

January 23, 2026

## We're on IT

### Volume 16: Entering 2026 With Cautious Momentum; AI Pricing Takes Hold, Stabilizing Demand, Strategic M&A

In this periodical, we highlight the most talked-about trends affecting our covered companies and industries. This publication is intended to be an analysis of areas that have gained recent traction in the news, at industry events, and during our discussions with companies, experts, and investors. In this volume, we discuss:

- **AI Adoption Among Our Coverage:** We talk pricing and look at AI adoption across multiple variables in our IT services group.
- **Reads From Recent Results:** Infosys's and Accenture's recent results serve as a blueprint for early signals on IT services spending in 2026.
- **Other Thoughts Ahead of Fourth-Quarter Earnings:** What matters going into the quarter with highlights by company.
- **Stocks to Highlight:** We highlight our new top pick, EPAM; our conviction list and CBV pick Accenture; and our recent initiation on Unisys.
- **M&A Highlights:** Notable acquisitions in January 2026 and the fourth quarter of 2025.

Our coverage list, broadly labeled "IT services," comprises traditional IT services companies, custom software development companies, business process outsourcing, customer experience services, value-added resellers and solution providers, and distributors. Our covered companies are Accenture, ASGN, CDW, Cognizant, CSG, Endava, EPAM, ePlus, ExlService, Genpact, Globant, Grid Dynamics, Infosys, Ingram Micro, Magic Software, TaskUs, TTEC, and Unisys.

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## AI Adoption Among Our Coverage

AI adoption and ways to gauge its impact on solutions and services providers is a key focus point for IT services investors. In its most recent *The State of Enterprise AI* report, OpenAI disclosed that enterprise adoption of GenAI is still early but rapidly accelerating. The report found that ChatGPT enterprise seats grew 9x year-over-year in 2025 and weekly usage grew 8x. OpenAI also highlights the dramatic productivity improvements enterprises have experienced thus far with adoption of AI, and we believe that these early productivity proof points are the catalysts that will ultimately pull AI spend from pilots into scaled deployments. This tailwind should drive improved demand for IT services firms over the coming years, particularly those with established practices enabling data readiness, cloud migration, app modernization, security, and AI-driven operating model changes, while also creating a margin tailwind as vendors apply AI internally and improve delivery efficiency.

Of particular interest to investors is the question of pricing with the increased use of AI in delivery of services and AI embedded in products. In June 2025, Grid Dynamics and Globant each announced agentic AI frameworks that combine AI and human expertise, disrupting the IT services industry with performance-based pricing and “services as software.” Grid Dynamics’ GAIN Development Framework is a lean, AI-native model offered to large and complex *Fortune* 1000 enterprises to increase the agility, quality, and speed of solutions. Its key features include prompt-driven incremental output, AI benchmarked code quality, and a centralized client portal with credit-based pricing based on value instead of effort. CEO Leonard Livschitz suspects that more *Fortune* 1000 companies will seek its expertise, given GAIN’s projected result of a 30% uptick in productivity, Grid Dynamics’ strategic focus on agentic and autonomous systems, and GAIN’s role in scaling innovation. Similarly, Globant’s AI Pods subscription pricing model replaces effort-based billing with a tokenized, outcome-driven model. Powered by agentic AI and supervised by Globant’s internal experts to ensure quality, the model enables personalized, precise, and scalable solutions that match actual demand. Early users have reported “huge reductions in delivery time frames,” according to Globant CTO Diego Tartara, as well as 6 times faster campaign adaptation and 3 times less production time within the marketing suite. Together, GAIN and AI Pods demonstrate a shift in the IT services industry through developments in GenAI and new pricing models.

In the exhibit on the following pages, we highlight what each of our covered companies has messaged regarding AI adoption over the last year and what they expect to happen over the coming year.

AI Metrics for Coverage List					
Company	AI Programs Deployed	Users / Practitioners	Client Deployments, Partners & Reach	Business Impact (Revenue/Cost/Productivity)	Labor Impact
ACN	Internal library of 3K+ agents, 11,000 AI projects; Deploying thousands of genAI, agentic AI, and physical AI projects	Nearly 80,000 AI/data practitioners; 8 million training hours (1QFY26)	To date 1,300 clients have deployed advanced AI; Top 10 ecosystem partners account for 60% of revenue; Partners include Snowflake, OpenAI, Anthropic, and more	\$2.7B in AI revenue in FY25 (+200% YoY/4% of total); 60% of revenue fixed-price (FY25); \$5.9B AI bookings in FY25 (+100% YoY); 1 in every 2 AI projects leads to data project; Rev less linearly tied to headcount going forward	8 million training hours in 1Q26; near-goal of 80,000 AI/data professionals, Adding net positive headcount growth across all major geos in FY26; Business optimization actions of \$932m over last 6 months due to talent rebalancing
ASGN	Launched ASGN AI Factory 3Q25 - enables rapid scaling of AI solutions for clients; Running hundreds to thousands of use-cases with clients - Project Maven, DHS data warehouse, and more in federal; Healthcare supply chain, utilities, and CPG applications in commercial	Using AI internally for RFP documentation, Salesforce agents to augment recruiting and sales, 1,500 engineers in Mexico delivery center targeting 10x AI skills in 2027	Workday (TopBloc), ServiceNow (GlideFast), Salesforce, Databricks, AWS, and more	28% of revenue firm-fixed price (3Q25); 86% YoY growth in AI pipeline and 30% YoY growth in commercial AI revenue in 3Q25	Reskilling workforce, lean bench is asset in GenAI; AI may reduce some low-value SDLC tasks but increases complexity, creating more need for skill-intensive work
CDW	Launched integrated AI solutions in 2025, AI solutions for intelligent search, workflow automation, diagnostics	Conversational AI on CDW.com improving product discovery and sales conversion; Agents for pre-sales, operations, and more	Focus on small business AI workstations and corporate cloud/security; Clients engage for AI strategy and hardware, collaborations with hyperscalers; Partnerships with Dell, IBM, and other infra providers on AI	No explicit AI revenue or productivity disclosure; AI enabled use cases like predictive maintenance, supply chain optimization, intelligent search, workflow automation, and real-time diagnostics	AI augments workers and improves leverage and sales efficiency, no massive layoffs
CSGS	AI applied across customer engagement/monetization and operations to drive efficiency; BillExplainer.AI; Agentic AI for automation in QA, testing, and R&D	Engineers are using tools like GitHub to improve productivity and code quality at the R&D level	Core in telecom/CX	Management commentary points to margin uplift targets (long-term) linked to AI efficiencies	Reduced global workforce by approximately 125 employees in early 2025 as part of cost efficiency actions to optimize capacity; Strategic investments to upskill employees
CTSH	Flowsource integrates AI into SDLC (70 clients live/120 prospects in pipeline); Agent Foundry develops agents; TriZetto (healthcare); 1,500+ agents developed; 30% of internal code AI generated	10,000+ specialists for AI model training, ~250K employees trained on AI; Run vibe coding hack-athons to develop GenAI; 150+ internal AI use-cases	3,500 early AI engagements; 16 large deals (\$100M+ TCY) YTD; Partners include Salesforce, hyperscalers, Genesys, ServiceNow, and more; GitHub Copilot Partner of Year (2025)	8% YoY revenue/employee growth, 10% margin per employee growth in 3Q25; 30%+ productivity in software; Shift toward outcome based contracts (47% of 3Q25 sales); Retail client fulfillment: 20%-45% faster	250K+ employees upskilled to-date; Fresher hiring accelerating to increase AI fluency; no mass layoffs announced
DAVA	AI deployments for healthcare, retail, energy sectors through DAVA's AI Guilds; DAVA Flow end-to-end AI-native delivery cycle	Over 70% of delivery services lines now use AI (vs. 50% in 2Q25); All Endavans use AI; Dava.X Academy focused on hiring/growing AI engineers	AI partnerships with OpenAI, AWS, GCP, Salesforce, etc.	DavaFlow can drive 5x-10x productivity improvement, 30-50% time savings in content authoring; 25-30% lower manual effort in code migration	Traditional T&M engagements declining; 24% of revenue outcome based
EPAM	EPAM DIAL platform, Agentic QA, 7 production-ready AI agents on Google Cloud; 200+ enterprise-grade agents	~95% of EPAM engineers have completed AI upskilling; Client zero approach	Deployed solutions for finance, healthcare, retail Hundreds of active AI-native projects in Q3; 60-70% have scaled beyond PoC into larger programs, Majority of top 100 clients "highly engaged" in AI discussions; Partners include hyperscalers and data ecosystem players	AI revenue generating DD% Q-Q growth last three quarters (3Q25); 19% of revenue from fixed price (3Q25); Potential for higher profitability via alternative business models; Unit costs lowering for testing and cycle times declining; Pricing better YoY	Demand outstripping efficiency gains will lead to continued hiring, emphasis on junior engineers and rebalanced pyramid; Developing AI-native engineering profiles as "architects of AI-native products"
EXLS	EXLdata.ai, EXLerate.ai, Code Harbor, Xtrakto, domain specific LLMs and agents, and other proprietary tools, 50+ AI accelerators and 65+ agents; e.g. Payments Integrity business is using AI to ID false positives on claims	15,000+ analytics and data professionals, over 4,500 employees "ready to work" with AI	Healthcare, Insurance, BFSI, Energy, etc. Partners include hyperscalers, Databricks, Snowflake, Palantir, NVIDIA, and more	AI-led revenue grew 18% year-over-year and represented 56% of total revenue in 3Q25; Productivity gains of 10-30% shared with client when migrating to DTAI from Digital Ops; EXLS has >90% success rate deploying AI	Expanding revenue faster than headcount, role mix shift to people "building AI" and groups "working with" AI; No mass layoffs announced

<b>G</b>	Agentic AI platforms (e.g. AP Suite launched, Insurance Suite, Record to Report Suite, more in pipeline), AI Gigafactory agents (code generator, data connector, ERM, agentic lifecycle), 330+ GenAI solutions (+1.5x YoY)	3,000 AI pros; 70K+ trained; Over 50% of workforce uses internal AI tools, 11+ million training hours to upskill employees and infuse AI	AI Gigafactory support 100 clients, 800+ clients via Enterprise360; AWS, GCP, Databricks, etc. are partners (10% of revenue)	ATS revenue growing 2x rate of digital ops, 70% annuitized revenue/70% non-FTE in ATS segment; Rev per FTE increasing with ATS mix; Non-FTE revenue 47% of total; 300 bps higher margin from agentic work vs. traditional; 30% of agentic contract value coming from new clients	Talent model shifting from labor-based to non-FTE + ARR driven; Focus on reskilling workforce; Revenue to grow faster than headcount. no mass layoffs, hiring in ATS and upskilling "thousands" of AI practitioners
<b>GDYN</b>	GAIN = AI-native engineering framework, AI integrated into demand forecasting, pricing, supply chain optimization	Internally deploying AI to improve delivery, added 5x more billable engineers Q-Q in 3Q25	Digital Engagement, AI/ML Data Platform Engineering practices	AI revenue grew 10% Q-Q in 3Q25, and represents over 25% of organic revenue; accretive to margins, 10-15% efficiency improvements expected in delivery; 7% of revenue fixed price (3Q25)	Risks include reputational harm from AI misalignment
<b>GLOB</b>	AI Pods subscription model; GEAI (Globant Enterprise AI); suite of AI Agents for SDLC; retail GenAI solution with Google Cloud	~29,000 employees LTM Q3'25; nearly all pods AI-certified	Strategic Google Cloud partnership; \$3.7B pipeline in Q2'25 with AI Pods central	Operating margin ~15% in Q2'25	Business Optimization Plan reallocating resources toward AI Pods/GEAI; continued upskilling
<b>INFY</b>	Topaz proprietary AI platform and suite; Over 22 industry specific AI blue-prints developed along with 500+ vertical-specific agents - delivering 4,600+ GenAI projects currently, with 200 agentic projects,	22,000+ developers using GitHub Copilot, 90%+ of workforce AI aware	Strategic partnerships with NVIDIA, Microsoft, Google Cloud	Margin accretive, Productivity gains of 20%-50%, enabling more offshore work	Forward-deployed engineers co-create enterprise-scale AI solutions
<b>INGM</b>	Xvantage Enable AI program; Xvantage AI Factory (agentic AI); Sales Briefing Assistant using Google's Gemini	Global sales teams using the briefing agent; partner access via Global Centers of Excellence	Channel enablement across partner ecosystem; partnerships with Google Cloud (Gemini) and IBM watsonx	Program focused on adoption & sales acceleration; no discrete AI revenue disclosed	Emphasis on partner upskilling (assessments, basecamps), not layoffs
<b>MGIC</b>	AI Programs Deployed: FactoryEye (Industry 4.0 analytics/ML, Azure-hosted data lake & predictive maintenance) plus xpi/xpa	Custom AI dashboards/usage across factory roles/operations	Mid-market manufacturing; 100+ connectors; multi-vertical deployments	Company materials cite double-digit efficiency gains	Workforce augmentation via predictive maintenance/real-time insights; no AI-related layoffs disclosed
<b>PLUS</b>	Secure GenAI Accelerator (proof-of-concept engagement that allows organizations to test a private GenAI chatbot in a secure environment) and AI Ignite portfolio	Diverse range (middle market to large enterprises, SLED, healthcare, and financial services)	Secure GenAI Accelerator powered by NVIDIA and hosted on AWS; Partnered with Digital Realty to launch AI Experience Center hosted in Digital Realty's Innovation Lab	AI-driven infrastructure boosted security gross billings by 56% YoY; Broad-based demand for AI solutions lifts quarterly revenue and margins	Requires highly experienced personnel (digital, data analytics, ML, AI, robotic process automation); Wage inflation may adversely impact ability to hire and retain personnel
<b>TASK</b>	TaskGPT (pilots: 15+ clients)	CX/frontline teams	~15 clients in pilot	59% year-over-year growth in the AI Services segment in 1Q25, outpacing other service lines	No layoffs attributed to TaskGPT implementation
<b>TTEC</b>	Deployed AI in 110+ programs and 125 projects for AI underway, covering 65+ clients; nearly 100% of new client pitches include these core associate tools; Tasks include Real-time translation, Agent assist, Ops analytics, etc.	31K+ associates using tools, 1,700+ engineers with AI backgrounds	Broad CX client base; Partners include hyperscalers and CCaaS platforms with emphasis on integration for data access and workflows	No AI revenue disclosed. ~\$10 million cost savings in FY24; 33% reduction in case handling for airline client; Move to outcome-based pricing model, Better margins expected as labor share per outcome declines	Reskilling initiatives ongoing; AI tools embedded in agent workflows; Clients still want human in loop on complex tasks
<b>UIS</b>	Service Experience Accelerator (SEA) with composable GenAI stack (trust-bound deployment, RAG/LLMs/semantic controls); GenAI consulting & deployment services	Internal GenAI deployment maturity recognized	Named Global Leader in ISG's 2025 Provider Lens for GenAI Services (strategy/consulting + deployment/development)	Outcomes include improved chatbot resolution; Unisys's 2025 study shows 78% increasing GenAI investment but only 36% infra-ready	Reskilling and platform-led advisory; no AI-related workforce reductions disclosed

Sources: Company disclosures, company websites, FactSet, and William Blair Equity Research

AI Offerings for Coverage List		
Company	AI Offering	Definition
Accenture	AI Refinery	AI foundation platform designed for enterprise AI; Turns raw technology into actionable business solutions; Leverages the full NVIDIA AI stack to help clients jump-start their agentic AI journeys and reinvent core business processes
ASGN	AI Factory	Unified, end-to-end framework and integrated operating model to help enterprises scale AI from concept to production; Addresses challenges such as fragmented tools, governance complexity, and resource constraints that typically delay AI implementation
CSGS	Xponent	AI-driven decisioning, journey analytics, and journey orchestration platform designed to help large brands improve customer experience and drive operational efficiency; Centralized engine that harnesses customer data in real-time
CTSH	NeuroAI	Enterprise-grade platform designed to help organizations rapidly discover, prototype, and develop AI use cases to improve decision-making and performance; Powered by Decision AI (integrates Gen AI, multi-agent architecture, deep learning, and evolutionary AI)
DAVA	DavaFlow	AI-native delivery lifecycle framework; Signal, Explore, Govern, and Evolve; Methodology embeds AI into every activity within the technology delivery process
EPAM	AI/RUN	AI services model and platform designed to accelerate AI-native transformation for enterprises; Integrates strategic consulting, AI-native delivery, and proprietary technology to help organizations move beyond fragmented deployments toward meaningful, scalable AI adoption
EXLS	EXLdata.ai	Agentic AI suite of data solutions developed in partnership with Databricks; Designed to help enterprises overcome barriers to AI adoption by making fragmented and unstructured data AI-ready
	Code Harbor	Gen AI-powered platform designed to automate and accelerate the migration of legacy codebases to modern, cloud-based environments and open-source languages; Uses a multi-agent framework to streamline complex enterprise transformations
G	AI Gigafactory	AI accelerator and delivery model designed to help enterprises rapidly scale AI solutions from initial pilot stages to full-scale production; Serves as a centralized engine to accelerate time-to-value by combining advanced technology, domain expertise, and a specialized talent pool
GDYN	GAIN	AI-Native Development Framework; AI-powered engagement model designed to redefine software delivery by fusing human expertise with advanced AI tools to accelerate business transformation for Fortune 1000 enterprises
	WAVE	Automates the Software Development Life Cycle (SDLC) in the era of agentic AI; Designed to help enterprises navigate the transition toward human-agent collaboration while maintaining control over their evolving technical capabilities
GLOB	GEAI	Proprietary AI platform designed as a flexible, model-agnostic enterprise layer that enables organizations to build, deploy, and manage agentic AI at scale; An integration layer connecting internal data sources, foundational generative AI technologies, and business applications
	AI Pods	Next-generation delivery model designed to disrupt traditional IT services by providing a dedicated, AI-native delivery unit that combines autonomous agentic AI with expert human oversight; Shifting industry standard from effort-based billing to a consumption-based subscription model focused on business outcomes
INFY	Topaz	AI-first set of services, solutions, and platforms designed to accelerate business value for global enterprises using Gen AI; Combines AI with cloud and data infrastructure to help clients navigate their digital transformations
	Agentic Foundry	Comprehensive solution designed to accelerate the development and deployment of reliable, production-grade AI agents for enterprises; Strategic roadmap for organizations to adopt AI agents responsibly and ethically while ensuring a future-ready architecture that accommodates technological advancements
INGM	Xvantage	AI-powered, global B2B digital experience platform designed to simplify and accelerate how vendor partners and customers interact within the global technology ecosystem; Moves the business from traditional technology distribution to a platform-driven ecosystem
	AI factory	Strategic and operational model designed to continuously produce, deploy, and improve AI-driven systems within the Xvantage platform; Allows the company to embed intelligence into every interaction for proactive value creation
MGIC	FactoryEye	Cloud-based data management platform developed for manufacturing plants to facilitate a smooth migration to Industry 4.0 smart factories; Proprietary, high-performance, low-code, and flexible hybrid platform designed to provide real-time factory floor visibility and end-to-end optimization

Sources: Company disclosures, company websites, FactSet, and William Blair Equity Research

## Read-Throughs From Accenture's and Infosys's Results

Below, we highlight potential read-throughs from Accenture's strong fiscal first quarter for the rest of our coverage and the IT services sector at large.

Accenture's fiscal first quarter highlighted a stable but moderated demand environment for IT services heading into 2026. The company delivered 5% revenue growth in local currency, at the top end of its guided range, and new bookings increased 12% year-over-year (10% in local currency), portending strong growth ahead.

- **DOGE Fears Overdone.** The U.S. federal government's DOGE initiative was a headwind for Accenture exiting fiscal 2025 and is expected to drag on 2026, but results in the first quarter were better than feared and management moderately decreased the expected annual revenue headwind from federal services (1% headwind expected vs. 1.0%-1.5% prior). This is a positive read-through for ASGN, Cognizant, ePlus, CDW, and others in our coverage with modest exposure to the U.S. federal government.
- **Macro Largely Unchanged.** Accenture pointed to a macro environment that is largely unchanged heading into 2026, where IT spending is not expected to contract. Although issues like tariffs are more in the rearview mirror now than in early 2025, discretionary project spending remains muted, with AI the largest clear catalyst on the horizon. Further rate cuts, geopolitics, rising business confidence, stabilizing labor markets, and better visibility to AI spending and ROI are some of the key issues we believe could impact the group in 2026.
- **Industry Vertical Trends.** Accenture's print indicates that banks, insurers, and capital markets firms are on the verge of picking up their tech spending, specifically in AI, cloud modernization, digital CX, and risk and compliance. We see this as positive for enterprise AI adoption trends overall, and for large peers with high BFSI exposure (Cognizant, Infosys, ExlService).

### Infosys

Though INFY shares have experienced abnormal volatility as of late, we do not see this as a reflection of changing business fundamentals. Instead, investor focus remains on the company's large deal momentum, stabilization in financial services, margin durability, and AI-driven demand. Following the print on January 14, 2026, we remain cautious on growth prospects despite the improvement in large deal wins and TCV growth, as the macro environment remains challenging and volumes soft. However, commentary on revenue per head and productivity improvements, coupled with pricing strength and continued momentum in BFSI, have left us incrementally positive on the stock. Our highlights are below:

- **Large Deal Momentum.** Infosys continues to show strength in large deal activity, providing forward revenue visibility. In the third quarter, Infosys booked \$4.8 billion in large deals, up 57% quarter-over-quarter and nearly 100% year-over-year, with 57% net-new. Management has emphasized that vendor consolidation, automation, and AI-enabled efficiency programs are central to client spending decisions and driving momentum in large transformation programs. We believe this sustained level of large deal momentum should help buffer near-term macro uncertainty and supports improving execution into 2026. For the fourth quarter and into next fiscal year, we expect continued strength in large deal conversion as Infosys ramps up previously signed contracts, most of which include some element of AI.
- **Financial Services to Accelerate in Fiscal 2027.** Financial services remain the company's largest vertical, contributing nearly 28% of revenue last quarter, and recent trends have been constructive. Revenue grew 4.7% year-over-year as reported (3.9% constant currency), supported by strong deal activity, as 10 of the 26 large deals that were signed during the period came through this segment. Management highlighted continued momentum across mortgages, capital markets, and asset and wealth management, as clients accelerate AI-driven modernization and cost-efficiency programs. The large deal pipeline remains robust, and Infosys expects it can drive sustained strength in BFSI into the fourth quarter and accelerating growth in fiscal 2027. The momentum in and constructive attitude on the end-market is consistent with Accenture's earnings release. We continue to view the BFSI sector as a key leading indicator for enterprise AI adoption.
- **Margin Durability.** Infosys reiterated margin guidance of 20% to 22% in fiscal 2026 despite recent challenges. In the third quarter, operating margin was 18.4% (21.2% adjusted), down year-over-year and sequentially, due primarily to the adoption of new labor laws in India and offset by currency tailwinds and realization improvements from Project Maximus. Looking ahead, management has signaled confidence in cost discipline despite headwinds from higher post-sale support

costs. Importantly for the industry overall, the company claims AI-led deals are accretive to the model despite varying pricing mechanics.

- **AI-Driven Demand.** Infosys emphasizes AI as a core growth driver, with management highlighting accelerating client adoption across engineering services, data readiness, agentic operations, AI software development and legacy app modernization, physical devices, and AI-led services. As of the third quarter, Infosys delivers more than 4,600 AI projects and has developed over 500 agents. Infosys noted that AI is compressing enterprise modernization timelines as proofs of concept graduate to full-scale deployments. Infosys is increasingly leveraging forward-deployed engineers to co-create AI solutions with clients, supporting faster implementation. We expect demand for AI-driven programs to remain strong across the industry as organizations shift spending toward productivity and cost take-out.

#### **Related Research:**

- Accenture Fiscal First Quarter: [Strong Beat, Full-Year Guidance Reiterated as Reinvention Flywheel Keeps Turning](#)
- Infosys Fiscal Third Quarter: [Large Deals Shine, Fourth-Quarter Guide Ahead of Consensus](#)

## **Fourth-Quarter Preview**

During the fourth quarter, we had the opportunity to catch up with many of our covered companies and other stakeholders in the industry. Overall, the theme heading into 2026 seems to be one of cautious hope for IT spending, particularly around AI products and services, as discretionary spending is expected to stabilize or potentially rebound after a couple of years of slower growth. Investor sentiment toward the sector appears to be improving, as the group has demonstrated notable year-to-date momentum.

We expect the group's fourth-quarter results to meet or slightly exceed guidance and forecasts, with some potential pockets of uncertainty where organic growth is decelerating. Most downside risk potential into the fourth-quarter calls, we believe, would likely be due to cautious initial 2026 guidance.

## **ASGN**

During the fourth quarter, we attended ASGN's investor day in New York City (full report below), where it unveiled new medium-term financial targets, announced a rebranding from ASGN to Everforth, and outlined the forward-looking strategy of the company as it continues to shift further toward higher-value consulting services and away from the legacy staffing business. We came away from the event constructive on ASGN's strategic path and opportunity to achieve its new targets.

1. **Achievable Outlook.** We are optimistic about the achievability of and potential upside to ASGN's new outlook, supported by the company's recently issued three-year targets, which call for a 4% to 6% organic CAGR and 200 to 300 basis points of EBITDA margin expansion to 13% by 2028. The outlook also includes upwards of \$1 billion in free cash flow, up to \$80 million in structural cost savings, and \$800 million to \$900 million in revenue from M&A activity, with more than \$100 million added through the recent Quinnox acquisition (see note below). Furthermore, IT spending is expected to rebound over the next 12 to 18 months, a factor not reflected in the current outlook. We believe ASGN's resilient business mix, strong client relationships, and clear path to margin expansion position the company well for a rebound in IT spending and AI growth. ASGN should be able to capitalize on accelerating demand for digital transformation, AI, and cybersecurity, underpinned by its scalable, just-in-time delivery model and disciplined capital-allocation strategy.
2. **Commercial Consulting Momentum and Staffing Headwinds.** Investors are likely watching the balance of commercial consulting growth and ongoing headwinds in the staffing business. Year-to-date, the commercial consulting business has increased 13%, while the staffing portfolio has declined 14%. These countervailing trends are of note as consulting (47.1% of third-quarter commercial revenue, compared with 39.6% in the year-ago period) nears the critical 50% threshold of ASGN's overall commercial mix. For the fourth quarter, we forecast another strong quarter for consulting growth of 16.0% and model a slightly improved year-over-year decline in staffing (down 12.0% year-over-year).
3. **Fourth Quarter and 2026 Estimates.** For the upcoming fourth quarter, in conjunction with the announcement of the Quinnox acquisition, management expressed confidence in its guidance, noting that revenue and adjusted EBITDA would both be at the high end of the prior guidance ranges. Fourth-quarter revenue was guided to decline 0.5% to 2.5% year-

over-year, to \$960 million to \$980 million, which assumes some impact from the federal government shutdown and accounts for slower award cycles and a delayed ramp-up of new federal projects. The guidance also accounts for a slight sequential improvement in billable days for the commercial segment (70.3% of third-quarter revenue) from the third quarter to the fourth quarter. EBITDA margin guidance of 10.8% at the midpoint implies roughly 30 basis points of contraction year-over-year and accounts for lower revenue in federal. In 2026, the company expects “more moderate growth” compared to the medium-term target for 4% to 6% organic revenue growth, which positions the current consensus of \$3.99 billion (0.5% growth year-over-year) well, in our view. Regarding 2026 EBITDA margins, consensus and William Blair project 10.9% and 10.8%, respectively, reflecting moderate expansion of roughly 20 to 30 basis points. This could prove conservative as commercial continues to perform well, the federal business stabilizes, and ASGN begins to partly benefit from the structural cost savings in SG&A (which are forecast to accelerate in 2027 and 2028) announced at the recent investor day.

## CDW

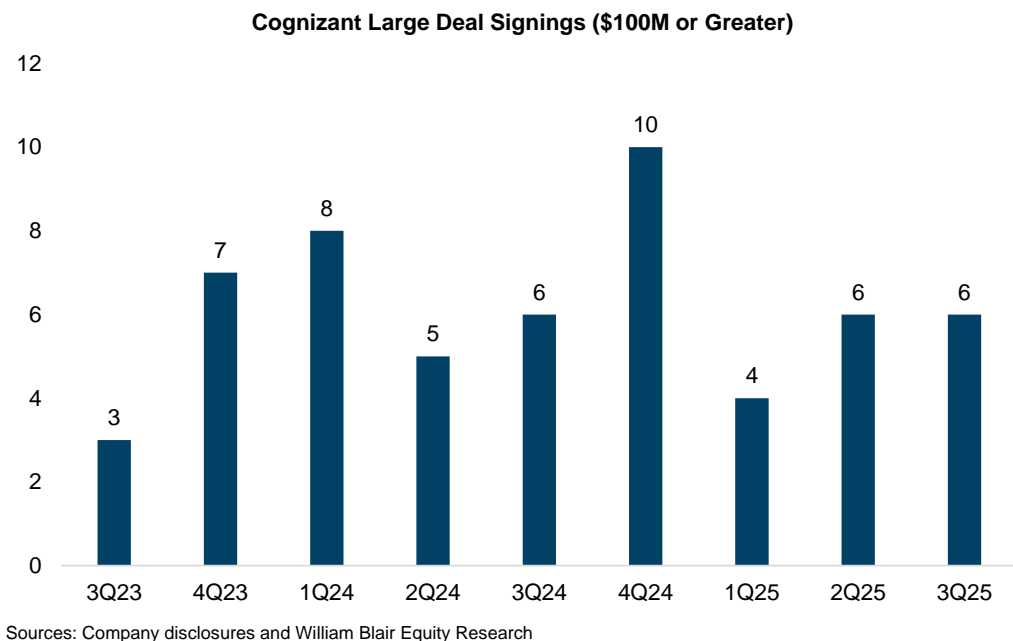
For CDW’s upcoming fourth-quarter report, we expect management to convey a stable demand environment and continued share gains across core categories, while steady expansion of higher-value services (9.2% of third-quarter revenue) and AI solutions are key points to watch. We also believe that investors will be watching for any commentary on memory pricing and the current ongoing cycle, where recently CDW and peers have seen ASPs increase dramatically across NAND and DRAM, which flows through to servers, PC, and storage demand.

- 1. Segment Demand Trends.** CDW’s net sales rose 4% year-over-year in the third quarter, with notable strength in SMB (14.2% year-over-year), government (7.8% year-over-year), and healthcare (6.9% year-over-year). Going into the fourth quarter of 2025, we believe that investors will be watching to see if SMB and government demand trends hold up. The company’s full-year revenue guidance for 200 to 300 basis points of outperformance relative to low-single-digit growth in the overall IT market implies 3% to 6% growth year-over-year in 2025. We believe modest upside to the fourth-quarter consensus is likely given that momentum in commercial and SMB is expected to continue; however, the magnitude of the upside is likely to be more muted than in prior years when budget flush was more certain. We forecast 2.8% revenue growth year-over-year in the fourth quarter and just over 3% gross profit growth, compared with the consensus for 2.5% top-line growth and similar gross profit expansion.
- 2. IT Spending Patterns and Product Mix.** Recently, customer IT spending has shifted toward categories such as networking equipment, notebooks and mobile devices, desktops, and software and services. In contrast, data center hardware, including storage and servers, has faced pressures, declining by 7.1% year-over-year in the third quarter, reflecting uneven client upgrade cycles. We are optimistic about CDW’s diversified portfolio, which helped offset mixed demand in the third quarter; net sales increased 4.0% and gross profit rose 4.6% year-over-year, supported by strong performance in services and cloud offerings, which management highlighted as key contributors to both growth and margin resilience. Though servers and storage (8.2% of third-quarter revenue) have seen lumpiness and the current PC refresh cycle has not pulled through additional ancillary device spending like in past refresh periods, we see cybersecurity, PC/device refresh strength, and nascent demand for AI PCs continuing into 2026.
- 3. Macro Environment and IT Budget Outlook.** We anticipate the broader macroeconomic landscape and ongoing conversations regarding IT budget expansion will be central topics during the fourth-quarter call. While CDW’s corporate pipeline appears strong, management emphasized that the operating backdrop remains complex, with uneven infrastructure demand and continued caution across certain customer segments, including education (15.9% of third-quarter revenue) and public sector (government 13% of third-quarter revenue). While the government shutdown ended earlier than CDW expected, it is unlikely to be a tailwind to public sector growth in the fourth quarter, though this segment should be less of a drag on growth in 2026. Prevailing macro uncertainty could impact the predictability of deal closure timelines, similar to what the company witnessed last quarter.

## Cognizant

Over the last three months, shares of CTSI have increased 23.3%, compared with a 6.6% rise for the rest of our coverage over the same period. Although we recently lowered our first-quarter revenue projection to reflect more muted seasonal impacts, recent conversations with management left us enthused about the company’s resilient demand in key verticals, robust large deal pipeline, and steady, achievable outlook amid a pressured discretionary demand environment.

- 1. Resilient Demand in Key Verticals.** Cognizant’s end-markets are showing generally better-than-expected demand trends compared with the overall environment, in our view. After a period of pullback, financial services clients (29.1% of third-quarter revenue) have begun to pick up spending, growing midsingle digits year-over-year so far in 2025, compared with low-single-digit declines in the year-ago period. In health sciences (29.6% of revenue), payer-providers and broader healthcare clients have performed better than feared, increasing just over 7% year-to-date, compared with low-single-digit growth in the year-ago time frame, with new wins helping offset pressures from government funding changes and pricing. Products and resources (25.5% of sales) are also seeing trends improve, with year-to-date growth in the low teens well above the flat growth experienced through the first few quarters of 2024, supported by large deal ramp-ups and positive organic momentum.
- 2. Steady Outlook, 3Cloud Acquisition, and Margins.** Cognizant’s commentary points to a stable near-term outlook with modest improvements on the horizon as discretionary demand, pricing, and AI adoption, among other items, improve. For Cognizant, we believe this momentum should carry through the year, placing the current consensus estimate for 4.7% revenue growth in 2026 in an achievable spot. After closing on January 1, 2026, the 3Cloud acquisition is also likely to boost growth and synergize Cognizant’s Azure and AI practices; 3Cloud is a renowned Microsoft Azure partner with nearly \$200 million in annual revenue growing 20% organically. On the margin front, management continues to expect another 10-30 basis points of operating margin expansion in 2026, likely putting the low end of the range for 2026 near the Street’s 15.9% forecast.
- 3. Strong Pipeline of Large Deals.** Momentum in large deals remains a bright spot for Cognizant, where the company has consistently inked four to five new \$100 million deals per quarter, and a few \$1 billion-plus deals, over the last four quarters. Through the third quarter, large-deal TCV has increased 40% year-over-year, and the company has signed 16 new large clients, compared with 19 through the first three quarters of 2025, both of which surpass the 12 large deals signed through the third quarter of 2023. We believe the healthy pipeline of new, large deals, which management has done a good job of increasing versus the overall mix, provides solid revenue visibility into 2026.



## Endava

We spoke with Endava IR before the quiet period, following a rocky first-quarter print and our downgrade to Market Perform (report below). Slower-than-expected growth due to declines in payments, slower conversion in non-large strategic accounts, and other variables are likely to exacerbate margin pressure in the near-term, especially as Endava drives incremental investments needed for AI. Our takeaways from the call and brief fiscal second-quarter preview are below.

- 1. Return to Growth.** Endava expects a return to growth once the current air pocket of demand passes through and buyers become more comfortable with AI efforts and pricing; we believe this is likely to unfold slowly over the next couple of years as demand for Endava's discretionary digital services rebounds. Management views the downshift as transitory, not structural, and remains upbeat on the pipeline of major projects and recent large deal wins. Endava's full year fiscal 2026 revenue guidance for a decline of 3.5% year-over-year in constant currency, which was revised lower on the first-quarter call, implies some improvement in the second half of the year, with a return to positive growth likely more of a fourth-quarter event.
- 2. AI Deal Elongation.** While AI deals come in at higher dollar value and better margin, the sales cycles for these agreements can be much longer than traditional deals. Endava indicates that deals that previously took two to three months to negotiate and close are now taking 3 to 4 times as long, due mostly to AI. Also, management clarified that DAVAFlow should be viewed more as a methodology rather than a new standalone product, which is an extension of its ideation to production philosophy that embeds AI into the software development lifecycle (SDLC), and aims to revolutionize AI-native delivery with governed, automated end-to-end workflows. DAVAFlow revolutionizes the company's delivery model to be AI-first, and early indications point to efficiency gains on the order of 5-10x productivity improvements across certain phases of the SDLC. Over time, we expect with DAVAFlow the company can move to more outcome-based arrangements and overcome the current blip in growth by delivering projects faster with improved value for clients.
- 3. Margins.** Endava recently hired 450 new graduates through its DARVAx Academy program, contributing to a planned margin headwind of roughly 2% in fiscal 2026. These junior hires (about 470 added in the fiscal first quarter) represent an investment in a future workforce that is AI fluent. In the near term, these investments in new grads and training are likely to pressure utilization and margin. However, cost discipline, AI-enabled delivery, and rising billable headcount as junior employees ramp up should support an improvement in adjusted PBT during the second half of fiscal 2026 and into fiscal 2027, returning toward the high-single-digit range (compared with 5.5% in the first quarter of fiscal 2026), particularly as recently secured large deals begin to scale.

## EPAM

EPAM has robust momentum heading into the fourth quarter of 2025 after a beat-and-raise result in the third quarter, which marked the company's fourth consecutive period of accelerating organic growth. Management remains confident in margin stabilization and eventually expansion as it laps one-time impacts, introduces AI into the delivery process, and levies modest price increases. We believe consensus estimates for 2026, which call for roughly 7% revenue growth as reported and nearly 10% EPS growth, are positioned favorably for upward revisions. We expect EPAM's momentum to continue throughout the year as increased recognition of its focus on quality and execution drives new client wins and improved wallet share gains.

- 1. Growth, Margins, and Vertical Trends.** Throughout 2025, EPAM has demonstrated consistent execution and strong top-line growth, with third-quarter revenue showing further acceleration on both a reported and organic basis. Guidance for the fourth quarter anticipates a modest deceleration in organic growth momentum, projecting growth of 11.1% in constant currency (4.4% organic), which we see as achievable, especially given the company's strong momentum in large clients and key verticals. Last quarter, five of six verticals grew on a year-over-year basis, led by financial services (24.2% of revenue), up 32.7% year-over-year (6% organic). Adjusted operating margin is expected to be in the range of 15.5% to 16.5%, down from 16.7% in the fourth quarter of 2024. EPAM is focused on balancing its pyramid, increasing account margins, and improving pricing leverage (low-single-digit price increases expected in 2026), which we see as driving margin stabilization and eventually expansion. We model modest adjusted operating margin expansion in 2026 of roughly 30 basis points, to 15.4%.
- 2. AI Adoption and Platform Strategy.** Last quarter, EPAM's AI-native revenue grew double digits sequentially for the third straight period, with the data and cloud businesses both seeing outsized growth. Management has highlighted accelerating traction in EPAM's AI-focused services and platforms, where roughly 60% to 70% of active AI projects in the third quarter have scaled beyond proof-of-concept into production. To capture the AI demand, EPAM has invested heavily in AI talent and proprietary solutions, as over 90% of employees are now AI literate. Offerings like AI/RUN (suite of AI engineering tools) and Agentic QA (AI-driven quality assurance) are likely to gain more traction as they scale.
- 3. Competitive Positioning and Demand.** EPAM appears well positioned for the AI era versus digital engineering peers as enterprise IT spending gradually returns. The company's deep engineering pedigree and record of execution are proving a competitive advantage in winning large, complex deals. This is also helping EPAM recover business, displace competitors,

and increase wallet share as it regains trust and diversifies its delivery muscle after the Russia/Ukraine conflict. While client budget visibility has improved only moderately, EPAM is benefiting from its clients' continued investments tied to AI, data, and platforms, with the vast majority of its top 100 clients now engaging in some form of AI initiative with EPAM.

## ePlus

ePlus has reported accelerating growth over the last couple of quarters, fueled by strong demand in key technology domains and early tailwinds from AI adoption. In the fiscal second quarter, net sales rose 23.4% year-over-year (versus 19.0% in the fiscal first quarter) and EBITDA grew twice as fast, thanks to strong momentum in cybersecurity, networking, cloud, and AI.

- 1. High Growth Tech Exposure, Early AI Innings.** The company is coming off a quarter of accelerating revenue growth, driven by demand in key technology domains and early AI tailwinds, with net sales jumping 23.4% year-over-year and gross billings exceeding \$1 billion for the first time ever (increasing 26.5% year-over-year). It is important to note that ePlus has seen strong momentum in AI, cybersecurity (13.6% of fiscal second-quarter technology net sales), cloud (26.4% of net sales), and networking (53.2% of net sales), the last of which has shown positive sequential growth for two consecutive quarters, spurred by AI-driven infrastructure upgrades. Meanwhile, the data center and cloud business has also surged nearly 30% year-to-date and faces modest, low- to midsingle-digit growth comparisons in the second half of the year. On the fiscal second-quarter call, management increased full-year guidance for net sales growth, gross profit growth, and EBITDA growth. We expect this broad-based demand to carry forward into the next few quarters for ePlus.
- 2. Vertical Market Performance.** The company's growth has been broad across most customer verticals also, with midmarket and enterprise outperforming so far in fiscal 2026. Softness was primarily confined to the state, local, and education (SLED) clients (14.3% of second-quarter net sales) impacted by the government shutdown. Going into the fiscal third quarter, we expect another strong result from enterprise and midmarket, while lingering impacts from the government shutdown (which ended November 12, 2025) are likely to be less of a drag, but still key to watch regarding the results and outlook for the rest of the fiscal year.
- 3. Strategic Investments.** Following the June 2025 divestiture of the financing business, ePlus possesses a record level of cash and has honed its focus on a new capital-allocation strategy. After the sale, management increased its buyback agreement, authorizing a larger program for purchase of up to 1.5 million shares, and announced the company's first ever quarterly dividend (\$0.25 per share). Management also pledged to use the cash position for investments in growth, both organic and inorganic, which led to the acquisition of AI-focused assets from Realwave in September 2025 (see note below). Exiting the second quarter, ePlus maintains a strong cash position of just over \$400 million, which we expect to moderate in the third quarter but remain in an advantageous position for further M&A activity or organic growth expansion.

## ExlService

In the fourth quarter of 2025, we expect another strong result from ExlService, with the midpoint of full-year revenue and EPS guidance (both raised on the third-quarter call) implying just over 10% top-line growth and single-digit earnings growth in the fourth quarter (midteens earnings growth on a full year 2025 basis), a strong finish to the year. With the Street modeling just over 11% revenue growth in 2026, we believe ExlService can reiterate confidence in its plan for double-digit revenue growth or better over the medium term.

- 1. AI-Driven Pricing Development and Sustained Growth Prospects.** ExlService concluded the year with strong momentum in its AI-centric, outcome-oriented business model, as management prioritized a strategic transition from digital operations to data technology and AI. By structuring service pricing around measurable outcomes (36% of revenue), ExlService can better align its interests with those of clients, thereby supporting improved margins over time. The adoption of AI is expected to further increase the proportion of outcome-based arrangements into the mid-40% range of revenue within the next three to five years, enabling ExlService to secure additional wallet share and project scope. While there are concerns that AI-related productivity gains may exert downward pressure on per-contract pricing, we anticipate that any near-term uncertainties will be mitigated by increased business volume and broader client engagement over the long term. This dynamic supports the company's medium-term targets for double-digit top-line growth, incremental adjusted operating margin expansion, and earnings growth faster than revenue.

- Margin Pathway and Differentiation.** ExlService is balancing margin expansion with reinvestments in organic growth, particularly AI-driven solutions like Code Harbor, EXLdata.ai, and others. The company anticipates adjusted operating margins can expand annually over the next few years by a minimum of 10 to 20 basis points per year (19.4% in the third quarter). Recent margin gains have been underpinned by post-pandemic operational efficiencies like faster client onboarding and ramp-up times, a leaner bench, and an increasing mix of higher-value data tech and AI services that carry stronger gross margin. As ExlService embeds more AI into service delivery and shifts more contracts to outcome-based pricing, gross margins should continue to rise. This confidence in gross margin is bolstered by the company's competitive advantages across deep domain expertise in core industries, data management and analytics skills, and proprietary AI-driven tools to accelerate client transformation. We believe this model, combined with the company's record for consistent growth and execution, makes it highly sticky versus both larger BPO competitors and niche peers.
- Growth Engines.** The healthcare and life sciences vertical (25.5% of third-quarter revenue) is ExlService's second-largest by size but is the fastest grower and remains the company's most significant opportunity into the future after accelerating to 23% growth year-to-date, compared with 18% growth through the first three quarters of 2024. This is largely due to ExlService's differentiated payments integrity services business, which accounts for roughly half of the vertical's revenue and is expanding rapidly after tripling over the last four years. AI is driving improved yields in this business, which we expect to continue as the company has relatively low penetration in a massive, expanding \$180 billion total addressable market for healthcare insurance claims. Beyond healthcare, ExlService is also seeing accelerated growth in banking, capital markets, and diversified industries (22.8% of third-quarter revenue), which is being driven by improved land-and-expand, higher volumes with existing clients, new wins, and early AI traction.

## Genpact

We caught up with Genpact before the quiet period after hosting the CEO and CFO for a fireside chat following the company's impressive third-quarter results (report below). Investor interest in Genpact has increased moderately following the June 2025 analyst day, where the company disseminated financial targets that appealed investors. In addition, recent competitive M&A activity has provided support for Genpact's valuation multiple, while positive trends in management execution are also noteworthy. Our main takeaways are as follows.

- Improving Interest and Common Questions.** We have noticed more interest in Genpact following the company's June investor day and recent strong execution against an uncertain macro backdrop. Most questions from investors center on whether Genpact's embrace of AI and agentic delivery will cannibalize its traditional labor-based revenue model, how the shift toward non-FTE contracts will play out, and how the current macro and demand environment are functioning. We believe the company is well positioned to deliver on AI and transition its business model given its process expertise and "last-mile" knowledge across multiple industries, including financial services, supply chain/logistics, and hi-tech and manufacturing. For the fourth quarter, we expect 4.5% revenue growth year-over-year as reported, which is the midpoint of management's guidance range, below the company's full-year growth guidance for 6.1% to 6.4% in 2025 and its midterm target of at least 7% revenue growth annually.
- AI Rollout Underway.** Genpact is making steady progress on its service-as-agentic-solutions portfolio, which officially launched in June 2025 with its accounts payable (AP) suite. Genpact's new AP suite, offered through a SaaS-like service-as-agentic-solutions model, is already gaining interest from both new and existing clients. The company has stated that net revenue growth and margin expansion from agentic solutions is accretive to the model. Based on accounts already using agentic delivery (non-FTE), Genpact sees 300 basis points of added revenue growth (net of productivity commitments), 300 basis points of gross margin expansion, and incremental wallet share gains as AI scales.
- Pipeline of Large Deals.** The nature of Genpact's deals and client spending is evolving, and management indicates that new large deals are transformational in scope but do not close in neat, 90-day cycles like normal outsourcing contracts. Many of the large new deals involve modernizing data infrastructure and processes before layering AI and agentic AI on top of internal systems and processes, meaning there are several steps for Genpact to engage with the client along the way. Currently, clients are highly focused on ROI for AI projects, and unlike earlier periods of exploratory AI pilots, today's combination of AI and tight discretionary budgets means clients demand proven value before scaling an initiative. In the third quarter of 2025, Genpact signed five new, large deals (\$50 million TCV or greater), and the pipeline for these agreements increased sequentially, signaling strength into 2026.

## Globant

Globant navigated a challenging 2025 that was riddled with unexpected macro headwinds, policy changes, geopolitical issues, and more, ultimately resulting in softer spending for some of the company's largest clients. The stock declined 69.3% in 2025, compared with an average decrease of 11.2% across our coverage universe. However, we believe sentiment on Globant is likely nearing a trough.

- 1. Pipeline and Bookings Beginning to Rebound.** Globant's pipeline and bookings are beginning to rebound, with bookings expanding 30% sequentially and pipeline increasing to a record \$3.7 billion in the third quarter of 2025. This pipeline is heavily weighted toward U.S. demand and supported by the re-emergence of large deals in the CPG, entertainment, healthcare, and financials verticals. Rebounding deal flow and improving conversion rates (especially in the U.S. and key verticals) underpin any potential for an improved outlook in 2026, where consensus currently models 1.3% revenue growth year-over-year with a return to midsingle-digit growth (5.8%) in the fourth quarter.
- 2. Signs of Stabilization Across Key Clients and Geographies.** After some unexpected macro softness drove softer spending across a handful of Globant's top 20 accounts in 2025 (for example, a top professional services client imposed project furloughs), these headwinds should stabilize some in 2026. Globant's five largest clients grew 2.1% sequentially last quarter, providing a further signal of stabilization. Latin America (20% of third-quarter revenue) has begun to rebound from client spending hesitation stemming from the tariffs in early 2025, and the political shifts in Argentina, Chile, Colombia, and Venezuela are creating a more constructive demand environment for Globant in 2026. Greater policy visibility in this region is likely to bolster incremental private sector investment, benefiting Globant.
- 3. Early AI Pods Traction.** Globant's AI business delivered triple-digit growth in the third quarter of 2025, doubling its contribution to the company's pipeline; management noted that 17 of its top 20 clients are actively engaged in discussions regarding adoption of the new model. Management remains firm that AI has not been the source of weakness in 2025, and the company currently has over 1,000 ongoing AI and data engagements. Rather, softness has primarily stemmed from slower growth among a select group of clients in key verticals such as professional services, travel, and banking and financial services. Combined, Globant's nascent AI and data studio (growing triple digits year-over-year) and engineering studio (40% of revenue; growing high single digits) represent about half of the business, expanding at a 10% clip.

## Grid Dynamics

Following better-than-expected third-quarter results and a modestly lowered but still healthy full-year outlook, we expect Grid Dynamics to deliver stable fourth-quarter performance with improved growth and margin expansion in focus for 2026. While growth remains pressured by slower-than-expected ramp-ups with a few clients, we believe Grid Dynamics enters the new year with stronger demand signals than last year, rising AI contribution, and accelerating billable capacity, all factors that support a constructive outlook into next year.

- 1. Improving Demand Trends Across Key Verticals.** Grid Dynamics continues to demonstrate broad-based growth, with individual verticals at differing levels of momentum. The financial services vertical remains a standout, growing 81% year-over-year in the third quarter, driven by strong fintech activity and banking programs onboarded through prior acquisitions. TMT grew 18% year-over-year, supported by strength in the largest technology customers. Retail softened modestly (down 2.9% year-over-year) as a result of lower activity from a handful of large customers, some of which have since returned to growth. AI-related work continues to scale, with AI revenue up 10% sequentially and representing over 25% of organic revenue. Grid Dynamics increased capacity to meet AI demand, adding 5 times more billable engineers in the third quarter than in the second quarter of 2025. These trends position the company for continued midsingle-digit growth in the near term, supported by a strong top-account expansion strategy, with the top 10 clients growing 17.3% year-over-year and representing 58% of revenue.
- 2. Achievable Outlook With Line of Sight to Margin Expansion.** Management's fourth-quarter revenue guide of \$105 million to \$107 million (5.7% growth at the midpoint) reflects slightly slower ramp-ups in a few accounts, ongoing optimization in lower-margin geographies, and a consistent macro environment. Despite modest top-line expectations, Grid Dynamics guided to EBITDA of \$13 million to \$14 million, above consensus of \$12.7 million, reinforcing management's conviction in margin improvement drivers (GAIN pricing framework, higher-margin delivery locations, mix shift from AI and next-gen cloud programs, and efficiency improvements in newly scaled regions). Management continues to target 300 basis points of EBITDA margin expansion over the next year, a goal we view as well supported by the strong

billable talent pipeline and growing contribution from higher-value AI work. Net-billable engineer headcount is expected to increase at similar levels to those seen in the third quarter. This momentum positions the company for a materially higher billable run-rate for the end of 2025, supporting both margin and revenue uplift.

3. **Pipeline, AI Momentum, and Capacity for Reacceleration.** The combination of expanding AI programs, accelerating top-client engagement, and billable capacity creates a constructive setup for 2026. Key signals to watch include AI revenue makeup (now over 25% of organic revenue); growth across Grid Dynamics' largest accounts; portfolio mix to shift toward higher-value programs; and tailwinds in cloud modernization, data platforms, and GenAI transformation projects. With the third quarter representing the strongest pipeline of new large enterprise logos since the beginning of 2025 and a 4% sequential increase in revenue per head, we believe the pieces are in place for reacceleration, particularly as newly hired engineers become fully utilized and as AI-driven programs scale.

## Ingram Micro

Ingram Micro's stock moderately outperformed in 2025, rising 7.8% (over 9% total return), versus an average decline of 11.2% for our coverage. The company continues to execute well following the cybersecurity July 2025 incident, posting results last quarter that were ahead of guidance and the Street for revenue and profitability, while the impact from the incident was less than feared. All major regions and business lines are growing and reflecting improved momentum, with upside driven by notebook and desktop refresh, SMB momentum (three straight quarters of sequential growth), networking, and GPU sales.

1. **AI Opportunities and Xvantage.** During the third-quarter call, management highlighted accelerating opportunities associated with AI, such as integrated hardware, software, cloud, and services. Through the Xvantage platform, management is leveraging AI to redefine the customer's experience from initial quote to order fulfillment. During the third quarter, the Intelligent Digital Assistant (IDA) associated with Xvantage drove hundreds of millions of dollars in incremental revenue, with quote-to-order conversion rates that were nearly double that of non-IDA engagements.
2. **Macro and Product Mix.** In conjunction with the uncertain macro, Ingram is navigating cyclical shifts in product mix while controlling costs. For instance, last quarter's gross margin modestly declined, because of the continued higher sales mix toward lower-margin client and endpoint solutions and also a mix within advanced solutions product categories toward lower-margin server, storage, and other AI enablement products.
3. **Fourth-Quarter Outlook.** Management guided fourth-quarter revenue to grow 5.0% to 7.5% year-over-year, to \$14.0 billion to \$14.3 billion, compared with growth of 7.2% in the third quarter and 8.8% growth on a year-to-date basis. Gross profit was guided to \$935 million to \$990 million, growth of 3% year-over-year, marking a 6.8% gross margin at the midpoint. EPS are expected to be in the range of \$0.85 to \$0.95, roughly flat year-over-year, as mix-shift impacts and the likelihood of sustained momentum in low-margin, low-cost-to-serve areas like GPUs are moderately weighing on margin in the interim. Year-to-date revenue growth has been driven by midteens growth in client and endpoint solutions (66% of revenue) and low-single digit growth in advanced solutions (31% of revenue). Management expects client and endpoint growth to moderate into the midsingle-digit range in the fourth quarter, conservative in our view, with advanced solutions growth in the low-single-digit range and cloud expansion in the upper single digits. Guidance assumes a fairly normal level of budget flush, which is typical for Ingram Micro in the fourth quarter, and continued momentum in SMB.

## TaskUs

Despite macro pressures and distractions from the failed take-private transaction with the company's cofounders and Blackstone (BX \$155.97; see our note below), TaskUs has continued to execute and gain share in a fragmented, highly dynamic digital outsourcing market. Since the fall-through of the transaction on October 8, 2025, shares are down roughly 25%, compared with our coverage universe's average gain of 4.2% over the same period.

1. **Strong Results, Cautious Outlook.** After producing stronger-than-expected results in the third quarter, management provided mixed fourth-quarter guidance, with revenue in line and adjusted EBITDA margin below consensus. Growth of over 60% year-over-year in AI services (20% of revenue) remained strong despite more difficult comparisons due to new social media, travel, and transportation clients ramping up, and continued strength in trust and safety (25% of revenue), which increased 19.1%. Meanwhile, the digital CX segment (55% of revenue) declined sequentially and saw year-over-year growth decelerate to 5.8% last quarter, from over 10% in the first half of the year. Management expects digital CX

growth to revert to the high single digits in the fourth quarter, thanks in part to \$5 million of seasonality built in. However, the outlook for 10.6% year-over-year growth in the fourth quarter faces a tougher comparison than the third quarter (year-ago growth of 17.1%) and implies a sharp deceleration in top account expansion. In addition, margins are likely to remain challenged over the coming quarters as incremental investments in AI, minimum wage increases in key delivery provinces of the Philippines become harder to pass through (54% of the company's third-quarter revenue), and other factors like geographic mix and price inflation continue to weigh on margin expansion. With management guidance for 19.8% EBITDA margin in the fourth quarter (down 140 basis points quarter-over-quarter), we believe the pressures outlined above carry into 2026, where we model 30 basis points of annual EBITDA margin contraction to 20.8%.

- 2. AI-Driven Services.** TaskUs is confident that AI services growth can sustain double digits into 2026 and beyond, driven by execution and results supporting the foundational model developers, social media clients, and other client AI projects. The company's largest client is expected to see massive growth in AI services and trust and safety over the next 18 months, with TaskUs committing significant investments in AI to support its model development. Management is in the early phases of ramping up significant investments in its new agentic AI consulting portfolio, which multiple clients are already leveraging, where TaskUs aims to help clients adopt and operationalize agentic solutions in customer support and business processes, designed around human-in-the-loop standards. TaskUs is moving from time-based services toward solutions that harness both technology and talent, with its agentic AI consulting pivot closely linked to emerging partnerships with platforms like Decagon and Regal. On the third-quarter call, management called out large deals in the agentic pipeline, including in the robotics, autonomous vehicle, and healthcare verticals.
- 3. Vertical Demand and Commentary.** TaskUs's business is highly exposed to high-growth, technology-oriented verticals like social media, gaming, e-commerce, fintech, and more. Its largest clients have driven the majority of recent growth, with the top 10 clients accounting for 60% of total revenue. Notably, the largest account has experienced a 53.4% year-to-date increase, largely attributable to the expansion of AI initiatives and trust and safety programs. However, given Meta's (META \$612.96; Outperform) public discussions of AI spending optimizations in 2026, we expect that TaskUs's top account will see slower growth next year. We believe TaskUs has become a critical vendor for Meta and see continued expansion, albeit at a more moderate pace. TaskUs has attracted other top providers in the social media space over the last year, which have quickly ramped up into the company's top 10 revenue contributors. The cohort of clients ranked 2 to 10 delivered 17% year-over-year growth, marking the fastest expansion this group has seen since second quarter 2022.

## TTEC

We downgraded shares of TTEC to Market Perform following the third-quarter earnings print despite a better-than-feared top-line decline of 1.9% year-over-year, as we see a rebound in growth and margin expansion as difficult given the current transition phase of the nascent digital segment (23.5% of revenue). While the company maintained full-year guidance for digital, we expect revenue to hit the low end of the range as the transition from contact center point solutions to AI-led consulting and data and analytics pressures growth. The engage segment (76.5% of revenue) is seeing modest early success with AI and is tracking toward the high end of full-year guidance, but revenue declines for this segment are likely to continue into 2026 while investments hinder margin expansion and adjusted EBITDA growth.

- 1. Challenging Times and a Transition on Top.** TTEC fared better than expected in the third quarter of 2025, posting a decline in revenue of 1.9% year-over-year, compared with our forecast for a 4.9% decline. EPS of \$0.12 were well below our \$0.27 forecast as margins contracted sequentially and year-over-year for both the engage and digital segments as a result of accelerating investments in AI and seasonal investments ahead of the typical fourth-quarter ramp-up in healthcare (18% of LTM revenue). We believe that this transition, while beneficial for the company over the long term, is likely to cause short-term hiccups to growth and margin expansion. We are cautious, as the reiterated full-year guidance for 2025 revenue of \$2,089 million (down 5.4% year-over-year) implies that fourth-quarter revenue declines will accelerate into the high-single-digit range. However, consensus currently expects flat revenue year-over-year and a return to modest growth beginning in the third quarter, resulting in low-single-digit growth in the second half of the year. We forecast a more gradual recovery with 2026 revenue of \$2,025 million down 2.0% year-over-year and believe a return to sustainable, positive revenue growth is more likely a 2027 event.
- 2. Vertical Demand Trends.** Management is optimistic about a rebound in demand for financial services, public sector, automotive, travel, and retail. Large enterprise new logos, particularly in social media, continue to ramp up, and the pipeline of significant new clients remains strong. The seasonal ramp-up for the healthcare business into the fourth quarter and upfront investments incurred to support the ramp-up are expected to drive work for these programs into the

first quarter and next year. In financial services (21% of LTM revenue), management expressed subtle optimism in fintech after the segment, along with the public sector (17% of LTM revenue), had been a drag on retention over the last few quarters. In the most recent quarter, the engage segment's TTM gross revenue retention rate was 89%, flat year-over-year, but was 95% after adjusting for financials and public sector retention. Management has also emphasized its push into new industries, and better growth in smaller, emerging segments like travel and hospitality (7% of LTM revenue) and retail (4% of LTM revenue). Retail, in particular, is seeing improved growth trends after the company stepped up sales-and-marketing investments specific to the vertical.

3. **AI Adoption.** Like peers in the CX space, TTEC is betting on AI as a challenger and opportunity. TTEC has deployed AI in more than 110 programs across over 65 clients as of the third quarter of 2025, and the company expects AI to drive an overall positive economic impact on the business once through the transition phase, especially as outcome-based pricing adoption ticks up.

### **Magic Software (MGIC) and CSG Systems (CSGS)**

The acquisitions of Magic and CSG remain pending and are expected to close in the first quarter of 2026 and by the end of calendar 2026, respectively. Magic's shareholder vote in December passed approval, and CSG/NEC is subject to further regulatory approvals and customary approval measures.

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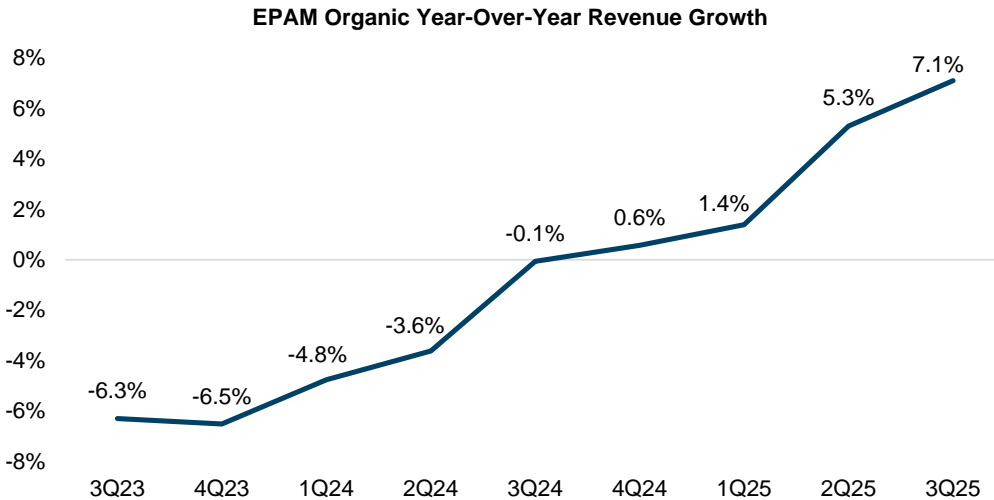
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- ASGN Quinnox Acquisition: [Acquires Quinnox for \\$290 Million](#)
- CDW: [Services Continue to Shine as SMB and International Strength Offset Public Sector Uncertainty](#)
- CSGS: [Cracking the BSS Stack; CSG Acquired by NEC for \\$2.9 Billion](#)
- CTSH: [Upgrading to Outperform as Management Meetings Echo Positive Trends Evident in Strong Third Quarter](#)
- CTSH: [Minor Updates to Estimates Ahead of Earnings](#)
- DAVA Downgrade: [Downgrading to Market Perform](#)
- EXLS NDR: [On the Road with EXLService](#)
- G Fireside Chat: [Takeaways From Our Fireside Chat With Genpact Management](#)
- GLOB: [Refining Estimates Ahead of Fourth-Quarter Earnings](#)
- INGM: [Solid Third-Quarter Beat on GPU Strength With Continued SMB Momentum Into the Fourth Quarter](#)
- MGIC: [Solid Third-Quarter Top-Line Beat and Raised Guidance](#)
- PLUS Realwave Acquisition: [Realwave Asset Purchase Accelerates AI-Driven Services Strategy](#)
- TASK: [Vote Falls Through, Leaving Future Transaction in Limbo](#)
- TTEC: [Downgrading to Market Perform](#)
- UIS: [Minor Updates to Estimates Ahead of Earnings](#)

## Stocks to Highlight

### Top Pick: EPAM (EPAM \$212.95; Outperform)

We recently made EPAM our top pick for 2026. We believe that the company’s idiosyncratic growth momentum and margin recovery story make it stand out from the pack of small- to midcap IT services and digital engineering peers and should enable it to outperform through an uncertain macro. EPAM’s strong momentum heading into the year, especially in large clients (some of which have come back to the company after testing competitor services), makes it attractive as organic growth accelerates. After four consecutive quarters of positive organic growth, driven by improved pricing and strong large-account penetration, the company has set the stage for sustained momentum in 2026 thanks to improved demand across key verticals and geographies.

With AI-native services already driving double-digit sequential growth for EPAM and as clients move from readiness to scaled AI implementation, we expect the company to benefit from AI adoption given its unique positioning in the digital engineering universe.



Sources: Company disclosures and William Blair Equity Research

In 2026, we expect margin expansion to follow continued organic revenue momentum, with the current consensus forecast for 7% revenue growth appearing conservative. Projected margin expansion of 30 to 50 basis points and adjusted operating margins of 15% to 16%-plus are being driven by cost optimization, pricing improvements, operational efficiencies, and more even as EPAM leans into incremental AI investments.

We view EPAM’s risk/reward profile as we begin 2026 as the most favorable among the IT services group, with an encouraging organic growth trajectory supported by improved competitive positioning, wallet-share gains, and a stabilizing macro environment. As pricing strengthens, margins recover, and recent acquisitions (Neoris and First Derivative) are fully integrated, we believe this creates a path for EPAM to expand adjusted operating margins at management’s discretion. This should enable multiple expansion as EPAM sustains positive organic growth momentum even against an uncertain macro backdrop.

At 17.3x our next-12-months’ EPS estimate, EPAM trades at an attractive discount to its historical NTM P/E multiple of 21x to 22x. We believe this valuation gap should close over the next 12-18 months as organic revenue growth continues to outstrip peers and margins re-expand as the AI story continues to develop.

## **Current Conviction List and CBV: Accenture (ACN \$280.72; Outperform)**

We named Accenture to the inaugural William Blair Analyst Conviction List following the company's better-than-expected fiscal first-quarter results in mid-December (see report below).

Accenture's fiscal first quarter was strong despite a continued muted discretionary demand environment, proving the resilience and stability of the franchise, which we expect to overcome pessimistic sentiment around federal and AI's impact on the business. Our forward conviction is based on bookings momentum (12% increase year-over-year and a book-to-bill ratio of 1.1), positive pricing commentary, AI revenue growth of 120% (bookings of \$2.2 billion and 76% growth), and an achievable revenue guidance range (2%-5% growth for the year was reiterated, with first quarter at the top end). Valuation is compelling, at 19.3x P/E NTM, versus a trailing-three-year multiple of roughly 25x.

## **Initiation of Coverage With an Outperform of Unisys (UIS \$2.99; Outperform)**

Unisys is a global IT solutions provider to clients across the commercial, public, and financial services sectors. Differentiated by its expertise in complex IT environments and ability to combine legacy systems with modern cloud and AI services, the company specializes in digital transformation services across three segments: digital workplace solutions (DWS); cloud, applications, and infrastructure (CA&I); and enterprise computing solutions (ECS) delivered through its trademark ClearPath Forward platform. The company competes in a large (\$1.6 trillion) and growing addressable market, and we expect Unisys to improve growth as higher-value solutions increase as a percentage of revenue. In addition, we are bullish on Unisys's margin expansion and cash flow improvement trajectory; strong visibility into ClearPath Forward renewals; ongoing deleveraging of the balance sheet; and disciplined cost management. We believe the company can begin to close the valuation gap with the peer group multiple over the next 12 to 18 months. Risks include adverse macroeconomic conditions, the pension liability, regulatory risks, and other operational risks; our full report is linked below.

### **Related Research:**

- EPAM Top Pick: [Technology, Media, and Communications Outlook and Top Stock Recommendations for 2026](#)
- EPAM: [Organic Growth and Margins Set to Continue Improving](#)
- ACN Conviction List: [Conviction List: January 2026](#)
- Unisys Initiation: [Compelling Inflection Point With a "ClearPath" to Higher Value and Growth Solutions](#)

## **Recent M&A Activity**

Below we highlight select transactions to provide insight into the industry overall and include an exhibit summarizing the M&A activity of our covered companies during the fourth quarter of 2025 and so far in January 2026.

**WNS by Capgemini (CAP \$133.55).** We believe the acquisition, detailed below, establishes a floor for valuation for BPO companies that have experienced pressure on share prices due to negative sentiment related to the impacts of AI on BPO business models. Further, we believe the combined entity highlights a trend of the convergence of IT services and BPO, particularly as AI capabilities are increasingly embedded in enterprises. Capgemini completed its acquisition of WNS on October 17, 2025, with WNS shares ceasing NYSE trading the same day. The transaction took place at \$76.50 per share, resulting in a total cash payment of \$3.3 billion (not including net debt), giving WNS a valuation of 11.2 times our projected EBITDA for the next 12 months at the time. The combination creates a scaled leader in agentic AI-powered intelligent operations, with €1.9 billion in combined business process services (BPS) revenue, and blended horizontal and vertical platforms to accelerate cross-sell. Management guided to revenue synergies of €100 million to €140 million and cost synergies of €50 million to €70 million by 2027, with expected EPS accretion of 4% before synergies in 2026 and 7% post-synergies in 2027. Both companies emphasize cultural alignment and seamless integration, with many WNS executives maintaining key roles inside Capgemini's BPS organization. WNS is now an integrated part of Capgemini's intelligent operations portfolio focused on end-to-end business process transformation and hyper-automation for global clients.

**Faculty by Accenture.** On January 6, 2026, Accenture announced an agreement to acquire Faculty, a prominent U.K.-based AI-native services and products firm specializing in applied AI and decision intelligence. This strategic acquisition integrates Faculty's team of over 400 AI professionals, including data scientists and engineers, into Accenture's global operations to scale

AI capabilities. A key component of the deal is the integration of Faculty Frontier, a proprietary enterprise decision intelligence platform that uses advanced simulation and optimization to unify data and business processes. The deal reflects a trend of IT services firms attempting to build or buy differentiated, scalable software platforms to help their clients better leverage AI capabilities.

Faculty has a distinguished record of deploying AI in mission-critical settings, such as developing the Early Warning System for the UK National Health Service (NHS) during the COVID-19 pandemic. As part of the transaction, Faculty CEO Marc Warner will join Accenture's global management committee and assume the role of chief technology officer. The acquisition also enables Accenture to globalize the Faculty Fellowship Program, a structured initiative designed to transition STEM Ph.D. and master's graduates from academia into industry roles. Faculty recently served as OpenAI's first global technical partner, further highlighting its specialized expertise in generative and advanced AI systems. By combining these strengths, Accenture aims to accelerate its strategy of bringing trusted AI solutions to the heart of its clients' business reinvention efforts.

**3Cloud by Cognizant.** Cognizant entered a definitive agreement on November 13, 2025, to acquire 3Cloud, a premier independent Microsoft Azure services provider and leader in Azure-dedicated AI enablement. The acquisition of 3Cloud closed on January 1, 2026, and it highlights the increasing importance of hyperscaler partnerships for IT services providers and the push into AI-led business transformation. Cognizant's acquisition of 3Cloud enhances the company's specialization in Microsoft Azure, a key platform for AI transformation initiatives, and expands Cognizant's enterprise AI and cloud transformation capabilities. The acquisition adds over 1,000 Azure experts and 1,500 Microsoft certifications to Cognizant's existing resources (20,000 Azure-certified associates globally), deepening platform-specific technical talent. Further, we believe Cognizant's push into these strategic partner ecosystems will position it well as AI pilots move into production-ready use of AI agents and scaled cloud transformations.

See the exhibit on the following page.

M&A Activity During the Fourth Quarter of 2025 and January 2026					
Acquirer	Target Company	Description	HQ	Employees	Deal Details
Accenture Plc	Faculty	Founded in 2014, Faculty is a leading AI-native services and products company focused on helping organizations design and implement AI solutions. Services include AI strategy consulting, AI safety and ethics, and building high-performance AI systems for clients. Faculty has developed a unique decision intelligence platform called Faculty Frontier, which connects data, AI models, and business processes into a unified system for faster decision-making.	London, United Kingdom	200+	Transaction Pending
Accenture Plc	Decho	Decho Group is a U.K.-based tech and AI consultancy group specializing in Palantir platform solutions. The acquisition strengthens Accenture's U.K. Palantir and AI delivery focus, especially in healthcare, government, defense, and commercial clients.	London, United Kingdom	40+	Closed: 10/14/2025
Accenture Plc	Rangr Data	RANGR Data is a U.S.-based certified Palantir partner focused on operations optimization via customized data strategies, as well as foundry/AIP implementations for supply chain, analytics, and enterprise integration with forward deployed delivery.	Dallas, TX	40+	Closed: 11/20/2025
Accenture Plc	DLB Associates	Accenture acquired a 65% majority stake in DLB Associates, a data center engineering firm that specializes in site selection, due diligence, design, commissioning, construction quality management, and energy optimization of advanced compute centers. The acquisition expands Accenture's nascent capital projects business within its Industry X segment.	Neptune, NJ	620	Transaction Pending
Accenture Plc	Cabel Industry	Cabel Industry is an Italian technology company that provides specialized core banking and IT managed services to midsize financial institutions. The acquisition marks Accenture's 7th purchase in Italy and enhances its managed financial services portfolio in the country across the banking and insurance sectors.	Empoli, Italy	200	Transaction Pending
ASGN Inc	Quinnox Inc	ASGN announced the acquisition of Quinnox for \$290 million in cash or 2.9 times Quinnox's 2025 revenue. Quinnox provides advanced digital engineering solutions including application modernization, custom software development, data/AI and analytics, and enterprise software integration. Quinnox brings to ASGN scaled offshore operations in India and the U.K., complementing ASGN's lean, near-shore dominant model and aligning with management's emphasis on optimizing delivery mix, increasing offshore/nearshore leverage, and strengthening price-competitive engineering capacity across key solution areas.	Chicago, IL	1,000+	Transaction Pending
Cognizant Technology Solutions Corp.	3Cloud LLC	3Cloud provides Microsoft Azure cloud platform and technology solutions, including cloud strategy, design, implementation, and managed services. The acquisition greatly expands Cognizant's certified Azure professional headcount and AI capabilities, enabling it to help clients prepare for AI adoption in the cloud. The transaction is expected to close in the first quarter of 2026.	Chicago, IL	1,000+	Closed: 01/01/2026
Matrix IT	Magic Software	In a reverse, triangular all-stock merger, Matrix is acquiring Magic Software, which provides application development and business process integration services to clients in the U.S, Israel, and Europe. The transaction is expected to close in the first quarter of 2026.	Or-Yehuda, Israel	15,000+	Transaction Pending
NEC Corp.	CSG Systems Intl.	CSG International is a revenue and customer management, customer engagement, and monetization platform provider that enables clients to monetize relationships with the end-customer. Expected to close in 2026, the deal strengthens Netcracker's U.S. business and bolsters its presence in telecom/broadband.	Denver, CO	5,800	Transaction Pending
ePlus Inc.	Realwave, Inc.	ePlus's subsidiary, OneCloud Consulting, acquired the majority of the assets of Realwave, Inc, a provider of cloud-based, AI-powered data analysis software that integrates into video, point-of-sale, IoT, and other systems. The acquisition enhances ePlus's AI-driven solutions and services portfolio.	Carlsbad, CA	450+	Closed: 09/10/2025

Sources: Company disclosures, company websites, FactSet, and William Blair Equity Research

**Related Research:**

- CAP Buys WNS: [Bolstering the BPO Bull Case; Capgemini Announces Acquisition of WNS for \\$3.3 Billion](#)
- CTSH Upgrade with 3Cloud comments: [Upgrading to Outperform as Management Meetings Echo Positive Trends Evident in Strong Third Quarter](#)

**Valuation**

The exhibit on the following page details the current ratings and valuations of our covered companies. All prices are as of the market close on Wednesday, January 21.

Company	Ticker	Rating	YTD Performance	Price	Diluted Mcap	Diluted EV	EV/Revenue			EV/EBITDA			Price/Earnings		
							CY25	NTM	CY26	CY25	NTM	CY26	CY25	NTM	CY26
<b>IT Services</b>															
Accenture Plc	ACN	O	4.6%	\$280.72	\$176,690	\$171,400	2.4x	2.4x	2.3x	11.6x	15.5x	12.1x	21.1x	21.0x	20.4x
Asgn Incorporated	ASGN	O	6.0%	\$51.05	\$2,246	\$3,319	0.8x	0.8x	0.8x	8.0x	7.8x	7.5x	11.1x	10.5x	10.1x
Cognizant Technology Solutions Corp.	CTSH	O	1.2%	\$84.03	\$40,909	\$39,106	1.9x	1.8x	1.8x	9.6x	9.1x	9.0x	16.0x	15.2x	14.9x
Infosys Ltd.	INFY	M	2.7%	\$18.31	\$76,015	\$72,468	3.7x	3.5x	3.5x	15.5x	14.0x	14.0x	23.8x	21.3x	21.3x
Magic Software Enterprises Ltd.	MGIC	M	(1.3%)	\$25.42	\$1,248	\$1,223	2.0x	1.9x	1.9x	14.0x	13.6x	12.7x	24.2x	23.8x	21.9x
Unisys Corp.	UIS	O	8.3%	\$2.99	\$233	\$695	0.4x	0.3x	0.4x	2.7x	2.3x	2.5x	4.3x	3.5x	4.3x
<b>IT Services Peer Group Mean</b>							<b>2.1x</b>	<b>2.1x</b>	<b>2.0x</b>	<b>11.7x</b>	<b>12.0x</b>	<b>11.0x</b>	<b>19.2x</b>	<b>18.4x</b>	<b>17.7x</b>
<b>IT Services - Fast Growth</b>															
Endava Plc	DAVA	M	4.4%	\$6.60	\$351	\$497	0.5x	0.5x	0.5x	4.4x	4.7x	4.6x	5.7x	5.5x	5.4x
Epam Systems, Inc.	EPAM	O	3.9%	\$212.95	\$11,886	\$10,673	2.0x	1.9x	1.8x	18.0x	11.9x	11.5x	18.7x	17.3x	17.0x
Globant Sa	GLOB	O	2.2%	\$66.81	\$3,019	\$3,256	1.3x	1.3x	1.3x	7.1x	7.0x	6.3x	11.0x	11.1x	10.8x
Grid Dynamics Holdings, Inc.	GDYN	O	(3.3%)	\$8.73	\$749	\$411	1.0x	0.9x	0.9x	8.2x	6.9x	6.5x	24.9x	25.7x	24.3x
<b>IT Services - Fast Growth Mean</b>							<b>1.2x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>9.4x</b>	<b>7.6x</b>	<b>7.3x</b>	<b>15.1x</b>	<b>14.9x</b>	<b>14.4x</b>
<b>IT Services - Blended Mean</b>							<b>1.7x</b>	<b>1.7x</b>	<b>1.6x</b>	<b>10.7x</b>	<b>10.0x</b>	<b>9.4x</b>	<b>17.4x</b>	<b>16.8x</b>	<b>16.2x</b>
<b>Business Process Outsourcing (BPO)</b>															
Exlservice Holdings, Inc.	EXLS	O	(0.3%)	\$42.32	\$6,844	\$6,804	3.3x	3.0x	3.0x	14.4x	13.8x	13.4x	22.2x	20.2x	19.1x
Genpact Ltd.	G	O	(2.2%)	\$45.73	\$8,053	\$8,140	1.6x	1.5x	1.5x	10.1x	8.1x	7.9x	12.6x	12.1x	11.7x
TaskUs, Inc.	TASK	M	(3.6%)	\$11.37	\$1,058	\$1,075	0.9x	0.9x	0.9x	5.4x	5.0x	5.0x	7.8x	7.7x	7.5x
Ttec Holdings, Inc.	TTEC	M	(9.7%)	\$3.25	\$157	\$984	0.5x	0.5x	0.5x	5.0x	4.3x	4.5x	3.4x	2.9x	3.0x
<b>BPO Peer Group Mean</b>							<b>1.3x</b>	<b>1.4x</b>	<b>1.2x</b>	<b>7.8x</b>	<b>7.7x</b>	<b>7.0x</b>	<b>10.5x</b>	<b>10.8x</b>	<b>9.4x</b>
<b>VARs</b>															
Cdw Corp.	CDW	O	(6.3%)	\$127.62	\$16,820	\$21,987	1.0x	1.0x	1.0x	12.7x	10.6x	10.3x	12.9x	12.5x	12.1x
Eplus, Inc.	PLUS	O	1.4%	\$88.90	\$2,347	\$1,957	0.9x	0.9x	0.8x	10.9x	10.5x	10.2x	19.0x	19.0x	18.5x
Ingram Micro Holding Corp.	INGM	O	(0.1%)	\$21.31	\$5,019	\$7,276	0.1x	0.2x	0.1x	5.6x	6.1x	5.2x	7.5x	6.9x	6.8x
<b>VAR &amp; Distributor Peer Group Mean</b>							<b>0.6x</b>	<b>0.6x</b>	<b>0.5x</b>	<b>9.1x</b>	<b>8.5x</b>	<b>8.2x</b>	<b>12.9x</b>	<b>12.5x</b>	<b>12.1x</b>
<b>Business Support Systems (BSS)</b>															
Csg Systems International, Inc.	CSGS	M	4.0%	\$79.76	\$2,244	\$2,636	2.2x	2.3x	2.1x	11.0x	10.0x	9.7x	16.9x	16.6x	15.7x
<b>BSS Group Mean</b>							<b>1.8x</b>	<b>1.7x</b>	<b>1.7x</b>	<b>10.2x</b>	<b>8.4x</b>	<b>9.3x</b>	<b>17.4x</b>	<b>16.4x</b>	<b>15.8x</b>

Sources: FactSet and William Blair Equity Research  
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## Risks

**Accenture:** In addition to the risk of a general macroeconomic slowdown or other events that affect services spending, other risks to our thesis include unfavorable foreign-currency fluctuations and significant policy changes related to U.S. immigration and visas.

**ASGN:** Risks include cyclical demand for professional staffing services, changes in labor supply and demand impacting bill rates and volumes, fluctuations in IT services spend, a highly competitive staffing industry, and difficulty attracting and integrating target companies.

**CDW:** In addition to the risk of a general macroeconomic slowdown or other events that affect IT spending and supply chain operations, other risks to our thesis include increased competition from low barriers to entry and the risk of failure to maintain strong vendor relationships.

**Cognizant:** Risks include a general macroeconomic slowdown that affects IT services spending, further increases in attrition, unmitigated wage inflation, additional disruption in the business related to organizational changes, a significant change in capital allocation priorities, concentration in financial services and health sciences (each roughly 30% of revenue), and political and regulatory risk.

**CSG Systems:** Risks include customer concentration (Charter and Comcast [CMCSA \$28.89] each 20% of revenue), vertical concentration (broadband, cable, satellite, and telecommunications are collectively roughly 70% of revenue), competition, dilution and trading liquidity, foreign exchange, and international operations.

**Endava:** In addition to the risk of a general macroeconomic slowdown or other events that affect services spending, other risks to our thesis include vertical concentration (payments and financial services represent roughly 46% of revenue), a competitive labor market, and fluctuations in foreign currencies.

**EPAM:** In addition to the risk of a general macroeconomic slowdown or other events that affect services spending, other risks to our thesis include operational and geopolitical risks, particularly delivery exposure to Ukraine and Belarus; a competitive labor market; and fluctuations in foreign currencies.

**EPlus:** In addition to the risk of a general macroeconomic slowdown or other events that affect IT spending and supply chain operations, other risks to our thesis include overreliance on top vendors and increased competition from low barriers to entry.

**ExlService:** In addition to the risk of a general macroeconomic slowdown or other events that affect outsourcing spending and operations, other risks to our thesis include client concentration, execution risk, and foreign-exchange and international operations.

**Genpact:** In addition to a general macroeconomic slowdown or other events that affect outsourcing spending and operations, risks include competition from in-house operations at multinational corporations and foreign-currency fluctuations.

**Globant:** In addition to the risk of a general macroeconomic slowdown or other events that affect services spending, other risks to our thesis include customer concentration at top customer Disney (8.7% of revenue), foreign-currency fluctuations, and low employee retention.

**Grid Dynamics:** In addition to the risk of a general macroeconomic slowdown or other events that affect services spending, other risks to our thesis include operational and geopolitical risks, particularly delivery exposure to Ukraine, a competitive labor market, and fluctuations in foreign currencies

**Infosys:** In addition to the risk of a general macroeconomic slowdown or other events that affect services spending, other risks to our thesis include a heightened competitive environment and execution errors.

**Ingram Micro:** In addition to the risk of a general macroeconomic slowdown or other events that affect IT spending and supply chain operations, other risks to our thesis include a heightened competitive environment, OEMs employing direct-sales strategies, and execution errors.

**Magic Software:** In addition to the risk of a general macroeconomic slowdown or other events that affect services spending, other risks to our thesis include customer concentration, foreign-currency exposure, trading liquidity, and delivery exposure to Israel.

**TaskUs:** Risks include a competitive market, customer concentration, ownership concentration, and substitution from digital technologies. In addition, we believe that regulatory risks associated with content moderation services create both an opportunity and potential downside risk.

**TTEC:** Risks include high levels of competition, execution as it relates to integration of strategic acquisitions and partnerships, and sustained weakness in key end-markets such as auto, retail, travel, or hospitality verticals.

**Unisys:** Potential risks to our thesis encompass macroeconomic and market factors associated with being a small-cap IT services provider, as well as competitive pressures, execution and operational challenges, pension liabilities, capital structure, and regulatory or technological obsolescence risks.

**IMPORTANT DISCLOSURES**

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Please contact us at +1 312 236 1600 or consult <https://www.williamblair.com/equity-research/coverage> for all disclosures.

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DOW JONES: 49098.70

S&P 500: 6915.61

NASDAQ: 23436.00

Additional information is available upon request.

**Current Rating Distribution (as of January 24, 2026):**

<b>Coverage Universe</b>	<b>Percent</b>	<b>Inv. Banking Relationships *</b>	<b>Percent</b>
Outperform (Buy)	72	Outperform (Buy)	11
Market Perform (Hold)	28	Market Perform (Hold)	3
Underperform (Sell)	1	Underperform (Sell)	0

\*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

The compensation of the research analyst is based on a variety of factors, including performance of his or her stock recommendations; contributions to all of the firm’s departments, including asset management, corporate finance, institutional sales, and retail brokerage; firm profitability; and competitive factors.

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