ISG Provider Lens™

AI-driven ADM Services

Evaluating application services providers' AI-enabled offerings, capabilities and differentiators

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Introduction

The application services outsourcing market is undergoing significant transformations as enterprises increasingly prioritize deriving strategic value from outsourcing partnerships. Central to this shift is the widespread integration of AI, including generative AI (GenAI) and intelligent agents, across the entire SDLC to optimize efficiency and foster innovation.

Providers are rapidly developing capabilities leveraging these advanced technologies to deliver measurable business outcomes for their clients. Enterprises are seeking outsourcing partners with specialized skills capable of deploying AI-driven solutions to streamline crucial activities such as requirements analysis, design and coding. AI-enhanced tools inform feature prioritization through historical data and user insights, while ML algorithms recommend optimal design decisions based on previous project patterns.

AI-enabled testing and QA solutions significantly enhance software reliability through intelligent test case generation and predictive quality assurance practices. As organizations emphasize data security and compliance, outsourcing decisions depend on a provider's ability to implement robust security frameworks and manage risks.

This ISG Provider Lens™ study highlights service providers with advanced capabilities and a proactive approach to integrating advanced AI technologies within their ADM services. Providers participating in this research will gain valuable insights into market expectations and opportunities to showcase their unique strengths in a rapidly evolving landscape.

The study covers providers' key **AI-enabled capabilities** across application development, managed services and quality assurance or testing.

Simplified Illustration Source: ISG 2025

Application Development Outsourcing

Application Development Projects

Application Managed Services — GSIs

Application Managed Services — SIs

Application Quality Assurance

Continuous Testing Specialists

Definition

The ISG Provider Lens™ AI-driven ADM Services study offers the following to business and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments on their competitive strengths and portfolio attractiveness
- Focus on different markets, including the U.S., Europe (including a Germany-specific quadrant), Brazil and APAC*

Our study serves as an important decision-making basis for positioning, key relationships, and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential engagements.

*Asia Pacific including ANZ, India and ASEAN+6, but excluding Japan, S. Korea and China/Taiwan.

Definition

This quadrant evaluates providers offering AI-based application development outsourcing services across various technologies and industry verticals. It considers outsourcing contracts with large delivery capacities that typically span three to five years and cover infrastructure, data and AI requirements. These providers are adept at managing large and intricate application landscapes that span multiple geographic locations and technological layers. They often possess extensive consulting expertise, methodologies and frameworks, and strong partnerships to implement best practices such as CI/CD pipelines, AI integration and DevOps. These providers utilize discovery tools to analyze application dependencies, identify potential issues, enforce best practices and manage code optimization. They also employ technologies such as ML, NLP and AI and GenAI tools throughout the application lifecycle, including self-learning systems that enhance performance over time.

Eligibility Criteria

1. Ability to manage **over 20 squads for a single client** or scale up to more than 1,000 developers working simultaneously on several projects

2. Ability to **rapidly scale** and add more than 100 developers in a week to meet clients' demands

3. Comprehensive **application development framework** covering development process management, resource allocation, portfolio management, backlog prioritization, Agile methods, system integration, application modernization and consulting services

4. **AI- and GenAI-based accelerators**, tools and solutions to optimize development cycles

5. **AI partner network** to integrate, use and optimize AI-based tools and small or large language models, including infrastructure and data partnerships

6. Comprehensive set of o**ff-the-shelf tools**, developed in-house or in collaboration with third parties, that are deeply integrated into the ADM framework offered

7. Certifications to **transform and deploy Agile teams** under open frameworks such as Scaled Agile Framework (SAFe) and Large-Scale Scrum (LeSS)

8. **Certified experts** in Scrum, Kanban, Lean development or other Agile methodologies

9. **Training and education** offerings for developers of AI models and optimization of the talent pool to transfer benefits to clients

Application Development Projects

Definition

This quadrant evaluates providers offering application development services using AI. These services help clients achieve digital transformation benefits, such as improved operational efficiency or CX. Providers in this quadrant have capabilities specific to an industry segment or software and project scopes ranging from mobile applications to complex implementations, typically delivered within 18 months in a staggered approach. These providers manage their delivery teams, control team sizes and align experts with throughput targets. They also offer tools, accelerators and solutions that ensure rapid time to market, identify areas for cost optimization and improve clients' operational efficiencies. This quadrant also includes providers that help clients develop new business models or refine existing models while incorporating innovative AI-enabled solutions to drive stakeholder benefits.

Eligibility Criteria

1. **Projects evaluated** based on the number of squad members, user stories delivered, deployment rate and frequency, defect count, time to market and business-related indicators, such as shared business outcomes

2. Experience in projects involving AI applications, including integration into existing landscapes and leveraging AI or GenAI throughout the SDLC

3. **Expertise in advising clients** on the right infrastructure and data management capabilities and AI models

4. **Certifications** in Agile methodologies, such as Scrum, Kanban or Lean development; cloud-native data analytics; AI application development; low-code/no-code development; system architecture and CX design

5. Certifications in **software specialties and niche development areas**, such as security, legacy modernization, AI, ML or dedicated industry expertise

6. **Talent acquisition** programs, AI training programs, knowledge management processes and a healthy work environment to retain top talent

7. **Business expertise** or development accelerators for CRM, e-commerce, ERP or industry-specific technologies

Application Managed Services — GSIs

Definition

This quadrant evaluates global system integrators (GSIs) that manage clients' defined application portfolios, specifically for applications in production, while excluding niche specialists. Application managed services (AMS) include technical functions such as application support, enhancements, platform upgrades, security management, bug fixing, troubleshooting and the integration of enhancements and development backlogs using methodologies like Kanban or Scrum. Leading providers in this quadrant utilize AI-driven automation tools to augment application monitoring, optimize release management, streamline version control, improve defect identification and resolution, and boost database query performance. This quadrant also evaluates providers' expertise in integrating AI and GenAI into the managed services lifecycle to enhance operational efficiencies and deliver value to stakeholders.

Eligibility Criteria

1. **Service platforms** for performance and defect management, including troubleshooting, application tickets and service requests

2. **Vendor-certified experts** in packaged e-commerce, ERP or CRM (at least one of these commercial applications)

3. Strong support for **Microsoft and Oracle technologies**, Java programming and relational databases (such as MySQL, Oracle Database, PostgreSQL and SQL Server); mainframes; and other technologies (This can add to a provider's rating but is not required for inclusion.)

4. **Ability to integrate more than two service platforms**, such as Atlassian Jira, SAP Solution Manager and ServiceNow and application platforms, such as AWS, Google Anthos, IBM Rational and Microsoft Azure

5. **AI-based automation** tools that cover a client's entire application landscape and extend beyond incident and alert management

6. **Use of AI or GenAI** to maintain applications and deliver substantial benefits

7. Contracts based on **fixed service fees or outcomes**, providing clients with options; staff augmentation is an accepted exception

8. Continuous and effective **cost optimization** and control mechanisms that cover end-to-end application management

Definition

This quadrant evaluates providers offering AMS to clients with expertise in specific technologies or industries. Unlike GSIs, these providers offer services in some regions with deep expertise in certain industry segments. These specialists focus on delivering high-impact services leveraging their in-depth knowledge. They offer technical functions such as specialized application support, targeted enhancements, platform upgrades, security management, bug fixing and troubleshooting — all customized to a client's needs.

Service agreements with these specialists typically emphasize performance metrics that reflect their focused expertise, such as incident resolution times, service uptime, defect rates and UX. The transition to managed services involves detailed documentation, clear service ticket processes and comprehensive knowledge transfer specific to an industry. This quadrant highlights application management specialists' capabilities in their respective fields.

Eligibility Criteria

1. Expertise in **specific technology or industry** and proven cases to substantiate the depth of services

2. **Deployment and operation of service platforms** for performance and defect management, including troubleshooting, application tickets and service requests

3. **Vendor-certified experts** in packaged e-commerce, ERP, HCM, SCM or CRM (at least one of these commercial applications)

4. **Knowledge of service platforms**, such as Atlassian Jira, SAP Solution Manager, and ServiceNow and application platforms, such as AWS, Google Anthos, IBM Rational, and Microsoft Azure

5. **AI-based automation** tools that cover a client's entire application landscape and extend beyond incident and alert management; usage of GenAI tools with proven benefits is advantageous

6. Contracts based on **fixed service fees or outcomes**, providing clients with options; innovative pricing models to deliver client benefits

7. Continuous and effective **cost optimization** and control mechanisms that cover end-to-end application management

Application Quality Assurance

Definition

This quadrant evaluates service providers offering QA services encompassing assessments, design, implementation and managed services. Deliverables include methodologies for business process optimization, effort estimation, project planning, documentation, sprint execution timelines and completion criteria. The services utilize conventional and GenAI-driven testing strategies, along with AI-driven predictive analytics, to identify bugs or defects and determine the level of business process optimization achieved. Providers tailor processes to ensure high quality across clients' application portfolios and use quality frameworks to enhance application code quality, infrastructure resiliency, digital testing and security. QA services also incorporate training to help clients improve their software engineering capabilities. This quadrant assesses how providers utilize production logs for actionable insights and integrate AI and ML tools in application performance management to monitor data and predict new applications' quality.

Eligibility Criteria

1. **Centralized QA** unit that sets quality standards for clients' projects

2. Comprehensive technical **QA framework**, which includes planning, implementation, monitoring, review and improvements

3. **QA methods for AI applications** integrated within the larger IT landscape

4. **Consulting team** focused on analyzing business demands and securing development and delivery according to business requirements

5. **Technology for analytics** over logs and AI implementation for continuous improvement in results

6. **Differentiation with proprietary tools**, leveraging vendor partnerships for quality monitoring, application performance and testing tools

7. **Training and education programs** for developers, testers and operators to develop a quality excellence mindset and ensure that the overall product or service meets the desired quality

Continuous Testing Specialists

Definition

This quadrant evaluates providers of continuous testing services, which are essential for modern software development. These providers ensure that new features and code changes do not introduce regressions or disrupt existing functionality. They define robust testing strategies, scope, methods and scripts necessary to determine the most effective approach for testing, including employing AI-driven automation for execution.

Integrating AI enhances continuous testing capabilities by enabling predictive analytics to identify potential issues, optimize test coverage and automate test case generation. This approach promotes shift-left testing and end-to-end automation at every stage of the continuous delivery process. Provider portfolios typically include unit testing, system testing, regression testing, compliance testing, performance or load testing, user acceptance testing and smoke testing, with more comprehensive offerings receiving higher evaluations.

Eligibility Criteria

1. Ability to **improve collaboration** between quality assurance and development teams, ensuring they are responsive to changes and focused on feature-driven testing

2. **Qualified professionals** for test-driven development (TDD), behavior-driven development (BDD) and other approaches

3. Capability to **handle large-scale testing** and continuous integration demands of complex systems, such as ERP and e-commerce, with many test cases

4. **Portfolio of consulting services** that include test automation implementation, which can be integrated with clients' development and DevOps tools and help clients optimize their continuous testing performance to reduce the testing time

5. **Portfolio of continuous services**, including testing data and test coverage assessments, enabling automated testing across many continuous integration pipelines, and managing testing artifacts for the significant reutilization of such artifacts

6. **Use of AI** to deliver rapid time to market and improve testing results

7. **Replication and reuse of testing artifacts** to use in multiple projects

As a part of this ISG Provider Lens™ quadrant study, we are introducing the following six quadrants on AI-driven ADM Services 2025:

Quadrant	U.S.	Europe	APAC	Brazil
Application Development Outsourcing	✔	✔	✔	✔
Application Development Projects	✔	Germany	✔	✔
Application Managed Services — Global SI	✔		✔	✔
Application Managed Services — SI	✔	✔	✔	✔
Application Quality Assurance	✔			✔
Continuous Testing Specialists	✔	✔	✔	✔

The research phase falls in the period between April and May 2025, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in October 2025.

Milestones	Beginning	End
Survey Launch	April 3, 2025	
Survey Phase	April 4, 2025	May 8, 2025
Sneak Preview	August 2025	September 2025
Press Release & Publication	October 2025	

Collecting client testimonials via the Star of Excellence™ Program requires early client referrals (no official reference needed) because CX scores have a direct influence on the provider's position in the IPL quadrant and the awards.

Please refer to the link to view/download the ISG Provider Lens™ 2024 research agenda.

Access to Online Portal

You can view/download the questionnaire from here using the credentials you have already created or refer to instructions provided in the invitation email to generate a new password. We look forward to your participation!

Buyers Guide

ISG Software Research, formerly "Ventana Research," offers market insights by evaluating technology providers and products through its Buyers Guides. The findings are drawn from the research-based analysis of product and customer experience categories, ranking and rating software providers and products to help facilitate informed decision-making and selection processes for technology.

In the course of the Multi Public Cloud IPL launch, we want to take advantage of the opportunity to draw your attention to related research and insights that ISG Research will publish in 2024. For more information, refer to the Buyers Guide research schedule.

Research Production Disclaimer:

ISG collects data for the purposes of writing research and creating provider/vendor profiles. The profiles and supporting data are used by ISG advisors to make recommendations and inform their clients of the experience and qualifications of any applicable provider/vendor for outsourcing the work identified by clients. This data is collected as part of the ISG FutureSource™ process and the Candidate Provider Qualification (CPQ) process. ISG may choose to only utilize this collected data pertaining to certain countries or regions for the education and purposes of its advisors and not produce ISG Provider Lens™ reports. These decisions will be made based on the level and completeness of the information received directly from providers/vendors and the availability of experienced analysts for those countries or regions. Submitted information may also be used for individual research projects or for briefing notes that will be written by the lead analysts.

ISG Star of Excellence™ – Call for nominations

The Star of Excellence™ is an independent recognition of excellent service delivery based on the concept of "Voice of the Customer." The Star of Excellence™ is a program, designed by ISG, to collect client feedback about service providers' success in demonstrating the highest standards of client service excellence and customer centricity.

The global survey is all about services that are associated with IPL studies. In consequence, all ISG Analysts will be continuously provided with information on the customer experience of all relevant service providers. This information comes on top of existing first-hand advisor feedback that IPL leverages in context of its practitioner-led consulting approach.

Providers are invited to nominate their clients to participate. Once the nomination has been submitted, ISG sends out a mail confirmation to both sides. It is self-evident that ISG anonymizes all customer data and does not share it with third parties.

It is our vision that the Star of Excellence™ will be recognized as the leading industry recognition for client service excellence and serve as the benchmark for measuring client sentiments.

To ensure your selected clients complete the feedback for your nominated engagement please use the Client nomination section on the Star of Excellence™ website.

We have set up an email where you can direct any questions or provide comments. This email will be checked daily, please allow up to 24 hours for a reply.

Here is the email address:
star@cx.isg-one.com

ISG Star of Excellence

Methodology & Team

The ISG Provider Lens 2025 – AI-driven ADM Services research study analyzes the relevant software vendors/service providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this study will include data from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. ISG recognizes the time lapse and possible market developments between research and publishing, in terms of mergers and acquisitions, and acknowledges that those changes will not reflect in the reports for this study.

All revenue references are in U.S. dollars ($US) unless noted.

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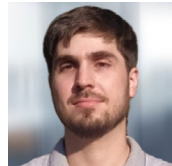**Lead Analyst –
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MC

**Data
Analyst**

ISG Provider Lens Advisors Involvement Program

ISG Provider Lens offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context.

In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three advisors participate as part of each study's quality and consistency review team (QCRT). The QCRT ensures each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct. ISG advisors participate in each study as part of the QCRT group and contribute at different levels depending on their availability and expertise.

The QCRT advisors:

- Help define and validate quadrants and questionnaires,
- Advise on service provider inclusion, participate in briefing calls,
- Give their perspectives on service provider ratings and review report drafts.

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Principal Consultant

Invited Companies

If your company is listed on this page or you feel your company should be listed, please contact ISG to ensure we have the correct contact person(s) to actively participate in this research.

3i Infotech*	Cast group*	Deal*	Hexaware*
a1qa*	Cegeka*	Deloitte*	Hitachi Digital Services*
Accenture*	CGI*	Devoteam*	HTC Global Services*
Allgeier*	CI&T*	DXC Technology*	IBM*
Apexon*	Cigniti*	e-Core*	iLab (SVLabs)*
Arvato Systems*	Coforge*	Encora*	ilegra*
Aspire Systems*	Cognizant*	EPAM Systems*	Ilia Digital*
Atos*	Compass UOL*	Eviden (Atos Group)*	Indium Software*
Auditeste*	Computacenter*	Ewave*	Infinite Computer Solutions*
Axians*	Concentrix*	FCamara*	Infosys*
Base2*	CWI*	FPT Software*	Inmetrics*
Bechtle*	Cybage*	Fujitsu*	Innominds
Birlasoft*	DATAGROUP*	GFT*	Ioasys*
BRQ*	Datamatics*	Globant*	ITC Infotech*
BTC*	Datum*	Happiest Minds*	Keeggo*
Capgemini*	DBC Company*	HCLTech*	Kyndryl*

Invited Companies

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Levva*	P3*	SONDA*	TQI*
Logicalis*	PCG*	Sopra Steria	Trigent*
LTIMindtree*	Persistent Systems*	Spassu	T-Systems*
Marlabs*	Planit*	Squadra	Unisys*
Mastek*	Prime Control*	Stefanini	UST*
Materna*	q.beyond*	Syntax*	Vericode*
Meta*	QA Consultants (ALTEN)*	Taking*	Virtusa*
Minsait (Indra)*	Qualitest*	TCS*	WarmUP*
Mphasis*	Quinnox*	Tech Mahindra*	WIIT*
msg systems*	RPerformance*	Telekom MMS*	Wipro*
MTP*	Saigon Technology*	Testing Company*	Yaman*
NAVA*	Sempre IT*	TestingXperts*	YASH Technologies*
N-iX*	Senacor*	ThoughtWorks*	Zeiss Digital Innovation*
NTT DATAv	SLK Software*	Tietoevry*	Zensar Technologies*
Objective Group*	Sofist*	TIVIT*	
Orange Testing*	Softtek*	TMIntelligence*	

ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens™ research, please visit this webpage.

ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

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ISG

ISG (Nasdaq: III) is a global AI-centered technology research and advisory firm. A trusted partner to more than 900 clients, including 75 of the world's top 100 enterprises, ISG is a long-time leader in technology and business services sourcing that is now at the forefront of leveraging AI to help organizations achieve operational excellence and faster growth.

The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

For more information, visit isg-one.com.

ISG Provider Lens™

APRIL, 2025

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