Rebuilding the Business Around AI

Idea In Short

Most companies have added Artificial Intelligence [AI] somewhere in their operations, yet their strategy, cost structure and organization chart still look like they did five years ago. That gap is the real risk. A handful of competitors are not bolting AI onto old workflows; they are rebuilding underwriting, service, pricing and decision-making around what AI can now do, and the cost and speed advantage that creates is hard to reverse once a rival has it. Leaders should decide now which parts of the business would look different if built today with AI at the center, then fund that redesign while the current model still pays the bills. Waiting for the technology to settle is itself a decision, and it is the one that hands the advantage to whoever moves first.

Every large company now uses Artificial Intelligence [AI] somewhere in its operations. A chatbot answers support questions, a copilot drafts code, and a model flags anomalies in a spreadsheet, yet the strategy and the organization chart behind all of it look much as they did five years ago. That gap between tool adoption and structural change is where the real competitive divide is opening up. Some companies use AI to make an existing process a little faster; others rebuild the process itself, along with the cost structure and the capabilities that sit behind it. The distance between those two groups widens every quarter, because speed and cost advantages compound, and once a rival serves customers faster and cheaper, price and service expectations shift across the whole market. A company that moves slowly does not choose to fall behind; it inherits the problem anyway.

What AI-Native Strategy Means

AI-native strategy is a business strategy in which Artificial Intelligence sits at the core of how an organization creates and delivers value, rather than being layered onto an operating model designed for a pre-AI world. The business is designed around AI from the outset, so its products and its daily operations take shape around what the technology can actually do. The term describes where AI sits in the strategy, not how many AI tools a company happens

to have purchased. Three traits set this approach apart from ordinary adoption.

- AI as the foundation, shaping how the whole business runs, from products to daily operations, rather than sitting on top as an add-on
- Design that starts with AI, where the guiding question is how the company would build itself today if AI existed from day one, and the operating model follows from that answer
- Work rebuilt around AI, where core processes are redesigned to use what AI makes possible, and people focus on the judgment calls a model should not be making alone

A short comparison makes the distinction concrete. An AI-enabled insurer adds a model that flags risky claims faster, and the same adjusters still review every file. An AI-native insurer rebuilds underwriting so the model prices and approves standard policies on its own, sending only the unusual cases to a person. The underlying technology can be nearly identical in both cases, but the resulting business is not. Recent research on Artificial Intelligence-native startups backs this up:

> firms that embed AI directly into what they sell, rather than using it to speed up internal workflows, run with roughly a quarter fewer employees than comparable non-AI companies and still command a premium on valuation per employee1

AI-Native Versus AI-Enabled: Where They Diverge

The contrast between the two approaches becomes sharpest on the questions of operating model and economics. An AI-enabled business improves a margin here or there, while an AI-native redesign changes the underlying cost curve and lets a much smaller team serve a far larger set of customers. That kind of gain is not something a competitor can match simply by buying the same software, because the advantage sits in the redesigned process rather than in the tool itself. A company that has rebuilt its claims handling, its sales motion or its customer service around AI is competing on a different cost basis entirely.

Reversibility tells a similar story and matters just as much to a board weighing the decision. An AI-enabled change, such as adding a chatbot in front of an existing queue, can be

switched off without much disruption if it does not work out. An AI-native redesign reshapes roles, reporting lines and unit economics in ways that are expensive and slow to undo once they are in place.

> A redesigned operating model changes the cost curve; incremental efficiency only trims a margin

That asymmetry, where the gain is durable and the reversal is costly, is part of what makes an AI-native advantage worth pursuing deliberately rather than backing into it. Traditional technology organizations built for a pre-AI era are increasingly seen as insufficient for enterprise-wide AI adoption, and firms attempting a genuine rebuild are pushing toward more modular, observable architecture that can absorb continuous change rather than periodic upgrades. 2

Why The Shift Is Accelerating Now

Three forces have matured together over a short window, and their combination is what makes this moment different from previous waves of automation. Model capability has crossed from demonstration to dependable execution on real work, the cost per task keeps falling in ways that make a full process redesign financially worthwhile, and the companies that move first convert their head start into data and customer relationships that are hard for a latecomer to win back.

The scale of the current gap is documented rather than anecdotal. Survey data collected across large organizations found that only 39% of respondents attribute any measurable earnings impact to their AI initiatives, and most of those who do report an impact still put it below 5% of total earnings. 3 The small group of high performers in that same research stands apart for a specific, identifiable reason: they are nearly three times as likely as everyone else to say they have fundamentally redesigned individual workflows around AI, rather than simply distributing AI tools across an unchanged process.

The strategic conclusion follows directly from that data. Value accrues to companies that change how work actually gets performed, not to companies that own the most licenses or

run the most pilots. Broad adoption of AI tools no longer signals a leader, because the dividing line has moved to how much of the underlying business a company is willing to let AI reshape. Where AI-native entrants have started competing directly with incumbents, the effect is already visible: a lean team running AI across its core operations can match the output of a much larger rival, undercut its pricing, and still protect its own margins, which forces the incumbent to respond on a timeline it did not choose.

How Businesses Are Rebuilding Around AI

A genuine AI-native transformation shows up across four connected parts of a business, and the strongest programs move on all four at roughly the same time, because progress in one area exposes the limits of the others. Companies that try to redesign only workflows while leaving talent structures and pricing untouched tend to stall, since the new process runs into an organization and a business model that were never built to support it.

Workflows, Business Models And Decisions

Teams redesign core processes so AI handles the routine path end to end and people handle only the exceptions that require judgment. A claims process or a sales motion gets rebuilt rather than merely accelerated, which lowers both the cost of the work and the time it takes to complete. As the cost of delivery falls, business models that were not viable before start to make sense, such as pricing a service by outcome instead of by seat or by hour. Data and models also move directly into the daily decision loop under this approach, so forecasts and pricing update continuously instead of waiting for the next quarterly planning cycle, which keeps decisions grounded in current conditions rather than assumptions that are already out of date.

Talent And Structure

Roles shift toward judgment and oversight of AI systems rather than execution of routine tasks, and organizational charts tend to flatten as small teams take on work that once required much larger ones. The scarce skill in this environment is not technical fluency alone; it is knowing precisely what to ask an AI system to do and how to check what it returns before acting on it. A software company rebuilding its support function illustrates the pattern well:

> rather than placing a chatbot in front of the same ticket queue, it lets AI resolve

routine issues from start to finish and escalates genuinely hard cases with full context attached, so each resolution feeds back into the product and the same issue stops recurring

Headcount no longer needs to scale with ticket volume, and what used to be a pure cost center becomes a source of product insight instead.

Even so, the gap between technical readiness and organizational readiness remains the primary obstacle most companies face. Research into why AI transformations stall points to seven specific frictions, including an excess of unscaled pilots, workflows too outdated to absorb AI capability, tribal knowledge locked inside individual employees, and unclear rules for autonomous or agentic systems. 4 The World Economic Forum's most recent workforce research reinforces the scale of the adjustment required, projecting that nearly 40% of core job skills will change by 2030, with the large majority of employers naming upskilling, rather than headcount reduction alone, as their primary response. 5

What AI-Native Strategy Demands Of Leaders

The weight of this rebuild falls squarely on leadership, and three specific demands shape how far a transformation actually goes. Leaders have to decide where in the value chain AI belongs and how its risks will be governed, since that decision determines the shape of everything that follows. Governance itself has to move from a compliance afterthought to a core design choice, because a model that shapes real pricing or underwriting decisions can fail in ways a spreadsheet never could, and boards are increasingly expected to build a proactive oversight plan rather than reacting after a failure surfaces. 6 Fluency also has to extend well beyond the executive team, since AI only produces measurable results once managers across the organization can frame problems for it and judge the quality of what it returns.

Sequencing presents the harder practical challenge, because a leader has to decide what to rebuild first and how to fund that rebuild while the existing model still generates the revenue that pays for it. The core of the job is keeping strategy ahead of the tooling itself; the technology will keep changing, and the discipline of judging where it creates a durable

advantage is what endures past any single product cycle. Companies that treat AI as a feature bolted onto an existing structure tend to gain only small, local efficiencies while the wider market moves past them. Companies willing to redesign their operations around AI build a cost and speed advantage that is genuinely difficult for a competitor to match, and that advantage is largest for whoever commits to the redesign first and shrinks steadily as more competitors adopt the same approach.

- 1AI-Native Firms Are Flatter, Leaner, And More Valuable
- 2The Great Rebuild: Architecting An AI-Native Tech Organization
- 3The State Of AI In 2025
- 4The Last Mile Problem Slowing AI Transformation
- 5Future Of Jobs Report 2025
- 6Why Your Board Needs A Plan For AI Oversight

Summary

AI-native strategy is not a bigger AI budget or another pilot project. It is a decision to redesign workflows, business models, decision rights and talent around what AI can now do, rather than adding AI as a layer on top of a pre-AI business. The data so far shows a small group of companies capturing most of the financial return from AI, and what separates them is not access to better models but the willingness to rebuild. That willingness has to come from leadership, because governance, sequencing and funding a redesign while the current business still runs are decisions no team below the top can make alone. The advantage available to early movers shrinks every quarter more competitors close the gap, which makes this less a technology question than a timing one.