$1T Wiped from SaaS – The Agentic SaaS Movement Delivers $6T Back

A Report by Arrigo Lupori | Creator of Palpaca | February 2026

The age of the builder is here.

But does that mean SaaS is dead?

No. Far from it.

Forward-looking SaaS providers like HubSpot, Salesforce, Pipedrive, Odoo and others have been investing in this direction for years — quietly building the code-first deployment platforms that make agentic software possible.

HubSpot launched its UI Extensions SDK and Projects framework, giving developers a React-based environment to build custom applications that run natively inside the CRM. Salesforce doubled down on Lightning Web Components and, more recently, its Agentforce developer tools — enabling both low-code and pro-code agent development directly on the platform. Pipedrive shipped its App Extensions SDK and Developer Hub, opening its CRM to third-party custom interfaces. Even Odoo, with its modular Python architecture and Owl frontend framework, has laid the groundwork for extensibility at the platform level.

These aren't reactions to the SaaSpocalypse. They are years-long, deliberate investments in platform extensibility — bets that the future of SaaS isn't a closed product, but an open operating system for business.

And yet, in the span of 48 hours in early February 2026, nearly $300 billion in market value evaporated from the software sector. Within weeks, that number climbed past $1 trillion. Wall Street declared it the SaaSpocalypse — the death of SaaS as we know it.

I believe the opposite is true.

I believe SaaS is entering its defining moment — and that what the market is calling an apocalypse is actually the beginning of a renaissance.

This report explains why.

The SaaSpocalypse — What Actually Happened

To understand where SaaS is headed, you need to understand what just happened to it.

The roots of this crisis stretch back to mid-2024, when Salesforce experienced its worst trading day in two decades — a 20% single-day drop after a rare revenue miss. That was the first warning sign. But the real panic didn't start until late 2025, when major AI labs began releasing agentic tools capable of orchestrating business processes without traditional user interfaces.

Then came January 30, 2026.

Anthropic quietly released 11 open-source plugins for Claude Cowork — its AI-powered productivity tool. Not a press conference. Not a major announcement. Just a GitHub repo and a blog post. The plugins targeted legal workflows, contract review, compliance, and customer support — tasks that millions of companies currently pay SaaS providers to handle.

Within 48 hours, the market reacted with what Jefferies equity trader Jeffrey Favuzza called "an apocalypse for software-as-a-service stocks" — coining the term that would define this moment: the SaaSpocalypse.

The damage was immediate and severe. Thomson Reuters dropped 16% in a single day — its worst ever. LegalZoom fell 20%. Salesforce, ServiceNow, and Adobe each dropped 7%. SAP fell 33% from its yearly highs. HubSpot sank 39% year-to-date, with its stock declining from roughly $880 to the $230 range — a 69% decline over the prior twelve months.

By February 4, nearly $300 billion in market value had evaporated from the application software layer alone. The iShares Tech-Software ETF retreated roughly 30% from its late-2025 peaks and entered a technical bear market. Institutional investors began aggressively rotating out of software and into what analysts called "old economy" value stocks.

But the selling didn't stop there.

By February 13, 2026, the total damage had crossed $1 trillion. The Nasdaq plunged over 4% in a single session. Software price-to-sales ratios compressed from 9x to 6x — levels not seen since the mid-2010s. JP Morgan titled their note "Software Collapse Broadens with Nowhere to Hide." Hedge funds made $24 billion shorting the sector.

The narrative was simple and terrifying: AI agents can now do what SaaS products do. Why would anyone pay $200 per seat per month for software that an AI can replicate or replace entirely?

That narrative drove the largest software sell-off in a generation.

And I believe it is fundamentally wrong.

What Wall Street Got Wrong

The bear case for SaaS is built on a seductive but flawed premise: that vibe coding and AI agents make SaaS platforms replaceable. That a non-technical founder can open Lovable or Claude Cowork, describe what they need, and generate a custom tool that eliminates the need for Salesforce, HubSpot, or ServiceNow entirely.

It sounds compelling. It also fundamentally misunderstands what enterprise SaaS platforms actually are.

A CRM is not a user interface. It is not a set of screens that display contact records. It is a deeply interconnected system of data models, permission structures, workflow automations, third-party integrations, audit trails, and compliance frameworks — built on years of institutional knowledge about how businesses actually operate. You don't replace that by generating a React app in 30 seconds.

And I'm not the only one who thinks the market got this wrong.

Bank of America's Vivek Arya identified a paradox at the heart of the sell-off: investors are simultaneously punishing hyperscaler stocks because AI infrastructure spending might not generate returns, while destroying software stocks because AI adoption will be so pervasive it renders all existing software obsolete. Both cannot be true at the same time. If AI isn't generating returns, it isn't replacing software. If it is replacing software, the infrastructure spending is justified. The market is pricing in two mutually exclusive catastrophes.

Goldman Sachs Research takes it further. Their analysis projects the application software market growing to $780 billion by 2030 — a 13% compound annual growth rate. Not shrinking. Growing. And here's the critical insight: by 2030, AI agents are expected to account for more than 60% of the total software economics. The profit pool shifts from SaaS seats to agentic workloads — but the entire market gets larger, not smaller. The pie isn't being eaten. It's being expanded.

Goldman also projects the total cloud market reaching $2 trillion by 2030, with SaaS contributing $780 billion of that — representing 41% of all cloud spending. This is not the trajectory of a dying industry.

But the most provocative case comes from a16z's Alex Rampell. His argument: if AI enables software to not just enhance productivity but actually complete work, the addressable market isn't the roughly $350 billion in current enterprise software spend — which represents about 1% of GDP. It's the $6 trillion white-collar services market — approximately 20% of GDP. That's a 20x expansion into work that was never software-addressable before.

Let me restate that: the current SaaS market serves roughly 1% of the economy. If AI-powered SaaS platforms can perform the actual work — not just support it — the market expands to serve 20% of the economy.

The SaaSpocalypse wiped $1 trillion based on the fear that AI kills SaaS. The data suggests the opposite: AI embedded in SaaS platforms could unlock a $6 trillion opportunity that didn't exist before.

The question is no longer whether SaaS survives. It's whether SaaS platforms are ready to capture this expansion.

I believe many of them already are.

The Platforms Were Already Ready

This is the part of the story that Wall Street missed entirely.

While investors were panicking about AI replacing SaaS, the platforms themselves were quietly building the infrastructure that makes AI-native development possible — not outside their ecosystems, but inside them.

This isn't a 2026 reaction. These are multi-year, deliberate investments in platform extensibility that predate the SaaSpocalypse by years.

HubSpot

HubSpot has been the most aggressive mover in the mid-market CRM space. Their Developer Projects framework and UI Extensions SDK give developers a full React-based environment to build custom applications that deploy and run natively inside the CRM. These aren't iframes pointing to external servers. They are sandboxed components that use HubSpot's own design system, access CRM data through dedicated hooks like *useCrmProperties* and *useAssociations*, and execute backend logic via built-in serverless functions. HubSpot has essentially built an application runtime inside its CRM — a platform within the platform. The result: any developer (or any sufficiently capable AI agent) can generate a fully functional CRM application that reads, writes, and interacts with the customer's actual business data, deployed in minutes through a single CLI command.

Salesforce

Salesforce has taken a broader approach, investing across multiple layers simultaneously. Their Lightning Web Components framework — built on modern web standards — has been the foundation for custom Salesforce UI development since 2019. More recently, Salesforce has gone all-in on agentic development with Agentforce — a suite of tools that lets developers build, customize, and deploy AI agents directly on the platform. Their Spring '26 release introduced the Agentforce DX MCP Server, the Agentforce Vibes IDE, and a new scripting language called Agent Script that combines AI creativity with programmatic precision. Salesforce's CTO has

been explicit about the vision: future teams will be hybrid, consisting of humans and AI agents, and the platform needs to support both. They are building exactly that.

Pipedrive

Pipedrive has invested in extensibility through its Developer Hub and App Extensions SDK, enabling developers to build custom UI extensions that render inside the CRM. Their framework supports JSON panels, custom modals, and interactive features — all accessible through a JavaScript SDK that handles authentication, theming, and data exchange between the extension and the platform. With over 400 app integrations already in their marketplace and nearly 60% of their user base actively using at least one third-party app, Pipedrive has built a real ecosystem around extensibility — one that is ready for AI-generated applications.

Odoo

Odoo takes a different but equally significant approach. Its open-source modular architecture allows developers to extend any part of the system through custom Python modules and its proprietary Owl frontend framework. While Odoo's model is more traditional — full modules rather than sandboxed extensions — the underlying principle is identical: the platform is designed to be built upon, not just used as-is.

These are not experimental features buried in developer documentation. They are core strategic bets by companies worth tens of billions of dollars, backed by years of engineering effort and billions in R&D investment.

And they all point in the same direction: SaaS platforms are evolving from closed products into open operating systems for business.

The infrastructure is ready. What's been missing is the bridge — the tool that takes this extensibility and makes it accessible to everyone, not just developers who can navigate an SDK. That bridge is what I call the Agentic SaaS Movement.

Enter the Agentic SaaS Movement

The term "vibe coding" was coined by Andrej Karpathy in early 2025 to describe a new way of building software: you describe what you want in natural language, and an AI generates the code. No manual coding. No deep technical knowledge required. Just intent, translated into working software.

It captured the imagination of the tech world — and terrified the SaaS industry.

The fear was straightforward: if anyone can vibe code a custom CRM, a project management tool, or a support dashboard, why would anyone pay for Salesforce, HubSpot, or Monday.com?

Platforms like Lovable, Bolt, and Replit leaned into this narrative, positioning themselves as tools that let non-developers build entire applications from a prompt. One journalist recreating Monday.com's interface in Claude Cowork wiped $300 million off Monday's market cap in thirty minutes. The message was clear: SaaS is now a commodity that anyone can replicate.

But here's what that narrative misses completely.

Building a beautiful front-end that looks like a CRM is not the same as building a CRM. A generated app has no customers in it. No pipeline data. No workflow automations. No permission structures. No audit trails. No integrations with the fifty other tools a business depends on. It is a shell — impressive to look at, useless to operate.

The real power of vibe coding isn't in replacing SaaS platforms. It's in extending them.

This is the core thesis of the Agentic SaaS Movement: when you combine AI-powered code generation with the platform extensibility that companies like HubSpot, Salesforce, and Pipedrive have already built, something fundamentally new emerges. Non-developers can now build real, production-grade applications that run inside their CRM — applications that are personalized to their data, their schema, their workflows, and their business logic.

Not demos. Not prototypes. Fully deployed software that operates within the platform the business already depends on.

This changes the equation entirely.

Instead of vibe coding a replacement for your CRM, you vibe code an extension of it. A custom dashboard that pulls from your actual pipeline data. A client portal that reads from your real contact records. An approval workflow that respects your existing permission structures. An integration panel that connects your CRM to a niche industry API that no off-the-shelf app supports.

These are applications that couldn't exist before — not because the technology wasn't there, but because building them required a developer who understood both the business need and the platform's SDK. That bottleneck kept millions of potential applications from ever being built.

The Agentic SaaS Movement removes that bottleneck.

And when you remove it, you don't shrink the SaaS market. You expand it dramatically. Every business that uses a CRM or ERP becomes a potential builder of custom software on top of that platform. Every unmet need that was too niche for a SaaS vendor to address and too expensive for a business to custom-develop is now addressable. The long tail of enterprise software — the millions of specific, contextual, business-unique applications that no vendor could ever build at scale — suddenly becomes viable.

This is how you get from $350 billion to $6 trillion. Not by replacing SaaS. By turning every SaaS platform into a foundation for an infinite number of applications that only AI could make economically viable to build.

The SaaSpocalypse narrative says AI kills SaaS.

The Agentic SaaS Movement says AI makes SaaS the most important software layer in the economy.

Palpaca: The First Platform for the Agentic SaaS Movement

I didn't set out to write a report about the future of SaaS. I set out to build what was missing.

The platforms were ready. The extensibility was there. The market needed it. But there was a gap — a massive one — between what SaaS platforms had made technically possible and what businesses could actually access.

HubSpot had built an incredibly powerful developer platform — UI Extensions, serverless functions, a full React-based SDK — but almost nobody was using it to its full potential. Not because it wasn't good. Because the barrier to entry was too high.

To build a custom HubSpot application, you needed to understand React. You needed to understand HubSpot's specific component library — a constrained subset of UI elements designed for their sandboxed environment. You needed to understand their serverless function architecture, their CRM data hooks, their authentication model, their deployment pipeline. You needed to know how *useCrmProperties* works, how *useAssociations* handles pagination, how to structure a project for the CLI to deploy it correctly.

That's weeks of learning for an experienced developer. For a business user, a marketer, a revenue operations manager, or a founder? It was simply out of reach.

The same is true across every platform. Salesforce's Lightning Web Components are powerful but require knowledge of Apex, SOQL, and the Salesforce DX toolchain. Pipedrive's App Extensions SDK demands JavaScript proficiency and OAuth implementation. Odoo's module system requires Python, XML views, and server-level deployment. Each platform built the infrastructure for extensibility — but left the last mile unsolved.

Palpaca solves the last mile.

It is the first vibe coding platform built specifically for SaaS extensibility. You describe what you need in natural language. Palpaca generates production-grade, native application code — not

generic React, not a standalone web app, but code that is purpose-built for the target platform's SDK, component library, data model, and deployment framework.

And critically, it doesn't generate code in a vacuum. Palpaca is personalized to your schema, your CRM data, and your external credentials. It knows what custom properties you've created, what objects you're working with, what integrations you depend on. The applications it generates aren't templates. They are bespoke software, built for your specific business, deployed inside the platform you already operate.

The code is yours. Not hosted on a third-party server. Not dependent on Palpaca to keep running. Native application code that lives within your CRM, uses the platform's own APIs, and works exactly as if a senior developer had built it by hand.

And because Palpaca understands the constraints and security requirements of each platform's extension framework, it doesn't allow bad coding practices. We've spent weeks refining encryption, system-level blocks, and proper deployment protocols to ensure that every generated application is battle-tested and secure before it reaches your CRM.

Today, we're starting with HubSpot — the platform I know most deeply, and the one whose developer ecosystem is most immediately ready for this approach.

Tomorrow, every forward-looking SaaS platform becomes a target.

What Comes Next

The SaaSpocalypse was built on a fear: that AI makes SaaS obsolete.

The Agentic SaaS Movement is built on a fact: that AI makes SaaS indispensable.

When every business can build custom applications inside the platforms they already depend on, those platforms don't lose value. They gain it — exponentially. They evolve from software you use into infrastructure you build on. From products you subscribe to into operating systems you can't leave. Not because of lock-in, but because of leverage.

This is the trajectory that Goldman Sachs projects when they forecast the application software market reaching $780 billion by 2030. It's what a16z's Alex Rampell is describing when he argues the addressable market expands from $350 billion to $6 trillion. It's what Bank of America was pointing at when they called the sell-off "internally inconsistent." The smart money isn't betting against SaaS. It's betting on a version of SaaS that hasn't fully materialized yet.

I believe that version is now materializing.

The platforms have spent years building the extensibility layer. AI has reached the point where it can generate production-grade code for constrained, platform-specific environments. And the market — through sheer panic — has created the urgency for SaaS providers to embrace this shift rather than resist it.

Every element is in place. The infrastructure. The AI capability. The market pressure. The business demand.

What was missing was someone willing to put these pieces together and ship it.

That's what Palpaca is. And that's what the Agentic SaaS Movement represents — not a theory, not a prediction, but a product you can use today and a shift that is already underway.

I'm not asking you to take my word for it. I'm asking you to watch what happens next.

To every SaaS provider reading this: your platform is more valuable than your stock price suggests. The extensibility you built isn't a feature. It's your future. Lean into it.

To every investor reading this: the $1 trillion that was wiped from SaaS isn't gone. It was repriced on a flawed thesis. The companies that embrace the Agentic SaaS Movement will not only recover that value — they will create multiples of it.

To every business reading this: you no longer have to choose between expensive custom development and rigid off-the-shelf software. The era of building exactly what you need, inside the platform you already trust, has arrived.

The SaaSpocalypse called it the end of SaaS.

I call it the beginning.

And it's only getting started.

Arrigo Lupori | Creator of Palpaca | arrigo@palpaca.dev