

The *SaaS* apocalypse
erased between
\$250 and \$300 BN
of software market cap
in less than a week

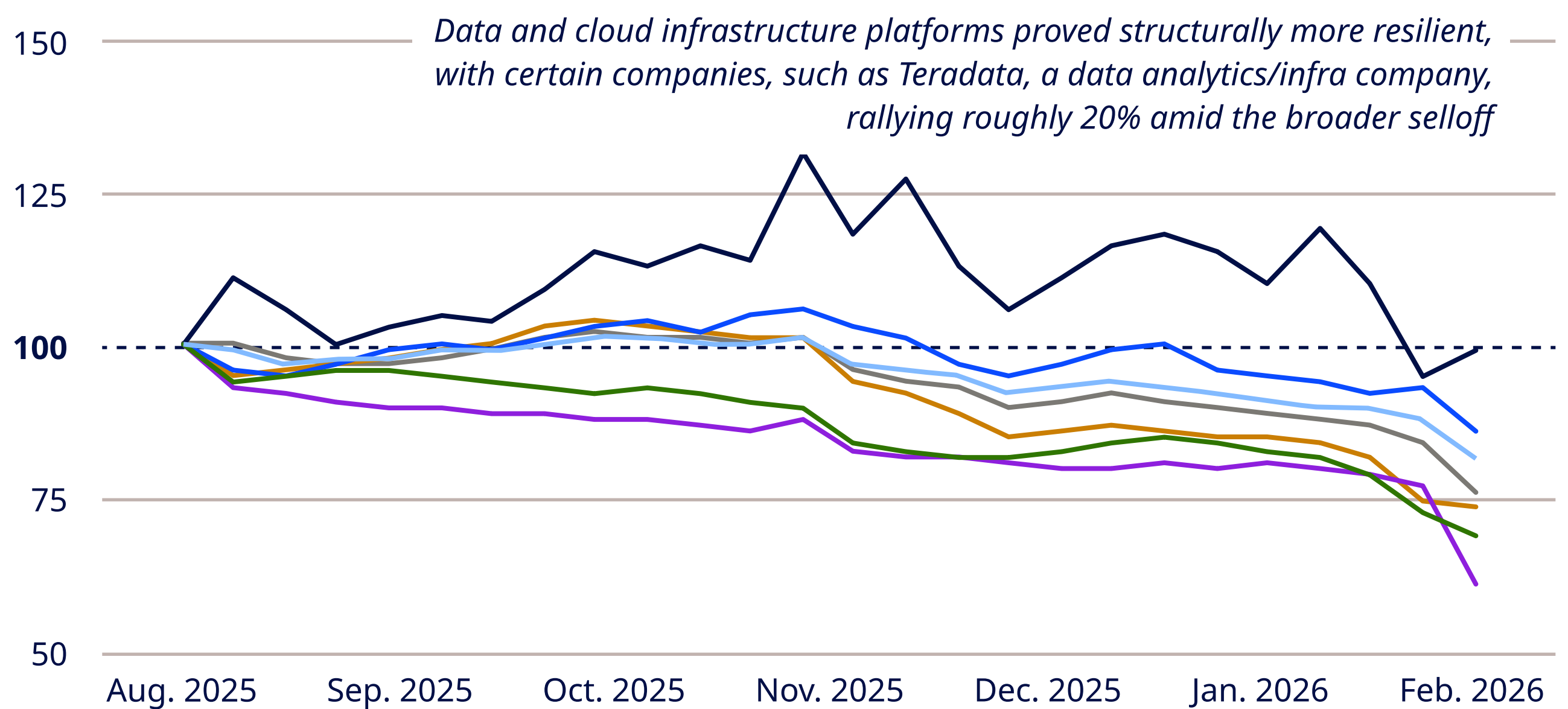
After the launch of agentic AI tools capable of executing enterprise workflows, investors rapidly reassessed the durability of traditional SaaS models.

Major software stocks fell 10-15% in days, while AI infrastructure companies rallied sharply.

Despite the broad selloff, performance diverged meaningfully across sub-sectors...

Indexed share price performance by software sub-sector

Indexed to 100, Aug. 2025 – Feb. 2026¹



— Data/Cloud Infra software

— Cybersecurity

— Aggregate software

— Horizontal software
(large cap)

— Vertical software

— Horizontal software
(mid-market)

— Information services
and data analytics

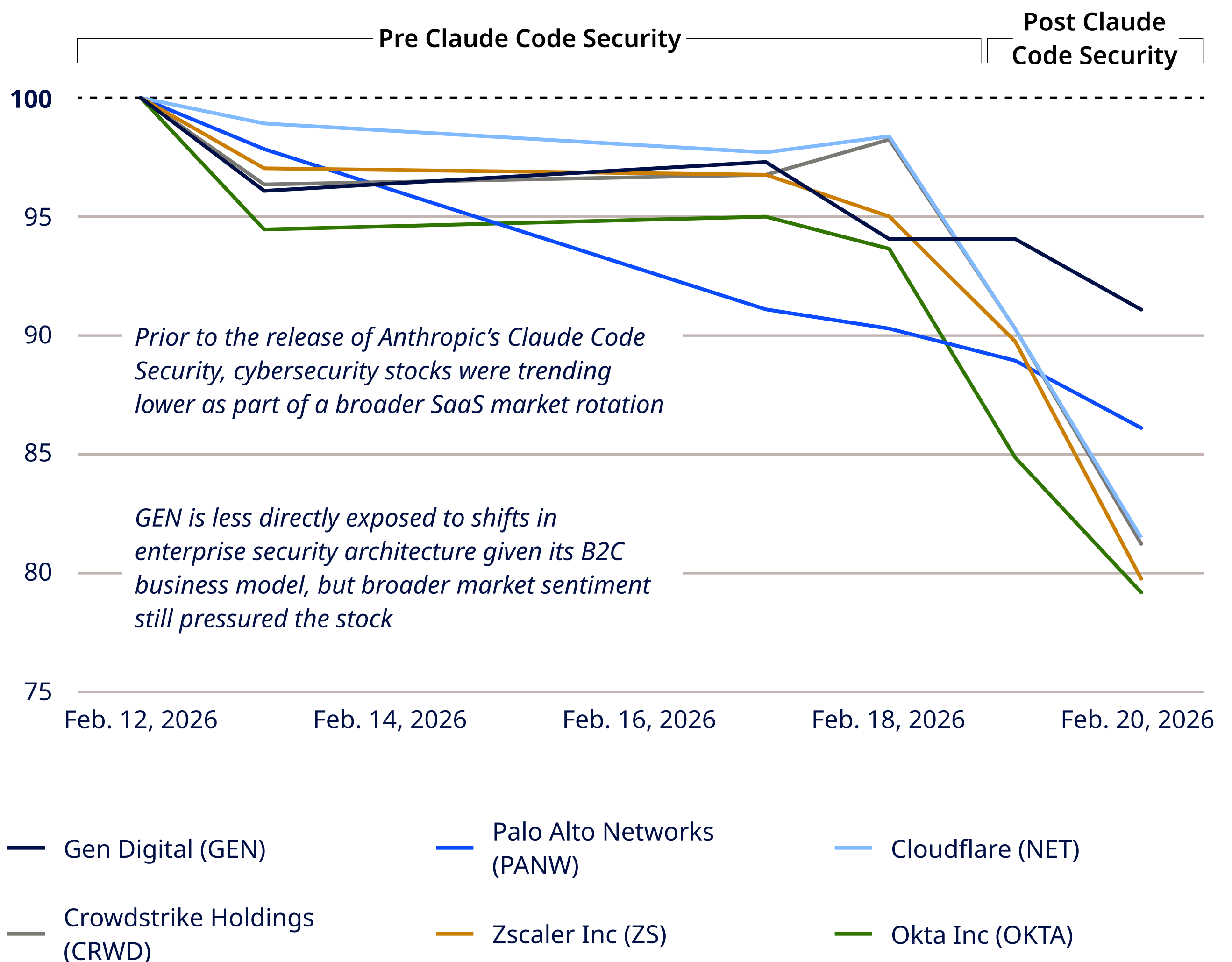
1. Priced as of Feb/03/2026 market close

Source: Berenberg, Goldman Sachs Research, Piper Sandler, Morgan Stanley, Barclays, Oliver Wyman research and analysis

...but with each new AI product launch, new sectors sell off

Illustrative cybersecurity stock market share performance

Indexed to 100, Feb. 12, 2026 – Feb. 20, 2026



Investors need a new framework for evaluating software assets

What's the upside?

LLM models enable displacement of legacy/manual workflows, capturing value from higher-cost alternatives

GenAI tools enable faster/cheaper dev and ops, leading to better margins

Can gain value of labor as part of TAM – potentially increasing pricing/revenues

Deliver the same value to the company with less usage of the platform, providing savings

AI substitution

AI acceleration

Agentic execution

Collateral disruption

What's the risk?

GenAI directly replaces software spend

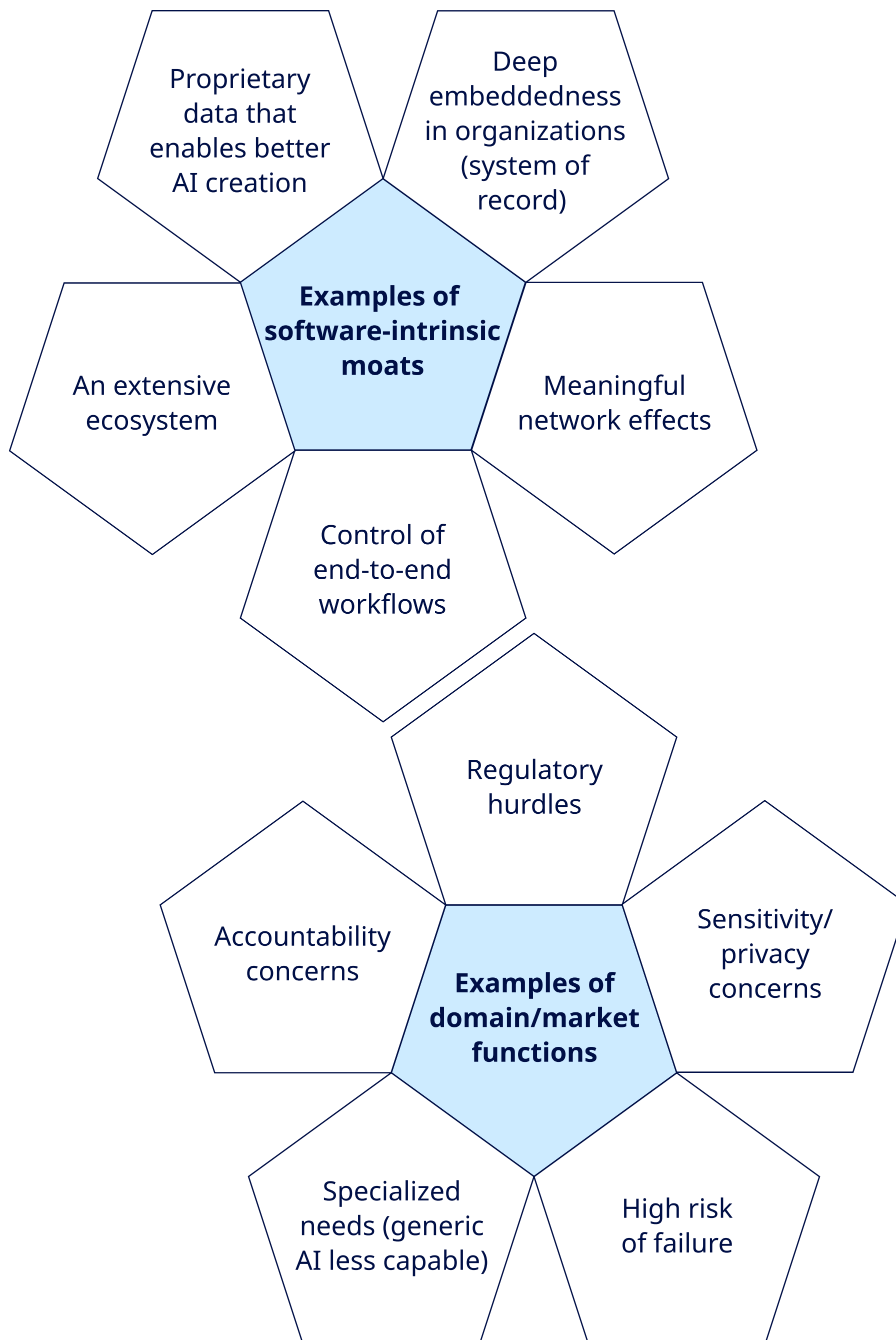
GenAI enables faster development by competitors and customer (DIY), removing feature and UX/UI moats and creating pricing pressure

AI agents replace humans using software in the workflow (revenue impact) and/or replace interaction with software (relegating to infra)

AI advancement removes parts of the end market for reasons entirely unrelated to the company

THE KEY QUESTION FOR INVESTORS

Is the company positioned to win the AI transition?



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