

## **INVESTMENT ATTRACTIVENESS OF VERTICAL AI AGENT STARTUPS IN UKRAINE**

Companies that build vertical AI agent products have become the fastest-growing segment of the software industry since the original SaaS wave. According to Y Combinator, this sector could grow to ten times the size of SaaS, as vertical agents replace not only software costs but also part of customers' labour costs [1]. Recent funding rounds confirm the scale of investor appetite: Sierra reached \$150 million in annual recurring revenue by early 2026 and raised \$950 million at a \$15.8 billion valuation in May 2026. Harvey, a legal AI agent, grew from \$100 million ARR in August 2025 to \$190 million by year-end, closing a round at \$11 billion in March 2026. Cursor (Anysphere) surpassed \$2 billion ARR by February 2026 at a \$29.3 billion valuation, and Decagon reached \$4.5 billion after tripling its valuation in January 2026 [2]. Revenue multiples in this segment average approximately 52 times ARR, with customer-service agent companies trading at up to 127 times — far above standard SaaS benchmarks [2].

Vertical AI agent companies differ from earlier software businesses in several important ways. They help customers cut spending on both software and labour; since most enterprises spend far more on employees than on licences, an agent that performs the work generates larger savings than traditional automation. Pricing follows an outcome-based model rather than per-seat subscriptions — Sierra, for instance, charges roughly \$1.50 per successful resolution, so revenue accrues only when value is delivered. The resulting growth trajectories are unprecedented: Sierra reached \$100 million ARR in approximately seven quarters, faster than any SaaS company on record [2].

This wave of AI innovation creates a tangible opportunity for Ukrainian entrepreneurs to enter the global product market. The country's IT sector exported \$6.66 billion in services in 2025, recovering from a 4.2% decline the previous year, with computer services accounting for nearly 40% of all national service exports [3; 4]. Experience with remote delivery and English-language business operations, built over two decades of outsourcing, provides a foundation for launching vertical agent products. Ukraine's cost structure offers a further advantage: products that can reach profitability with local engineering rates and a 5% simplified tax regime would remain unprofitable if developed at US salary levels. This allows founders to reach \$500,000–\$1 million in ARR without external capital, retaining more equity as the company scales. Additionally, Ukrainian agencies that have served SMB clients in the US, UK, and EU already understand the purchasing behaviour and operational pain points of these customers — knowledge that is directly transferable to vertical agent product development. The viability of this path has

already been demonstrated: Grammarly, founded by Ukrainian entrepreneurs, grew from an AI writing tool into a global product company valued at \$13 billion, while recent defence-tech startups have shown that Ukrainian teams can attract venture capital even during wartime.

At the same time, Ukrainian founders face structural barriers to building equity in this field. A common trap is selling AI agent solutions as time-and-materials projects rather than subscription products; this approach generates revenue but undermines the recurring revenue model required for high software valuations. The absence of a local valuation framework compounds the problem: while international peers trade at 52–127 times ARR, Ukrainian investors lack established benchmarks for pricing companies in this category. Finally, the most lucrative verticals — healthcare, finance, and legal services — impose strict regulatory requirements (HIPAA, SOC 2, GDPR), and the upfront compliance investment creates a significant barrier for teams operating from Ukraine. Achieving SOC 2 Type II certification alone typically requires 6–12 months and considerable audit costs — a substantial commitment at the pre-seed stage, especially when local access to specialised US regulatory counsel remains limited.

Major venture capital firms — Sequoia, Andreessen Horowitz, Benchmark, Bain Capital — are deploying capital into vertical AI agent companies at unicorn-level valuations, while increasingly establishing engineering operations in lower-cost locations. This narrows the window for Ukrainian IT firms: they can either transition from outsourcing to equity ownership in product companies, or remain subcontractors for foreign products. The experience of Estonia and Poland confirms that targeted state incentives can accelerate such a transition. Ukraine's Diia.City framework, hosting over 3,700 residents, could serve as an institutional foundation for this shift, but the transition also requires a local valuation methodology, investors prepared to accept early-stage risk, and founders willing to move from services to products while the structural advantage persists.

## REFERENCES

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