ISG Provider Lens®

Digital Engineering Services (DES) Midsize providers

A research report comparing provider strengths, challenges and competitive differentiators

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The U.S. is moving from AI pilots to agentic systems, unifying silos to self-healing digital threads

The U.S. digital engineering midsize landscape has reached a strategic inflection point, where organizations are transitioning from fragmented experimental cycles to high-velocity, autonomous ecosystems. In an era that is defined by survival of the smartest, the focus has shifted from tactical digital intervention to foundational elimination of intelligence debt across the silicon-to-cloud continuum. This structural mandate unifies R&D, operations and CX into a single, AI-led digital thread, ensuring that every physical asset and digital platform functions as a self-optimizing growth engine.

The business metric-driven mandate

In 2026, the midsize market in the U.S. is defined by operational agility. Enterprises are architecting digital threads, connecting every business metric from R&D and cost efficiency to warehouse productivity. Leading organizations are those that address these functional silos and transform raw telemetry into self-healing workflows, ensuring that their limited capital delivers maximum, measurable impact across the entire value chain.

U.S. enterprises across sectors are enabling end-to-end traceability through digital threads, ensuring that every automated decision is explainable and secure. As geopolitical tensions strain global supply chains, a renewed domestic push for physical AI and smart manufacturing is emerging. Regulatory shifts are incentivizing the adoption of digital twins not just for design, but also as mandatory dynamic documents for market surveillance and sustainability reporting, effectively merging digital and physical compliance landscapes.

- **From pilot to agentic reality:** The market has moved past isolated AI chatbots to agentic AI autonomous multi-agent systems that plan, act and self-correct, effectively reducing intelligence debt by automating complex, cross-functional workflows.

Scaling **agentic AI** and **digital threads** to unify R&D, operations and CX platforms.

- **The vanishing silo and unified data:** The walls between R&D, operations and CX are breaking down as organizations adopt a single source of truth, replacing fragmented legacy spreadsheets with real-time, event-driven data architectures.
- **Cloud 3.0 and silicon sovereignty:** Cloud-first models have evolved into strategic hybrid ones, where enterprises use public cloud for elasticity. However, they move sensitive, high-frequency AI inference to private edge environments or custom-designed silicon to gain better control over performance and data sovereignty.

Enterprise priorities: The era of value orchestration

In 2026, enterprise priorities have shifted from digitizing the past to architecting the future. The primary investment has transitioned toward value orchestration, which extends beyond deploying new tools to integrating them into a cohesive, self-optimizing system. Midsize enterprises are striving to eliminate intelligence debt (the untapped potential trapped in siloed data) by investing significantly in agentic AI and digital threads. They are moving away from isolated pilots toward a top-down strategy where AI becomes the core infrastructure, managed with the same financial and operational rigor as traditional utilities. The primary goal is to achieve architectural liberation by replacing brittle legacy monoliths with composable, cloud-native platforms that can adapt to market shifts in real-time. Enterprises must strategically invest in and embrace emerging technology trends that unlock new opportunities and drive sustained business outcomes over the long run.

Organizations committing to unrealistic expectations to justify investments eventually experience widespread dissatisfaction with delivered outcomes. Newer initiatives that align stated objectives with achievable outcomes are restoring confidence and strengthening conviction in technology transformations.

In 2026, as AI governance transitions from ethical guidelines to mandatory regulatory compliance, companies are faced with issues related to the log and traceability of automated decisions. Thus, they are cross-training and upskilling the existing staff with the technology skills required to cater to the growing demand for AI-assisted problem solvers. Consequently, the transformation goal for 2026 is the realization of a phygital enterprise: a state where the silicon-to-cloud lifecycle is fully realized and every physical action is mirrored, analyzed and optimized within a dynamic digital twin. IT/OT convergence is another lever, which enables physical assets and digital systems to remain connected, integrated and orchestrated in synch.

Following is an outline of enterprise priorities in the midsize market:

- **Silicon-to-cloud continuum and hardware-software convergence:** Enterprises are prioritizing full-stack sovereignty by co-designing custom silicon with cloud-native software. This approach eliminates performance bottlenecks of generic hardware and enables highly optimized end-to-end use cases in which specialized chips at the edge feed real-time data into large cloud-based digital twins for near-instant global optimization.
- **Dissolving silos through digital threads:** A top transformation goal is the elimination of data islands through the implementation of a universal digital thread. By connecting R&D, manufacturing and post-market services into a single, continuous stream of intelligence, organizations are addressing intelligence debt and ensuring that insights from the physical field automatically inform the next generation of digital design.
- **Platform-led phygital ecosystems:** Platforms that bridge digital and physical assets are garnering investment. Enterprises are no longer building standalone applications but moving toward engineering-integrated platforms that treat factory floors, supply chains and consumer products as nodes within a unified network. This platform-as-the-product strategy ensures that every physical interaction is captured and monetized through a robust, scalable digital backbone.

Empowering the digital evolution

The U.S. digital engineering midsize landscape is characterized by a shift from traditional IT to

high-velocity, specialized innovation. Unlike larger counterparts, midsize providers offer a blend of agility and deep technical intimacy, acting as strategic catalysts for enterprises looking to modernize at scale without the overhead of global providers.

This summary evaluates top-tier providers across three critical pillars of the digital value chain:

- **Augmented design and R&D services:** Leverage AI-driven modeling and simulation to shorten product development lifecycles and enable next-generation hardware and software architectures.
- **Intelligent operations and connected experience:** Fuse IoT, edge computing and data analytics to create seamless, phygital ecosystems that optimize internal efficiencies and elevate customer engagement.
- **Integrated platform and application services:** Build the modern enterprise backbone through cloud-native engineering, microservices and robust API frameworks that ensure long-term scalability and resilience.

In the augmented design and R&D services space, providers are focusing on closing the silicon-to-cloud gap by integrating AI and ML directly into the hardware and software lifecycle.

Simultaneously, the convergence of intelligent operations and integrated platform services is redefining how value is delivered across both digital and physical touchpoints. Midsize specialists are increasingly deploying end-to-end use cases that treat infrastructure as a strategic asset rather than a commodity, facilitating a seamless flow of intelligence from edge devices to enterprise platforms. By architecting platforms that harmonize physical assets with cloud-native applications, these providers enable organizations to eliminate operational friction and respond to market shifts in real-time. This holistic integration ensures that digital transformation is not only an overlay but a foundational capability that powers connected experiences and resilient, platform-led growth.

Provider dynamics: Strategic responses to the intelligence crisis

Midsize service providers in the U.S. have evolved from tactical execution partners to strategic architects of the silicon-to-cloud continuum. To address the pilot fatigue experienced by enterprises, providers are differentiating through architectural liberation, the practice of decoupling legacy monoliths and rebuilding them as modular, event-driven platforms. Their competitive positioning centers on inference economics, helping clients navigate the rising AI compute costs by optimizing model placement across a strategic hybrid infrastructure. By investing in proprietary digital twin libraries and automated test rigs, midsize players are successfully compressing R&D lifecycles and offering a high-touch, agile alternative to the standardized delivery models of larger global integrators.

Partnership strategies have evolved from simple reseller agreements to deep co-innovation ecosystems with specialized AI-native startups and custom silicon designers. Providers are aggressively building agentic workflows and multi-agent AI systems to autonomously manage complex, cross-functional tasks such as supply chain remediation or predictive-to-prescriptive maintenance with the human-in-a-loop paradigm. To address the growing intelligence debt, they are embedding digital threads into every engagement, ensuring data provenance and traceability remain compliant by design. This shift from project-based billing to outcome-driven, platform-led models enables midsize providers to operate as persistent R&D extensions and directly link their engineering efforts to client top-line revenue growth and operational resilience.

- **Sovereign cloud integration:** U.S. enterprises are prioritizing architectures that address data residency and jurisdictional control. By decoupling from generic, black box public clouds and adopting integrated frameworks, they ensure sensitive IP and AI training data remain within regulated, localized boundaries.
- **The rise of physical AI:** Significant investment is flowing into the convergence of robotics, IoT and edge computing, creating phygital environments where digital twins are used as the primary nerve center for real-world autonomous operations.

- **Trust as a service:** Midsize leaders are positioning themselves as guardians of digital provenance by implementing responsible AI frameworks and knowledge graphs that allow every AI-driven conclusion to be traced to its source and meet stringent transparency mandates in 2026.

Strategic Outlook: The Unified Intelligence Era

The future of the U.S. midsize digital engineering space is evolving toward ambient autonomy, where the distinction between physical products and digital intelligence disappears. As the decade progresses, the market will shift from building connected solutions to orchestrating autonomous value chains. Strategic success will no longer be measured by the deployment of cloud platforms but by the ability to reduce intelligence debt across the entire silicon-to-cloud lifecycle. Providers that master inference economics, i.e., minimizing the energy and financial cost of AI while maximizing its real-time edge performance, will emerge as tier 1 partners for modern enterprises.

The trajectory of this market points toward the convergence of digital twins and digital threads into a unified dynamic enterprise nervous system. This evolution will dismantle remaining functional silos, as R&D, manufacturing and CX data flow through a unified, event-driven architecture. For enterprises, the goal is architectural liberation: the ability to swap, scale and evolve digital components without the constraints of legacy technical debt. As regulatory mandates around digital provenance and responsible AI intensify, providers that embed transparency and traceability into the foundational phygital fabric will lead the next wave of industrial and digital transformation.

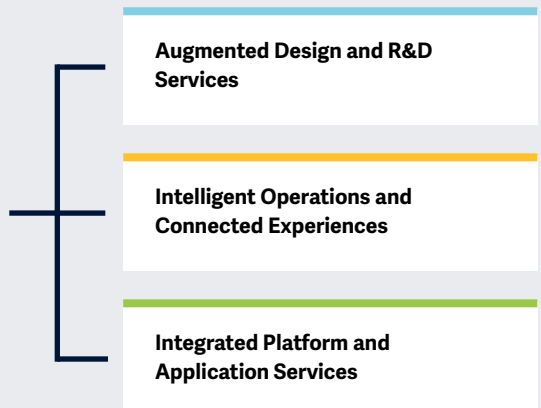
- **The rise of human-centric agentic ecosystems:** The market is evolving toward a multi-agent economy where autonomous AI systems execute action with humans across the digital and physical environments, from procurement to predictive maintenance, with zero-latency synchronization.
- **Hardware-defined software:** Future engineering will drive reverse convergence, where software requirements define custom silicon architecture. This silicon-to-cloud integration will support high-performance end-to-end use cases in autonomous transport and remote surgical robotics.
- **From platforms to dynamic systems:** The next frontier is the self-healing enterprise, where integrated platforms leverage continuous feedback loops from digital twins to automatically reconfigure operations in response to geopolitical shifts or supply chain disruptions.

In 2026, the U.S. midsize market will have transitioned from a digital follower stance to a value-native leader. Facing tighter capital constraints, these agile organizations are bypassing legacy transitions of the past decade. Instead, they are adopting agentic AI and cloud-native architectures as key equalizers. By focusing on modularity through MACH-aligned (microservices, API-first, cloud-native and headless) ecosystems, these firms are industrializing innovation across the product lifecycle, effectively competing on speed and precision rather than sheer scale.

The current landscape is defined by the convergence of IT, OT and ET. Midsize leaders are leveraging digital thread platforms to unify siloed data from R&D labs to the factory floor and the end customer. This integration is now a survival mandate, as clean core strategies and model-based systems engineering (MBSE) enable these companies to reduce technical debt while scaling hyperpersonalized experiences. This report outlines and establishes how midsize providers are leveraging these digital tools to drive predictive R&D, self-healing operations and resilient enterprise platforms in the current fiscal year.

2026 marks a defining shift from digital intervention as enabler to autonomous orchestration as the foundational architect of the silicon-to-cloud enterprise.

Key focus areas of the Digital Engineering Services **(DES) Midsize** 2026 study



Simplified Illustration Source: ISG 2026

Definition

The ISG Provider Lens® Digital Engineering Services 2026 study offers the following to business and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments on their competitive strengths and portfolio attractiveness
- Focus on different markets, including Europe and the U.S.

Our study serves as an important decision-making basis for positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential engagements.

Large Providers are those with revenues exceeding $2 billion and a workforce of more than 100,000 employees. They cater to multiple verticals, often spreading their resources across a broad range of industries. Their primary focus lies in serving large enterprises, often engaging in large transformation projects that require deep expertise, extensive resources and the ability to manage complex, enterprise-wide innovations. Their deep industry experience, broad service capabilities and strategic partnerships with technology giants position them as key players in the global digital services landscape.

Midsize Providers, on the other hand, generate less than $2 billion in revenue and typically specialize in 3-4 verticals where they hold strong capabilities and significant revenue share. With a lean workforce of less than 100,000 employees, these providers adopt an agile and flexible approach, making them well-suited to serve both large enterprises and midsize clients with tailored, industry-specific solutions. They also have strong inherent capabilities and heritage in digital engineering services. This combination of domain expertise, flexibility and a strong focus on innovation positions them as effective partners for businesses seeking to implement cutting-edge technologies with a faster, more agile approach.

Sweet Spot

Infovision

Overview

Infovision, headquartered in the U.S. with operations across India and Mexico, is a digital engineering and IT services firm over with 30 years of experience and more than 3,000 global experts. It delivers AI-led transformation for telecom, BFSI, retail and healthcare industries, with solutions spanning digital interventions, application development, modernization, cloud, data and security.

Key Provider Capabilities

Infovision delivers end-to-end digital engineering using an AI-first approach across the software development lifecycle (SDLC), combining consulting, engineering and product-led innovation. Its core capabilities include application development and modernization, mobility, QA automation, UX design, cybersecurity, enterprise applications and Salesforce services.

A key differentiator is the firm's large portfolio of over 2,500 accelerators, increasingly AI-enabled, which drive productivity, automation and faster time-to-market across engagements. These accelerators span ADM, QA, mobility, robotics, and operations, with over 45 percent already AI-powered and widely deployed across client engagements.

The firm embeds generative and agentic AI across engineering workflows, enabling automated debugging, incident triaging, test generation, cost optimization and data intelligence. It leverages a structured AI adoption framework focused on delivery transformation, workforce readiness, governance and innovation.

Infovision also develops reusable frameworks such as AI-driven testing (Catalyst), knowledge bot architectures and data/BI platforms such as Datasmith, enabling automation across analytics, migration and data quality processes.

Its ecosystem-led strategy includes partnerships with hyperscalers and AI providers such as OpenAI, Anthropic and Elastic, enabling co-innovation and faster deployment of scalable enterprise solutions.

Benefits Delivered

Sector-specific benefits delivered:

- **AI-augmented engineering leveraging over 2,500 accelerated SDLC execution, delivering 30-45 percent efficiency gains and improved CX improvements across digital operations**
- **Proprietary solutions including Digit7 (retail transformation suite) and integrations with platforms such as Envisinet (zero trust cybersecurity platform) and a digital media insights platform (GenAI-native analytics) enabled measurable outcomes through intelligent automation and operational efficiency**

Infovision

Sweet Spot

Infovision's sweet spot lies in its building AI-enabled platforms for digital engineering and intelligent operations, particularly for enterprises seeking efficiency, cost optimization and improved CX. Its strongest positioning is in telecom, BFSI, retail and CPG and healthcare, where it combines engineering depth with emerging AI-led transformation use cases.

The company specializes in operational transformation by delivering solutions that directly impact business outcomes such as revenue growth, cost reduction, customer retention and experience enhancement. Its key strengths include AI-driven customer analytics, churn reduction, cross-sell optimization and intelligent network or IT operations.

Infovision effectively embeds AI within existing enterprise environment platforms rather than deploying standalone solutions, enabling faster adoption by reducing entry barriers. Its accelerator-led, platform-based approach, supported by reusable frameworks and agentic AI capabilities, enables scalable implementation across multiple clients and industries.

The firm's capabilities are strongest in:

- AI-augmented SDLC and engineering productivity
- Intelligent operations and observability
- Data and application modernization
- Automation across DevOps, QA and cloud
- CX enhancement and operational efficiency improvement

Infovision demonstrates an outcome-driven approach by aligning engagements to tangible KPIs such as revenue uplift, cost savings and operational improvement. This blend of engineering depth, reusable IP and AI integration positions Infovision as a strong partner for enterprises transitioning from experimentation to scaled AI adoption.

Future roadmap

Infovision's roadmap emphasizes:

- Scaling its AI frameworks across engineering, operations and data platforms to move from productivity-led gains to business outcome-driven digital transformation.
- Expanding domain-specific use cases across telecom, BFSI, retail and CPG and healthcare by building industry-aligned solutions and enhancing agentic data platforms.
- Strengthening partnerships with AI ecosystem providers to accelerate co innovation and embedding AI-first delivery across engagements, while investing in workforce upskilling, governance and enterprise AI maturity frameworks to enable large-scale adoption.

Appendix

Methodology & Team

The ISG Provider Lens® 2026 – Digital Engineering Services (DES) Midsize providers study analyzes the relevant providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens® program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of May 2026 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

All revenue references are in U.S. dollars ($US) unless noted otherwise.

The study was conducted in the following steps:

1. Definition of Digital Engineering Services (DES) Midsize providers market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge & experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts & figures received from providers and other sources.
6. Use of the following key evaluation criteria:
   * Strategy and vision
   * Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * Technology advancements

Lead Analyst

Shirish Kulkarni
Senior Lead Analyst

Shirish Kulkarni brings in a vast and well-rounded experience of 30 years from Global Corporations with the DNA of leveraging IT for Business Transformation. Last 7+ years, he has been sharing his entrepreneurial learnings for Small and Medium Businesses to better business effectiveness and efficiencies. He has a unique blend of experience covering contributions in Consultancy & Advisory, Innovation & Transformation, R&D center of an Indian automaker, customer management, and support, exposure to the end-to-end product development lifecycle from renowned organizations from inception to stabilization, and finally inward / outward-looking experience in a services organization.

He has been instrumental in driving a global domain practice in the space of Manufacturing Excellence by identifying it as a white space in comparison with the competition and creating the whole of GTM (Go-To-Market) Strategy with the thought process of offerings, solutions to success stories on the Global Landscape with close interaction with the Research & Advisory firms. He specializes in the areas of Business Innovation & Technology changes, possessing an ability - to build a Larger Picture by Connecting Dots, to drive changes from Concept to Realization, to work on Inner Conviction, to question the Status-Quo, aiming to optimize Business Operations.

Research Analyst

Sachin Kamgonda Birajdar
Senior Research Analyst

Sachin Birajdar joined ISG as a Senior Research Analyst in November 2024. Based in Pune, India, he holds an MBA in Marketing from Savitribai Phule Pune University. Sachin brings over five years of experience in market research, competitive intelligence, and strategic advisory, specializing in the ICT domain. His expertise spans both qualitative and quantitative research, covering technology areas such as information security, imaging and print solutions, and digital transformation technologies.

At ISG, Sachin contributes to the Digital Engineering Services study, where he focuses on analyzing market trends, provider capabilities, and innovation strategies that drive next-generation engineering and platform services. He has a proven track record of conducting end-to-end research projects, from client briefings and primary research to data modeling and insight-driven reporting.

Prior to joining ISG, Sachin worked at IDC (International Data Corporation) and Quadrant Knowledge Solutions, where he led multiple research and consulting projects, delivering market insights that supported clients' go-to-market

Study Sponsor

Iain Fisher

Director, Research

Iain Fisher is ISG's head of industry research and market trends. With over 20 years in consulting and strategic advisory, Iain now focuses on cross industry research with an eye on technology led digital innovation, creating new strategies, products, services, and experiences by analysing end-to-end operations and measuring efficiencies focused on redefining customer experiences. Fisher is published, known in the market and advises on how to achieve strategic advantage. A thought leader on Future of Work, Customer Experience, ESG, Aviation and cross industry solutioning. He provides major market insights leading to changes to business models and operating models to drive out new ways of working.

Fisher works with enterprise organizations and technology providers to champion the change in customer focused delivery of services and solutions in challenging situations. Fisher is also a regular Keynote speaker and online presenter, having authored several eBooks on these subjects.

IPL Product Owner

Jan Erik Aase

Partner and Global Head – ISG Provider Lens®/ISG Research

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes;. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry.

Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a partner and global head of ISG Provider Lens®, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens®

The ISG Provider Lens® Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners. ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens® research, please visit this webpage.

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The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

For more information, visit isg-one.com.

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MAY, 2026

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