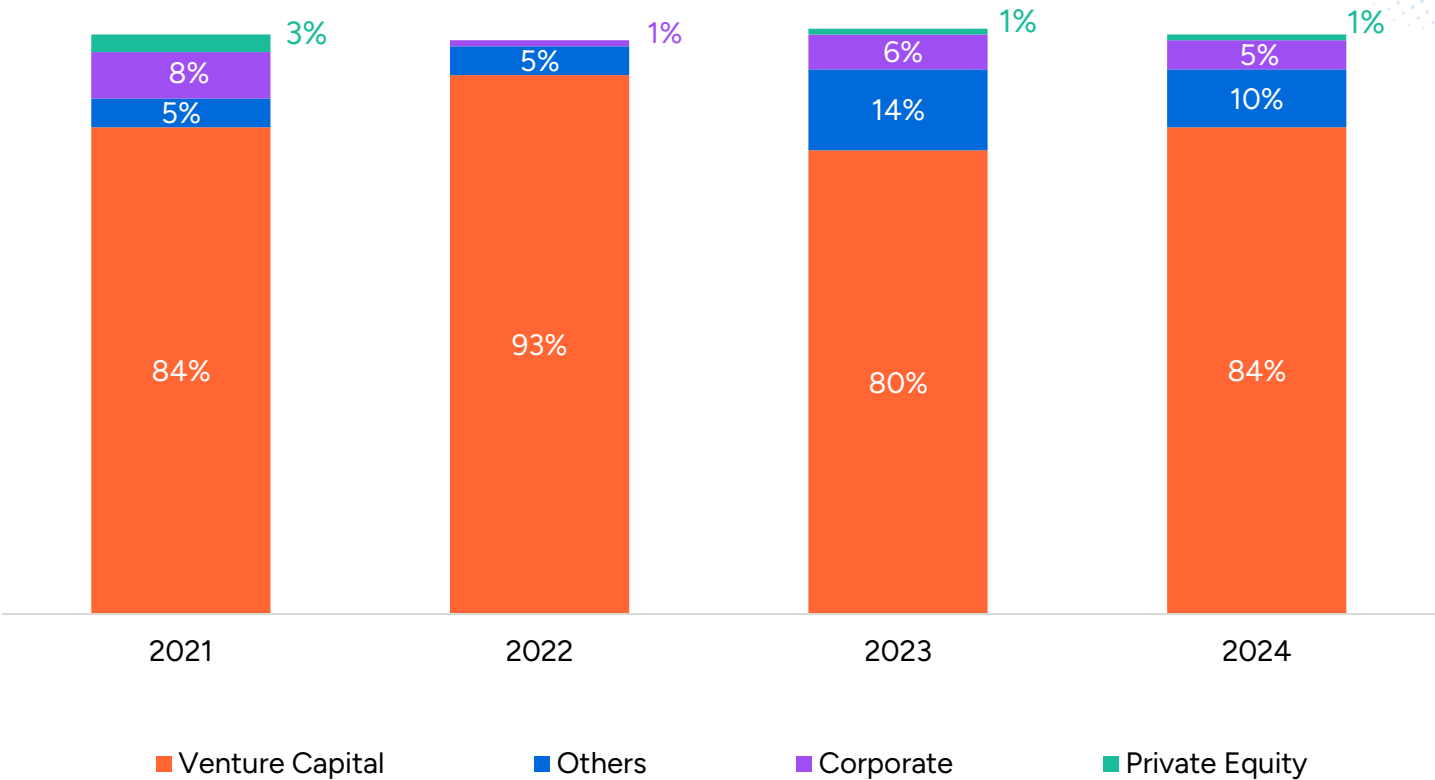


Data underscores the burgeoning interest in GenAI, highlighting the journey from market entry to expansion amidst evolving profitability challenges

GenAI Investment Landscape: Buyer Dynamics (2021- 2024¹)

- **Venture Capital Dominance:** VCs lead with up to **93% of deals in 2022**, driven by the high potential of emerging GenAI technologies and a strong risk appetite for innovative startups
- **Strategic Acquisitions:** Corporates selectively engage, evidenced by a slight increase to **5% in 2024**, focusing on integrating GenAI to enhance their technological capabilities.
- **Seeking Maturity:** PE involvement remains low, around **1-3%**, reflecting a preference for more mature, stable ventures. This is expected to increase as GenAI companies become profitable and sustainable
- **Market Confidence:** Large-scale investments, like **Microsoft's \$13 billion in OpenAI (2023)** and **Amazon's \$4 billion in Anthropic (2024)**, underscore significant market validation and spur sector growth
- **Market Maturation and Adoption:** The progression from demos to real-world applications, such as POCs becoming operational, marks a maturing market. This trend is critical for attracting investments beyond VC, adapting to more conservative financial models

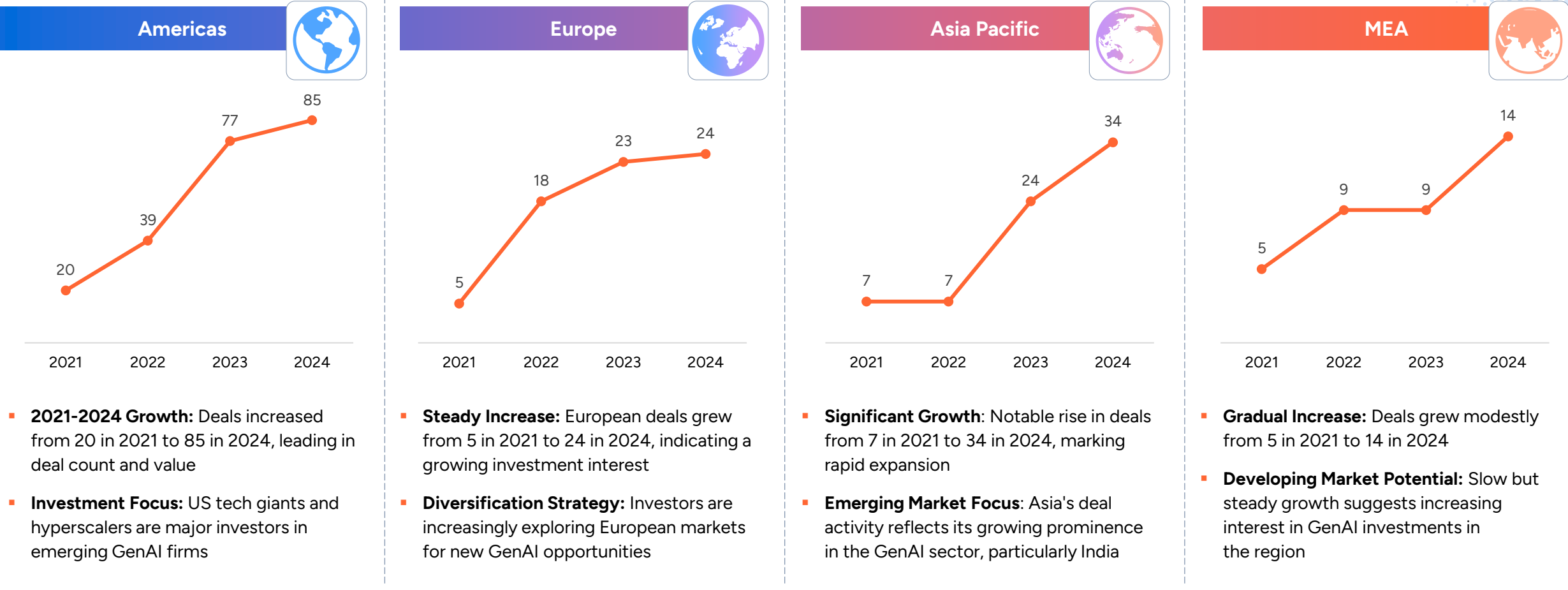
Figure 29: Deal Activity by Investor Type



Robust investments by Venture Capitals driving early GenAI growth, with emerging opportunities for strategic and private equity companies as the sector advances

Global Distribution of GenAI M&A and Investment Activity (2021 - 2024¹)

Figure 30: Distribution of M&A Deal Activity by Geography



North America leads, while interest in Europe, Asia Pacific and MEA regions continues to grow locally and globally

SECTION V

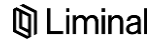
Global GenAI M&A & VC
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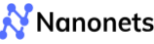
Strategic M&A Deal Activity for GenAI Companies in 2023 and 2024¹ (1/6)

Date	Companies	Investors	Deal Size in Millions	Description	Country
Aug 2024	 RHINO.ai	KPMG	NA	AI-enabled development platform designed for automated enterprise application development.	
Jul 2024	 MOLECULE AI	Circuit	NA	AI-driven data virtualization for real-time, large-scale analytics	
Jun 2024	 ThoughtMinds Enabling Intelligence	NovaVente	NA	GenAI services for software development and modernization	
Jun 2023	 INCIVUS	Course5 Intelligence	NA	AI platform for ad creation and optimization	
Mar 2024	 DECISION POINT A LATENTVIEW COMPANY	Latent View Analytics	US \$39.0	Data Analytics for Strategic business Decisions	
Feb 2023	 FSCO	Invigo	AU \$1	Blockchain-based platform for traceability and B2B liquidity	

Global PE and VC Investments in GenAI Companies in 2023 and 2024¹ (2/6)

Date	Companies	Investors	Description	Deal Size in Millions	Deal Type	Country
Aug-24	 ModelOp	Baird Capital, Blu Venture Investors, Innovative Capital Ventures	AI model operations software for governance and orchestration	US \$10	Later Stage VC	
Jul-24	 contextual.ai	Greycroft, Bain Capital Ventures, Bezos Expeditions, Conviction Partners, NVentures, Recall Capital, Snowflake Ventures	Enterprise AI tools: customizable, trustworthy, privacy aware	US \$80	Early Stage VC	
Jul-24	 DISTYL	Millennium Technology Value Partners	AI solutions platform for enterprise readiness and integration	NA	Early Stage VC	
Jun-24	 vectara	Alumni Ventures, FPV Ventures, Fusion Fund, Green Sands Equity, Proximity, Race Capital, Samsung NEXT Ventures, Top Harvest Capital, WVV Capital	AI-powered text search platform for semantic search and multilingual support	US \$25	Early Stage VC	
Jun-24	 AKOOL	Citta Capital, True Blue Partners	AI-driven platform for automated, studio quality marketing content	NA	Early Stage VC	
Jun-24	 Liminal	Craft Ventures, Fin Capital, High Alpha, Matchstick Ventures	Data security platform for safe generative AI interaction	US \$5	Seed Round	
May-24	 XI	Fidelity Investments, Valor Equity Partners, Vy Capital, Andreessen Horowitz, Sequoia Capital, Prince Alwaleed Bin Talal and Kingdom Holding	Advancing human scientific discovery through artificial intelligence	US \$6,000	Series B round	
May-24	 Releva	Amazon.com	Generative AI platform for automating omnichannel sales and marketing	NA	Accelerator/Incubator	
Apr-24	ARCHETYPE AI	Amazon Industrial Innovation Fund, Buckley Ventures, Earl Grey Capital, Hitachi Ventures, Plug and Play Tech Center, Venrock	AI platform for omnichannel sales, marketing and personalized customer interactions	US \$13	Seed Round	
Apr-24	 Liminal	Plug and Play Tech Center	Data security platform for safe generative AI interaction	NA	Accelerator/Incubator	
Apr-24	 ORBY Enterprise AI Automation. No Rules.	Plug and Play Tech Center	AI platform for automating enterprise tasks and processes	NA	Accelerator/Incubator	
Apr-24	 vectara	Plug and Play Tech Center	AI-powered text search platform for semantic search and multilingual support	NA	Accelerator/Incubator	

Global PE and VC Investments in GenAI Companies in 2023 and 2024¹ (3/6)

Date	Companies	Investors	Description	Deal Size in Millions	Deal Type	Country
Apr-24	GenerateX	Angel Bridge, Deepcore, Mitsubishi UFJ Capital, Mizuho Capital	AI Platform for business growth and digital transformation	JP ¥1	Seed Round	
Apr-24	 ORO	Airbus Ventures, REI Co-op	Orchestration platform for efficient procurement and compliance	US \$22	Early Stage VC	
Mar-24	 RADIUM AI	5G Open Innovation Lab	Public cloud platform for rapid AI/ML development and deployment	NA	Accelerator/Incubator	
Mar-24	 Nanonets	Accel Partners, Elevation Capital, Y Combinator	Autonomous AI Agent for back-office operations	US \$29.0	Series B	
Mar-24	 Ema	Accel, Section 32 and Prosus ventures	Enterprise-led generative artificial intelligence solution provider	US \$25.0	Series A	
Mar-24	 NEYSA	Matrix Partners India, Nexus venture Partners, NTTVC, Anchorage Capital Group, Blume	Advanced AI for personalized healthcare solutions	US \$20.0	Seed Round	
Mar-24	 Louisa AI	Palm Drive VC, Evolution VC, Nucleus VC and Gaingels	GenAI driven solutions for personalized customer interactions	US \$5.0	Seed Round	
Mar-24	 SydeLabs	RTP Global	AI led risk management solutions provider	US \$2.5	Seed Round	
Mar-24	 beatoven.ai	Capital 2B, IvyCap Venturesm Upsarks and Rukam Capital	Generative AI for dynamic music composition	US \$1.3	Seed Round	
Mar-24	 SydeLabs	RTP Global	AI led risk management solutions provider	US \$2.5	Seed Round	
Mar-24	 beatoven.ai	Capital 2B, IvyCap Venturesm Upsarks and Rukam Capital	Generative AI for dynamic music composition	US \$1.3	Seed Round	
Mar-24	 sukhiba	Accion, Antler, Chandaria Capital, CRE Venture Capital, EQ2 Ventures, Goodwater Capital, Musha Ventures, Quona Capital	Conversational Commerce platform for engaging customers via WhatsApp	US \$3	Early Stage VC	
Mar-24	ARCHETYPE AI	5G Open Innovation Lab	Multimodal AI model for real-time sensor data and natural language understanding	NA	Accelerator/Incubator	

Global PE and VC Investments in GenAI Companies in 2023 and 2024¹ (4/6)

Date	Companies	Investors	Description	Deal Size in Millions	Deal Type	Country
Mar-24	 MEGATECH AI	Galileo Venture, Huakong Electronics, Investment Management, Liyuan Venture Capital, Zhipu AI	AI platform for legal compliance and document automation	NA	Early Stage VC	
Mar-24	 concept.art	Sarah Smith Fund	AI software for the entertainment industry	NA	Early Stage VC	
Feb-24	 edrone	Atmos Ventures, INventure, Müller Medien, PortfoLion	AI marketing automation platform for e-commerce revenue growth	US \$5	Later Stage VC	
Feb-24	 IL2	Deep30	No-code platform for custom applications and generative automation	NA	Seed Round	
Feb-24	 Attentive	Info Edge Ventures, Vertex Ventures, Surge, RedStart Labs, Peak XV Partners, Tenacity Ventures	AI based sales automation platform	US \$7.0	Series A	
Jan-24	 KRUTRIM	Matrix Partners	AI firm specializing in natural language processing	US \$50.0		
Jan-24	 RagaAI	pi Ventures, Arka Venture Labs, Anorak Ventures, Mana Ventures, Exfinity Venture Partners, TenOneTen	GenAI platform for real-time analytics and automation	US \$4.7		
Jan-24	 opti	Hetz Ventures	AI orchestration platform for streamlined, privacy-focused LLM implementation	NA	Early Stage VC	
Jan-24	 AKOOL	Endless Frontier Labs	AI-driven platform for automated, studio quality marketing content	NA	Accelerator/Incubator	
Dec-23	 sarvam.ai	Lightspeed venture partners, Peak XV Partners and Khosla Ventures	Comprehensive GenAI solutions for enterprise efficiency	US \$41.0	Series A	
Nov-23	 Enread	Israel Innovation Authority	Generative AI platform for streamlining life sciences research	NA	Seed Round	
Nov-23	 Releva	Beamup LAB	Generative AI platform for automating omnichannel sales and marketing	NA	Accelerator/Incubator	

Global PE and VC Investments in GenAI Companies in 2023 and 2024¹ (5/6)

Date	Companies	Investors	Description	Deal Size in Millions	Deal Type	Country
Nov-23		B Capital Group, Felicis, Norwest Venture Partners, XYZ Venture Capital	Orchestration platform for efficient procurement and compliance	US \$35	Early Stage VC	
Sep-23	Releva	Bulgaria Innovation Hub	Generative AI platform for automating omnichannel sales and marketing	NA	Accelerator/Incubator	
Sep-23	GenerateX	Japan External Trade Organization	AI Platform for business growth and digital transformation	NA	Accelerator/Incubator	
Sep-23	letxbe.ai	Takara Capital	Generative AI for document analysis and integration	US \$1	Early Stage VC	
Aug-23		Stalliongates Investments	Generative AI for business: privacy, security, cost-efficient integration	NA	Early Stage VC	
Aug-23	ORBY Enterprise AI Automation. No Rules.	New Enterprise Associates, Pear, Stanford University, Wing Venture Capital, WndrCo	AI platform for automating enterprise tasks and processes	US \$30	Early Stage VC	
Jul-23		Bpifrance, Talis Equity	AI platform for personalized user experience and task automation	EUR 6	Later Stage VC	
Aug-23		GoingVC Partners	AI-driven platform for CX insights and automation	NA	Late Stage VC	
May-23		Race Capita, BECO Capital, Brighter Capital, Databricks Ventures, Essence Venture Capital, Feld Ventures, Fusion Fund, Green Sands Equity, GTM Capital, MDSV Capital, NKM Capital, OODA Ventures, Page One Ventures, Raed Ventures, Sparq Capital	AI-powered text search platform for semantic search and multilingual support	NA	Seed Round	
Apr-23	contextual.ai	A&E Investments, Amjad Masad, Bain Capital Ventures, Elad Gil, Fraser Kelton, Greycroft, Harry Stebbings, Lightspeed Management Company, Lip-Bu Tan, Nathan Benaich, Recall Capital, Sarah Guo, Sarah Niyogi, SV Angel	Enterprise AI tools: Customizable, trustworthy, privacy aware	US \$20	Seed Round	

Global PE and VC Investments in GenAI Companies in 2023 and 2024¹(5/6)

Date	Companies	Investors	Description	Deal Size in Millions	Deal Type	Country
Feb-23	 DISTYL	Bradley Gerstner, Coatue Management, Dell Technologies Capital, James Cash, Nat Friedman	Developer of generative AI platform for institutional AI readiness and integration	US \$7	Seed Round	
Jan-23	 MOLECULE AI	Tech Square Ventures	AI-driven data virtualization for real-time, large-scale analytics	NA	Later Stage VC	
Aug-23	 brainstorm ai	Stalliongates Investments	Generative AI for business: privacy, security, cost-efficient integration	NA	Early Stage VC	
Aug-23	 ORBY Enterprise AI Automation. No Rules.	New Enterprise Associates, Pear, Stanford University, Wing Venture Capital, WndrCo	AI platform for automating enterprise tasks and processes	US \$30	Early Stage VC	
Jul-23	 Craft.AI	Bpifrance, Talis Equity	AI platform for personalized user experience and task automation	EUR 6	Later Stage VC	
May-23	 vectara	Race Capita,BECO Capital, Brighter Capital, Databricks Ventures, Essence Venture Capital, Feld Ventures, Fusion Fund, Green Sands Equity, GTM Capital, MDSV Capital, NKM Capital, OODA Ventures, Page One Ventures, Raed Ventures, Sparq Capital	AI-powered text search platfrom for semantic search and multilingual support	US \$29	Seed Round	
Apr-23	 contextual.ai	A&E Investments, Amjad Masad, Bain Capital Ventures, Elad Gil, Fraser Kelton, Greycroft, Harry Stebbings, Lightspeed Management Company, Lip-Bu Tan, Nathan Benaich, Recall Capital, Sarah Guo, Sarah Niyogi, SV Angel	Enterprise AI tools: Customizable, trustworthy, privacy aware	US \$20	Seed Round	
Feb-23	 DISTYL	Bradley Gerstner, Coatue Management, Dell Technologies Capital, James Cash, Nat Friedman	Developer of generative AI platform for institutional AI readiness and integration	US \$7	Seed Round	
Jan-23	 MOLECULE AI	Tech Square Ventures	AI-driven data virtualization for real-time, large-scale analytics	NA	Later Stage VC	

Key Takeaways for IT Services, BPO and Software Sector

Current State and Future of GenAI Adoption Generative AI is rapidly transforming industries by automating routine tasks and enabling humans to focus on higher-value, business-impacting tasks. As adoption increases, GenAI will play a key role in driving innovation and improving operational efficiency across sectors -



IT Services

- **Service Delivery Improvement:** 75% of IT services companies report faster service resolution with GenAI implementation.
- **Automation Focus:** 86% use GenAI to automate critical tasks, driving operational efficiency and reducing costs.
- **Strategic Deployment:** 49% of IT services companies are integrating GenAI to enhance digital transformation efforts for clients



BPO

- **Efficiency Gains:** 86% of BPOs leverage GenAI to automate routine tasks, **reducing manual work and improving scalability**
- **Front Office Operations:** 86% of BPOs integrate GenAI into customer-facing services, enhancing personalization and customer satisfaction
- **Faster ROI:** 43% of BPOs expect GenAI to **deliver ROI within 1-2 years**, demonstrating rapid financial impact



Software

- **Development Efficiency:** GenAI accelerates code generation, with 7-18% productivity gains reported across software functions
- **Quality Enhancement:** 67% of companies report improved software quality due to GenAI's advanced testing capabilities.
- **Innovation:** 30-40% of proofs of concept in software development have been scaled into production environments.



M&A & VC investment Activity

- **158 M&A & VC investment deals** in the first three quarters of 2024 compared to **132 transactions** in 2023
- **US \$ 6 billion** investment from Fidelity, Valor Equity Partners and Vy Capital and others in **xAI**
- **Deal Efficiency:** GenAI optimizes deal origination and due diligence, reducing time and improving target identification.
- **Post-Investment Impact:** 67% report improved post-investment monitoring, unlocking additional value creation opportunities.

Technology Holdings' Transactions Track Record

Technology Holdings (TH) is exclusively focused on **M&A and capital raising advisory services to Technology Services, Software, Consulting, Healthcare Life Sciences and Business Process Management Companies**. Over 23 years, TH has built deep expertise in digital platforms, with global reach and extensive strategic buyer and private equity relationships to help clients navigate through a sale and/or capital raise process, and to secure premium valuations.

**Information Technology Deal of the Year**
(under US \$100m)

**Professional Services Deal of the Year**
(over US \$100m)

**Boutique Investment Bank of the Year Award**

**Boutique Investment Bank of the Year Award**

**M&A Deal of the Year Award**
(US \$100M –US \$250M)

**Cross-Border Deal of the Year Award**

**Mid-Market M&A Advisory Firm of the Year Award**

Recent Analytics, Data Science & AI Transactions

Jun 2024


Has been acquired by

AI and Data Science

Apr 2023


Has been acquired by

Digital Commerce
Salesforce & AIOPs

Feb 2023


Has been acquired by

Hyperautomation,
BPM, AI & Data Science

Feb 2022


Has been acquired by

Hyperautomation,
AI & Analytics

Feb 2021


Has been acquired by

Life Sciences Omnichannel
Consulting & Insights IP

Apr 2020


Has been acquired by

Analytics & Data Science

Jan 2016


Has been acquired by

Healthcare Analytics
Software

Jan 2015


Has been acquired by

Predictive Operational
Analytics Platform

Jan 2015


Has been acquired by

Life Sciences
Analytics

Feb 2011


Has been acquired by

Health Claims
Audit & Recovery


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To view all
Transactions



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