# Sridhar Vembu warns software job market woes stem from overcapitalisation, not AI



Sridhar Vembu, founder of the Indian software company Zoho, has voiced his perspective on the current and future impacts of artificial intelligence (AI) on the software job market, asserting that AI itself is not yet the main threat to employment in the sector. Vembu shared his insights in a recent post on the social media platform X, where he discussed the difference between the hype surrounding AI and its tangible effects on jobs.

According to Vembu, despite wide claims by vendors about large-scale job cuts driven by AI automation, the actual impact on software sector employment has so far been minimal. “The field is moving fast and I personally believe there will be impact but we have not seen the impact yet. It is always good to be aware of hype vs reality when evaluating any technology,” he wrote. His remarks suggest a cautious approach to evaluating the short-term disruptive potential of new technologies such as AI.

Responses from other users on X reflected a range of views on AI's potential future influence. One user noted, “It’s always a short-term relief. AGI flips a lot of things, whenever it comes. Until then, it’s good to upskill and do hard things that impact human lives.” Another user agreed that the timing and scope of AI’s impact are unpredictable but emphasised the continued need for human involvement, stating, “Human-machine interface will always require human labour!”

Beyond the AI debate, Vembu identified a deeper, structural problem that he believes is exerting downward pressure on the software job market. He attributes current market inefficiencies not to AI but to decades of excessive capital inflows into the software industry, driven by venture capital, private equity, and IPO-inspired funding strategies. This overcapitalisation, according to Vembu, has led to bloated IT spending and inefficient operational processes.

"The software vendors applied liberal doses of marketing spending to spread Fear (of missing out) and Uncertainty ('tech is changing, you need us') and Doubt ('are you confused? trust us') among corporate customers and the result was ever growing IT spending," Vembu explained. He argued that this marketing-driven IT expansion resulted in large, inefficient systems that outsourced significant workloads to Indian IT services firms. He detailed how inefficiencies were compounded in offshore outsourcing, where for every inefficient process requiring five people in Western countries, Indian IT firms would often allocate three or four times that number to increase billable hours.

By contrast, Vembu highlighted that Indian banks and financial institutions, operating under tighter budget constraints, were forced to develop leaner and more efficient IT infrastructures. This discrepancy illustrates the broader inefficiency and over-extension within the global IT market.

Vembu also observed that the industry’s lack of incentives to improve efficiency left it vulnerable, particularly now as AI begins exposing these longstanding inefficiencies. “Those floods are now history and we have a serious drought. That is why I am pessimistic about the software job market, even before accounting for AI," he concluded.

The analysis provided by Sridhar Vembu in his social media commentary offers a detailed critique of the software industry's structural challenges and places the potential impact of AI within a broader economic and operational context. It suggests that while AI is an advancing technology with eventual implications for employment, the current state of the software job market reflects deeper, systemic issues shaped by past capital investments and industry practices.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://economictimes.com/magazines/panache/zoho-founder-sridhar-vembu-predicts-tough-times-for-software-jobs-ai-is-not-the-only-villain-for-hiring-slump/articleshow/118870272.cms> - This article corroborates Sridhar Vembu's view that AI is not yet causing large-scale job losses in the software sector and that current productivity improvements are modest, around 10-20%, exposing market inefficiencies rather than immediately eliminating jobs.
2. <https://timesofindia.indiatimes.com/technology/social/zoho-ceo-gives-6-reasons-behind-what-is-ailing-the-software-job-market-and-it-is-not-ai/articleshow/118877438.cms> - This source supports Vembu's identification of deeper structural issues like overcapitalisation due to venture capital and marketing-driven IT spending causing inefficiencies in the software job market rather than AI being the primary culprit.
3. <https://economictimes.com/news/new-updates/90-of-coding-by-ai-fewer-jobs-for-software-engineers-zohos-sridhar-vembu-and-openais-sam-altman-give-techies-a-reality-check/articleshow/119333225.cms> - This article confirms Vembu's assertion that AI is expected to handle a significant portion of coding tasks—up to 90% of repetitive boilerplate work—but that essential complex programming still requires human intervention.
4. <https://www.ndtv.com/world-news/ai-to-steal-most-coding-jobs-zoho-founder-sridhar-vembu-says-yes-sam-altman-agrees-7995177> - This source highlights Vembu’s caution about AI's future impact on software jobs, echoing his views that although AI will transform coding jobs, the timing and extent of disruption remain uncertain.
5. <https://indiandefencereview.com/after-bill-gates-announcement-of-3-jobs-surviving-ai-zoho-founder-sridhar-vembu-and-sam-altman-admit-ai-will-steal-most-jobs/> - This article corroborates the claim that Vembu and other tech leaders like Sam Altman acknowledge AI will eventually replace many jobs but also emphasize the current need for human skills in tackling the complex aspects of software development.
6. <https://www.ndtv.com/business/zoho-founder-sridhar-vembu-explains-how-overcapitalisation-in-software-industry-is-driving-job-market-inefficiencies-7992111> - This source supports Vembu’s argument concerning overcapitalisation and marketing-driven IT expansion as key reasons for bloated and inefficient software systems that pressure the job market more than AI currently does.
7. <https://news.google.com/rss/articles/CBMi7gFBVV95cUxQLV9idzhoRjlBSi10aThnU3JGblNDc1NQeHZZakxjVUY1SXFKdU54X1NaLUdlOElZdW9OcERLS3B4eWJJSDlnQU9feG9CZjBqOHV2ZGg2NGI1YUZJbWVwa29mRVFnSkk0ZnAwWms0QWxLNm1qLXlkVmFvOGJNRWNORk9FUVZUQkFMdTNLcEFET3Q5OHEzLUlQNVF2UzJrdjFNZERyV1QyeUs1Y0dzNE1MY2w1V3JFcHd3X2FuQlJOSzhyeW42LUR6RExvQmF5ak9WOTlqZktkTGhKY3JjTW9vTm85SERad3B2c1pORWZn0gHuAUFVX3lxTFAtX2J3OGhGOUFKLXRpOGdTckZuU0NzU1B4dllqTGNVRjVJcUp1TnhfU1otR2U4SVl1b05wREtLcHh5YklIOWdBT194b0JmMGo4dXZkaDY0YjVhRkltZXBrb2ZFUWdKSTRmcDBaazRBbEs2bWoteWRWYW84Yk1FY05GT0VRVlRCQUx1M0twQURPdDk4cTMtSVA1UXZTMmt2MU1kRHJXVDJ5SzVjR3M0TUxjbDVXckVwd3dfYW5CUk5LOHJ5bjYtRHpETG9CYXlqT1Y5OWpmS2RMaEpjcmNNb29ObzlIRFp3cHZzWk5FZmc?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data