The Impact of Artificial Intelligence Across Key Industries: Key Intermede Discussion Points

Intermede Investment Partners Limited

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Introduction

Artificial intelligence (AI) is rapidly reshaping the global economic landscape, with profound implications across multiple industries. In March 2026, Intermede Investment Partners held one of its periodic book review meetings, where the investment team share their perspective on a common text. This time, we read 'AI 2027', a paper by the AI Futures Project. Using their backgrounds in AI research and forecasting, the authors attempt to assess what a future with artificial general intelligence (AGI) might look like, amidst "frustratingly vague" accounts currently available. The (rather dystopian) scenario they come up with is, they say, intended to foster debate and elicit alternative views.

It was while we were reading this that the much discussed Citrini Research paper – The Global Intelligence Crisis - was released, along with the many counter-scenarios offered in its wake. Market movements aside, the most significant impact of the Citrini paper was to highlight just how little is known about what the impact of AGI might be – and how securities can be affected in response to any information filling that vacuum.

Within this context, we decided to use the AI 2027 paper, as well as other scenarios and essays released at the opening of 2026 to reflect on the impact that advanced AI, or AGI may have on the sectors we cover. While the very fact of the wide array of forecasts, scenarios and guesses shows that no one truly knows the likely impact, we felt this was a good starting point for challenging our views on key sectors we follow and invest in. Though there was ample debate about some of the scenarios explored by the authors, we stayed focused on exploring AI's transformative potential in the financial sector, healthcare, industrials, consumer-facing industries such as e-commerce and online travel, and the technology sector itself.

While AI offers significant opportunities for efficiency, innovation, and productivity gains, it also introduces substantial risks related to business model disruption, regulatory uncertainty, and macroeconomic instability. Intermede's analysts shared some insights into how AI could shape their industries, highlighting both near-term and long-term considerations.

Below is a brief overview of the discussion.

Financial Services

The financial services sector—including banks, wealth managers, insurance firms, exchanges, and financial information providers—faces a complex and uneven AI-driven transformation. A primary opportunity for the application of AI in banking lies in the potential for operational efficiency gains and improved decision-making, although these gains will likely be at least partially shared with customers in what is a competitive market.

The core banking business model is currently relatively insulated from potential AI disruption due to regulatory constraints, and since AI cannot replicate the provision of balance sheet (taking deposits and issuing loans) which requires capital. Despite this stability, AI introduces notable risks to traditional revenue streams. For example, automated deposit optimisation tools may reduce the profitability banks derive from customer inertia.

Macroeconomic risks also loom large. For example, AI-driven unemployment could reduce consumer borrowing capacity and increase loan defaults, particularly affecting institutions with high exposure to retail lending. Credit card companies and banks heavily reliant on unsecured lending may therefore face heightened vulnerability. On the other hand, government intervention could mitigate these risks, reflecting the sector's close ties to public policy.

Regional variation further complicates the outlook. Faster AI adoption in the United States may drive efficiency gains, but also increase exposure to disruption. In contrast, European institutions may benefit from greater stability due to stricter labour protections, albeit at the cost of slower innovation.

Within adjacent financial industries, AI presents both commoditisation risks and data-driven opportunities. Wealth management may see fee compression as AI democratises financial advice, while insurance products could become more easily comparable, eroding pricing power. Derivative exchanges are likely to prove relatively resilient to AI disruption, whilst the impact on financial information providers will likely vary depending on the nature of the information provided (e.g. proprietary vs non-proprietary, analytical value add/benchmark status.)

Healthcare

Healthcare represents a sector where AI adoption is expected to be gradual and phased, but also deeply transformative, particularly in administrative processes and pharmaceutical innovation. We expect the impact to unfold across three broad phases: near-term administrative efficiency, medium-term R&D productivity, and longer-term increases in scientific output and industry restructuring.

One of the most immediate benefits of AI lies in reducing administrative costs. Healthcare providers and insurers are investing heavily in automation to streamline operations, which could improve efficiency and reduce system-wide expenses. However, these gains may not translate into sustained profit expansion, as regulatory frameworks and payer dynamics often redirect cost savings toward consumers or governments, meaning value accrual is likely to favour scaled operators initially but be competed away over time.

In the pharmaceutical industry, AI holds significant promise for accelerating drug discovery and optimising clinical trials. AI also has the potential to improve probability of success and capital allocation across pipelines,

reinforcing advantages for scaled, data-rich organisations with diversified portfolios. Large, well-capitalised pharmaceutical companies are particularly well-positioned to leverage these capabilities, potentially strengthening their competitive advantage. Nevertheless, the long development cycles and stringent regulatory requirements in drug approval mean that meaningful returns on AI investments may take a decade or more to materialise. Smaller biotechnology firms could face increased competitive pressure as larger players rely less on acquiring pipeline drugs and instead invest more on internal research and development functions via AI tools.
AI adoption is also likely to drive second-order effects across the ecosystem. In the near term, research budgets may shift toward computational capabilities, creating pressure on traditional research tools and services. However, over time the higher scientific output is likely to increase demand for experimentation, manufacturing, and diagnostics, resulting in more cyclicality rather than eliminating them.

From a risk perspective, the primary consideration is not whether AI improves productivity, but how much of that benefit can be captured economically and who captures it. In many parts of healthcare, efficiency gains are likely to be competed away or regulated, limiting sustained margin expansion. Those who can apply AI early may be able to capture low hanging fruit before competition arrives; however, adoption may also be slower than expected given regulatory, clinical, and workflow constraints which may ultimately even the playing field between incumbents and any would be disruptors. Regulatory oversight and intellectual property protections are likely to preserve the role of established pharmaceutical firms, even in scenarios involving highly advanced AI integration. Finally, concerns about bias, misinformation, and overreliance on AI tools present ethical and operational challenges, particularly in sensitive clinical contexts. These include concerns around data privacy, intellectual property protections, model bias, and the reliability of AI-driven clinical decision-making, particularly in sensitive patient contexts. In addition, patient and clinician hesitancy around relying on AI-derived advice may slow adoption, especially where trust and accountability are critical. Regulatory oversight is therefore likely to remain stringent.

Consumer, E-Commerce, and Online Travel Sectors

The consumer sector, particularly e-commerce and online travel agencies (OTAs), faces a dynamic interplay between disruption and enhancement driven by AI.

In e-commerce, the bearish perspective centres on disintermediation. AI-powered agents could bypass traditional platforms by sourcing products directly from manufacturers and optimising logistics, thereby undermining platform-based business models and reducing reliance on digital advertising. This scenario poses a significant threat to dominant marketplace operators.

Conversely, the bullish case emphasises the resilience of established platforms. Consumer behaviour continues to favour trusted applications for transaction completion, and AI is currently being used to enhance personalisation, recommendation systems, and operational efficiency. Rather than displacing platforms, AI may strengthen their competitive positioning in the near term.

A similar dichotomy exists in the online travel sector. AI could enable direct booking between consumers and service providers, intensifying competition and compressing commission margins for intermediaries. However, OTAs may also leverage AI to improve user experience through better recommendations, dynamic pricing, and customer support. Platforms with differentiated offerings—such as unique inventory—are particularly well-positioned to maintain relevance.

Overall, while the long-term threat of disintermediation cannot be dismissed, current evidence suggests that AI is more likely to augment rather than replace these platforms in the near future.

Industrials

The Industrials sector sits at the centre of the physical build-out required to enable AI, while facing a gradual and uneven adoption curve within its own operations. Long asset lifecycles, complex integration, and mission-critical applications mean change is likely to be evolutionary rather than disruptive.

A key opportunity lies in AI-driven infrastructure demand. Data centre expansion, electrification, and automation are driving incremental demand for electrical equipment, thermal management, power systems, and precision components, with power and cooling particularly well positioned. However, delivery is constrained by grid infrastructure — permitting delays and interconnection backlogs may defer demand — while supportive pricing is likely to attract new supply, creating risk of margin normalisation. Hyperscaler capex remains the key driver, and any change in perceived returns could slow spending and exacerbate overcapacity risk. Contract structures and protections are an important mitigant, while backlog trends, customer commitments, and order intake dynamics will be key indicators to monitor.

Operationally, AI is enabling incremental efficiency gains across manufacturing, while enhancing the value proposition Original Equipment Manufacturers (OEMs) can offer customers in asset-intensive end markets such as mining, trucking, and agriculture. The benefit is primarily economic: higher uptime, lower operating and input costs, and improved safety, reducing total cost of ownership. Adoption remains measured, however, constrained by upfront cost, integration complexity, and operating model change. OEM efforts to layer SaaS-style revenues onto connected equipment face similar friction, with pricing power for software overlays not yet proven. In aerospace and defence, AI is being integrated into mission systems and sustainment, but regulatory and ethical constraints are likely to limit full autonomy and favour incremental deployment.

A key challenge is separating genuine AI exposure from narrative while maintaining capital allocation discipline. AI linkage is often overstated, and moves into adjacencies — including data centre power — can sit outside core competencies and carry execution risk, particularly where M&A drives elevated multiples. As a result, the sector is likely to bifurcate between companies with clear exposure to structural AI demand and those where it remains more aspirational, with execution, pricing, and returns discipline the key differentiators.

Technology

Perhaps inevitably, AI is reshaping market dynamics most visibly at the present time in the sector that gave it birth – technology.

The team started by reviewing the key advantage that lies with "AI enablers," including semiconductor manufacturers, hardware infrastructure providers, and hyperscalers. These companies form the backbone of AI development and are expected to benefit from sustained demand for computational power and data processing capabilities. As a result, they have become central to many investment portfolios.

However, this concentration introduces valuation risks. High expectations for future growth have led to elevated valuations, raising concerns about the return on investment for AI infrastructure spending. Market scepticism persists as to whether current levels of capital expenditure will generate sufficient long-term returns.

Service-oriented and software companies face a different set of challenges. AI-driven automation and disintermediation could erode their value propositions, particularly for firms reliant on standardised processes. Nevertheless, companies with strong proprietary data, established customer relationships, and a commitment to innovation have the opportunity to transform their own businesses to win in the AI race.

Conclusion

The discussion at Intermede highlighted the limitations of scenario-based forecasting. While extreme AI scenarios can be useful for stress-testing assumptions, they often reflect cultural and geopolitical biases—particularly an American-centric perspective—and may not translate into actionable investment insights. A more pragmatic approach focuses on medium-term productivity gains and incremental adoption.

Ultimately, our analysis underscores the importance of nuanced, industry-specific evaluation. Rather than relying on extreme scenarios, investors might need to focus on tangible, intermediate-term developments while remaining attentive to evolving risks. AI is unlikely to produce uniform outcomes; instead, its effects will vary significantly across sectors, firms, and geographies, shaping a complex and uneven economic transformation.

Finally, the team also spent time on discussing ethics, policy responses, and the role of long-term responsible investors like Intermede in this rapidly changing landscape. Whilst definitive investment conclusions remain elusive, our team did emphasise the importance of staying grounded in long-term thinking, pragmatic modelling, and responsible investment principles.

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