AI Services Sector

India’s Next Technology Services Opportunity Is Being Built on AI

basic roots consulting

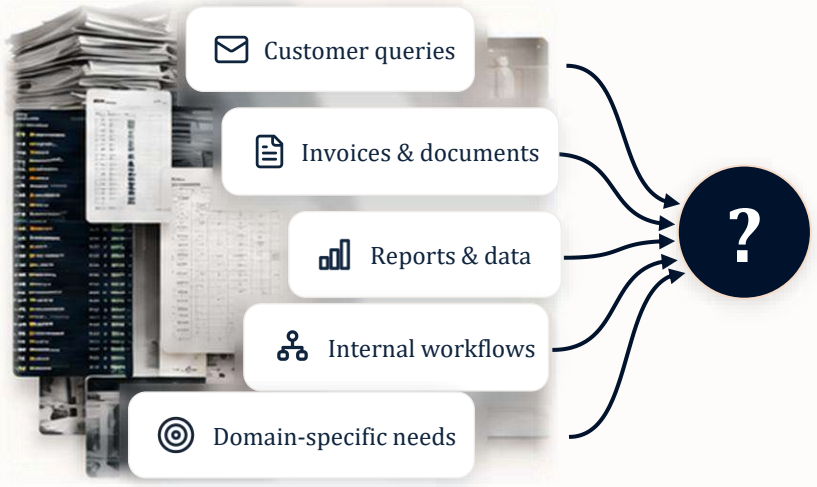
MAKING BUSINESSES BETTER



From business problems to measurable outcomes

A tailored, outcome-led approach that deploys AI agents to solve enterprise challenges and deliver measurable business impact

01 | Enterprises bring real business problems



02 | An AI services company builds and runs AI agents



03 | Enterprises get measurable outcomes



Not software to subscribe to

A working solution, tailored to enterprise context

Not a team billed by the hour

Outcome-led engagement, with ongoing operation and optimization

Enterprises identify and define critical business problems, while AI drives its execution

How The AI Service Model Actually Works

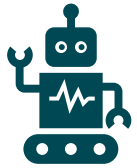
End-to-End AI Service Value Chain From Client Needs to Scalable Outcomes

Client Need
Define and Prioritize



Understand the business problem and the desired outcome

AI Solution
Design and Build



Combine domain expertise with AI agents and reusable models/IP

Deploy
Integrate and Scale



Integrate with client systems, ensure security and scale across use cases

Deliver Outcomes
Automate and Optimize



AI agents work autonomously continuously, driving measurable impact

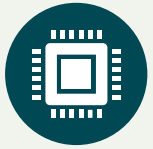
Monetize & Grow
Outcome/ Usage-Based Pricing



Pricing based on outcomes, usage or value delivered with recurring revenue and scale

Key Enablers

What makes it work



AI Agents & Models
Foundation models, agent frameworks and industry solutions



Reusable IP
Pre-built agents, accelerators and domain-specific libraries



Skilled Talent
Domain expertise, AI engineers and product teams



Infrastructure
Cloud, data, security and orchestration platforms



Client Ecosystem
Co-innovation, long-term partnerships and industry vertical focus

An integrated AI service model combines domain expertise, proprietary IP and scalable infrastructure to deliver measurable client outcomes and drive recurring, value-based revenues

India Has Ridden Three Waves Of The Global Technology Cycle

From labor arbitrage to AI-native value creation - the next wave is here

	Wave 1: IT Services & BPO	Wave 2: Cloud & B2B SaaS	Wave 3: AI-Native & Agentic (Current Wave)
Market Size and Margins	$315 Billion 29% - 44%	$15 Billion 70% - 85%	$10-12 Billion+ 70% - 80%+ improving
Revenue Per Employee and Revenue Multiple	$37 K - $70 K 2x - 4x	$80 K - $210 K 5x - 15x	$65 K to no upper limit 15x - 40x+
Leading Companies	TCS, TATA Consultancy Services, HCLTech, wipro, Infosys, cognizant	ZOHO, freshworks, BrowserStack, whatfix	CONVIN, AIVAR, devx labs
	From Labour Arbitrage	To Product Leverage	To Outcome Ownership

Source: NASSCOM, TCS Annual Report, Economic Times, Virtual Auditor, Business Standard, Inc42

From Selling Hours To Selling Outcomes

The structural shift redefining IT services growth

Structural Shift

IT services revenue was tied to **billable hours x headcount x rate**

AI services revenue is increasingly tied to **outcomes delivered**, with less dependence on headcount

Real World Evidence: AI Revenue At Scale

TCS Q1 FY27 (ended Jun 30, 2026)

$2.6B AI revenue run-rate (+13.6% QoQ)

$9.5B order book including marquee AI-led transformation deal with SKF

Workforce Shift

Indian tier 1 IT firms moving to "barbell" structure, lean core teams + specialized AI, consulting & domain talent

Utilization **~85%**, bench strength declining

Traditional IT Services Model



Headcount | Billable Hours | Rate | Revenue

Revenue grows as headcount grows

AI Services Model



Outcomes Delivered | Orchestration Leverage | Outcome Pricing | Revenue

Revenue grows with outcomes and impact

The industry is moving from selling time to delivering measurable impact

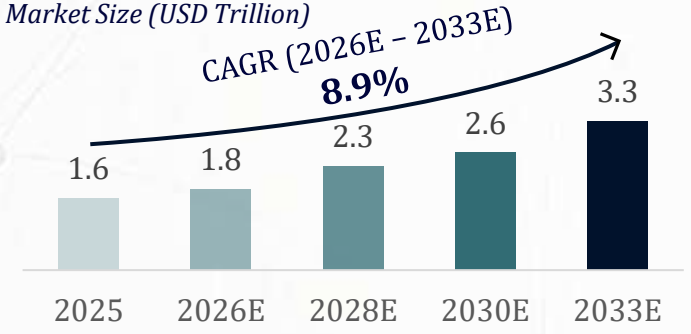
Source: TCS Q1 FY2027 results, Money Control, Economic Times

AI Is Reshaping A ~$1.8 Trillion Global IT Services Market

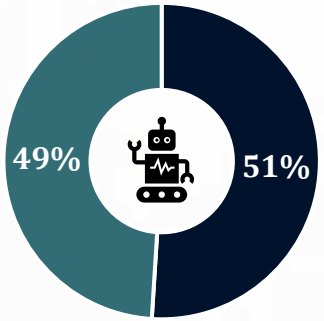
AI is fundamentally reshaping delivery models, pricing structures, and value across the IT industry, creating a fast-growing AI services market

Global IT Services Market

Market Size (USD Trillion)



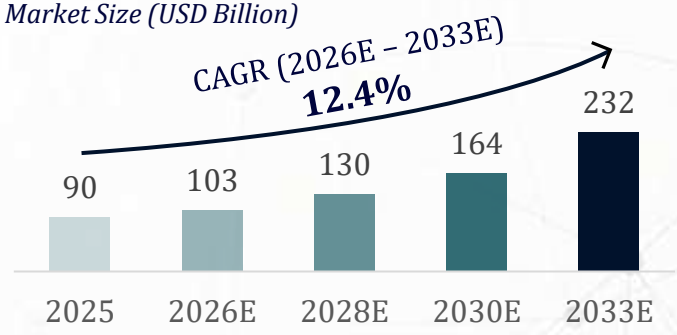
IT Services By Approach (2026E)



- **Reactive IT Services**
  (Support after something breaks)
  Largest Share
- **Proactive IT Services**
  (Prevent, Optimize, Transform)
  Fastest-growing approach segment

Indian IT Services Market

Market Size (USD Billion)



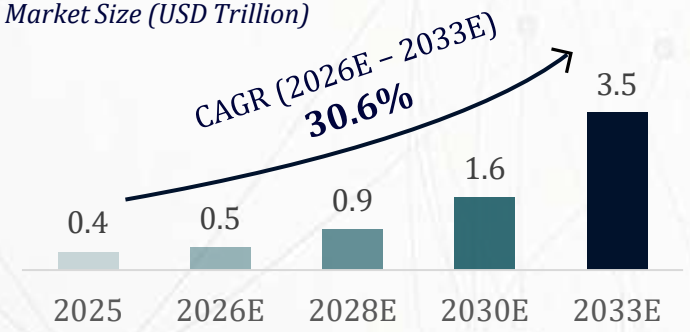
Market is expanding....
and the growth is accelerating

The shift is clear
From IT services to AI services

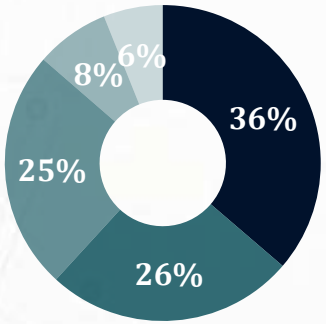
Value is moving....
from effort and time to outcome and impact

Global AI Market

Market Size (USD Trillion)



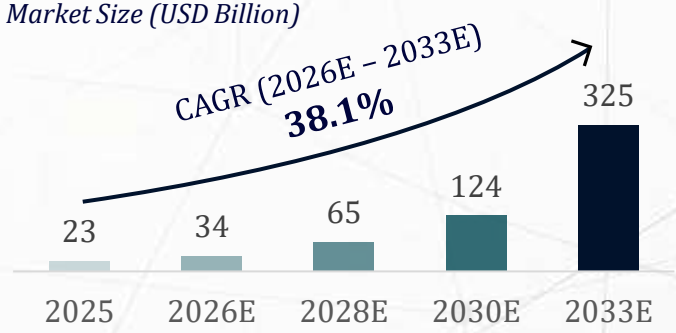
Market Share By Geography (2024)



- North America
- Europe
- APAC
- Latin America
- MEA

Indian AI Market

Market Size (USD Billion)



AI is unlocking a structural growth opportunity for Indian IT services, with AI-led players positioned to capture rising demand and higher-value opportunities

Source: Grand View Research

Why Now: Three Forces Are Converging

Capability leap. Adoption gap. Economic incentive. Together, they create an inflection point for AI services

1 Capability Has Crossed The Automation Threshold

AI can now execute multi-step workflows and deliver real outcomes

66% OSWorld success rate in 2025, up from ~12% prior benchmark level
Real computer-use tasks across operating systems

5.5x
improvement in 18 months

~7 months AI task-completion horizon doubling time
Across diverse software tasks (2023-25)

6x
increase in 18 months

2 Adoption Gap Is Massive And Widening

What AI can do today vs. what's deployed is far apart

Work value at stake (United States)

11.7%
of work tasks can already be performed by AI today

5.3x
Gap

2.2%
of wages are actually being utilised by AI today

Addressable opportunity

~5.3x
Addressable gap for AI services

~150M+
Knowledge workers impacted

$4.4T
Annual wages pool addressable

3 Economics Make The Shift Inevitable

AI delivery is materially better on cost, speed and ROI

Cost advantage of AI vs human

$75,000
Annual cost of a white-collar worker → **$50/hr**
At ~$50 per hour (~$75k/$50 = 1,500 hrs)

$2.5/hr
GPU cost for substituting parts → **~20:1**
Cost ratio advantage in favour of AI

ROI & payback potential

3x-10x
Typical ROI from AI initiatives over the same period

2–4 years
Average payback period from AI investment made

AI has reached a commercial inflection point: capability is advancing rapidly, adoption remains underpenetrated, and superior economics are creating a powerful catalyst for industry transformation

Source: Stanford, MIT, Oak Ridge National Laboratory, METR, McKinsey, JPMorgan, Deloitte

Built for IT
Built for AI – Same Talent Base

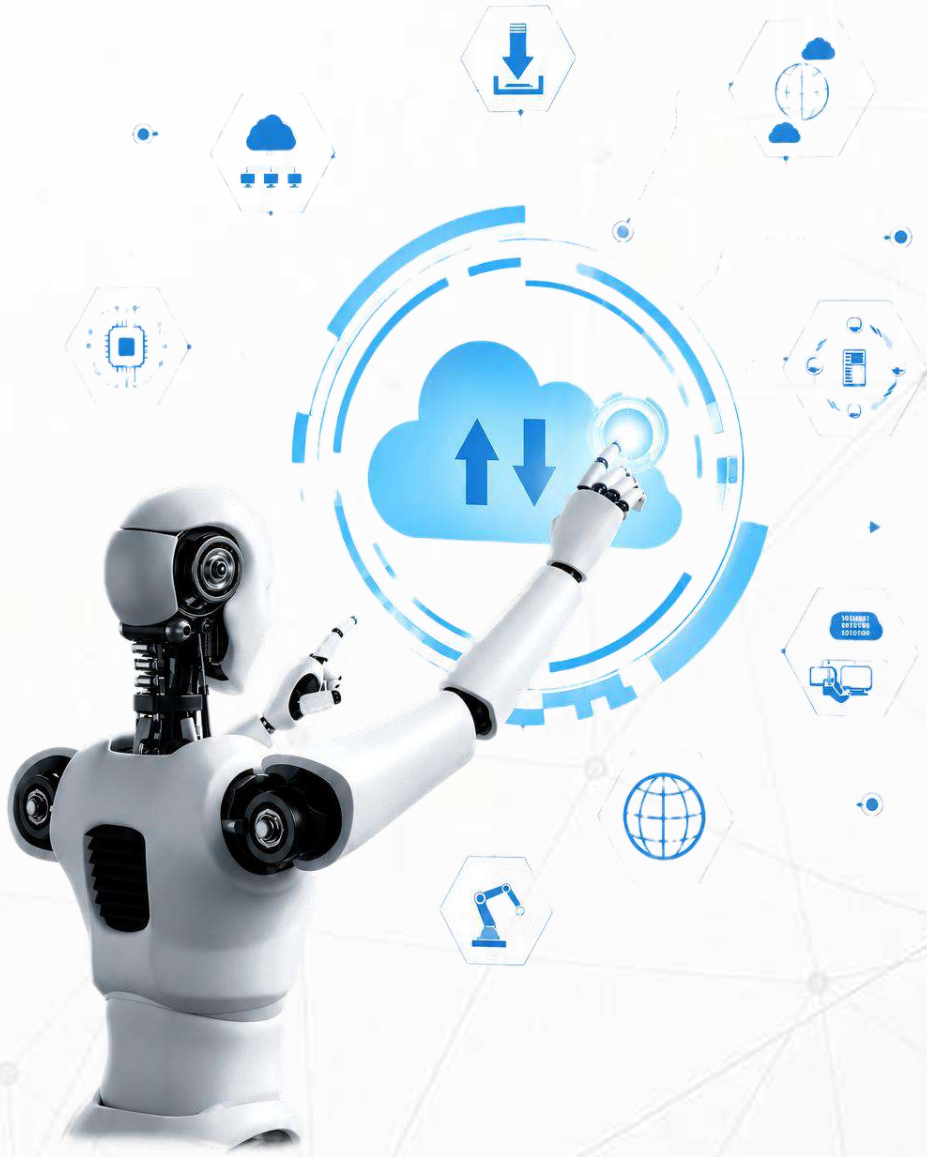
The same talent base that built world-class IT services and SaaS is now powering the next wave of **AI services**

Deep Talent Pool
Large, young, and tech-skilled workforce

Execution Excellence
Proven track record in delivering at scale

Unit Economics Edge
Lower cost to deliver, higher margin potential

India's advantage is not just talent
It's the **economics of performance**



Talent + Cost Base To Capture AI Execution

India's structural advantage in engineering talent and cost creates a durable moat for AI-native services

Massive Talent Scale, Meaningful Cost Advantage

Senior software engineers
(Total compensation/year)

India
~$52K median

US
~$250K median

Cost savings
79%
equivalent to
~5x
cost differential

Base salary benchmark
(Comparable experience level)

India
65% - 80%
lower than
US

What This Means For AI-Native Players

AI-native firms hire from the product/GCC talent pool, not the IT-services pool, so their costs sit above India-wide averages

True cost advantage over US-based competitors remains substantial, even if somewhat smaller than headline India-wide averages

A Significant Structural Asset: GCC Scale In India

2,117
GCCs

Running 3,728 centers in India, employing 2.36M people and $98.4B revenue (FY26)

506
In Forbes Global 2000

Alongside 583 mid-market and 504 private-equity-backed centers

$64.6B → $98.4B
Revenue, FY24 to FY26

The FY30 forecast of $99B - $105B was reached ~4 years early

50%
Of new GCC are AI-first

A reversal from the infra-support focus of the previous decade

Faster Path To Enterprise Relationships

Three decades of IT-service delivery + recent GCC expansion translate into deeper enterprise relationships and faster access to sales cycles from day zero for AI-native entrants

Tangible, Real-Estate-Backed Expansion

GCCs account for 38% of all offices leasing across India's top 7 cities in 2025 (31.3 Million sq. ft.) - confirming this is active expansion

India's deep engineering talent pool, significant cost advantage and expanding GCC ecosystem create a structural moat for AI-native services players, enabling faster enterprise access and scalable growth

Source: GCC Nexus, NASSCOM, Zinnov, JLL, PIB

AI Power Map: Global Dominance Today, India's Edge Tomorrow

The AI value chain is concentrated at the infrastructure layer. India's opportunity lies in the AI service layer, where AI is applied to real enterprise problems

US and China Lead The AI Infrastructure Stack

Layer of value chain	US	China
LLM & foundation model leadership	OpenAI, Claude, Gemini, LLaMA by Meta	deepseek, KIMI, Qwen, Baidu
Data centers & cloud infrastructure	aws, Microsoft Azure, Google Cloud, ORACLE	Alibaba Cloud, HUAWEI, Tencent Cloud, 中国电信 CHINA TELECOM
Chip design & manufacturing	NVIDIA, intel, AMD, Qualcomm	SMIC, UNISOC, Cambricon 寒武纪科技, HUAWEI HISILICON
Infrastructure enablers	arm, BROADCOM, cisco, tsmc	CATL, 国家电网公司 STATE GRID CORPORATION OF CHINA, Sinopec, ZTE中兴

Where India Stands: Our Right To Win

AI service layer

Solving real-world problems with AI

- Domain expertise in BFSI, Healthcare, Retail, Education, etc.
- Strong engineering talent available with cost advantage
- Agile and product-focused startups and enterprises

KissanAI, Networks, Deccan AI, AryaXAI, Xccelera, AIVAR, OnFinance AI, avataar

As AI value shifts beyond infrastructure toward real-world enterprise adoption, the next value pool is emerging in AI services
India is well positioned to capture this opportunity, leveraging its deep domain expertise, engineering talent and cost advantage.
That opportunity is not one business: it spans four distinct models, mapped on the next slide.

AI Services Are Not One Business

Four distinct models serve different jobs to be done, customers and economics

Segment	Business Model	Companies	Key Differentiation
AI-native IT services AI-enabled outcomes, consulting + delivery	Outcomes-led engagements powered by AI, with end-to-end consulting and delivery	AIVAR, quantiphi, MathCo, TREDENCE Beyond Possible	High-touch, outcome responsibility, integration and change management expertise
Services-as-software Product replacing human work entirely	Software products that automate and replace human-led work end-to-end	Botspot, Supervity, GyanSys, agentlab	Product-led scale, automation depth, repeatability
Picks-and-shovels Data, tools, infrastructure for AI labs	Infrastructure, data and tooling that power AI development and experimentation	neysa, Networks, YOTTA, neevcloud	Enabler layer, broad applicability, network effects
Vertical AI applications AI embedded in a specific workflow/domain	Domain-specific applications embedding AI into core business workflows	KissanAI, OnFinance AI, UPTIME AI, avataar	Domain depth, workflow fit, differentiated use cases

AI services span four distinct models, each addressing different customer needs with fundamentally different value propositions and economics.

Where Does India Have A Right To Win?

India can capture the most value where AI amplifies its structural advantages across talent, cost and domain expertise

	Ranking	Why	Key Evidence
Services-as-software	#1	Capital intensity + Global scale gap	CONVIN • Rs. 18.5 Cr FY25 revenue, up 2x YoY • 100+ clients • 35+ languages
Vertical AI applications	#2	Domain depth + Workflow access	qure.ai • Rs. 190 Cr+ FY25 revenue • Deployed in 90+ countries • $123M raised
AI-native IT services	#3	Talent + Enterprise relationships	DevX AI • 3× YoY, profits 6× • Team size: 150+ • 95%+ customer retention
Picks-and-shovels	#4	Engineering depth + Cost advantage	Deccan AI • 10× YoY growth • 1M+ contributor network • 125 employees

India has the right to win where AI converts its talent and cost advantage into scalable, domain-led businesses not capital-intensive infrastructure

Source: Convin, Business Standard, The Brief, Qure.ai, Inc42

Ranking based on India's structural advantage across talent, cost, domain depth, capital intensity and global scalability. Ranking is BRC's view, not a calculated score

AI Is Taking A Larger Share Of Global VC Funding

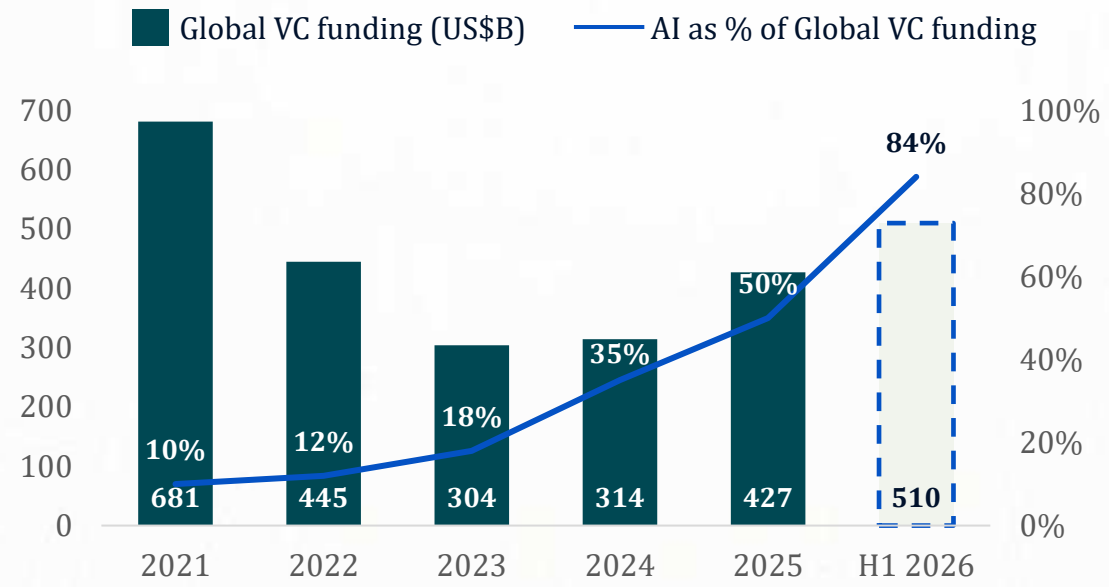
AI captures a larger share of global VC, India's AI ecosystem is scaling from a small base

Global VC funding reached **~$510B** in H1 2026, exceeding full-year 2025 levels

AI captured **~84%** of global VC funding in H1 2026, up from ~50% a year earlier

India's AI funding is accelerating from a small base and shows strong momentum

Global VC Funding And AI Share



India vs Global AI Funding (1H)

India AI Funding	Global AI Funding
$676M	**~$430B**

India's AI funding represents **~0.16%** of global AI funding

AI funding is increasingly concentrated in mega-rounds greater than the total amount raised by all Indian AI startups combined in the same period

Longer-Term Opportunity

$126B
India's AI Opportunity by 2030

$1.7T
Potential GDP impact by 2035

$2.6B
Total capital raised by startups till Feb 2026

AI is capturing an increasing share of global capital, and India's rapidly growing but still small AI funding base creates significant room for future scale

Source: Crunchbase, Ropes & Gray, Inc42, Pitchbook, PIB, The Economic Times, EY

AI Is The Exception In A Slowing Indian Startup Market

Indian AI startups saw a step-change in H1 2026, outpacing the broader startup market on capital raised, deal count and investor participation

AI funding growth
H1 2026 funding 4x YoY, +317%

AI outperforms startups
AI funding grew while overall funding fell 9%

Seed-stage AI resilient
Funding +18% YoY despite fewer seed deals

Investor interest strong
1,100+ investors, 64% plan higher VC allocation

Capital concentration
Neysa's $600M round drives 89% of H1 2026 Indian AI funding

H1 2026 Vs H1 2025 Comparison

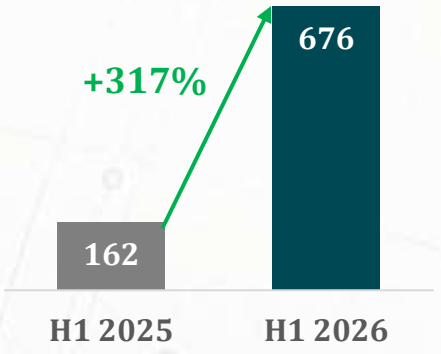
Funding raised
(USD Mn)

$676M
vs $162M

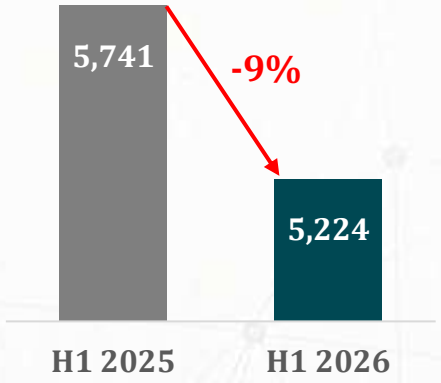
Deals
(Count)

57
vs 30

Total Funding
(USD Mn)



Overall Indian Startup Market



neysa

Largest round
$600M
(Feb 2026)

India's AI unicorns

KRUTRIM neysa sarvam

Top AI funding hubs



AI is emerging as a clear exception to the broader funding slowdown, attracting disproportionate capital and investor interest. Neysa's $600M infrastructure round led funding. The following case studies assess whether capital is flowing to India's areas of competitive advantage

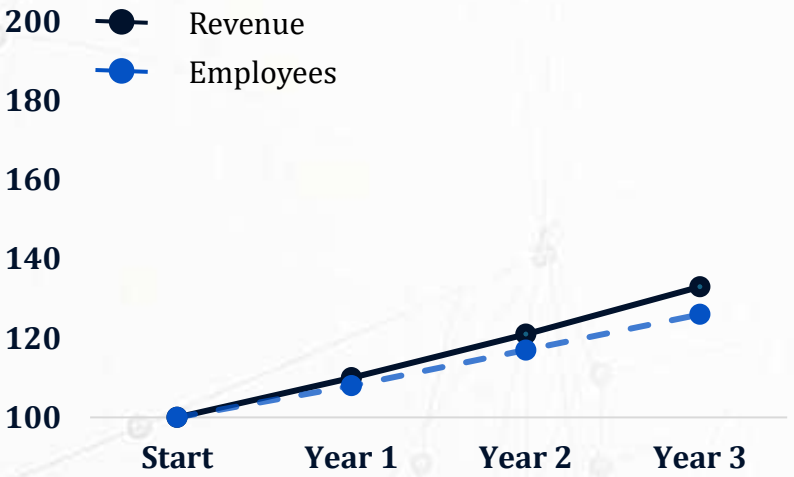
Source: Inc42, Indian Tech Startup Report, Pitchbook, Blackstone. 89% is a BRC calculation ($600M / $676M)

Revenue Per Employee Is The AI-Native Litmus Test

AI-native models can deliver materially higher productivity than legacy IT and staffing models

Legacy IT services

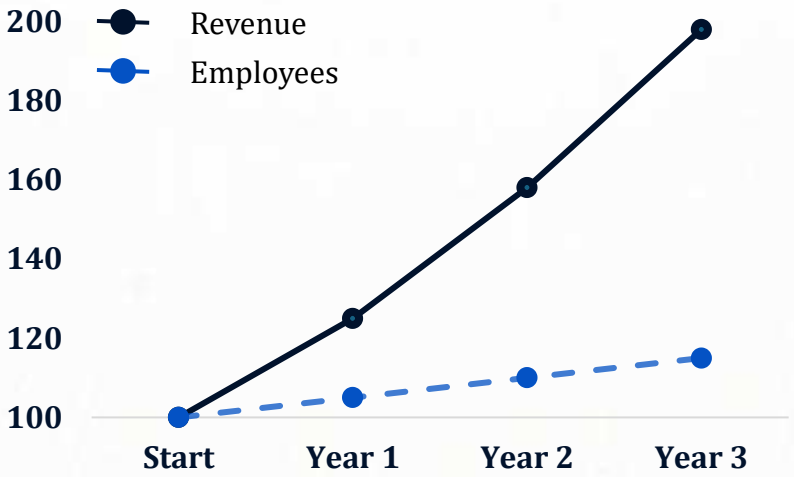
Revenue and headcount move together



Illustrative

AI services

Revenue grows faster than headcount



Illustrative

The Legacy Model

More clients → More projects → More FTEs → More revenue

The AI-Native Model

More AI/IP → More Output/FTE → Higher RPE → Revenue scales faster

The litmus test

AI services ≠ More AI projects

AI services = More revenue per unit of employee capacity

What to track

- Revenue per employee (RPE)
- Gross profit per employee
- Customer growth

AI-native models break the linear link between revenue and headcount, shifting the focus beyond customer growth toward revenue per employee

Mapping the Four Segments

Cases chosen to test the ranking: where India has a right to win, and where capital is actually going

Company	Segment	Rank	Why included	Headline metric
CONVIN	**Services-as-software**	**#1**	Product replacing human work, global scale gap	**Rs. 18.5 Cr** FY25 revenue, 2x YoY
qure.ai	**Vertical AI applications**	**#2**	Domain depth, deployed in 90+ countries	**Rs. 190 Cr+** FY25 revenue
AIVAR	**AI-native IT services**	**#3**	AI-native services built on reusable accelerators	**100+** customers, **150+** engineers
Deccan AI	**Picks-and-shovels**	**#4**	Expert network as the moat	**10x** YoY growth, **1M+** experts
neysa	**Picks-and-shovels**	**#4**	Where the largest round went	**$650M** raised to date
sarvam	**Model layer**	**Outside ranking**	Sovereign model layer, India's foundation bet	**$387M** raised to date

The first four cases sit in the segments where India has a right to win. The last two show where capital is concentrating

SEGMENT: SERVICES-AS-SOFTWARE | RANK #1

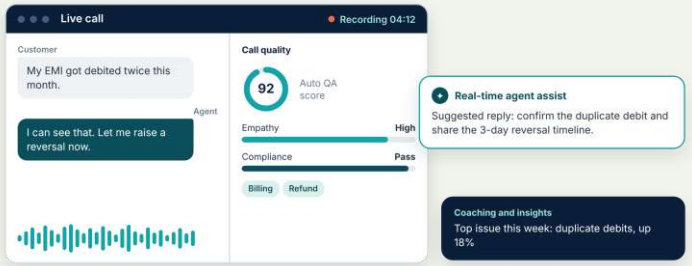
Convin – Replacing Contact Center Work With AI Agents

CONVIN

Combining an in-house multilingual LLM with conversation intelligence and AI calling to automate sales, support and collections

CONVERSATION INTELLIGENCE

Sales, support and collections teams



Voice | Chat | Email

AI PHONE AGENTS

Automated calling in 35+ languages



Voicebots | AI phone calls | Chatbots

- Founded in **2020,** Bengaluru
- **$8.9M** raised (Series A $6.5M, Aug 2024)
- **Rs. 18.5 Cr FY25 revenue (~$2.2M)**, up by 2x YoY
- **100+** clients, **~140** employees
- **Investors**: India Quotient, JSW Ventures, Kalaari Capital, Titan Capital

Why The Model Worked

DOMAIN-BUILT MODEL

Own the model, own the data

In-house 7B LLM trained on 200B+ tokens of code-mixed contact center speech across 35+ Indian and South Asian languages

WORK REPLACED, NOT TOOLS ADDED

Measured inside the workflow

Company-reported results: sales +21%, CSAT +27%, collection rates +17%, agent ramp-up time down 60%

REPEATABLE ACROSS SECTORS

One platform, many verticals

Used in banking, insurance, e-commerce, edtech and retail, with clients including Reliance Nippon, Titan, Thyrocare and LazyPay

THE INVESTMENT LESSON

Replacing human work is the thesis and revenue per employee is the proof. Rs. 18.5 Cr of FY25 revenue on ~140 staff shows the model is still early

Converted at Rs. 85.55 per US$ as at 31 March 2025

SEGMENT: VERTICAL AI APPLICATIONS | RANK #2

Qure.ai – AI For Earlier, Faster, Fairer Diagnosis

Deployed in 90+ countries, from a scan to a diagnosis

AI DIAGNOSTIC PLATFORM

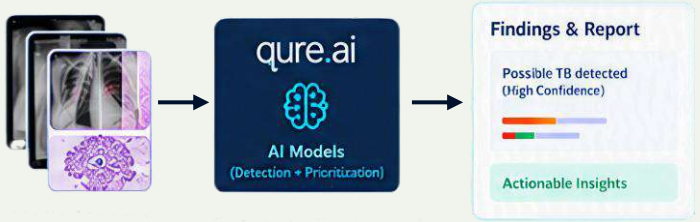
For radiology & pathology



DICOM Compatible | Cloud & On-premise

FROM SCAN TO INSIGHT

Image to actionable insight



Detection | Reporting | Workflow Integration

- Founded in **2016**
- **$123M raised to date**
- Reached a valuation of **$262M**
- **Rs. 190 Cr+ (~$22.2M) revenue in FY25**
- Deployed in **90+** countries
- **Investors:** Merck Global Health Innovation Fund, Kae Capital, Lightspeed Venture, C-CAMP, MassMutual Ventures

Why The Model Worked

SOLVED A HIGH-IMPACT PROBLEM

Addressed critical diagnostic gaps

Qure.ai is focused on high-burden diseases like TB, lung cancer, and breast cancer, where early detection saves lives but access to expert radiologists is limited

ACCURATE, SCALABLE & TRUSTED AI

Built deep expertise with clinical validation

Trained on large, diverse datasets with rigorous clinical validation, ensuring high accuracy, reliability and regulatory readiness for real-world use

STRONG PARTNERSHIPS & ECOSYSTEM

Integrated with global organizations

Collaborations with governments, NGOs and healthcare providers enabled large-scale adoption, impact and sustainability across markets

THE INVESTMENT LESSON

The value is not only in the technology, but in the real-world outcome it enables better diagnosis, stronger healthcare systems and healthier communities at scale

Converted at Rs. 85.55 per US$ as at 31 March 2025

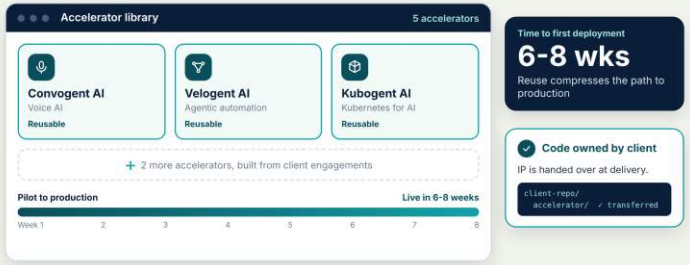
SEGMENT: AI-NATIVE IT SERVICES | RANK #3

Aivar – AI-Native Delivery, Built on Accelerators

AWS-pedigreed founders combining custom AI engineering, reusable accelerators and managed operations to take enterprises from pilot to production

REUSABLE ACCELERATORS

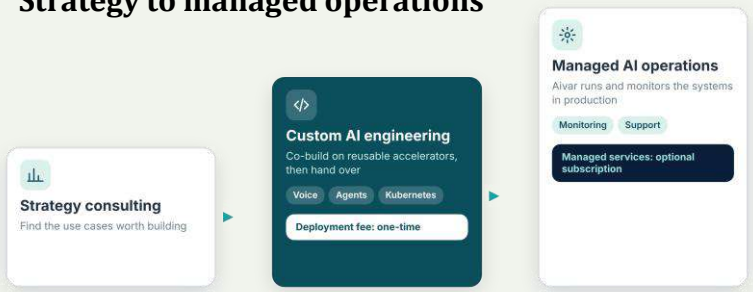
Built from client engagements



5 accelerators | Code owned by client

ENGAGEMENT MODEL

Strategy to managed operations



Deployment fees | Managed services

- Founded in **2024,** Coimbatore
- **$4.6M** seed round (Jan 2026), only round to date
- **Rs. 86 lakh** FY25 revenue **(~$0.1M)** first fiscal year
- **100+** customers, **150+** engineers
- **Investors:** Sorin Investments, Bessemer Venture Partners

Why The Model Worked

HYPERSCALER-NATIVE FOUNDERS

Cloud relationships from day one

Four ex-AWS founders; AWS validation; 80+ customers in year one per the company, across fintech, healthcare, logistics and retail

ACCELERATOR-LED DELIVERY

Reuse compresses time to production

A logistics SaaS client automated contract and invoice workflows, with first deployment in 6-8 weeks

HYBRID SERVICES AND SOFTWARE

Co-build, hand over, then run

IP is transferred to the client; revenue is a one-time deployment fee plus optional managed services subscriptions

THE INVESTMENT LESSON

Speed to customers is proven. The investor test is whether accelerators lift revenue per engineer as the team scales beyond 150

Converted at Rs. 85.55 per US$ as at 31 March 2025

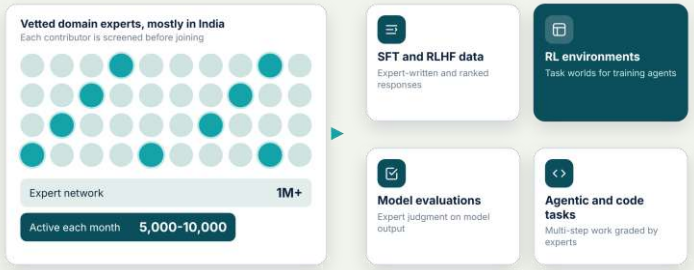
SEGMENT: PICKS-AND-SHOVELS | RANK #4

Deccan AI – Expert Data and Evaluation for AI Labs

Combining a vetted, India-based expert network with evaluation and agent platforms to improve AI model accuracy

EXPERT NETWORK

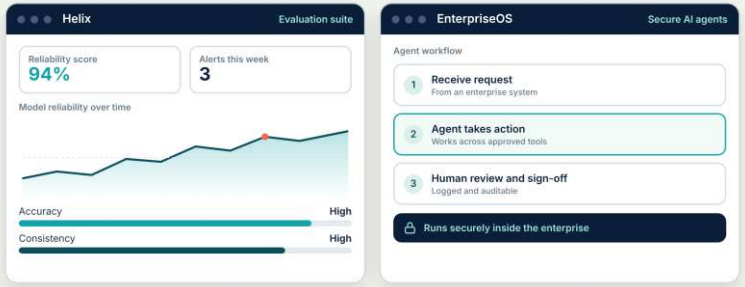
Vetted domain experts, mostly in India



1M+ experts | 5,000-10,000 active monthly

ENTERPRISE PLATFORMS

Moving from data services to products



Evaluation | Agents | Workflows

- Founded in **2023**, Bay Area HQ, Hyderabad
- **$25.1M** raised (Series A $25M, Mar 2026)
- Valuation **~$100M** at Series A
- Double-digit US$ Million run-rate, **10x** YoY
- **~125** employees
- **~80%** of revenue from top five customers
- **Investors**: A91 Partners, Susquehanna, Prosus Ventures

Why The Model Worked

EXPERT NETWORK AS THE MOAT

Quality concentrated in one country

A vetted network of 1M+ contributors, mostly in India, supplies the expert judgment frontier labs pay for

FRONTIER-LAB DEMAND

Customers pay for accuracy

Customers include Google DeepMind, Snowflake and most of the Magnificent 7; five customers are ~80% of revenue

ASSET-LIGHT, EXPERT-LED

No compute to own

$25.1M raised against $650M for Neysa; revenue per employee above $80K is a BRC inference, not a company figure

THE INVESTMENT LESSON

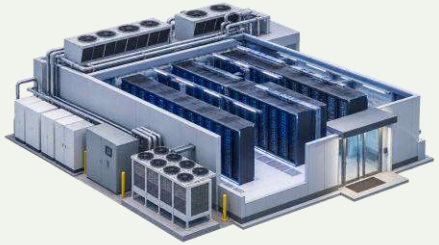
India's edge in this layer is expert judgment at scale, not infrastructure. The diligence question is concentration: five customers are ~80% of revenue

SEGMENT: PICKS-AND-SHOVELS | RANK #4 | CAPITAL-INTENSIVE COUNTERPOINT

Neysa – Building India's AI Infrastructure Layer

Combining GPU infrastructure, AI cloud software and engineering support to enable faster, secure and cost-predictable AI deployment

GPU COMPUTE
AI Infrastructure



GPU-as-a-service | AI compute | Training

PLATFORM
Velocis + managed AI infrastructure



Enterprise workloads | Cost governance

- Founded in **2023**
- **$650M raised to date**
- Reached a valuation of **$1.4B**
- **Rs. 21 Cr+ (~$2.5M) revenue in FY25**
- **20,000+ GPUs planned for deployment**
- **Investors:** TVS Capital Funds, Nexus Venture Partners, Blackstone, Anchorage Capital Group, NTTVC, Z47

Why The Model Worked

CAPITAL INTENSIVE MOAT
Infrastructure scale creates a barrier to entry

Neysa's model requires substantial investment in GPUs, networking, storage and data-center infrastructure, making access to capital a competitive advantage, not just a financing need

INDIA FIRST, SOVEREIGN AI INFRA
Local infrastructure solves local constraints

India-based compute helps address data residency, latency, regulatory and customization requirements for enterprises, government and AI developers

MORE THAN GPU RENTAL
Infrastructure + platform + engineering

Neysa combines GPU infrastructure with orchestration, security and engineering support, moving beyond commodity compute to managed AI execution

THE INVESTMENT LESSON

The value is not owning GPUs alone
it is in owning the execution layer around AI compute

Converted at Rs. 85.55 per US$ as at 31 March 2025

MODEL LAYER | OUTSIDE THE FOUR SERVICE SEGMENTS | CAPITAL-INTENSIVE COUNTERPOINT

Sarvam AI – India's Sovereign AI Stack For A Multi-Lingual Future

Combining language depth, full-stack control and product-led scale to build India's AI backbone

sarvam

AI MODELS & PLATFORMS

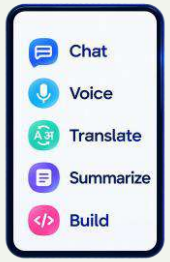
Multi-lingual, India-first LLMs



Text | Speech | Agents | Fine-tuning

PRODUCTS & SOLUTIONS

Models for diverse use cases



Conversational AI | Speech AI | Translation

- Founded in **2023**
- **$387M raised to date**
- Reached a valuation of **$1.54B**
- **Rs. 45 Cr+ (~$4.8M) revenue in FY26**
- **10M+ API calls per day**
- **Investors:** Activate, Glade Brook Capital, Gaja Capital, IndiGo Ventures, Bessemer Venture Partners, Peak XV Partners

Why The Model Worked

INDIA FIRST, LANGUAGE DEPTH

Built for India's linguistic diversity

Trained on high-quality multilingual data across 23 languages, Sarvam understands local context, code-mixed text and Indian use cases better than global models

FULL STACK, SOVEREIGN AI

Control over data, model and infrastructure

From foundation models to inference and deployment, Sarvam controls the full stack, enabling data privacy, security and compliance for Indian government

PRODUCT-TO-POPULATION SCALE

Real-world utility, rapid adoption

By offering developer friendly APIs, enterprise solutions and consumer products, Sarvam has achieved high usage at scale, turning India's digital demand into global impact

THE INVESTMENT LESSON

A deep local foundation, full stack control and product-led execution can turn AI from technology into a national advantage

Converted at Rs. 94.37 per US$ as at 31 March 2026

PART 8 | HOW TO PRICE AND ACT ON IT

Before You Back The Business

What every investor must stress-test in India's AI service opportunity

Is the AI actually defensible?

What proprietary data, workflows or IP does the company own and can a competitor replicate in 6-12 months

Ask:

What does the company own that competitors cannot replicate?

Does revenue scale faster than people?

The shift is from selling hours to delivering outcomes. Look for reusable assets, agents and workflows

Ask:

Is AI breaking the headcount-revenue link?

Does AI structurally improve margins?

AI can reduce cost-to-serve and compress timelines, but higher model and infra costs can offset the benefit

Ask:

What happens to cost-to-serve as AI scales?

Are customers paying for outcomes?

The strongest models link pricing to measurable business impact – productivity, cost savings, quality, speed

Ask:

Can the company prove the ROI and price against it?

Can services become software-like?

Reusable assets, workflows and domain IP should increase output per employee and drive scale

Ask:

What gets reused every time the company wins a new customer?

Who captures the AI-created value?

If AI drives real savings, the key question is whether the value accrues to the customer, the provider or both

Ask:

Can the company capture a share of the value it creates?

How AI Services Are Priced

Valuation follows the business model, not the AI label

Revenue multiple by wave

Wave 1

2x – 4x

Wave 2

5x – 15x

Wave 3

15x – 40x+

Case valuations against revenue

Company	Valuation	Revenue	Valuation/ revenue
CONVIN	N.D.	$2.2M	N.D.
qure.ai	$262M	$22.2M	~12x
AIVAR	N.D.	$0.1M	N.D.
Deccan AI	$100M	N.D.	N.D.
neysa	$1.4B	$2.5M	~560x
sarvam	$1.54B	$4.8M	~320x

N.D. – Not Disclosed

What supports a premium

- Revenue per employee rising faster than headcount
- Pricing linked to outcomes or usage
- Reusable IP carried into every new customer

What does not

- An AI label without proprietary data or workflow
- Revenue tied to billable hours
- Margin offset by model infrastructure costs

Capital-heavy layers are priced on access to capital. Service-layer businesses are priced on revenue per employee and recurring outcomes

Source: Inc42, Entrackr, Business Standard, Dealroom

Converted at Rs. 94.37 per US$ as at 31 March 2026 and Rs. 85.55 per US$ as at 31 March 2025

Investment Framework: What Separates Winners From Losers

A disciplined framework to identify durable AI winners and avoid structural losers

Defensible Moats And IP Advantage

- Proprietary models, data, or distribution create sustainable advantage
- Patents, exclusivity, and network effects are differentiators

Monetization Durability And Pricing Power

- Recurring revenue, multi-product adoption, and pricing flexibility
- Mission-critical use cases lead to stickier, higher-margin revenue
- Pricing linked to outcomes or usage, not billable hours

Scalability And Operating Leverage

- Ability to scale without linear cost increases
- High gross margins and automation drive operating leverage

Capital Discipline And Unit Economics

- Winners show efficient capital allocation with strong margin profile
- Look for LTV/CAC > 3x and revenue per employee rising faster than headcount

Management Quality And Execution Track Record

- Experienced leadership with a history of building category leaders
- Strong governance, talent density, and execution culture

Why This Framework Works

- Filters hype to find durable winners
- Highlights downside protection
- Focuses on long-term value creation
- Balances growth potential with risk control

What Leads To AI Losers



- Burn capital without path to profitability
- Lack of differentiation / commoditized tech
- Over-reliant on one stream of revenue
- High operating costs, limited scalability
- Inexperienced teams, weak execution

Durable AI winners will be defined not by growth alone, but by defensible moats, durable monetization, scalable economics and disciplined execution while avoiding businesses that remain capital-intensive, commoditized or structurally difficult to scale

Key Risks

While the opportunity is significant, key risks must be effectively managed

Intense Competition

Global technology leaders and IT services firms

Emerging AI-native startups

Pricing pressure and rapid innovation cycles

Talent Constraints

Shortage of AI/ML and data engineering talent

High recruitment and retention costs

Need for continuous workforce upskilling

Regulatory Uncertainty

Evolving AI governance and data privacy rules

IP, cybersecurity and model accountability

Compliance varies across markets

Execution Risks

Data quality and legacy-system integration

Model accuracy, bias and security

Scaling pilots into measurable outcomes

Key Risk Mitigation Levers

- Strong governance
- Talent partnerships
- Responsible AI framework
- Phased deployment

Proactive risk management, robust governance and disciplined execution will be critical to overcoming industry challenges and unlocking sustainable growth in AI services

What This Means For Investors

Where we would deploy, and what we would test first



Where to play

- Services-as-software and vertical AI applications first
- AI-native IT services where revenue per employee is proven
- Picks-and-shovels only with capital to match the build

What to test

- Is AI breaking the headcount-revenue link?
- Are customers paying for outcomes?
- What gets reused with every new customer?

India’s right to win sits where AI converts talent into recurring, outcome-linked revenue per employee

basic roots consulting

MAKING BUSINESSES BETTER

Thank You

November 2026 | BRC Bytes
teambrc@basicroots.in

