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PRESS RELEASE

Enterprise software at an inflection point, as AI reshapes the industry

AlixPartners predicts the enterprise software industry, which has driven digital transformation for decades, will face its own extraordinary disruption in 2026

M&A to surge 30% to 40% year-over-year to an estimated $600 billion in 2026

NEW YORK -- December 11, 2025 — A new report from AlixPartners, *"2026 Enterprise software technology predictions report. How AI will reshape the industry,"* predicts that the industry—already under pressure from slowing demand, shrinking margins, competition, and longer sales cycles—will face extraordinary disruption in 2026 as AI fundamentally reshapes how enterprise software is developed, sold, and valued.

The report outlines **seven predictions** that together chart an historic turning point for the enterprise software industry. The findings reflect AlixPartners' work with more than 300 software companies globally and its vantage point advising CEOs and investors as they navigate the rapidly accelerating impact of AI.

"The enterprise software business model that has dominated for 20 years is being reshaped," said **Giacomo "Jake" Cantu, Global Leader of the TMT Practice at AlixPartners.** "AI is redefining what customers value, how companies capture it, and what investors reward. The winners will be those who execute bold operational transformation, not just adopt new tools."

Seven Critical Dynamics Reshaping Enterprise Software: These predictions will collectively define the winners and losers in enterprise software.

1. **The AI Productivity Paradox**
    The Prediction: Enterprise software companies will struggle to capture strategic gains from AI-accelerated software development.

    AI is speeding up software development by 20–30%—but most companies aren't turning that productivity into profits. **AI-accelerated coding tools deliver productivity gains, *yet those gains vanish* before they materialize into reduced R&D spending or faster product cycles.**

2. **Conversational Interfaces Become the Default**
    The Prediction: In 2026, 75% of enterprise software companies will embed conversational interfaces into their products as the primary method by which users interact with business data and execute core operational tasks.

Early adopters are reporting 65%–80% improvements in task completion rates and 25%–40% reductions in time-to-insight. Over 80% of enterprises are expected to deploy generative AI capabilities via APIs or embedded tools by the end of 2026. This shift will disrupt traditional roles and require new data governance frameworks (see prediction #3).

3. **Trust Infrastructure: A Critical Differentiator**
   The Prediction: In 2026, trust infrastructure will become the critical innovation enabling widespread AI adoption.

   Trust infrastructure will separate enterprise AI leaders from laggards. It remains an afterthought rather than a foundational capability, making it the crucial barrier to broader AI adoption. Enterprise software companies should invest in "Trust-as-a-Product" capabilities—identity, privacy, safety, audit, and interoperability—to enable safe, scalable AI adoption.

   - **We expect AI and agentic programs to have earmarked 10-15% of budgets to trust capabilities in 2025 and increase to 20-30% by 2027, as regulatory demands and incident risks intensify.**

4. **AI Will Transform Sales**
   The Prediction: By the end of 2026, AI will fundamentally reshape enterprise software's go-to-market operations. An average of 70% of activities—spanning client acquisition, onboarding, value realization, and expansion—will be AI-enabled.

   AI is now embedded across sales, marketing, pricing, and customer success. We expect saving 8–16% of revenue in operating costs for mid-size vendors. Yet data quality and integration gaps prevent most companies from realizing full ROI.

   - **By the end of 2026, we expect 75-80% of enterprise software companies to deploy AI tools in marketing functions; 60-70% in sales, sales operations, and customer success; and 30-40% in pricing teams.**

5. **The End of Per-Seat Pricing**
   The Prediction: Hybrid SaaS pricing models featuring usage- and outcomes-based elements will comprise up to 40% of software revenue by 2026, marking a shift from today's per-seat dominance.

   Investors will focus on AI leverage ratios and outcome-based metrics, not just recurring revenue. Over half of enterprise buyers now express preference for pay-for-performance models. Hybrid pricing models can preserve predictability while rewarding measurable results (see Prediction 6).

   - **Usage- and outcome-based models will account for over 40% of AI software revenue by 2026, replacing the per-seat pricing that defined the SaaS era.**

6. **Rethinking Valuation**
   The Prediction: In 2026, enterprise software valuations will shift from ARR multiples toward hybrid models that incorporate AI leverage ratios and outcome-based metrics—because traditional multiples alone no longer capture value in the AI era.

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Historically, ARR multiples explained most of enterprise software valuations; by 2026, that share is projected to drop significantly, as investors expand their understanding of AI's costs and business impacts. Investors are rethinking how to value software companies as outcome-based and AI-driven economics take hold. Hybrid valuation frameworks will soon become the new standard.

- **AI-native companies with outcome-based metrics are already commanding 5–6X valuation premiums and achieving 7–8 percentage points higher growth compared with SaaS peers, according to AlixPartners' analysis of 96 publicly traded software companies.**

7. **A Wave of Consolidation Is Imminent**
The Prediction: In 2026, AI disruption will force major consolidation in the mid-market enterprise software industry, with M&A deal volume increasing 30-40% YoY in 2026.

Mid-market enterprise software companies continue to struggle to survive the squeeze between the emerging AI behemoths and the nimble AI-native startups. Global AI spending will jump to nearly half a trillion dollars by 2026—reshaping competition and forcing consolidation. Most mid-market firms can't afford both AI transformation and scale—they'll have to build, buy, or sell.

- **AlixPartners predicts M&A in the software industry to surge 30-40% year-over-year in 2026 as AI disruption forces mid-market companies to merge or exit. Deal value could reach $600 billion in 2026 from around $440 billion in 2025.**

About the Report
2026 Enterprise software technology predictions report. How AI will reshape the industry builds on AlixPartners' March 2025 study, *"The End of a Software Era,"* which first predicted the pressures facing mid-market SaaS companies. This 2026 report identifies the operational imperatives needed to navigate AI-driven disruption across software development, labor models, pricing, trust, and valuation.

For more information, follow this link to our report, *2026 Enterprise software technology predictions report. How AI will reshape the industry*.

About AlixPartners
AlixPartners is a results-driven global consulting firm that specializes in helping businesses successfully capitalize on opportunity and address critical challenges. Our clients include companies, corporate boards, law firms, investment banks, private equity firms, and others. Founded in 1981, AlixPartners is headquartered in New York and has offices in more than 20 cities around the world. For more information, visit https://www.alixpartners.com.

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