AI is engineering's growth engine: Quest Global chief

Ajit Prabhu argues that artificial intelligence will expand engineering demand, not replace it

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When most engineering-services bosses talk about artificial intelligence (AI), they sound like executives preparing for disruption. Ajit Prabhu sounds like someone who has already built it into the plan.

The founder and chairman of engineering services provider Quest Global has built one of the world's largest pure-play engineering, research and development (ER&D) firms. The company generated $1.1 billion in revenue in FY25, maintained Ebitda margins of nearly 20% and employs over 23,000 engineers across 20 countries.

It has compounded revenue at about 22% annually for two decades, with only two negative years. The question now is whether AI disrupts that model—or strengthens it.

Prabhu has built one of the world's largest pure-play ER&D firms. ISTOCKPHOTO

Investors appear to be backing the latter. When Carlyle re-entered in August 2023—buying out Bain Capital and Advent—it valued Quest at close to $2 billion, investing around $500 million for roughly 28%. Today, it is valued at about $4.5 billion after a round involving Hillhouse, a 2.5x step-up in under three years. Prabhu says had Carlyle retained its original 2003 stake, acquired when Quest was valued at about $20 million, its return would have been around 160 times.

His core argument is that ER&D and IT services are "day and night different." IT services rest on repeatable workflows, the work AI eats first; engineering rests on domain intensity and problem definition, which AI amplifies.

"These are all hypes that come and go," he says. "But what stays through hundreds of years is the entrepreneurship—the problem-solving, the innovations."

The mechanism he sees is a cash flywheel. "Higher productivity means they don't need to spend as much money managing today's business," he says. "All that profit they'll make by cutting the cost—they have to invest it back in ER&D, because that's where the future of their business is."

More AI means more chips, more data centres and more power gear—a chain he believes guarantees "the next 20 years" of demand, not the next five.

"Instead of solving one problem, we'll end up solving 10, because we are a lot more productive," he says. "This is the best time, in my opinion, for engineers, because all the routine stuff we can get done much faster."

ER&D stocks fell about 11% early in 2026 as investors weighed the impact of agentic AI, muted hiring and outcome-based pricing on billable-hour business models.

The sizing is more sober than Quest's, too. Prabhu frames a market barely 5–10% penetrated, heading toward nearly $4 trillion in global ER&D spend; the Nasscom–Everest Group report *The Global ER&D Shift: Evolution of Engineering Services and India's Competitive Edge* is more restrained, putting global enterprise ER&D spending at $1.53 trillion in 2024, reaching around $2.5 trillion by 2030, with the outsourced slice growing only from around $82 billion to around $135 billion.

It argues India's providers—now a $19–20 billion industry—must move beyond cost arbitrage toward IP-led innovation, AI-enabled engineering and outcome-based partnerships. That is the ground Prabhu claims Quest already holds, via co-innovation and jointly owned IP—but the report shows the whole industry now chasing it.

Competition is intensifying as Indian ER&D firms, global engineering specialists and large IT services companies pursue the same budgets, while original equipment manufacturers increasingly bring software development in-house.

Prabhu's answer is to stay focused. "Our depth is our core. Our focus is our core," he says. "The more problems we solve, the stickier we become, the more valuable we become to the client." It is deliberate: "I've never built a company pursuing a trend and jumping on it."

The strategy is supported by diversification: no client contributes more than 10% of revenue and no vertical more than 25%. Twenty-nine years after winning its first customer, that client remains its largest. Prabhu says he is building a "centenary company", inspired by Japan's Sanpo Yoshi philosophy. "We are a global company by mind, an Indian company by heart," he says.

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AI ENDGAME

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INDIA'S pure-plays, and the big IT houses bundling ER&D into megadeals all chase the same budgets

PRABHU'S ambition is a "centenary company," modelled on the Sanpo Yoshi principle