Gartner

Tech Services Practice Leaders

Navigating the New Era of Service Spending

Service spending is growing. Here's the forecast for services firms that want to capture the growth.

2029 market growth snapshot

Do your customers in these markets truly understand what makes you different?

Use Gartner tech services forecasts and insights to stand out and grow.

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AI services

By 2029, AI services spending will hit **$516 billion,** with composite AI making up 66%. Initially, demand will center on productivity, shifting to agentic AI, workflow redesign and enterprisewide integration.

50%
of AI projects will be GenAI-focused
(up from 12% in 2025)

35%
GenAI POC abandonment rate
(down from 60% in 2024)

20% to 30%
price premium commanded by specialized AI services

Key market drivers:

GenAI adoption to boost efficiency and enable business transformation

Need for expert partners to design and implement complex AI solutions

Race Ahead With AI

Track the AI Vendor Race for key disruptions and market edge.

Learn More

Application services

By 2029, the application services market will reach **$720 billion,** growing at a 4.9% CAGR. Growth is fueled by rising demand for AI, GenAI, cloud and digitalization.

30%
of software code will be generated by GenAI
(up from 5% in 2024)

75%
of organizations will use service providers for innovation and scale of delivery
(up from 55% in 2024)

40%
of provider-built apps will feature agentic AI
(up from less than 1% in 2024)

Key market drivers:

Productivity gains

Digital acceleration

Digital product development

Agentic AI

Infrastructure services

Through 2029, the infrastructure services market will grow to **$442 billion** at 3% CAGR driven by a shift to automated delivery. Providers must scale with automation to meet cloud, AI and digital workplace needs.

85%
of large and midsize firms will use external cloud IT transformation services
(up from 65% in 2024)

⅓
of service desk spending will go to digital workplace transformation
(up from ¼ in 2025)

35%
of large organizations in mature economies will use managed service providers (MSPs) for ongoing cloud transformation support
(up from 25% in 2024)

Key market drivers:

Digital transformation ambitions

Strategic digital technology and business transformation

Business process services (BPS)

By 2029, the BPS market will grow to nearly **$268 billion** at 3.5% CAGR. The shift to asset-driven services, domain expertise and agentic AI is reshaping the competitive landscape.

+50%
of enterprise user interactions will use large language models
(up from under 5% in 2025)

30%
of customer service and support outsourcing partnerships will incorporate outcome-based pricing models
(up from 20% in 2024)

By 2030,
50% of cross-functional supply chain solutions will use intelligent agents for autonomous decision making
(up from 2% in 2024)

By 2028,
20% of people transformation decisions will be made semi- or fully autonomously with AI agents
(up from less than 1% in 2026)

Key market drivers:

Surging demand for differentiating BPS offerings

Evolution of BPS pricing constructs

Trusted insights for tech services practice leaders and their teams

Gartner for Tech Services Practice Leaders equips our clients with the insights, guidance and tools they need to preserve revenue, leverage AI to create new efficiencies in their operational and delivery models, and create the next generation of service offerings.

Drive growth
Make strategic decisions that drive revenue and differentiation.

Create differentiation
Rethink differentiation in service offerings to meet evolving client needs.

Stay ahead
Anticipate market shifts, evaluate emerging technologies and determine how to keep pace.

Connect with us

Gartner's unique perspective across geographies, industries and functions — paired with rigorous research methodologies — make it the unrivaled source of actionable and objective insights for today's practice leaders.

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