

FEBRUARY 2026



THE AGENTIC AI SHIFT

Market Signals, Funding Trends, and SaaS
Monetization

THIS PAGE IS INTENTIONALLY LEFT BLANK

The Catalyst: From Assistive AI to Autonomous Execution

The recent market volatility coinciding with Anthropic's release of its advanced workplace copilot suite represents a key inflection point in the evolution of AI and enterprise software. For over three decades, the graphical user interface functioned as the primary gateway to enterprise productivity. Software was built for individual users, and monetization followed a per-seat licensing model.

What differentiates this release from prior copilots is the introduction of deep workflow plug-ins designed to operationalize Claude within specific job functions. Anthropic released starter plugins spanning productivity, sales, marketing, finance, data analysis, customer support, product management, and biology research. These integrations enable enterprises to configure workflows, connect internal data sources, integrate tools, and automate decision chains—allowing Claude Copilot to execute structured, multi-step operational tasks rather than function as a passive assistant.

The most consequential addition—and the principal trigger for market apprehension—was the legal workflow plugin. Capable of automating contract review, NDA triage, compliance checks, and legal brief generation, the module signaled AI's expansion into domains historically protected by professional specialization and billing structures. Although Anthropic emphasized that outputs require licensed attorney review and do not constitute legal advice, the disclaimer did little to calm investor concerns.

This transition reframes AI from a productivity enhancer into a digital operator capable of performing knowledge work autonomously. The market reaction was immediate because the implications extend beyond feature innovation into the core economics of software demand. If AI agents can execute tasks traditionally performed by human users, the linkage between workforce expansion and software revenue growth weakens, forcing investors to reassess long-term SaaS valuation assumptions.

Underlying this shift is the emergence of agentic AI—systems designed not merely to assist users, but to independently reason, decide, and act in pursuit of defined objectives with minimal human intervention. For enterprises, the impact is structural, workflows can be executed faster and at scale, decision latency is reduced, and productivity increases without proportional growth in headcount. As execution shifts from humans to AI-orchestrated systems, work becomes supervision-led, value creation moves toward orchestration and insight, and software is increasingly consumed as an execution layer rather than a user interface.

Market Response and Valuation Adjustments

On 4-Feb-2026, the product release rapidly translated into public market volatility, signaling that investors interpreted the development as structurally disruptive rather than incrementally innovative. Indian IT services firms listed on the National Stock Exchange of India and Bombay Stock Exchange, whose revenues depend heavily on billable execution labor, saw immediate drawdowns. Infosys declined by roughly 8 percent, while TCS and Tech Mahindra fell close to 6 percent each. HCLTech dropped around 5 percent and Wipro nearly 4 percent, contributing to a broader 3 percent decline in the Nifty IT index.

The sell-off reflected fears that agentic AI systems could automate large portions of offshore services work, including contract review, compliance processing, analytics support, and customer service operations. The shock extended to US equity markets, with the S&P 500 falling approximately 0.84 percent and the Nasdaq Composite declining over 1.4 percent. Major technology firms such as Microsoft and Meta registered losses exceeding two percent, while Nvidia fell around three percent. Application-layer SaaS firms experienced sharper corrections, with Salesforce and ServiceNow each declining by roughly seven percent. The episode is being described as a structural inflection point, reflecting concerns that AI agents could bypass traditional software interfaces and weaken the defensibility of seat-based enterprise platforms.

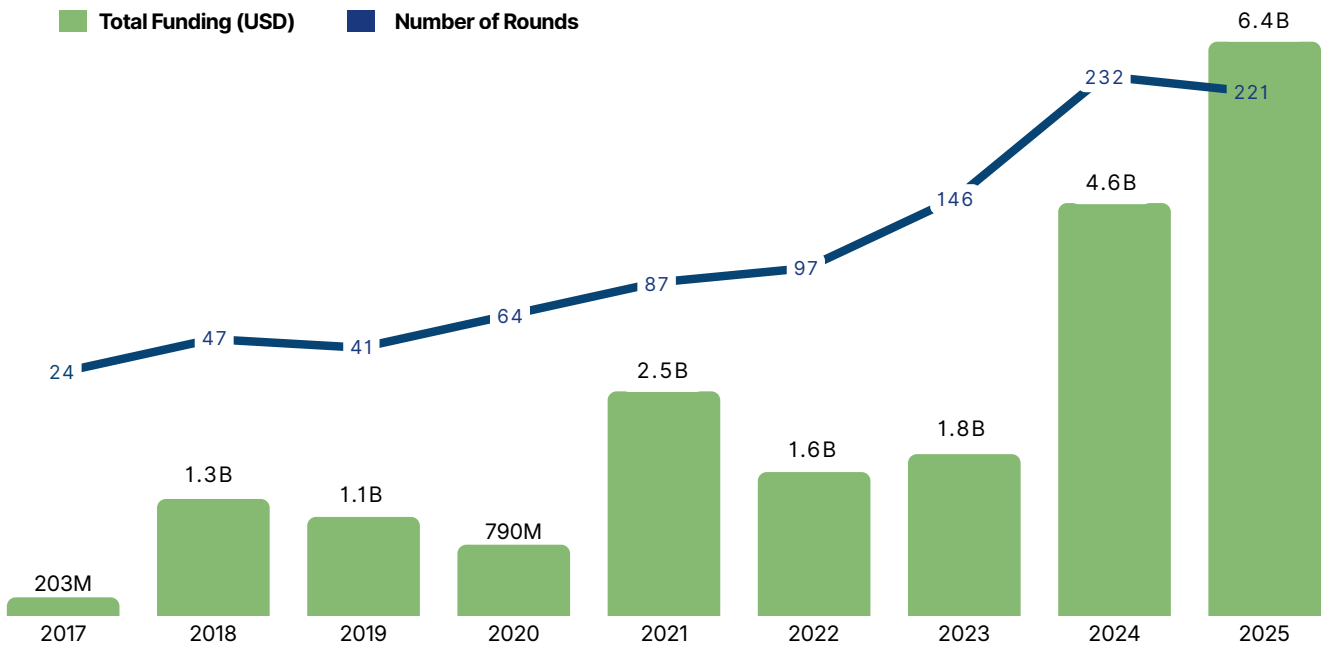
The Structural Lead-Up: Funding and Founding Divergence

The market shock did not emerge in isolation but followed a sustained, multi-year expansion in capital deployment across the broader AI ecosystem. Total funding into artificial intelligence—including infrastructure, foundation models, and application layers—scaled from approximately \$7.2B in 2017 to nearly \$140B by 2025, reflecting an unprecedented build-out of compute capacity, model training, and data infrastructure. A significant share of this capital concentrated among large model and infrastructure providers such as OpenAI, Anthropic, xAI, and Scale AI, whose multi-billion-dollar rounds financed frontier model development, large-scale GPU clusters, and orchestration frameworks. These investments were directed less toward near-term applications and more toward establishing the foundational intelligence layer required for autonomous systems to operate reliably at enterprise scale.

Within this broader capital cycle, funding directed specifically toward agentic AI companies represents the commercialization phase of that infrastructure build-out. Investment in agentic startups expanded from approximately \$203M in 2017 to \$2.5B by 2021, moderated through 2022–2023, and then accelerated sharply to \$4.6B in 2024 and \$6.4B in 2025. While foundational AI capital created the underlying capability, this later wave focused on operationalizing those advances through autonomous agents, enterprise copilots, and workflow orchestration platforms. The current market repricing can therefore be understood not as an abrupt disruption, but as the moment when years of infrastructure investment began translating into execution-layer automation with direct implications for enterprise software economics.

Exhibit 1

Annual Funding and Investment Scale in Agentic AI

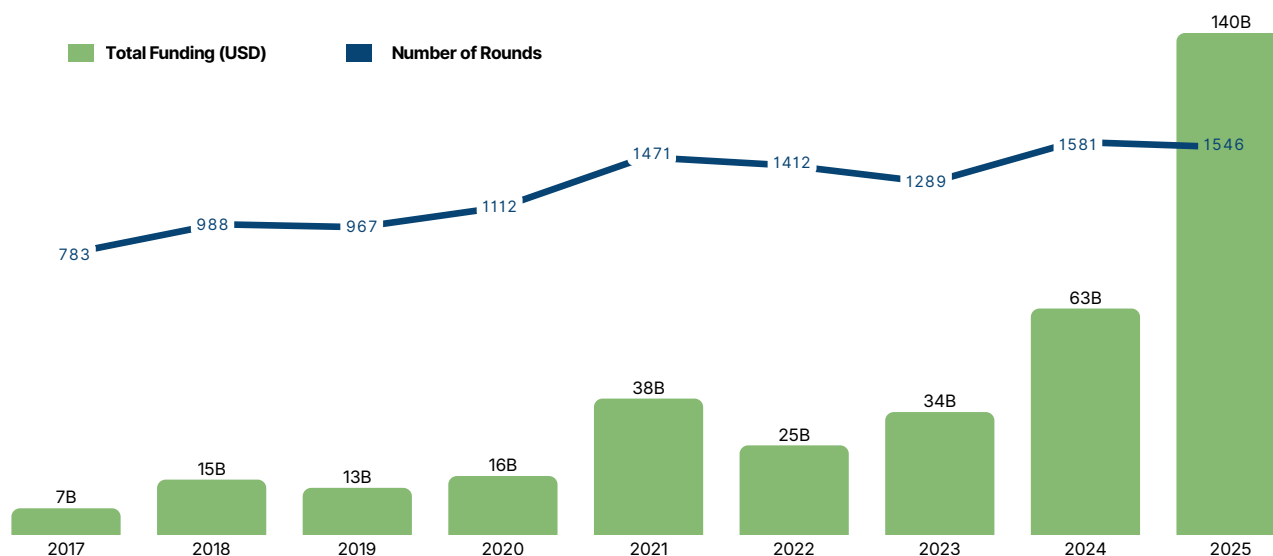


Source: Tracxn

Note: Deals are global. Nominal USD. Based on Tracxn tracked disclosed rounds only. Undisclosed amounts excluded. Equity performance based on close-to-close price movements recorded on 4-Feb-2026 across respective trading sessions. Indian equity data sourced from official end-of-day price files published by the National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE). US equity and index performance sourced from Nasdaq, S&P Global with directional market movement corroborated through Reuters coverage. Figures reflect local currency settlement closes and exclude intraday volatility.

Agentic AI includes companies building autonomous workflow execution systems and agentic applications only. Foundational model and infrastructure providers (e.g., large model labs) are classified separately under AI Infrastructure and are not part of Agentic AI dataset

Exhibit 2

Annual Funding and Investment Scale in Overall Native AI

Source: Tracxn

Company formation trends reinforce this structural shift. Between 2017 and 2021, annual founding activity remained relatively stable, with around 45 firms per year. This pace accelerated modestly in 2022 but surged dramatically in 2023, when 257 agentic AI-native startups were founded, followed by 235 in 2024. This spike represents the emergence of an AI-native builder wave—startups architected around autonomous execution rather than human software usage. The public market reaction can therefore be interpreted as a delayed repricing of innovations already incubated in private markets.

The Future State of the SaaS Industry

The implications for SaaS are profound but evolutionary rather than terminal. The most immediate pressure point lies in the per-seat pricing architecture that has historically driven software revenue expansion. Traditional SaaS models scaled proportionally with enterprise hiring, as each incremental employee required licensed access to productivity tools. Agentic AI disrupts this relationship by enabling a single autonomous system to execute the workload of multiple knowledge workers. Execution-heavy platforms in customer support, CRM operations, analytics, and back-office workflows face the greatest exposure to seat compression. However, the industry is already pivoting toward outcome-linked monetization frameworks in which enterprises pay for completed workflows rather than user access. Pricing tied to tickets resolved, reports generated, or compliance processes completed aligns software value with business impact but introduces revenue variability that public markets are still adjusting to.

Simultaneously, SaaS platforms risk migrating downward in the technology stack. As agents operate interfaces autonomously, applications become infrastructure layers providing data storage, workflow logic, and compliance rails while losing control over the user experience premium. In this inverted stack, agents function as the interface while software becomes the execution substrate. Vendors with proprietary data gravity, regulatory embedding, or system-of-record status retain defensibility, while interface-led SaaS without deep moats faces valuation compression.

Note: AI Funding Includes equity funding raised by Native AI companies. Deals are Global, Nominal USD. Based on Tracxn tracked disclosed rounds only. Undisclosed amounts excluded

Labor Market Implications of Agentic AI

Despite automation fears, the labor implications of agentic AI are more transformative than destructive. Economic theory (The Jevons Paradox) suggests that as the cost of intelligence declines, demand for intelligence expands. When AI reduces the time required for legal research, financial modeling, or compliance analysis, organizations scale these activities rather than eliminate them. Lower cognitive costs enable deeper analysis, broader reporting, and more complex strategic initiatives. As a result, the value of white-collar work shifts rather than disappears. Execution-heavy tasks such as manual analysis and data processing decline in economic value, while orchestration functions rise. Professionals increasingly supervise AI workflows, validate outputs, manage exceptions, and synthesize insights.

A critical stabilizer in this transition is the persistence of liability. AI agents cannot hold professional licenses, assume malpractice risk, or bear legal accountability. In regulated industries such as law, medicine, engineering, and finance, humans remain the signatory authority even when AI performs the groundwork. This responsibility moat ensures that while junior execution roles may compress, supervisory and validation roles retain structural demand.



Economic Dynamics of Agentic AI Firms

While SaaS firms face valuation repricing, AI-native companies confront mounting economic pressure of their own. Agentic systems are computationally intensive, requiring continuous screen parsing, multi-step reasoning, tool invocation, and persistent memory. Each autonomous workflow compounds inference costs, making agent operations significantly more expensive than chatbot interactions. This creates an economic paradox in which capability expansion increases operating burn. Funding data reinforces this pressure. With capital deployment peaking at \$6.4B in 2025, investors are shifting focus toward cost efficiency and monetization scalability. AI labs now face a profitability clock within which technological leadership must translate into sustainable revenue.

In response, monetization strategies are diversifying. Enterprise deployments are adopting usage-based automation pricing and SLA-backed subscriptions, while prosumer tiers incorporate compute-linked billing. Consumer-facing agents are exploring advertising and transaction-based monetization as compute subsidies. These models reflect not optional expansion but economic necessity driven by the high cost of autonomous intelligence.

Reading Between the Lines: Capital Migration

The deeper signal embedded within the Anthropic shock is a structural migration of value across the AI stack. Compute infrastructure providers occupy the most advantaged position, monetizing every agent action through GPU utilization and cloud consumption. Model developers and orchestration platforms form the control layer, determining which intelligence executes which workflows. Application-layer software firms may experience margin pressure, particularly where differentiation is limited, though those supported by proprietary data or regulatory embedding are likely to remain more resilient. Within this evolving stack, a greater share of value may accrue to platforms that enable or orchestrate intelligence execution rather than those that primarily host application environments.

Strategic Outlook

The Anthropic Copilot release compressed long-term technological disruption into an immediate market repricing event. SaaS is not disappearing but repricing as value migrates from human interfaces to autonomous orchestration. White-collar employment is not collapsing but re-rating toward supervision, validation, and accountability. Agentic AI firms, despite driving the disruption, face their own economic reckoning through inference cost pressures and monetization urgency. The funding surge between 2022 and 2025 and the company formation explosion of 2023 and 2024 laid the structural groundwork for this shift; public markets are only now pricing its consequences. The defining transition is architectural: software moves downward into infrastructure, agents move upward into execution authority, and humans remain above both as governors of trust and liability. In this emerging autonomous enterprise economy, value does not erode—it migrates toward those who control compute, orchestration, and outcomes.





Tracxn Technologies Ltd. is a data intelligence platform for private market research, tracking 6+ million entities through 2900+ feeds categorised across industries, sub-sectors, geographies, and networks globally. It has become one of the leading providers of private company data and ranks among the top five players globally in terms of the number of companies and web domains profiled.

Any and all information either accessed from the website www.tracxn.com or having otherwise originated from Tracxn Technologies Limited including but not limited to the information contained herein ("Data") is the sole property of Tracxn Technologies Limited (hereinafter "Tracxn"). You shall not recirculate, distribute, transmit, publish, or sell the Data or any portion thereof in any form or by any means, either for commercial or non-commercial use, or permit any third party to use or distribute the Data or any portion thereof; to any other party, except with the prior written consent of Tracxn. You may however incorporate insubstantial portions, extracts, abstracts or summaries from the Data into analysis, presentations or tools for your customers or for your internal use, so long as Tracxn is clearly and visibly identified as the source of information.

For further information please refer to our Terms of Use at www.tracxn.com