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TAKE 5 REPORT

# **Recast BPO as AI stewardship: The new mandate for enterprise reinvention**

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# Executive summary

Enterprises are stuck in islands of AI as most have moved beyond proofs-of-concept. However, only 15% are in the run-state. Despite this sluggish progression, they're expecting a 30%+ productivity step-change across business functions over the next three years. This gap between current patchy adoption and very bold expectations is precisely where enterprises are looking for strategic, risk-bearing partners. Enterprises are actively reengineering their operating models, deepening synergies with hyperscalers, and increasingly turning to their BPO providers for comprehensive stewardship in this AI-led metamorphosis.

HFS Research, in partnership with Cognizant, surveyed 101 senior enterprise leaders in the US across seven diverse industries to illuminate prevailing AI adoption trends, future imperatives, ecosystem dependencies, and evolving expectations from BPO partnerships.

## The survey uncovered five key takeaways:

Over the next three years, more than 60% of enterprises anticipate that AI will augment their existing BPO operations with a productivity uplift exceeding 30%.

1

To scale AI from isolated endeavors to enterprise-wide transformation, enterprises are rewiring their operating models and deepening reliance on strategic alliances with hyperscalers and technology platform providers.

2

While selecting BPO providers, enterprises are looking for proven IP, platform integration capabilities, and industry/process expertise.

3

Enterprises are gravitating towards an evolved engagement model where:

4

1. BPO providers accept end-to-end ownership and accountability
2. AI is embedded into existing workflows offering platform-as-a-service and anchored in vertical use cases.

Risk alignment is fast becoming the lodestar of next-generation commercial models. Enterprises are increasingly favoring a "hybrid" construct, anchored in a foundational base fee, augmented by an outcome-linked "kicker."

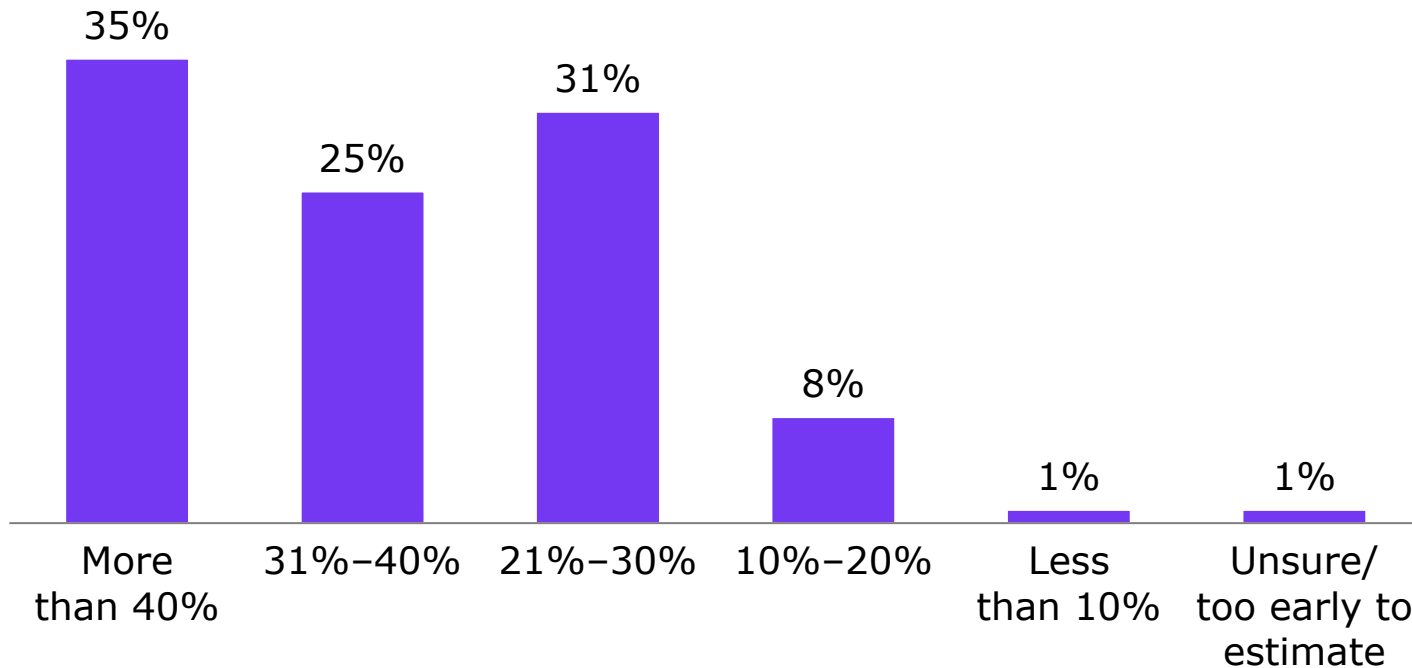
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**The Bottom Line: Enterprises are demanding AI-embedded, outcome-owned operations from their BPO partners. Their overall partner ecosystem strategy and internal organizational readiness are the key prerequisites for success.**

# More than 60% of enterprises expect AI to unlock over 30% in productivity gains from existing BPO setups within three years

1

**Q. What productivity improvement do you expect over the next three years from AI on top of existing BPO or operations setups?**

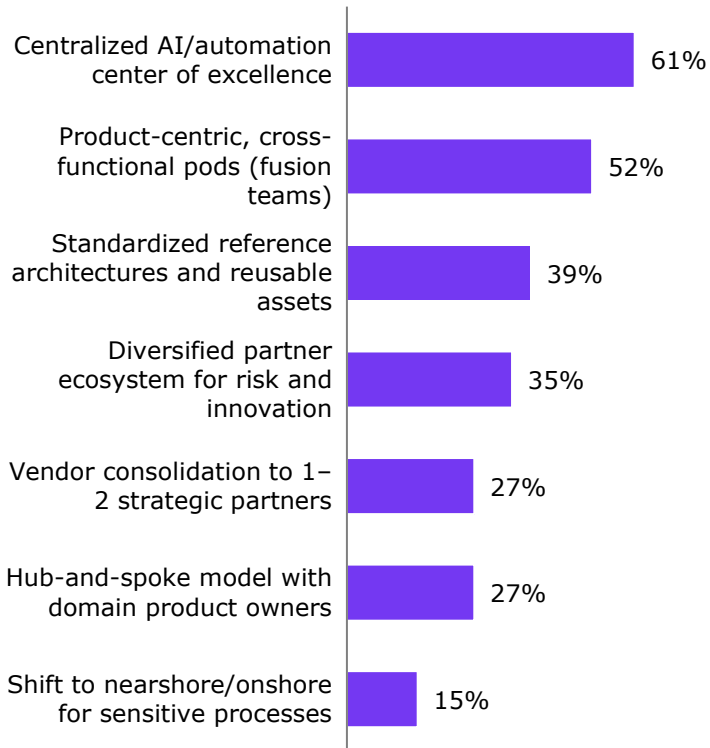


Sample: 101 business and functional leaders in the US  
Source: HFS Research, 2026

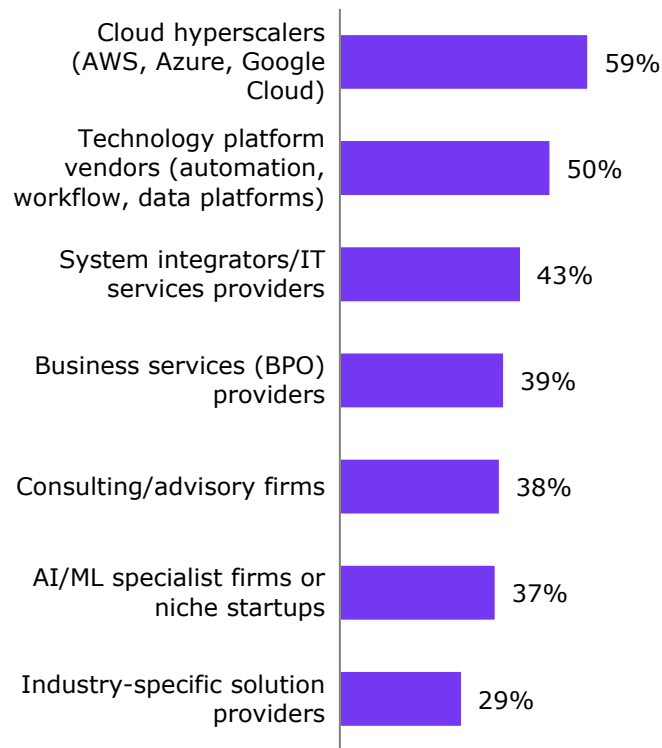
- While most enterprises have progressed beyond AI proof-of-concepts, a mere 15% have reached a sustained run-state. They find themselves in what one might call an "AI holding pattern."
- Despite this disconcerting lack of scaled success, optimism abounds: a striking 91% anticipate minimum productivity uplift of >20% from AI layered atop their existing BPO ecosystems.
- This gap between current patchy adoption and very bold expectations is precisely where enterprises are:
  - Rethinking and reengineering their operating models in pursuit of structural reinvention
  - Deepening partnerships with hyperscalers, followed closely by technology vendors, to modernise their digital core
  - Seeking BPO partners with the strategic mettle and risk appetite to shoulder end-to-end accountability

# To scale AI, enterprises are rewiring and heavily relying on their partnerships with hyperscalers and technology vendors

## Q. What are the operating model changes you will prioritize to scale AI in operations?



## Q. How critical are ecosystem partnerships for achieving your AI operations goals?

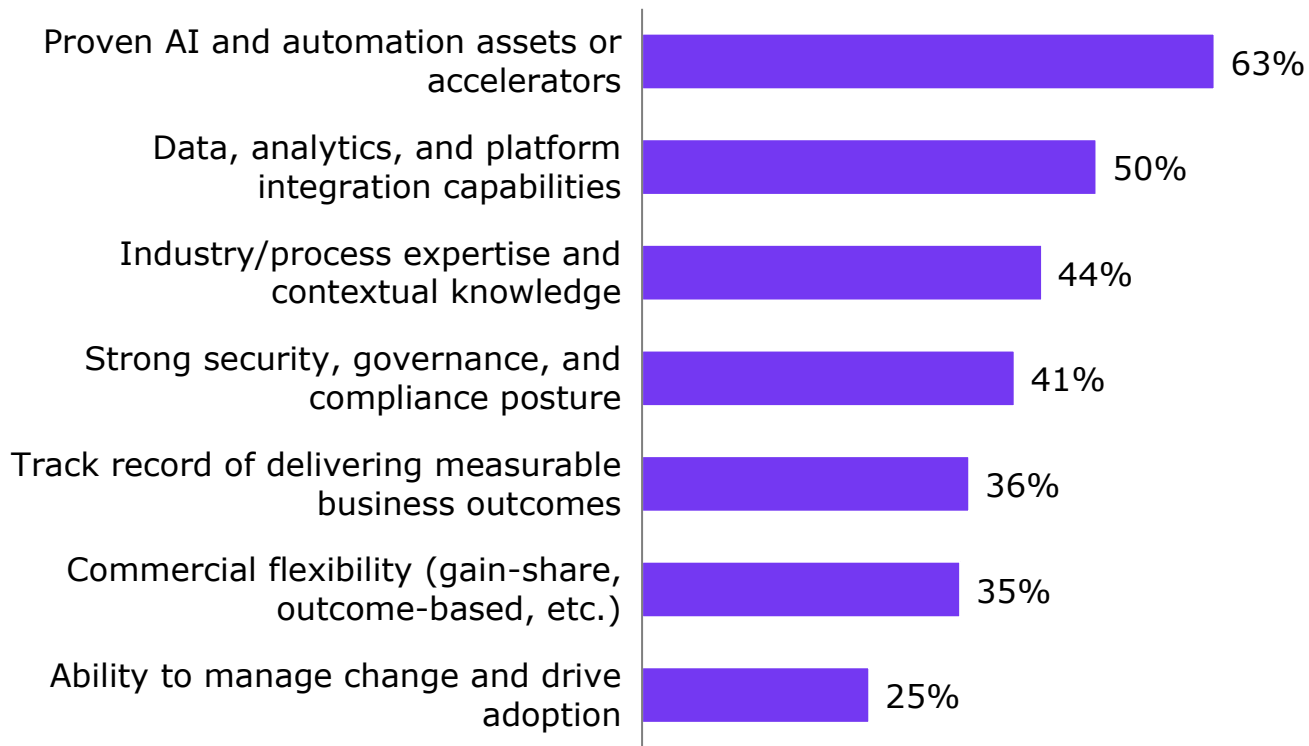


- Enterprises prioritize setting up AI/automation centers of excellence (COEs) and cross-functional PODs to ensure:
  - There’s a dedicated unit so pilots don’t die midway
  - Every business function becomes a stakeholder and owns the pilot-to-production journey
- Hyperscaler relationships (including AWS, Microsoft Azure, and GCP) are considered most mission critical in achieving AI goals.
- Beyond hyperscalers, enterprises are turning to primary platform vendors such as SAP, Microsoft, Oracle, Salesforce to upgrade to the latest versions of these platforms with embedded AI capabilities.

Sample: 101 business and functional leaders in the US  
Source: HFS Research, 2026

# Enterprises are looking for BPO providers with proven IP, platform integration capabilities, and industry/process expertise

## Q. What are your top criteria for selecting a business services (BPO) or transformation partner for AI-enabled operations?

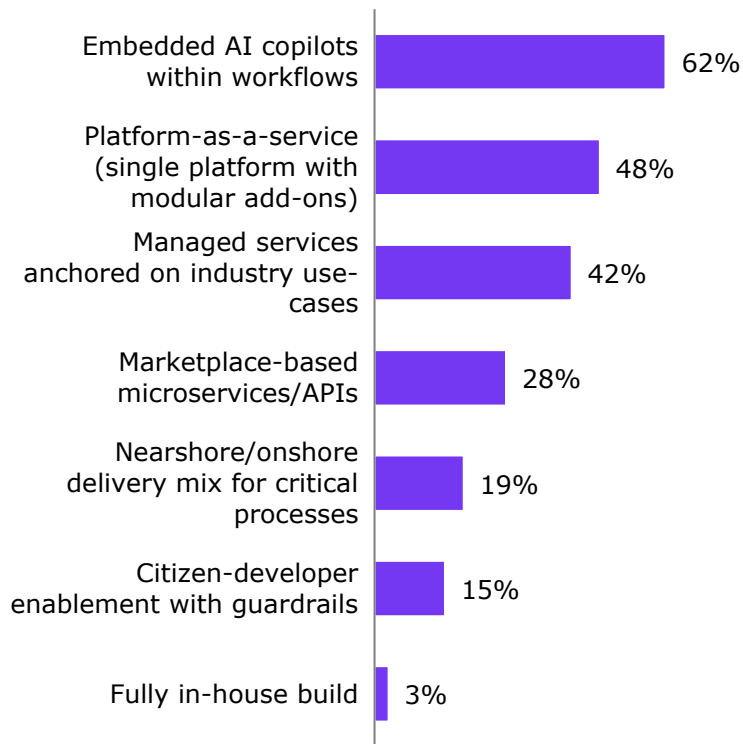


- Enterprises prioritize **pre-built AI assets (63%)**, **data/platform integration (50%)**, and **deep domain understanding (44%)** plus the ability to manage security and deliver measurable outcomes.
- When picking partners, they are betting on the builders (context-specific solutions) Show, don't tell!
- The "wow" factor of basic agent assist (summarization, email drafting, knowledge search) has already become table stakes. Clients now want context-driven, probabilistic AI that can, for example, use multi-source data to distinguish between genuine write-off requests and leakage in a US\$70M revenue leakage scenario.

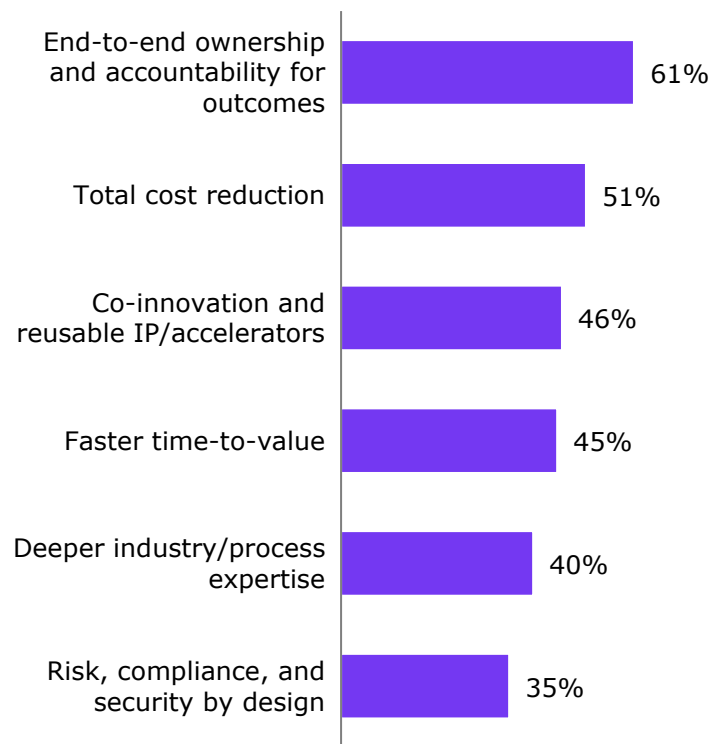
Sample: 101 business and functional leaders in the US  
Source: HFS Research, 2026

# Enterprises are scouting for a forward-looking value-linked engagement model

## Q. How do you expect to consume business and operations services going forward?



## Q. What's your biggest shift in expectations from BPO partners over the next 12-18 months?

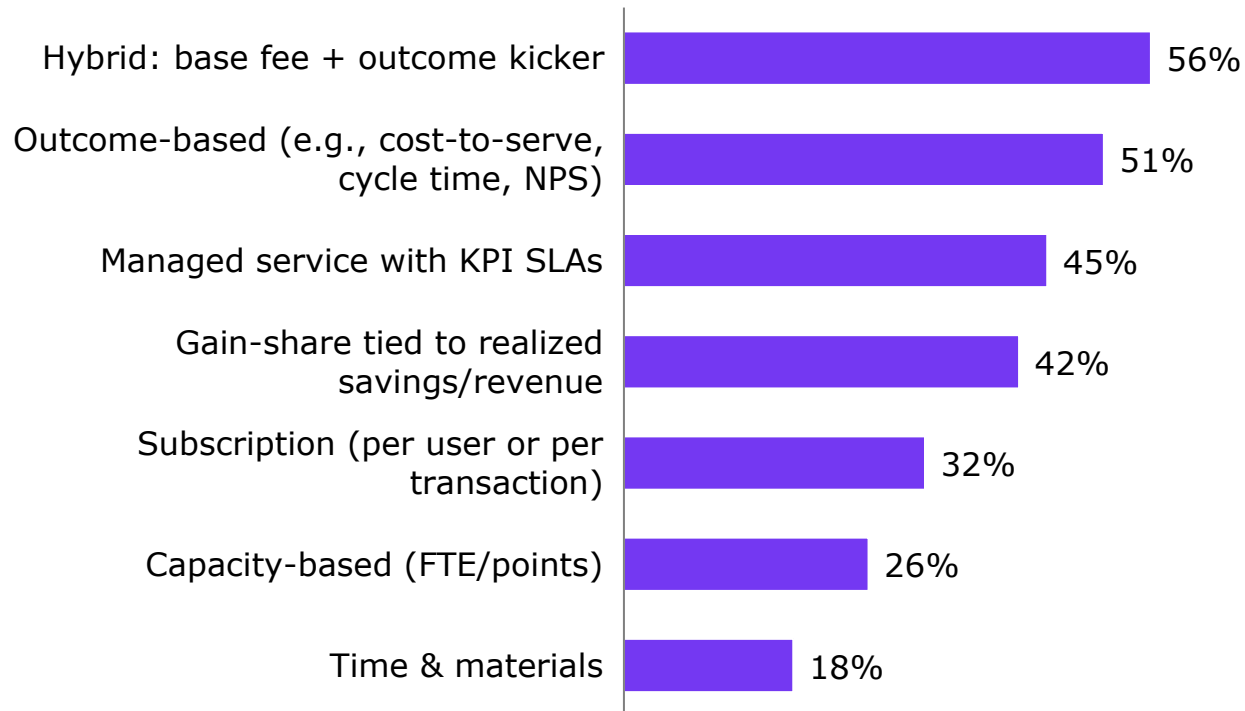


- Enterprises are fast acquiring greater lucidity on the elusive question of “how to AI.” They are poised to implement two immediate transformations: first, in the way they consume business services; and second, in the evolving nature of their engagements with service providers.
- The emerging model of engagement is one wherein AI is getting manifested through copilots woven into existing workflows, platform-as-a-service offerings, and managed services tailored to vertical-specific use cases.
- Over the next 12 to 18 months, the most pronounced shift in enterprise expectations from their BPO partners will be a clarion call for ownership and accountability of outcomes. This demand is voiced by 61% of the respondents, eclipsing even traditional imperatives of cost reduction.

Sample: 101 business and functional leaders in the US  
Source: HFS Research, 2026

# Risk alignment is driving the next wave of BPO commercial models

## Q. What is your preferred commercial model for AI-enabled business services?



Sample: 101 business and functional leaders in the US  
Source: HFS Research, 2026

- Traditional constructs such as time-and-materials and capacity-based pricing are rapidly falling out of favor. Only 18% of respondents still cling to the T&M model, signaling a decisive shift away from remuneration based on input effort.
- A hybrid model combining a base fee to assure provider sustainability with outcome-based incentives to drive performance is emerging as the most preferred paradigm (56%), offering a judicious balance between risk and reward.
- Nearly one in two enterprises (51%) are ready to embrace pure outcome-based models, indicating a growing appetite for accountability and value realization over mere transactional delivery.

# The Bottom Line:

**Enterprises are demanding AI-embedded, outcome-owned operations from their BPO partners.**

**Their overall partner ecosystem strategy and internal organizational readiness are the key prerequisites for success.**

The era of isolated pilots and legacy service models is waning. To unlock the full transformative potential of AI, enterprises must pivot to outcome-centric partnerships, invest in robust data and governance foundations, and institutionalize AI through centralized operating models.

- Prioritize BPO partners that embrace end-to-end ownership of outcomes. Embed commercial models such as hybrid or pure outcome-based contracts to align incentives and share risk.
- Establish CoEs and fusion teams under a unified governance model to ensure standardization.
- Invest in data estate modernization, MLOps, and privacy/security infrastructure to de-risk GenAI deployment and maximize ROI.



Restructure partnerships around accountability



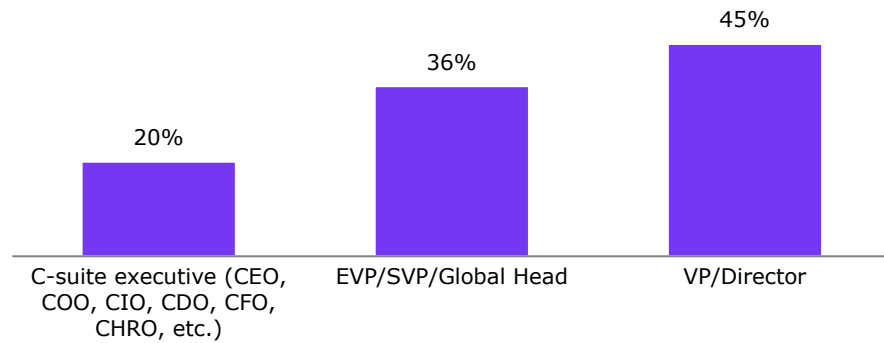
Institutionalize centralized AI governance for scaling



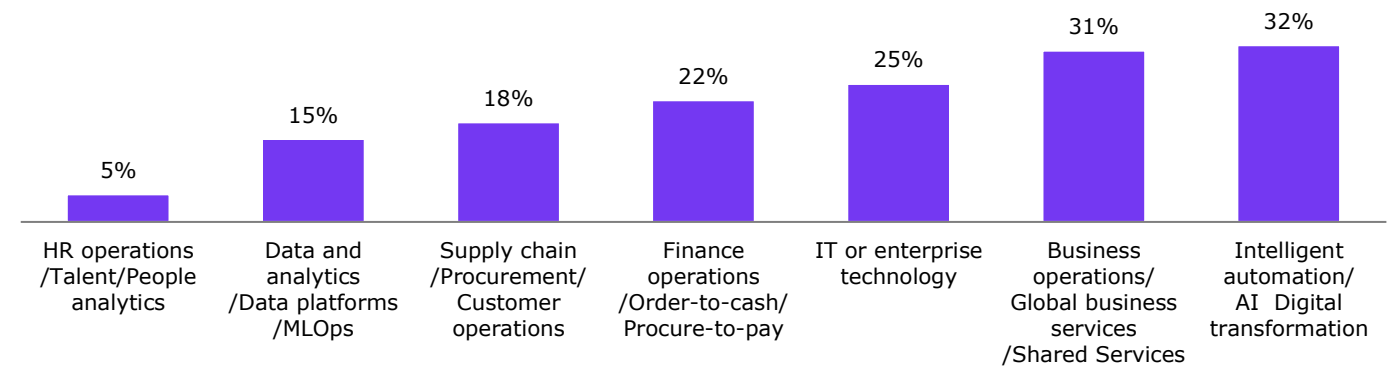
Double down on data and MLOps foundations for embedded intelligence

# Survey demographics

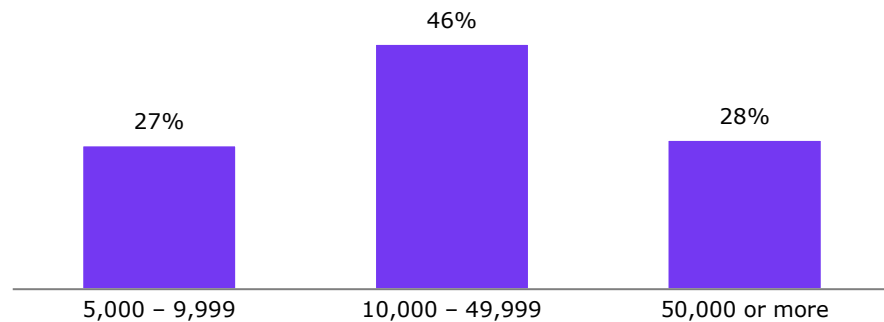
## Which of the following best describes your current role level?



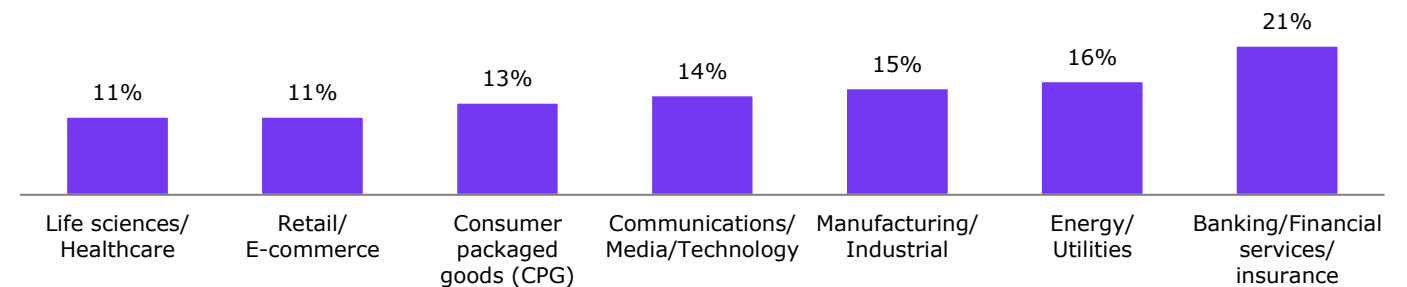
## Which of the following best describes your area of responsibility?



## How many employees your organization have globally?



## In which industry does your organization primarily operate?



Sample: 101 business and functional leaders in the US  
Source: HFS Research, 2026



## About Cognizant

Cognizant (NASDAQ: CTSH) engineers modern businesses. We help our clients modernize technology, reimagine processes and transform experiences so they can stay ahead in our fast-changing world. Together, we're improving everyday life. As AI builders and a new kind of services partner, we create purpose-built solutions that deliver the outcomes our clients seek—whether building industry-specific platforms, embedding context into systems, or co-creating custom solutions for unique challenges. By combining people and technology—IP and services—we turn the potential of AI into real value, at scale, across organizations and industries.

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Ashish Chaturvedi is an Executive Research Leader for HFS Research. He leads coverage for supply chain operations, the retail and CPG industry, and business 'data' services. He is an accomplished IT industry analyst, regarded as a top retail expert globally, and is featured regularly in various IT media publications. Additionally, he is a member of multiple industry associations, including RetailWire BrainTrust and RETHINK Retail.

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## About HFS

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