



Driving Results: How Proximity and GenAI Are Shaping Professional Services Outcomes

EXECUTIVE SUMMARY

Generative AI (GenAI) and agentic AI are reshaping professional services, decoupling value creation from headcount. Instead of growth tied to ever-larger teams, the industry is shifting toward partnerships focused on outcomes and business impact. Softtek, a pioneer in nearshore delivery, is leveraging this shift to amplify its workforce, innovate with proprietary frameworks like FRIDA, and deliver deeper client impact. Softtek embeds GenAI into its established delivery model, ensuring simple integration, smarter workflows, and reliable scale-up, so AI contributes directly to operational and business outcomes.

The Industry Shift: From Headcount to Outcomes

For decades, IT services grew by adding people: more hours billed meant more revenue. GenAI upends this paradigm. Advanced AI models now perform tasks that once required large teams, boosting productivity dramatically (often enabling one engineer to do the work of several). As a result, business outcomes can be achieved faster and with fewer people, pressuring the old per-hour or per-FTE pricing models.

Application modernization is a clear beneficiary of this shift. GenAI streamlines code analysis, remediation, and testing, reducing cost and effort while enabling simpler, more adaptable platforms.

Industry data underscores this shift. For example, a recent McKinsey survey found that while ~88% of companies use AI in some form, about 65% remain stuck in pilot projects without scaling AI broadly. In other words, interest is high, but meaningful value capture is still limited. Only a small elite (~6% of firms) have transformed operations to achieve significant profit impact from AI. This gap between AI's promise and actual enterprise-wide impact highlights the need for new engagement models that tie services to results, not effort. GenAI also makes large-scale application modernization economically viable, turning modernization into a near-term catalyst for AI-ready architectures.

Agentic AI is accelerating the trend. These are AI systems capable of autonomous actions, not just assisting a human operator. Think of a customer service AI that doesn't just draft a response for a human to approve, but can resolve the entire inquiry

end-to-end—looking up information, executing transactions, and closing the ticket without human intervention. In 2023, an AI assistant might have merely summarized data for a call center rep; by 2025, an AI agent can handle the full call flow autonomously. This is profound for service delivery: AI “co-workers” can now handle routine or even complex multi-step tasks, freeing human experts to focus on higher-value activities like strategy, creativity, and relationship management.

Competitive advantage will no longer come from sheer manpower, but from how effectively one can deliver business outcomes. It's not about how many people are assigned to a project—it's about how quickly and effectively results like cost savings, revenue growth, or customer acquisition for our clients are achieved.

In response, Softtek is actively reshaping its business model and value proposition, positioning GenAI as a powerful “force multiplier” that amplifies the output of its nearshore teams. Softtek's nearshore delivery model has long enabled close collaboration, speed, and cultural alignment. With GenAI, that model evolves into a structural advantage: AI amplifies productivity while proximity ensures relevance.

The result is faster experimentation, stronger business alignment, and outcomes delivered with smaller, higher-impact teams. Beyond speed, proximity enables reliable execution—fewer handoffs, clearer accountability, and faster course correction when conditions change.

- **Real-Time Collaboration:** Many AI initiatives require iterative experimentation and close business-IT alignment. Softtek's teams work in the same or similar time zones as clients, enabling rapid feedback loops as AI models are developed and refined.
- **High Productivity, Smaller Teams:** Historically, nearshore providers faced a challenge competing with offshore giants on sheer scale of talent. GenAI is an equalizer—a small, well-coordinated team using AI can outperform a much larger traditional team. This mitigates the scale disadvantage and plays to Softtek's strength of agile, cross-functional teams.
- **Efficiency with Proximity:** Because Softtek's teams deeply understand client context (culturally and business-wise), they can apply AI more effectively

to client problems. The combination of AI-driven efficiency with nearshore's contextual intelligence yields faster and more relevant outcomes than either could alone.

In essence, AI allows Softtek to scale expertise without linearly scaling headcount, extending the reach of its nearshore model beyond previous limits. A concrete illustration: Softtek helped a large grocer quintuple (5x) its order fulfillment throughput in one year by injecting AI analytics into the process—without adding any increase in team size. In another case, a Softtek team delivered a new AI-driven e-commerce feature for a retail client that boosted conversion rates sixfold, in a fraction of the time a traditional approach would take. These kinds of results demonstrate how outcome-focused value delivery is replacing the old labor-centric narrative.

Workforce Transformation: AI-Augmented Talent, Not Replaced Talent

The rise of GenAI is driving a metamorphosis in Softtek's workforce. In the near term (next 12-18 months), many routine, technical tasks are being automated or accelerated by AI, from code generation and basic software testing to data extraction and report writing. Human roles are shifting upward in complexity:

- **From Coding to Designing Solutions:** Instead of manually writing every line of code, developers increasingly oversee AI code generators, validate outputs, and focus on system architecture and integration—the bigger picture.
- **From Test Execution to QA Strategy:** Testers use AI-driven automation (like Softtek's FRIDA Intelligent Test Automation) to handle repetitive test cases, while they design clever test scenarios and ensure quality for edge cases.
- **From Analysis to Insight & Storytelling:** Analysts automate data crunching using AI, devoting more time to interpreting results, crafting narratives, and advising business stakeholders on decisions.

Softtek is investing heavily in upskilling to support this transformation. Training programs focus on strategic storytelling, customer experience transformation, user-centric design, and industry-specific expertise—capabilities that enable teams to move beyond routine execution and deliver higher-value solutions.

By embedding AI into delivery and pricing models, Softtek is freeing talent from repetitive work and enabling employees to operate as strategic co-creators, combining domain knowledge, creativity, and AI-driven execution to deliver measurable client outcomes.

These efforts build on a multi-year push to deepen vertical expertise. Layered on top of that foundation, employees are developing AI literacy—not just learning specific tools, but building the mindset required to collaborate effectively with AI, including skills such as prompt engineering and AI supervision.

In the longer term (3+ years out), Softtek envisions a workforce of AI-augmented innovators:

- Analytical thinkers and domain experts become the linchpins, directing AI systems to do the heavy lifting. Purely technical execution roles (e.g. someone who solely writes routine code) will be far fewer.
- Teams will be restructured to include “AI supervisors” or AI orchestrators—roles responsible for managing AI tools, ensuring outputs are accurate, and continuously improving AI models with new data. A smaller number of technical specialists can thus drive outcomes by leveraging AI, surrounded by strategists and designers who give those efforts context and purpose.
- New career paths will emerge. Softtek is already seeing job titles like *AI Solution Architect*, *Machine Teaching Specialist*, and *Automation Ethicist* being considered, reflecting how deeply AI will embed into roles.

Softtek’s position is clear: AI is a collaborator, not a replacement for people. Early projects reinforce this view. Using its Figma2Code/FRIDA Design Assistant, Softtek helped a design studio streamline the designer-developer handoff, reducing front-end effort and accelerating UX delivery by 40%.

In another engagement, a team equipped with an AI coding co-pilot delivered new product features with four times the velocity for a global sports brand, allowing developers to focus on performance and refinement rather than boilerplate code. Similarly, Softtek’s AI-driven testing platform (FRIDA ITA) automated 90% of the regression testing for a client, reducing test cycle from 5 days to 12 hours.

This approach aligns with broader labor-market signals. According to the World Economic Forum’s Future of Jobs 2025 [report](#), 77% of companies plan to reskill or upskill their workforce as they adopt AI. Softtek reinforces this culture of learning by rewarding employee-led AI innovation, including a recent \$100K internal award for the AI-driven solution that delivers the strongest business outcome.

Overall, Softtek is deliberately building an AI-confident, AI-capable workforce. In the near term, talent is redeployed toward higher-value work; over time, teams operate as human-AI hybrids whose capabilities scale through intelligent systems—strengthening client outcomes while ensuring Softtek remains a destination for top talent.

Evolution of Service Delivery: From Effort-Based to Outcome-Based

Across the IT services industry, traditional time-and-materials models are giving way to approaches that emphasize measurable business impact. As automation and AI enhance productivity, organizations are rethinking how they define and deliver value.

Rather than focusing solely on effort or headcount, providers are exploring engagement models that link success to outcomes, such as improved efficiency, accelerated innovation, and enhanced customer experience. Softtek is actively piloting and scaling new engagement models that better align with client outcomes:

1. AI-AUGMENTED TIME & MATERIALS:

Softtek infuses GenAI into traditional time-based engagements to increase value without changing the commercial structure. In application development teams use AI co-pilots (like Microsoft’s GitHub Copilot for coding or FRIDA accelerators) to work faster, delivering more output per hour. In some cases, Softtek introduces hybrid pricing—such as flat fees for AI services or platform access—alongside human labor charges, reflecting AI’s growing role in delivery. This model preserves familiar contracting while enhancing productivity.

- ↘ **2. OUTPUT-BASED CONTRACTS:** In output-based engagements, fees are tied to tangible deliverables rather than hours worked. Softtek structures contracts around measurable units—such as user stories, features, or function points—using standardized metrics like COSMIC Function Points. As AI increases productivity, teams deliver more output in less time, benefiting clients through faster results while rewarding efficiency and quality.
- ↘ **3. OUTCOME-BASED PARTNERSHIPS:**
In the most advanced engagements, success is measured directly to business outcomes such as revenue growth, conversion improvement, or operational efficiency. These models offer strong alignment but require rigor and trust. In practice, they are phased—beginning with shared baselines and pilot initiatives before expanding into higher-reward structures. In one case, Softtek delivered a fan-engagement platform for a sports organization using a subscription model paired with revenue-sharing from new digital monetization.
- ↘ **4. IP-LED SOLUTIONS & PLATFORMS:** Alongside delivery services, Softtek packages its expertise into repeatable, IP-led platforms such as FRIDA, designed for intelligent IT operations and testing. These solutions accelerate delivery, reduce risk, and promote consistency while remaining configurable to client needs. Offered through licensing or subscription models, they enable clients to scale proven AI and automation capabilities without rebuilding solutions from scratch.

Underlying all four models is a shared shift in mindset: from selling effort to delivering results. This requires new governance, tighter collaboration between business and IT stakeholders, and a

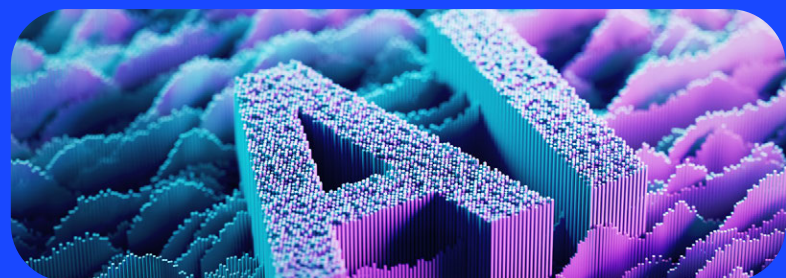
greater focus on trust and transparency. Softtek is comfortable operating across these models in parallel, but its strategic direction is clear—to lead the transition rather than react to it.

Proprietary AI (FRIDA) and Nearshore Synergy

A cornerstone of Softtek’s strategy is its investment in proprietary AI tools and frameworks, with FRIDA—the Framework for Intelligent Digital Automation—at the center. Developed and refined over nearly a decade, FRIDA brings together cognitive services, machine learning models, automation agents, and integration templates that encode Softtek’s delivery expertise into a scalable, repeatable platform.

Building on its nearshore delivery foundation, Softtek applies AI where proximity matters most: rapid experimentation, continuous feedback, and fast course correction—capabilities that distant delivery models and fragmented teams struggle to replicate. As AI systems become more autonomous and more tightly coupled to business decisions, governance, alignment, and trust become just as critical as technical performance.

This is where many large-scale, offshore-led AI initiatives falter. Agentic AI systems require frequent human input to calibrate objectives, validate outputs, and manage risk. When business stakeholders and delivery teams operate across wide time-zone gaps, feedback loops slow, accountability blurs, and AI models drift away from business intent. Nearshore delivery mitigates these challenges by enabling daily interaction between business leaders, domain experts, and AI practitioners.



Softtek's nearshore teams work in lockstep with clients throughout the AI lifecycle. During model development, teams can review outputs with business owners in real time, refining logic and thresholds based on operational context rather than abstract requirements. As AI systems move into production, proximity enables faster intervention when performance, compliance, or ethical considerations arise—critical in regulated and mission-critical environments.

FRIDA further strengthens this model by standardizing how AI capabilities are built, governed, and extended. Teams do not start from scratch; they assemble proven components with embedded controls, accelerating delivery while maintaining

consistency and quality. In one engagement with a leading insurance provider, FRIDA reduced testing effort by 50%, enabling faster release cycles and improved reliability through automated coverage and AI-driven validation.

Together, FRIDA and nearshore delivery create a dual advantage: technical acceleration paired with business intimacy. Competitors may replicate individual tools, but replicating the combination of reusable IP, delivery discipline, and cultural proximity is far more difficult. As AI reshapes professional services, this synergy positions Softtek to deliver not just faster solutions, but more accountable, adaptable, and outcome-aligned AI systems.

Client Engagement & Change Management in the GenAI Era

Softtek's strategy on AI also considers client readiness. While Softtek is equipped to deliver AI-centric, outcome-based projects, clients must be prepared to adopt and benefit from them. Many large enterprises are still navigating their AI journeys, and their willingness to embrace new models varies.

Interest in GenAI is now firmly established at the board and C-suite level. However, most organizations remain cautious in execution. Concerns around data security, legacy systems, and organizational readiness continue to slow large-scale adoption, even as pilot activity accelerates.

This tension—high strategic interest paired with operational hesitation—has become a defining feature of enterprise AI adoption. Softtek encounters it frequently and addresses it by aligning delivery models to client readiness rather than forcing transformation prematurely.

For many clients, the AI journey follows a predictable progression:

1. EDUCATION & VISION ALIGNMENT

Establishing a shared understanding of what GenAI and agentic AI can realistically deliver, grounded in industry-specific examples and business priorities.

2. TARGETED QUICK WINS

Deploying AI in well-scoped, low-risk use cases that demonstrate tangible value and create momentum, while helping organizations identify the data, integration, and governance gaps they'll need to address as they scale.

3. INTEGRATION AND EXPANSION

Embedding successful pilots into core workflows, governance models, and performance metrics. For many organizations, AI-enabled application modernization becomes the key inflection point from early pilots to scalable transformation.

4. ENTERPRISE TRANSFORMATION

Scaling AI across functions, re-engineering processes, and introducing new operating and commercial models.

Change management is critical at every stage of this journey. AI adoption is not simply a technical exercise; it requires new ways of working, clearer governance, and trust in AI-generated outputs.

A recent engagement with a global retailer illustrates this dynamic. Softtek implemented GenAI tools to automate the creation of business and technical documentation for complex legacy systems—reducing manual effort and accelerating modernization efforts. However, the greater challenge was adoption. To ensure success, Softtek worked alongside client teams to review, validate, and refine AI-generated documentation, establishing quality standards and shared ownership of outputs. This collaborative approach accelerated onboarding, preserved institutional knowledge, and built confidence in the AI-assisted process.

Not all clients move at the same pace, and many intentionally remain in a wait-and-see mode. Softtek's role is not to force adoption, but to remain ready—with proven tools, skilled teams, and flexible engagement models—supporting clients as they build confidence and scale AI in ways aligned to their risk tolerance and business goals.

Conclusion: A Vision for AI-Augmented Partnerships

We envision a future where AI is seamlessly embedded into every service, enabling teams of human experts and AI agents to work side by side. This model boosts agility and productivity, allowing Softtek to tackle complex challenges without expanding headcount. AI becomes a virtual extension of its nearshore delivery centers — operating 24/7, generating insights, and accelerating outcomes.

Business models are evolving too: from traditional outsourcing to platform subscriptions, joint ventures, and results-based agreements. Initiatives like FRIDA and outcome-linked pilots are paving the way.

We approach this shift with optimism and action — reskilling talent, redesigning processes, and innovating business models now, not later. For clients, the proposition is clear: human creativity and empathy combined with AI's efficiency and scale, all aligned

to success metrics. By accelerating the software development life cycle, automating IT operations, and making application portfolio modernization viable, we help clients build the technical foundation necessary to capture the next wave of AI-driven growth.

In short, GenAI and agentic AI will redefine professional services, and Softtek is leading that transformation — outcome-focused, AI-powered, and nearshore-driven. At its core, Softtek's approach to GenAI is simple: introduce intelligence where it meaningfully improves work, scale it in a reliable and controlled way, and measure success by outcomes—not activity.

If you're exploring how to move from AI experimentation to sustained operational impact, we'd welcome the conversation.

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Softtek is a global software engineering partner, driving businesses forward. For over 40 years, the company has helped clients build, implement and run technology that improves lives. The originators of nearshore, Softtek brings innovation closer to business strategy. We're not about "reinventing" and reimagining" the business; we drive results.