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Tech services firms are needed; they will not disappear: Raj Sundaresan

"It has been a tough year for many service providers. However, I can already see financial services clients opening up and investing. I expect the trend to continue next year," said Raj Sundaresan

Avik Das



Raj Sundaresan, chief executive officer of Altimetrik

Technology services companies are still relevant and the best qualified to help businesses in enterprise artificial intelligence (AI) adoption, says **Raj Sundaresan**, chief executive officer of Altimetrik, an AI engineering company. Sundaresan, in a video interview with *Avik Das*, discusses how mid-tier services companies may become acquisition targets of frontier AI firms such as Anthropic and OpenAI. Edited excerpts:

Many analysts said that services companies would become unnecessary. Is there recognition now that enterprises need them as partners?

I would look at the services industry as a spectrum. Management consulting firms that deliver strategy and PowerPoint decks are at one end. At the other end are global systems

integrators and IT services firms providing run and managed services. Both ends are being squeezed.

The middle of the spectrum, where Altimetrik operates, is becoming more important. Practitioners need to understand an enterprise's industry, its brownfield environment and the requirements of production systems, including transactions, resilience and uptime. The challenge is to use machine speed for generation while ensuring that what is built has the right architecture and can go into production.

Over the past six to eight months, enterprises have increasingly recognised the need for service providers with engineering rigour to take these initiatives further. Frontier labs also want their models to become embedded in an enterprise. Service providers can bring a more agnostic approach and architectural optionality. Technology services will not disappear.

Does that put Altimetrik in a better position?

AI is more than workflow automation; it has to be embedded across the enterprise. It starts with data and AI engineering. Enterprises need to think about the AI product development life cycle, as well as loop engineering and graph engineering. AI generated code cannot be produced without a framework. In our approach, code generation is the inner loop. The outer loops are business and assurance. Someone needs to put that framework together for the enterprise.

Where are you in terms of revenue?

We have grown at a compound annual growth rate of about 26-28 per cent over the past five years. Our ambition is to reach $1 billion in revenue over the next two to three years. We have a plan and are executing it. This has been a solid year, and we expect next year to be better.

This has been a tough year for many service providers because of uncertainty, although I would not call it an economic downturn. I can already see financial services clients opening up and investing. I expect the trend to continue next year.

Has concern about agentic AI made regulated industries such as financial services and pharma sceptical about rapid enterprise AI adoption?

I think it will encourage a move towards running some capabilities on a company's own data centre or private Cloud. Working with frontier AI labs has benefits, but companies must consider whether they are willing to move the data used to train models outside their environment. For many in regulated industries, that is an even bigger question than agentic sprawl.

Regulated companies are increasingly considering how to keep domain-specific models within their firewalls, sometimes at a departmental level. A bank, for instance, may want a model for its finance department that keeps sensitive data inside. That does not mean banks will stop using frontier AI models.

Is there a concern that smaller, private-equity-backed digital engineering firms will be acquired by frontier AI companies?

As I said, frontier labs and their deployment teams are squeezing the consulting end of the spectrum by delivering working code rather than just strategy decks. There is overlap between what they do and what we do. The distinction is that their work is often in an isolated environment. They may not understand the industry domain or the brownfield environment. We can take that prototype further.

Could you do their experimentation and prototyping work?

Absolutely. Could we become an acquisition target for a frontier model company? Absolutely. We can do what their deployment teams do and also take it into production. Frontier labs want their work to scale beyond experiments, and scaling forward-deployed engineer capacity is a challenge for them. We have experience doing that.

If a frontier lab offered to acquire Altimetrik, would you agree?

It would depend on what it was looking for. The combination would have to be complementary and create more value for clients. Both the frontier lab and we would need to ensure clients get what they need and continue to engage us on future initiatives. If it creates that value, we would consider it.

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