AI Risks

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# AI Risks & Opportunities Analysis Report

## Softcat

softcat.com

Sector: IT Managed Service Provider (MSP)

| Overall Score | AI Opportunity | Total AI Risk |
|---|---|---|
| 35/50 | 9/10 | 14/40 |

| 3-Year Risk | 5-Year Risk | 7-Year Risk |
|---|---|---|
| 2/10 | 3/10 | 4/10 |

| 10-Year Risk |
|---|
| 5/10 |

### Softcat Company Summary

Softcat plc is a publicly listed, UK-based IT infrastructure and services provider, offering software licensing, workplace technology, networking, security, cloud and data centre solutions. It serves corporate, mid-market, public sector and enterprise clients, with revenue of approximately 1.46billion in fiscal year 2025 and around 2,639 employees. The company is a constituent of the FTSE250 Index and has demonstrated over 20 consecutive years of organic profit growth.

### AI Risks IT Managed Service Provider (MSP) Sector Opportunity Overview

AI can reduce ticket volumes through self-service and better triage, improve knowledge management, and automate remediation and monitoring. MSPs can deliver faster resolution, better reporting, and improved security operations with AI-enabled tooling.

### Softcat AI Opportunity - Next 3 Years

Softcat has unusually strong near-term leverage from AI and automation because it already sells, implements, and supports the exact platforms where AI is being productised (modern workplace, cloud, security, and ITSM/ITOM). Its published AI services positioning explicitly includes "custom agentic solutions" and co-pilots/chatbots, which aligns with MSP sector opportunities like self-service, improved triage/knowledge, and automated remediation-while keeping the offer grounded in practical use-case discovery, governance, build, deploy and maintain steps.

There is also clear internal operating leverage: Softcat's Annual Report describes ongoing investment in data/digital platforms and explicitly frames "data and agentic AI" as a driver of its evolving proposition, suggesting intent to industrialise delivery and reduce cost-to-serve. In parallel, its managed security propositions (e.g., Managed Sentinel and MXDR for Microsoft Sentinel) emphasise automation and machine-learning-enabled detection/triage workflows paired with a 24x7 SOC, creating a credible path to scale managed services without linear headcount growth.

The main limiter over the next three years is that much of the AI value (Copilots, SIEM/XDR AI, workflow automation) is embedded in partner ecosystems, so Softcat's monetisation depends on packaging, governance, security/compliance readiness, and change management rather than owning the core model layer. Evidence of broad, repeatable AI delivery at scale is still emerging publicly (beyond specific offerings and case studies), so upside is high but not assumed to be frictionless.

## AI Risks IT Managed Service Provider (MSP) Sector Risk & Resilience Overview

Over 3-5 years, routine support commoditises as vendors ship more automation and AI help. By 7-10 years, platforms may absorb more managed functions; resilience depends on security, compliance, complex environments, and trusted relationship management.

## Softcat AI Risk Assessment

Over the next 3 years, Softcat's resilience is supported by its breadth of solutions/services and by demand intensity in cyber and cloud operations where customers still require trusted integration, governance, and response capability. Its managed security services explicitly combine automation with expert SOC operations (rather than "tool only" delivery), and its Microsoft-aligned security offerings are positioned for customers adopting AI-enabled security stacks-an area where relationships, accreditation, and operational execution matter.

Over ~5 years, disruption pressure rises as large platform vendors push more AI-driven self-service and "built-in" automation across endpoint/security, identity, and IT service management. Softcat's own Annual Report highlights the need to keep pace with vendor innovation and to invest in data/digital platforms; this is the right direction, but it also signals that differentiation must be continuously renewed to avoid commoditisation of routine support and procurement-led buying.

Across 7-10 years, resilience depends increasingly on whether Softcat can stay anchored in higher-complexity, higher-trust work (security operations, regulated environments, complex hybrid estates, data journeys, and outcome-based managed services). The long-run risk is partial disintermediation: major ecosystems can distribute managed offerings through marketplaces and embed agents directly into SIEM/XDR and workflow platforms, compressing the value of traditional VAR/MSP layers. Softcat's positioning around agentic AI, managed security, and ongoing platform investment helps, but it may still face margin pressure and a shrinking share of "routine" managed work as autonomous operations mature.