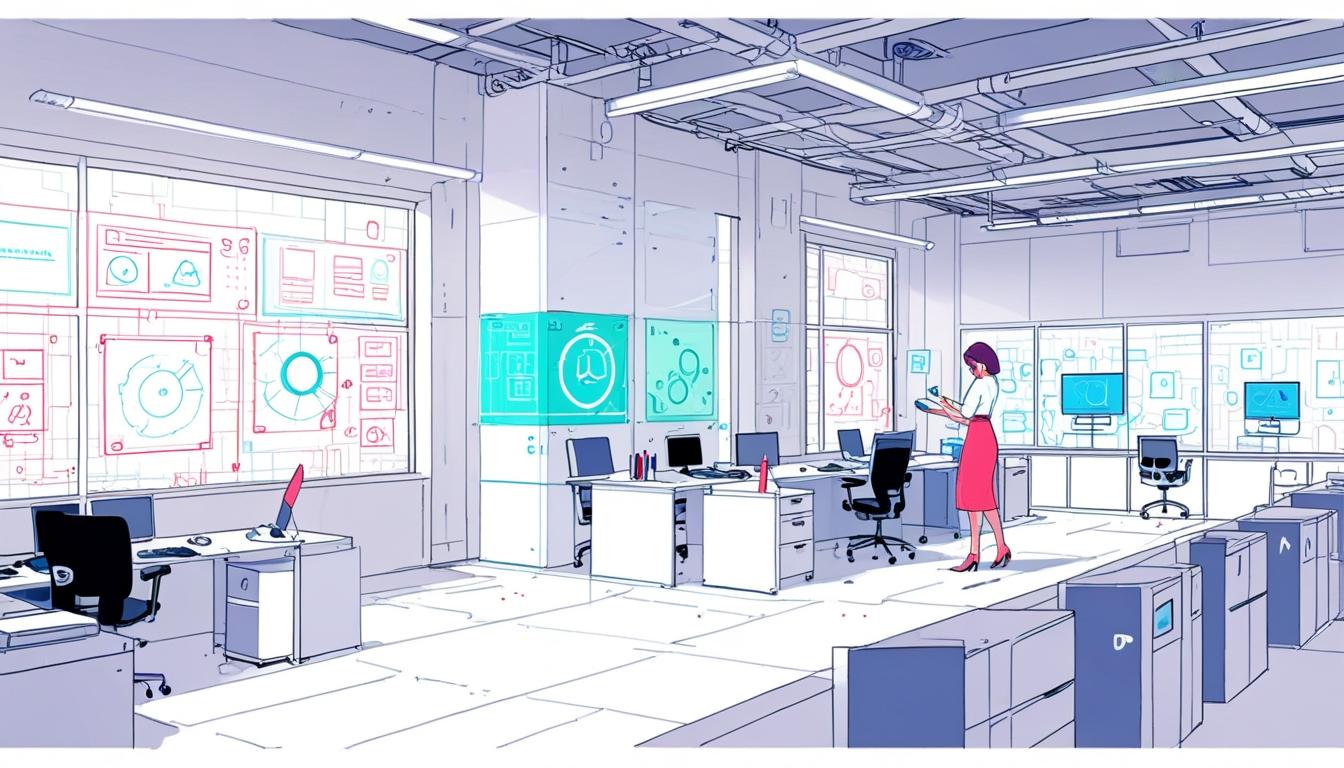
# The transformative impact of agentic AI on the SaaS industry



Agentic AI, a newly emerging class of artificial intelligence capable of independent action and problem-solving, is expected to significantly transform the software-as-a-service (SaaS) industry. This technology is highlighted as a major disruptor, as companies move towards more automated, personalised, and industry-specific solutions. In an exclusive interview with The Federal, Srinivasan Raghavan, the Chief Product Officer of Freshworks, a leading SaaS firm, discussed the implications of Agentic AI for both customer and employee experiences, as well as the broader evolution of the industry.

Raghavan expressed that the transition towards Agentic AI is shifting the landscape of SaaS akin to past significant developments over the last two decades. There is a noted concern among business leaders regarding the potential unknown impacts of Agentic AI on the industry. Raghavan pointed out a critical issue observed in the SaaS marketplace: the prevalence of 'shelfware', where between 20 to 30 per cent of purchased software licenses remain unused. The integration of Agentic AI aims to improve software utilisation by automating back-end processes, making solutions more tailored to specific industries and enhancing individual user experiences.

The advantages of Agentic AI, according to Raghavan, include increased automation and a shift in monetisation strategies from a seat-based licensing model to usage-based pricing. This transition could lead to greater productivity, though he noted that it might result in customers facing increased expenses related to software while simultaneously reducing labour costs.

Freshworks is actively engaging with Agentic AI through its product offerings, with a focus on improving employee experience and customer experience. The company has developed AI agents that can automatically handle tasks such as password resets or order status checks without requiring human intervention. Additionally, the firm's CoPilot product enhances human agents' productivity by providing contextual data during customer interactions. This model supports faster service and affirms the company's commitment to leveraging AI in enhancing customer interactions comprehensively.

Looking ahead, Freshworks has set an ambitious revenue target of $1 billion by 2026, with plans to expand its AI capabilities in various areas. Raghavan indicated that the company is particularly focused on practical applications of AI that allow for better automation and cost savings for customers. Upcoming developments include advanced AI agents and omni-channel support, which aims to broaden capabilities across various communication methods.

The role of AI in the workplace is also evident in the engineering teams at Freshworks, where Raghavan acknowledged that the technology is enabling developers to work more productively. He commented on the ongoing debate regarding work-life balance in India, suggesting that while the current workload may lead to extended hours, sustainable productivity should come from effective work practices rather than prolonged hours.

The talent ecosystem in India, especially in technology hubs like Chennai, Bengaluru, and Hyderabad, is viewed positively by Raghavan. He emphasised that the company’s growth is tied directly to the skills available in this talent pool, with a vast majority of the engineering and product teams situated there.

Freshworks continues to foster innovation and advance its product offerings in the dynamic landscape of SaaS and AI, suggesting a journey towards increasingly integrated and personalised technology solutions. The implications of Agentic AI on the future of the SaaS sector and the role of AI in work processes seem poised to offer both opportunities and challenges as the industry evolves.

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

## Bibliography

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