Agentic AI and the Future of Enterprise Software

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We believe Agentic AI will transform enterprise software from tools that support work into systems that perform work on behalf of employees. In our view, this represents a transformation in how software companies create and capture value.

History shows that major technology transitions have consistently driven software expansion. We believe AI will follow the same pattern, and that the amount of software consumed will grow significantly as agents work alongside employees.

In our view, widespread enterprise adoption of Agentic AI is not a question of if, but when. Roughly 20 to 40 percent of workers are using AI in some capacity in the workplace, but only 1% of enterprise data is currently incorporated into AI solutions,[1] suggesting the large-scale integration of AI into core operations is still in its earliest stages.

With an estimated $11 trillion in cumulative value projected to flow to AI software and infrastructure by 2030,[2] we do not see this transition as a zero-sum game between model providers, hyperscalers and software. We expect durable value to accrue to software that can combine AI capabilities with workflow context and trusted execution.
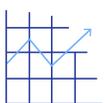
AI is expanding addressable markets for software and may raise the ceiling on revenue per customer, potentially improving unit economics. This shift in the business model may unlock higher valuation multiples for companies that successfully make the transition, relative to traditional peers.

Not every software company will make the transition. Some will evolve into Agentic AI platforms, while others will use AI primarily to drive margin expansion and operational efficiency. Those with generic workflows, limited proprietary data, and shallow customer relationships face genuine displacement risk.

More than 96% of enterprise software companies are private.[3] Public markets therefore reflect only a fraction of AI-driven activity in the sector, and we believe private markets exposure is an important consideration for investors seeking to participate in the Agentic AI opportunity.

In a transition of this complexity, manager selection may matter as much as asset class exposure. Investors should evaluate whether their partners have the operational depth and experience to drive portfolio transformation.

[1] "Measuring AI Uptake in the Workplace," FEDS Notes. Washington: Board of Governors of the Federal Reserve System, 02/05/2026. "What is AI-ready data?", IBM, 11/2025.
[2] Q1 2024 Bain & Company market study.
[3] Vista proprietary research in collaboration with third-party independent consult, as of 09/2024.
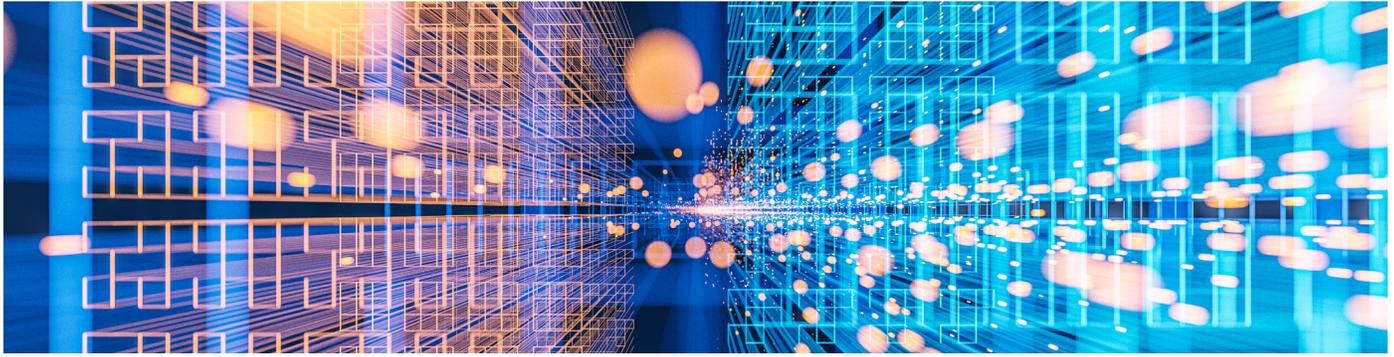
Introduction

The emergence of Agentic AI has introduced uncertainty in public markets and prompted a fundamental question from investors: what role does software play in a world where AI can take action on its own?

Capital has flowed aggressively toward semiconductors, infrastructure providers, hyperscalers and foundational AI model companies. In some quarters, the prevailing narrative is that AI will commoditize or displace legacy enterprise software platforms.

We believe that narrative is materially incomplete. Historically, major technology transitions create periods where public markets struggle to price changes to software delivery and business models, but in each of these transitions, demand for software ultimately expanded. We believe the transition to Agentic AI will follow a similar arc. In our view, software is not being replaced but is instead evolving into something more powerful.

In this paper, we examine the evidence behind that conviction and explore:

· Why the current dislocation mirrors prior transitions
· How Agentic AI can expand the economic opportunity for software
· Which structural attributes could determine the winners in this new landscape
· How AI is reshaping the software business model and what that means for valuations

Software Has Evolved Through Prior Dislocations

Public software markets have experienced dislocations during prior technology transition periods. Since 2014, the software sector has experienced nine downturns of meaningful magnitude. Today's compression, while significant, falls within the historical range of prior transitions.

A notable example was 2014–20, when SaaS valuation multiples compressed as investors asked whether cloud platforms like Amazon Web Services would displace traditional software vendors. What followed was a decade-long expansion. Ultimately, enterprises didn't abandon their software, they consumed more of it. Cloud infrastructure made software faster to deploy, easier to scale and more deeply embedded in business operations. The pie grew larger for everyone.[1]

We see a similar dynamic at work today. The concerns shaping the current narrative – AI-native disruption, changing revenue models and uncertainty around enterprise adoption – are not irrational. But they are getting ahead of the evidence. Importantly, approximately 96% of software companies are private.[2] Public equity indices therefore capture only a fraction of the sector's activity, and we believe the companies driving the most significant Agentic AI innovation today are largely outside public view.

Since 2014, There Have Been Nine Downturns With the Latest Akin to 2014 and 2016[3]

Legend: ■ Peak EV/Sales ■ Trough EV/Sales ◆ % Change

Downturn	Peak EV/Sales	Trough EV/Sales	% Change
2014 Downturn	6.3x	4.6x	(27%)
2016 Downturn	4.6x	3.4x	(26%)
2018 Downturn	8.3x	6.9x	(17%)
2019 Downturn	9.2x	8.3x	(9%)
2020 Downturn	8.1x	6.8x	(16%)
2021 Downturn	15.7x	11.2x	(29%)
2021-2022 Downturn	13.1x	4.8x	(63%)
2025 Downturn	7.2x	5.2x	(27%)
2025-2026 Downturn	6.5x	4.4x	(33%)

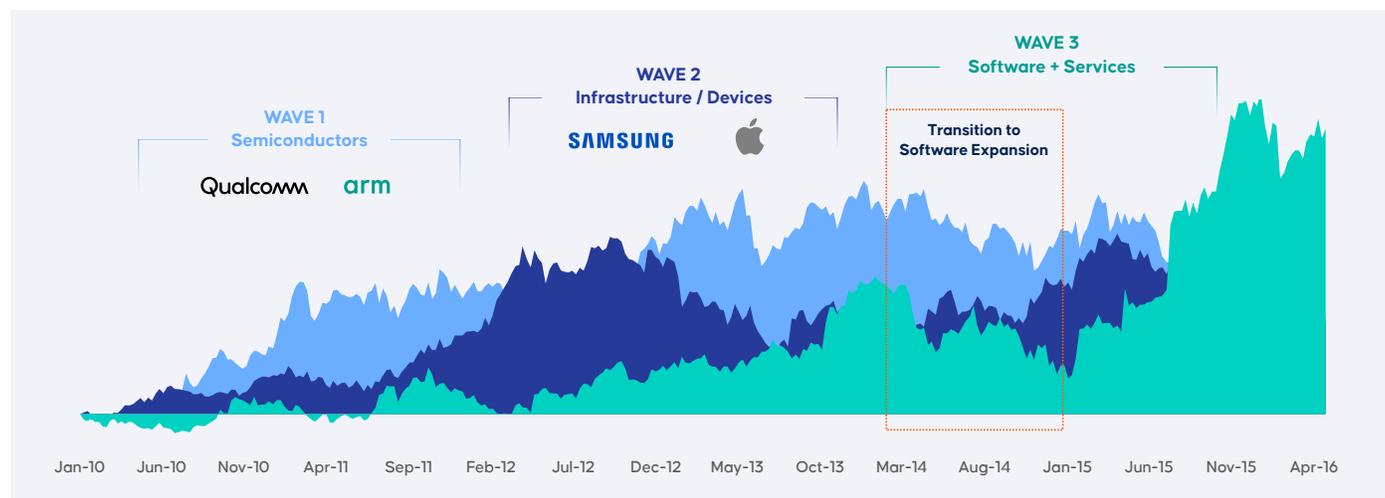# AI Infrastructure to Enterprise Execution: The Next Phase of Value Creation

Prior technology transitions have followed a recognizable pattern of value creation. For example, the chart below shows relative stock performance during the mobile internet era. Semiconductors captured value first. Hardware and infrastructure followed. Software and services captured the third and largest wave, outperforming both prior waves in magnitude and duration.

Waves of Value: Relative Stock Performance During Mobile Internet Era

Today, we're seeing a similar story unfold where the initial phase of value creation was concentrated in semiconductor manufacturers and compute infrastructure providers. A second phase has accrued to foundational AI model providers, hyperscaler platforms and data centers. Now, a third phase may see value flow to software and applications that embed AI directly into operational workflows.

The third wave is still early. Surveys of workers suggest between 20 and 40 percent are using AI in the workplace, but only 1% of enterprise data is currently incorporated into the LLMs they are using.[4] This suggests that large-scale operational integration of AI remains nascent, which is precisely what makes the current moment compelling for investors with the right positioning.

Relative Stock Performance of Semiconductors, Infrastructure and Devices, and Software and Services During Mobile Internet Era[5]

WAVE 1 Semiconductors — Qualcomm, arm

WAVE 2 Infrastructure / Devices — SAMSUNG

WAVE 3 Software + Services

Transition to Software Expansion

Jan-10 · Jun-10 · Nov-10 · Apr-11 · Sep-11 · Feb-12 · Jul-12 · Dec-12 · May-13 · Oct-13 · Mar-14 · Aug-14 · Jan-15 · Jun-15 · Nov-15 · Apr-16

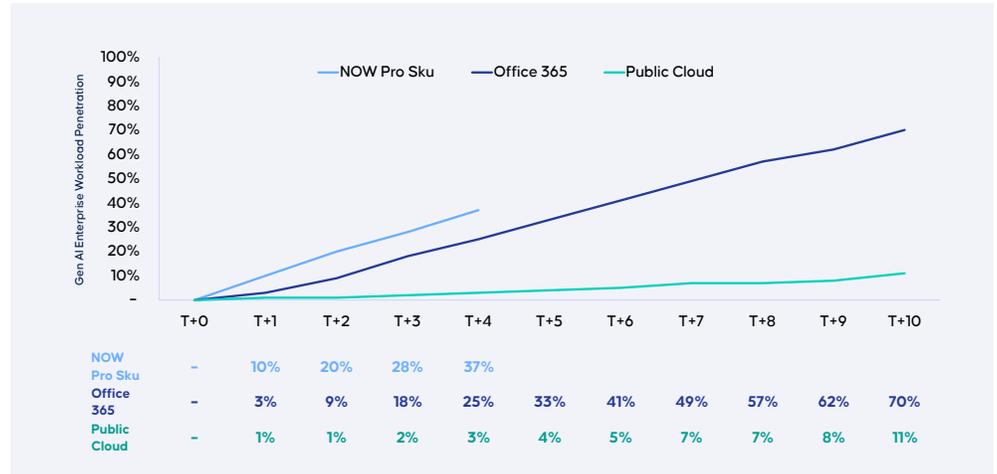[4] IBM, "Meet LDMs, the new (AI) sheriff in town," 2025; Morgan Stanley Research, Feb. 8, 2026.
[5] Source: FactSet, Morgan Stanley Research as of 05/2023. Index constituents indicated by logos above. Selection of benchmarks or indices is inherently subjective and others might select other benchmarks or indices based on their assessment of the market. Actual results may differ materially from projections and there can be no assurance that any historical trends will continue during the life of any Vista Fund. Company logos do not represent Vista or Vista fund investments and do not signify affiliation or endorsement. Certain information herein was prepared by a third party but selected by Vista and although Vista believes that the determinations related to the market backdrop described herein are reasonable, they are inherently subjective in nature. Other market participants may make different determinations relating to the market based on the same underlying data.

Rates of Enterprise Adoption

How Enterprise AI Is Scaling Compared to MS Office and Public Cloud

Historical platform transitions offer a useful benchmark for how quickly AI integration is likely to scale. The chart below compares the adoption curve of ServiceNow's AI-enabled product tier against two prior enterprise transitions: Microsoft Office 365 and the migration to public cloud. Both Office 365 and public cloud adoption unfolded over multiple years, taking close to a decade to reach broad enterprise penetration. Early data suggests AI-enabled software tiers may be tracking faster, though still within a measured, enterprise-paced adoption framework.

ADOPTION CURVE OF SERVICENOW AI TIER (NOW PRO) \VS. MICROSOFT OFFICE 365 UPGRADE AND PUBLIC CLOUD TRANSITION[6]

	T+0	T+1	T+2	T+3	T+4	T+5	T+6	T+7	T+8	T+9	T+10
NOW Pro Sku	–	10%	20%	28%	37%						
Office 365	–	3%	9%	18%	25%	33%	41%	49%	57%	62%	70%
Public Cloud	–	1%	1%	2%	3%	4%	5%	7%	7%	8%	11%

Corporate investment in AI across model providers, infrastructure and software tripled in a single year, reaching $37 billion in 2025. Spend was allocated across the infrastructure layer — foundation models, model training and AI infrastructure — and the application layer, which captured more than half of all AI dollars.[7] The rapid growth of application layer spend may signal that enterprise adoption is accelerating.

Enterprise AI Allocation Growth

Where Enterprises Are Prioritizing AI Spend[8]

2024-2025 YoY∆	↑ 3.6x	↑ 1.3x	↑ 3.8x	↑ 5.3x	↑ 4.1x	↑ 2.9x
	Foundation models	Model training	AI infrastructure	Horizontal AI	Departmental AI	Vertical AI

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[6] IBM publication "Meet LDMs, the new (AI) sheriff in town" as of 2025. Data from Morgan Stanley Research report "Software Gut Check – AI IS Software" as of 02/08/2026.
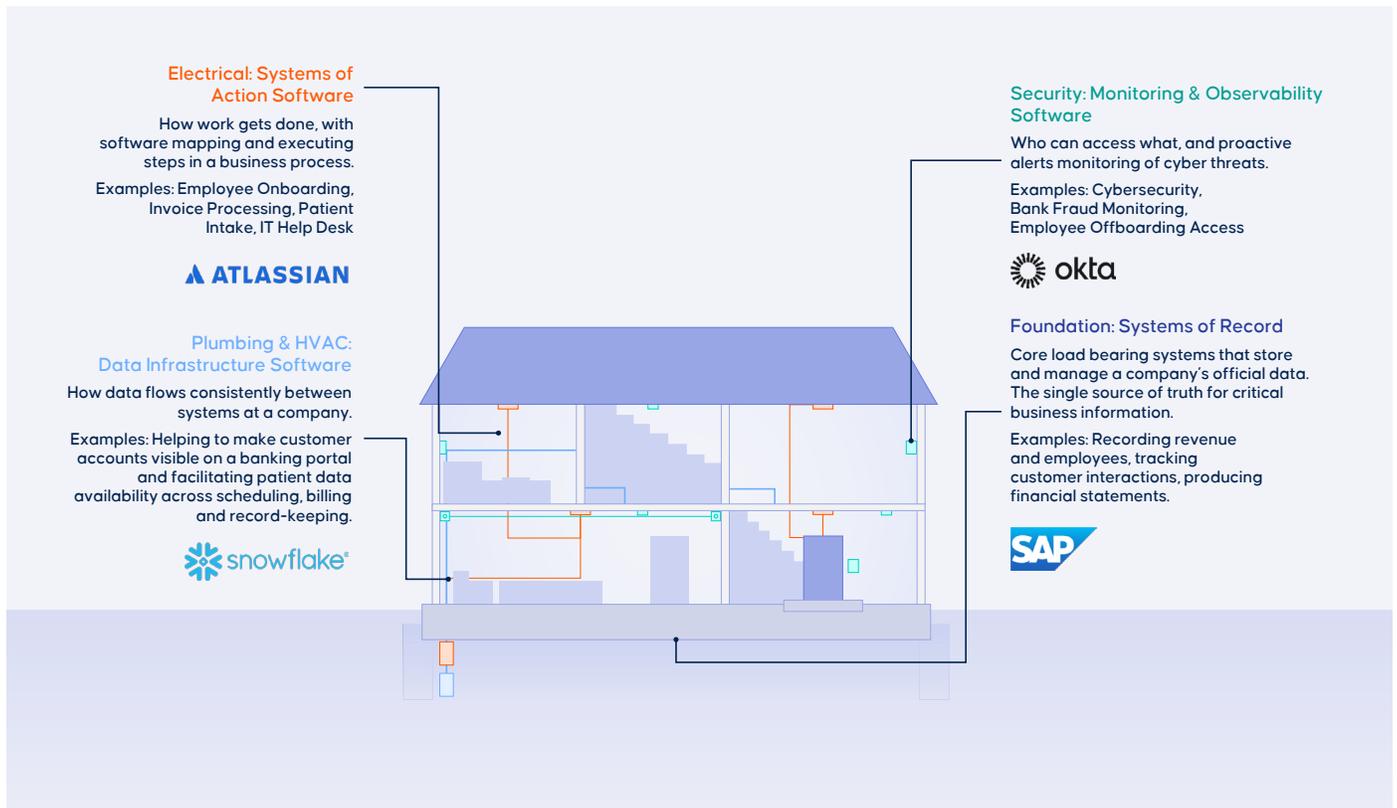[7] Menlo Ventures, "2025: The State of Generative AI in the Enterprise," December 2025.
[8] Menlo Ventures, "2025: The State of Generative AI in the Enterprise," December 2025.

Software's Role in an AI World

In our view, not all software companies will capture the AI value creation opportunity equally. To understand how this dynamic could play out, it is helpful to start with understanding what enterprise software actually is and the role it plays inside organizations.

Think of a company like a home. In this analogy, enterprise software is not the furniture; it is the foundation and systems of the home that make everything function. It's the electrical system, plumbing and security system that make a home habitable. Remove this foundation and operations don't slow down; they stop.

If a Corporation Were a Home, Enterprise Software Is the Foundation and Systems That Make the Home Run[9]

Electrical: Systems of Action Software

How work gets done, with software mapping and executing steps in a business process.

Examples: Employee Onboarding, Invoice Processing, Patient Intake, IT Help Desk

ATLASSIAN

Plumbing & HVAC: Data Infrastructure Software

How data flows consistently between systems at a company.

Examples: Helping to make customer accounts visible on a banking portal and facilitating patient data availability across scheduling, billing and record-keeping.

snowflake

Security: Monitoring & Observability Software

Who can access what, and proactive alerts monitoring of cyber threats.

Examples: Cybersecurity, Bank Fraud Monitoring, Employee Offboarding Access

okta

Foundation: Systems of Record

Core load bearing systems that store and manage a company's official data. The single source of truth for critical business information.

Examples: Recording revenue and employees, tracking customer interactions, producing financial statements.

SAP

These systems are load-bearing. Consider a hospital that runs its patient records, billing and compliance reporting through a single integrated platform. Or a bank whose loan origination, fraud detection and regulatory reporting all flow through the same core system. These processes and applications cannot easily be replaced without disrupting core operations.
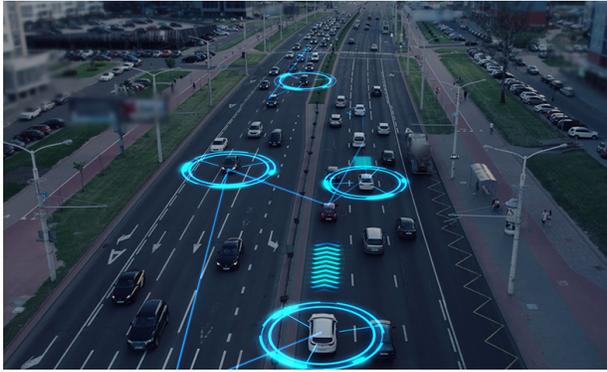
Probabilistic systems generate outputs based on likelihood. Given the same input, they may produce different answers each time, reflecting uncertainty and variation. **AI models are probabilistic by design.** For example, a self-driving car needs the flexibility to read the environment and make the best decision it can with the information available.

Deterministic systems behave in a predictable and repeatable way. Given the same inputs, rules and approvals, they produce the same outcome every time. **Historically, enterprise software has been deterministic.** When a bank processes a wire transfer, the result must be consistent, traceable and explainable 100% of the time.

In enterprise environments, both are important. AI can generate probabilistic recommendations (i.e., intelligence), but outsized value is created when final actions are executed deterministically, within defined rules, approvals and audit frameworks.

Agentic Enterprise Solutions combine both: AI-generated intelligence acting within governed, deterministic systems. In our view, that combination is what enterprises require and what standalone AI tools cannot yet reliably deliver.

The relevant question is not whether enterprise software persists in an AI world. It is whether software can capture the next wave of AI-driven value creation and transition to Agentic Enterprise Solutions. We believe the answer is yes, and that the value creation opportunity is larger than most investors currently appreciate.

In our view, Agentic Enterprise Solutions will expand value for software companies in two distinct and compounding ways:

01

Drive Growth

When Agentic AI-enabled software can execute work like processing a claim or resolving an IT incident, we believe pricing will eventually reflect the economic output of the work done. Software companies can move from charging for the number of employees using the software and instead capture revenue from the rising amount of work done. The revenue potential, then, may no longer be capped by a customer's employee headcount. That shift is the mechanism through which we believe multiples for software-plus-AI companies will eventually exceed multiples for traditional software businesses.

02

Reduce Cost

Software companies deploying AI within their own operations can reduce the cost of building and delivering solutions, especially through engineering efficiencies and by automating functions like customer support. The potential result is a structurally superior cost profile that may compound as AI capabilities mature.

Not every software company will capture both opportunities. Some will evolve into fully agentic platforms. Others will realize value primarily through the cost reduction path, using AI to drive margin expansion and operational efficiency. Those with generic workflows, limited proprietary data, and shallow customer relationships face displacement risk.

The Compounding Value of Agentic Enterprise Solutions

We believe Agentic AI may become more widely accessible in the year ahead. As that happens, we believe the question of who captures durable value shifts away from who has the best AI model and toward who has the best foundation to deploy it. It is our view that a foundation requires three structural attributes: **context, trust and scale**. Any application provider in the AI era, whether an established software vendor or an emerging business, may need to build or earn all three to win enterprise customers.

Flywheel of Value

Context
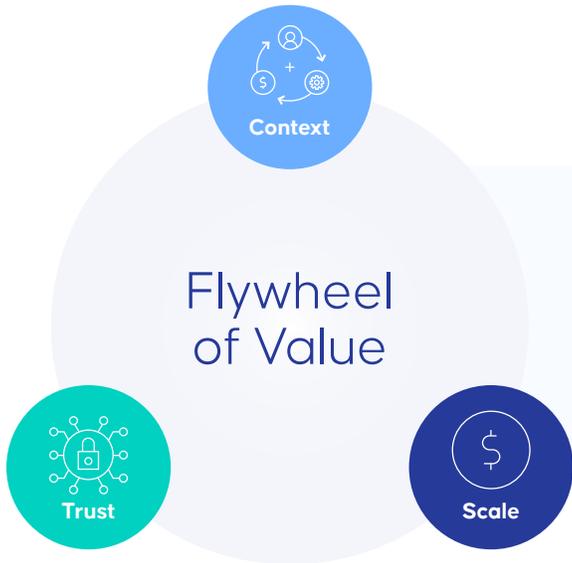
Trust

Scale

Together, these three attributes can create a compounding advantage. Context can improve execution quality, trusted execution may accelerate adoption of higher-value workflows, and scale can support better economics and reinvestment, potentially strengthening the platform.

|	WHAT IT MEANS	WHY IT MATTERS
Context	Deep understanding of how a specific enterprise operates.	Context turns a generic AI tool into one that can act reliably within a given industry. It is built through years of domain expertise, configured workflows and customer-specific implementations.
Trust	Confidence that the system will behave predictably, with safeguards to protect a company's data and intellectual property.	Trust is typically viewed as nonnegotiable. Companies want AI that operates within their ecosystem to protect proprietary data and IP rather than exporting it to train external models that others can access. Actions must also be auditable, with visibility into how decisions are made. Software vendors can address both requirements by bringing contractual liability, compliance certifications and years of earned credibility.
Scale	The ability to deploy and operate reliably across large organizations.	In many cases, achieving scale requires being embedded at the center of operations, rather than being added on as a tool. It means handling enterprise-grade volumes, supporting global use cases and improving unit economics as adoption grows.

Duck Creek Technologies

Case Study – Duck Creek Technologies[10]

Duck Creek Technologies provides the core software that property and casualty insurers run on. It manages policies, pricing, billing and claims across auto, home and commercial lines. Because it sits at the center of insurer operations, it holds decades of data on risk, customers, regulations and financial performance.

Duck Creek has built "Uma," a coordinated platform of AI agents that perform the discrete tasks needed to underwrite an insurance policy, operating within a structured and controlled environment. Uma's agents handle underwriting guidelines, policy finding, risk assessment, risk scoring and package creation. Each of these agents are designed to be accountable, auditable and to execute with precision.

UMA: AN INSURANCE UNDERWRITING AGENTIC SYSTEM

A platform of agents who can perform the discrete tasks needed to underwrite an insurance policy, running in a structured and controlled environment.

UMA
Underwriting Agent

GRACE	PAT	RHEA	REESE	PIPER
Underwriting Guidelines	Policy Finder	Risk Assessment	Risk Scoring	Package Creation
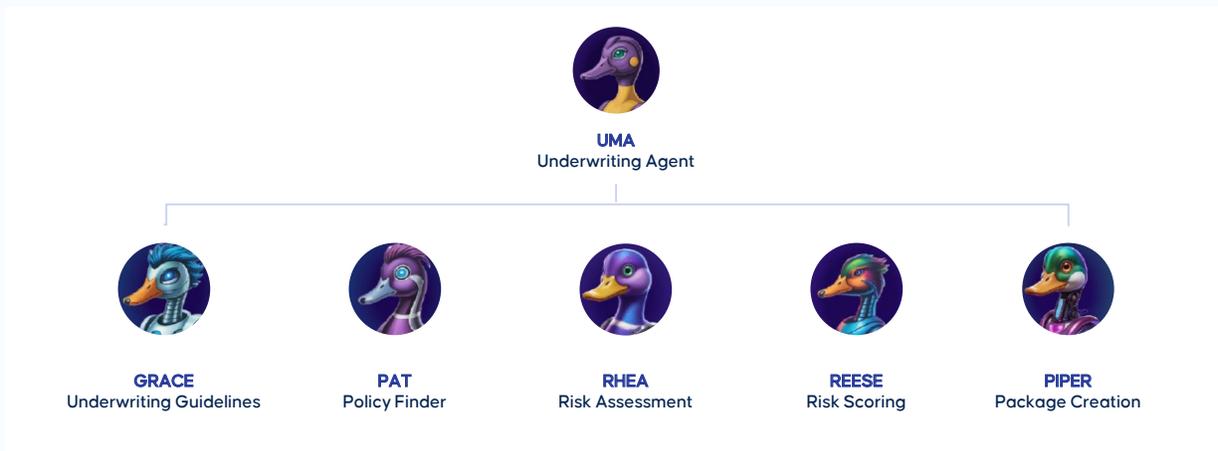
This is what context, trust and scale look like in practice:

DUCK CREEK: AI EMBEDDED INSIDE CORE INSURANCE SYSTEMS

Context
The AI operates inside the insurer's actual rulebook and is built on years of historical policy and claims data, containing each insurer's specific risk models and regulatory requirements.

Trust
Actions are designed to be traceable and auditable. Insurance decisions are intended to be compliant and explainable. Regulators and executives can see why decisions were made.

Scale
More than $60 billion in insurance premiums flow through the Duck Creek platform annually, serving 60-plus major global insurance customers.

The Economic Opportunity

Bain & Company projects $5 to $7 trillion in cumulative value flowing to the software and application layer by 2030 – a more than 4x expansion from current levels and potentially the largest addressable market expansion in software history.[11] Hardware and infrastructure have captured the first waves of AI-driven value creation, but software is projected to capture the third and largest.

Cumulative Projected AI-Driven Value Creation: $ in Trillions (via Bain)[12]
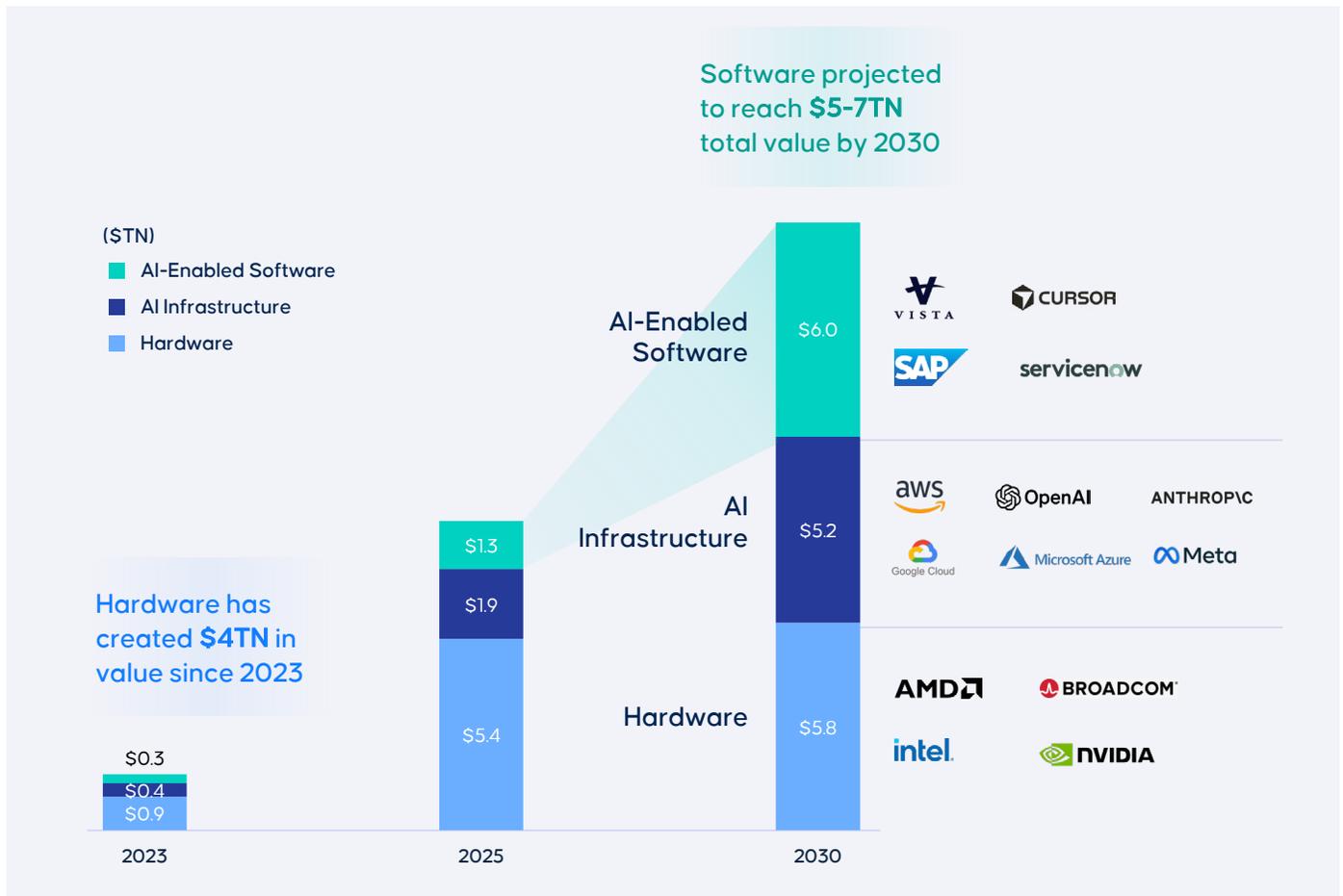
Within that broader opportunity, agentic solutions alone represent an estimated $3 trillion of incremental value – driven by software's expanding role in executing work that was previously done by people. Third-party research estimates global labor value is between $50 to 60 trillion, and that $15 to 20 trillion of that labor pool may be addressable by Agentic AI, with 10 to 30% of that value accruing to the application software layer.[13]

This is not a story about replacing workers. It is about software participating directly in specific, repeatable units of work where execution can be standardized, governed and priced.
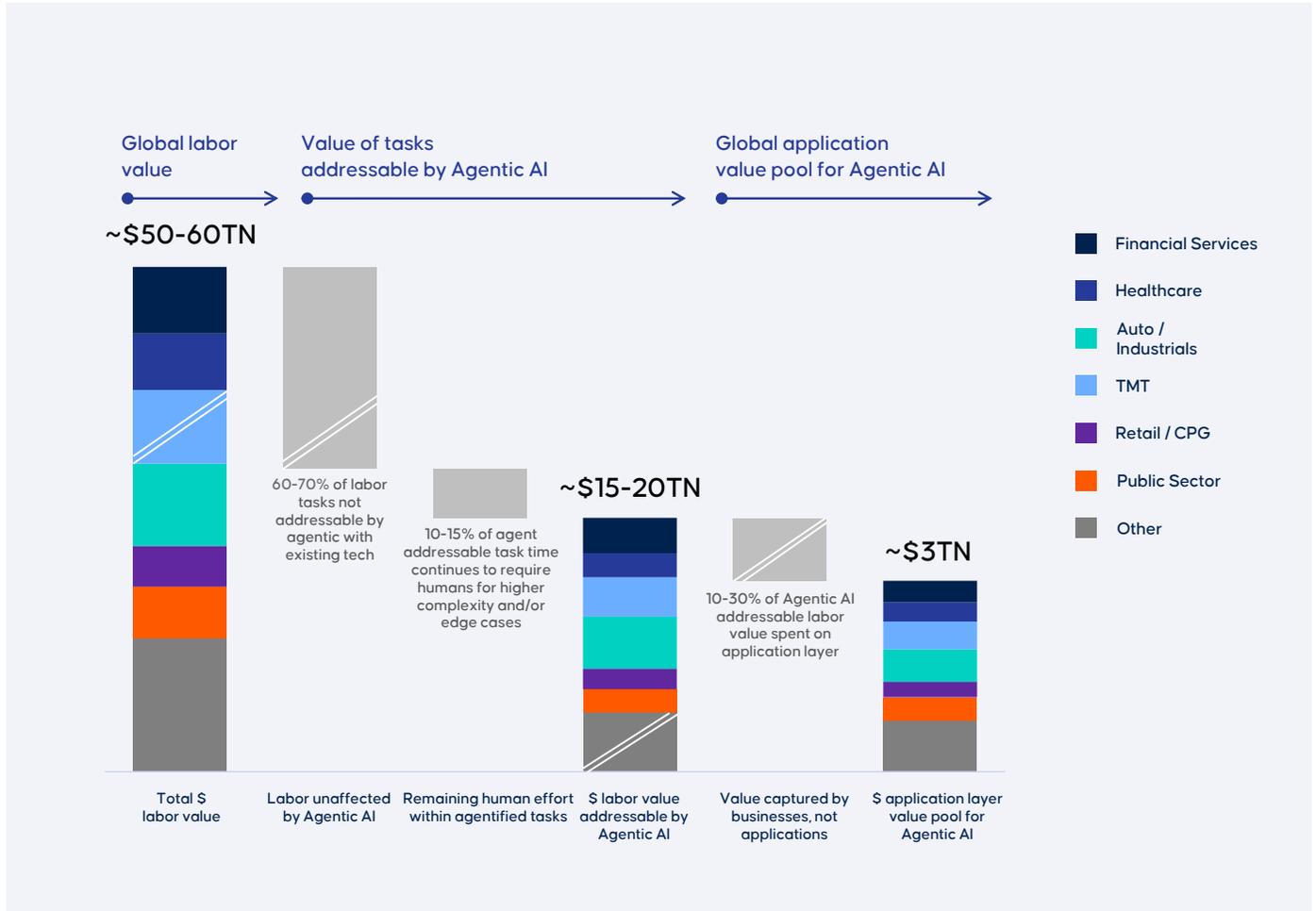
Slicing the Agentic AI Pie

Charging for outcomes and work completed is what raises the ceiling on revenue per software customer and underpins our belief that software-plus-AI multiples will exceed traditional software multiples.

Agentic Enterprise Solutions Could Capture $3TN of the Current Value of Global Human Labor[14]

Global labor value

Value of tasks addressable by Agentic AI

Global application value pool for Agentic AI

~$50-60TN

~$15-20TN

~$3TN

60-70% of labor tasks not addressable by agentic with existing tech

10-15% of agent addressable task time continues to require humans for higher complexity and/or edge cases

10-30% of Agentic AI addressable labor value spent on application layer

Legend:
- Financial Services
- Healthcare
- Auto / Industrials
- TMT
- Retail / CPG
- Public Sector
- Other

Total $ labor value

Labor unaffected by Agentic AI

Remaining human effort within agentified tasks

$ labor value addressable by Agentic AI

Value captured by businesses, not applications

$ application layer value pool for Agentic AI

	On-Prem	Cloud	Agentic
	Software as a **Product**	Software as a **Service**	Software as a **Worker**
PRICING UNIT	Licenses	Seats	Outcomes, tasks, agents, usage
GROWTH CURVE	Episodic / staircase	Linear ramp	Exponential ramp

From Seats to Outcomes: The Business Model of the Agentic Era

The transition to Agentic AI disrupts the traditional software model in the near term. Inference costs are higher, pricing models are evolving and the path to production requires real investment. We believe this near-term complexity is what is contributing to the current valuation dislocation.

Understanding why the destination justifies the journey starts with understanding what changes in the business model:

TRADITIONAL SAAS	AGENTIC ENTERPRISE SOLUTIONS
· Revenue tied to number of employees using the software	· Revenue tied to work completed
· Predictable and linear growth curve	· Growth scales with volume of work executed – not headcount
· High fixed costs, low marginal cost to deliver	· Near-term inference costs may decline materially over time
· Enterprise value reflects stability and recurring revenue	· Enterprise value reflects embedded usage and growth convexity

A Structurally Different Business Model

When software charges for work completed rather than employee headcount, revenue scales with the volume of work AI executes. Inference costs, high today, may decline materially over time. Operating expenses, optimized through AI-enabled engineering and support functions, may also compress. The potential result is a P&L profile that is fundamentally more powerful than traditional SaaS with higher revenue potential, improved margins and free cash flow that is structurally embedded.

We saw this dynamic play out during the cloud transition. Near-term multiple compression gave way to a significant and sustained rerating as investors recognized the superior earnings power of the SaaS model. We believe the rerating for software-plus-AI companies will be larger.

WHAT IS INFERENCE COST?

Inference cost is the cost incurred every time an AI model generates an output or executes a task. In an agentic system, inference costs scale with how much work the software performs.

Historically, enterprise software costs were largely fixed once deployed. Agentic AI introduces a new variable cost structure: software margins will increasingly depend on how efficiently models are run, orchestrated and scaled.

A useful analogy is cloud migration. Early cloud adoption introduced a new and significant cost driver—cloud usage. Over time, as infrastructure scaled and competition increased, unit costs fell and companies that managed usage efficiently saw margins expand. Inference costs are likely to follow a similar trajectory.

In fact, research suggests that for equivalent AI performance, inference costs have declined rapidly as models, hardware and deployment techniques improve. As costs fall, a wider range of workflows becomes economically viable for automation.

Tapping Into This Opportunity Through the Private Markets

The Agentic AI transition underscores why private markets can be a compelling path to access the next phase of value creation in enterprise software. Some of the most consequential work in AI is happening well before it shows up cleanly in public financials – inside private software companies embedding agentic capabilities into core workflows, operating models and pricing structures.

This transition is not a quarter-to-quarter optimization. Private ownership can provide the patient capital, alignment and operational flexibility required to execute these multi-year transformations effectively. It can also allow investors to engage earlier in the adoption curve before agentic capabilities are fully monetized and before valuation multiples reflect the potentially superior economics of software that executes work, not just enables it.

This matters because the majority of enterprise software innovation remains outside public markets. Many of the companies building the most advanced agentic enterprise solutions today are private, which we believe has created a disconnect between where AI-driven value is being created and what public indices currently reflect.

Why Manager Selection Matters More Than Ever

AI is moving quickly, but turning new technology into real business value is rarely quick or simple. As software companies work to embed AI into their products, results are likely to vary widely. Some will strengthen their competitive positions, while others may struggle with execution, cost pressures or customer adoption.

For investors, that makes manager selection especially important. In periods of meaningful technology change, experience with software businesses and operational involvement can influence outcomes. Investors aligned with managers who have navigated prior platform shifts may benefit from their structured playbooks, established governance frameworks and relationships across the technology ecosystem.

As AI tools become more widely available, access alone is unlikely to drive returns. Differentiation may increasingly come from how effectively companies implement AI in ways that are reliable, secure and valuable to customers. In that environment, selecting a manager with deep domain expertise and a hands-on approach to value creation can help position portfolios to participate in the opportunities created by AI, while managing the risks that often accompany rapid technological change.

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