

# Navigating the Intelligent Economy



**Vi|orum**

Investment Banking Advisory for the  
Intelligent Economy<sup>SM</sup>

## Key Takeaways

- **Adoption vs. Transformation:** AI is now broadly deployed across enterprises, but impact remains uneven: in recent surveys, a segment of “future-built” firms reports materially higher revenue uplift from AI initiatives, while many peers see limited or no measurable gains.
- **The New Moat is Operational:** We believe the new foundation for competitive advantage rests on three factors: proprietary data, effective learning loops, and deployment speed.
- **Inflection Points Are a Choice:** An AI-driven inflection point is a signal, not a crisis. It prompts a deliberate choice between strategic pathways: M&A, a capital raise, or organic growth.

## The New Competitive Landscape

The global economy has entered a new structural era — one increasingly defined by the convergence of artificial intelligence, ubiquitous connectivity, and automation: the Intelligent Economy. Together, these forces are influencing how value is created, delivered, and defended across industries.

This transformation is no longer theoretical. Data from Stanford HAI’s “2025 AI Index Report”<sup>1</sup> shows a significant jump in adoption, with 78% of organizations reporting AI use in 2024, up from 55% the prior year.

This adoption data, however, can be misleading. Adoption does not equal transformation. We observe a sharp divergence in outcomes, and this is not a theoretical divide. The stakes of this value gap are high: according to BCG analysis, firms classified as “future-built” are dramatically outpacing peers, reporting fivefold-higher revenue gains and threefold-greater cost reductions from their AI initiatives.<sup>2</sup> This suggests a new landscape of performance.

This gap is reinforced by further data. The same BCG analysis reports that 60% of companies are “stagnating or emerging” on AI maturity,<sup>2</sup> while a 2025 McKinsey study finds that even as companies realize “use-case-level cost and revenue benefits,” this innovation is rarely achieved at scale.<sup>3</sup>

Despite this gap, broader adoption suggests that AI is becoming a foundational utility, much like electricity or cloud computing.<sup>4</sup> In many sectors, the pace of adaptation is a key differentiator.



Firms that learn and act faster tend to defend share — especially where data and model improvements build on each other.<sup>5</sup>

Within this environment, inflection points — moments where strategy, capital, and timing intersect — are increasingly common in many sectors. They can arise when capabilities lag demand, when AI-native competitors redefine value, or when investors and markets prompt clarity about strategic direction and value drivers. Companies that identify and act on these points early may seek to enhance their ability to sustain momentum; outcomes vary by context, and delaying may increase execution risk or opportunity costs.

At the same time, AI introduces a tension in market dynamics. Automation and analytics can expand margins and unlock growth, yet they may also compress pricing power and, in some markets, accelerate consolidation.

Our market observation points to a significant shift. We believe markets may increasingly reward companies that demonstrate differentiated data, defensible workflows,

and disciplined execution, while posing challenges for generalists and slow adopters. In this context, traditional sources of advantage — such as scale, distribution, and proprietary technology — appear to be less durable amid rapid technological change. For example, AI's competitive impact is not evenly distributed; research from BCG indicates 70% of AI's potential value is concentrated in core business functions, such as R&D, manufacturing, and digital marketing. This allows 'future-built' firms to reshape these specific functions, potentially eroding the broad, pre-existing advantages of incumbents.<sup>2</sup>

**“We believe a new foundation for competitive advantage is emerging from three compounding factors: proprietary data, effective learning loops, and deployment speed.”**

In our analysis, we believe a new foundation for competitive advantage rests on the combination of three compounding factors. These factors, which are informed by research on proprietary data,<sup>6</sup> continuous learning loops,<sup>7</sup> and deployment speed,<sup>6</sup> create a new, more resilient competitive framework.

In the Intelligent Economy, organizations that build and apply these capabilities effectively may enhance their capacity to adapt, learn, and compete in markets that reward responsiveness and continuous improvement.

For leaders of lower-mid-market technology and AI-enabled services companies, the implications may be near term. In this environment, we believe a clear plan, a grounded



understanding of data assets, and disciplined execution can help teams navigate complex markets. Progress often begins with recognizing potential inflection points and choosing responses aligned with objectives, resources, and risk tolerance. Outcomes vary by company-specific circumstances and market conditions.

In our view, in fast-moving markets, inaction itself represents a strategic choice that may carry significant competitive risk or opportunity cost.

## The Diagnostic: Identifying Your AI-Driven Inflection Point

An inflection point is not a crisis; it's a signal that the current playbook is losing its fit with the market. For leaders in the lower mid-market, the challenge is recognizing this signal before the market forces a reaction.

How do you know if you are at an inflection point? In our experience, we find that most lower mid-market technology companies and services firms are facing one or more of six

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common triggers. If these themes resonate, it may be an opportunity for leaders to evaluate strategic priorities.

### 1. The Capability Gap

**Symptom:** Client demand is outpacing your AI or data capabilities. RFPs and renewal conversations increasingly require features or automation that your current team and technology cannot deliver.

**Key Question:** What is the time-to-impact versus the time-to-build — and what premium are you willing to pay for speed?

### 2. The Growth Plateau

**Symptom:** After a period of steady growth, expansion flattens. Sales cycles lengthen, and the tactics that previously drove growth are no longer effective.

**Key Question:** Is the market consolidating now? Are you positioned to be a future platform, or are you at risk of becoming a feature within someone else's?



### 3. The Generational Competitor

**Symptom:** AI is becoming increasingly efficient, cost-effective, and widely accessible.<sup>1</sup> In our observation, AI-native entrants seek to reset unit economics, aiming to undercut incumbents on price while matching or surpassing their performance. For example, DeepSeek competes with OpenAI by undercutting model pricing while narrowing the performance gap.<sup>8</sup>

**Key Question:** Where can your business create durable, differentiated value, leveraging your domain expertise and proprietary data in ways a generalist AI model cannot?

### 4. The "Data-Rich, Insight-Poor" Problem

**Symptom:** You possess years of valuable, proprietary client and operational data, but it remains locked in systems, un-monetized and unused as a strategic asset.

**Key Question:** What is the most capital-efficient path to evaluate this data as a potential strategic asset or new revenue stream?

### 5. The Unsolicited Offer

**Symptom:** A strategic buyer or private equity firm approaches with an offer. The valuation is often based on your trailing EBITDA but fundamentally discounts the strategic option value of your data, AI roadmap, and market position.

**Key Question:** How are you currently valuing the strategic option value of your data and AI roadmap, and how does that compare to the market's perception of your trailing performance?

### 6. The Founder/Team Bandwidth Limit

**Symptom:** The company's growth, or the technical demands of the AI shift, is outpacing the leadership's capacity. The leadership team is at capacity, and execution or operational scale is beginning to show strain.

**Key Question:** Does the next stage of growth require a new leadership structure, specialized (and high cost) AI talent, or an operational partner to achieve its full potential?

In our analysis, these six triggers may be viewed as illustrative symptoms of a potential gap in one or more components of the new competitive moat. A "Capability Gap," for example, could indicate a challenge with "Deployment Speed," while the "Data-Rich, Insight-Poor" problem might suggest an opportunity to better leverage "Proprietary Data" as a strategic asset.



# The Navigation Framework: A Diagnostic for Structuring Strategic Decisions

## A Framework for Discussion

The triggers and framework presented here are illustrative. They are intended to help leadership teams frame strategic attention and structure complex discussions. These triggers are not diagnoses, recommendations, or prescriptive guidance; rather, they provide key questions to evaluate the trade-offs inherent in any strategic path. We note that these triggers can interact and may compound; for instance, if capability gaps persist, growth may stall.

The relevance of these concepts varies by company and context. Any decision to pursue a strategy or transaction should be based on a company-specific assessment and made only after consulting with qualified legal, tax, and financial advisors.

Evaluating the Trigger	Key Evaluative Questions	Associated Trade-Offs & Risks
<b>1. The Capability Gap</b>	What is the most capital-efficient path to acquire this capability (build, buy, or partner)? What is the required time-to-market, and what premium (in cost or risk) is acceptable for speed?	<b>Risk of Action:</b> Significant risk of M&A integration failure, cultural conflict, or material overpayment for assets. <b>Risk of Inaction:</b> Potential loss of client demand or decline in competitive positioning.
<b>2. The Growth Plateau</b>	Is the market consolidating? Are you positioned to be a platform, or are you at risk of becoming a feature in someone else's ecosystem?	<b>Risk of Action:</b> Risk of deploying capital (via M&A or internal investment) at a disadvantageous valuation or into a saturating market. <b>Risk of Inaction:</b> Potential for marginalization by market consolidation, which could diminish strategic options or influence relative valuation.



Evaluating the Trigger	Key Evaluative Questions	Associated Trade-Offs & Risks
<b>3. The Generational Competitor</b>	<p>Where can the business be uniquely indispensable?</p> <p>How can proprietary data and domain expertise be leveraged to create a defensible moat that a generalist AI model cannot replicate?</p>	<p><b>Risk of Action:</b> Risk of investing heavily in an organic strategy that may not be fast enough to compete with the new entrant's pricing or capabilities.</p> <p><b>Risk of Inaction:</b> Potential for increased margin compression and a loss of market share.</p>
<b>4. The "Data-Rich, Insight-Poor" Problem</b>	<p>What is the most capital-efficient path (internal build, external capital, or strategic partnership) to productize these data assets and create a new revenue stream?</p>	<p><b>Risk of Action:</b> Risk of misallocating significant capital or resources to a data project with an unproven ROI or technical feasibility.</p> <p><b>Risk of Inaction:</b> Data assets risk becoming less valuable or remaining un-monetized if market or technical conditions shift.</p>
<b>5. The Unsolicited Offer</b>	<p>Does the offer value the company's future potential (e.g., its data, AI roadmap) or only its past performance?</p> <p>What would be required to articulate a credible, data-forward counter-narrative to capture that future value?</p>	<p><b>Risk of Action:</b> Risk of rejecting a potentially strong offer and then facing a future market downturn or performance decline.</p> <p><b>Risk of Inaction:</b> Risk of accepting an offer that may undervalue the company's strategic position and data assets.</p>
<b>6. The Founder/Team Bandwidth Limit</b>	<p>Does the next stage of growth require a new leadership structure, specialized (and high cost) AI talent, or an operational/capital partner to achieve its full potential?</p>	<p><b>Risk of Action:</b> Risk of forming an external partnership leading to loss of operational control, cultural friction, or dilution.</p> <p><b>Risk of Inaction:</b> Risk of critical operational failures, team burnout, and inability to scale, which could hinder future value creation.</p>



## The Strategic Framework: Three Pathways

This framework provides a way to think through different approaches rather than a set of prescribed actions — it is useful to note that no option is inherently superior. Each involves potential advantages and material risks, and outcomes depend on factors such as execution, timing, market conditions, and organizational readiness.

The following sections summarize typical considerations observed across mid-market companies navigating similar transitions.

### Pathway 1: The Structural Pathway

In our view, M&A can be viewed as one potential tool for acquiring capabilities, scale, or market access. In some cases, it enables faster transformation than internal development, though it also introduces integration and cultural complexity.

#### Common Observations

On the buy-side, companies sometimes acquire niche AI or data-rich peers to address capability gaps or accelerate product development.

On the sell-side, some founders choose to align with larger platforms that can provide broader reach or additional resources.

#### Key Considerations & Material Risks

While M&A is one pathway companies may use in an attempt to accelerate capability acquisition, it also involves significant integration, cultural, and financial risks. M&A integration carries substantial risk. For example, a 2023 McKinsey survey identified “lack of cultural fit” as a primary reason integrations fail to meet value creation expectations.<sup>9</sup> Evaluating transaction structure, post-close retention, and cultural alignment is critical, as outcomes vary widely by execution and market context.<sup>9</sup>

#### Leadership Perspective

In modern M&A, a company’s data posture (strategy, quality, provenance) may be considered alongside financial performance and other market factors during discussions and valuation. Depending on timing, cost, and integration considerations, leaders can assess whether partnerships or acquisitions are a practical way to address capability needs relative to building internally.





## Pathway 2: The Financial Pathway

External capital can sometimes serve as a catalyst for transformation when the strategic direction is clear but internal resources are limited. The distinction between commodity capital and strategic capital often lies in the value partners bring beyond funding — such as distribution channels, data access, or sector expertise.

### Common Observations

Funding rounds are typically anchored to near-term milestones (12–24 months). Data readiness and governance are frequent areas of underinvestment, which can affect scalability and return on new capital.

### Key Considerations & Material Risks

Raising capital may enhance flexibility but introduces dilution, governance oversight, and performance expectations from investors. Strategic capital can add alignment and expertise, yet it also invariably alters decision-making dynamics, governance, and founder control. Companies, in consultation with their professional advisors, often evaluate investor suitability, cost of capital, and operational capabilities before proceeding with any capital-raising transaction.

### Leadership Perspective

Alignment between investors and leadership can be as important as valuation. Some investors may contribute relationships or industry knowledge, while others may be primarily financial partners. Evaluating these distinctions helps determine whether a capital partnership supports long-term objectives and governance requirements.

## Pathway 3: The Organic Pathway

This pathway emphasizes optimizing existing resources — people, data, and relationships — to strengthen the company organically or through alliances while retaining control.

### Common Observations

**Product Development:** Firms may focus R&D on narrow, high-value use cases where proprietary data provides differentiation.

**Strategic Focus:** Concentrating on a defined vertical can improve specialization and client relevance.



Alliances: Partnerships with larger platforms or technology providers can extend capabilities without requiring ownership changes.

### **Key Considerations & Material Risks**

This pathway also carries the material risk of market obsolescence. While preserving control, a company may be outpaced, out-funded, or out-innovated by competitors who use M&A or external capital to acquire capabilities more rapidly. Outcomes are not guaranteed and depend heavily on execution and competitive response.

### **Leadership Perspective**

In an environment shaped by rapid technological change, companies focusing on specialized markets or capabilities may find clearer differentiation. However, performance varies by industry dynamics, investment discipline, and competitive response.

## **The Strategic Imperative for Leaders**

Inflection points often emerge from technological acceleration. In our observation, decision cycles in the Intelligent Economy can compress and the cost of delay can rise. For lower mid-market leaders, the task is to read these moments clearly and act deliberately within their specific context.

Whether prompted by capability gaps, consolidation, or organizational capacity, inflection points sit at the intersection of strategy, capital, and timing. The framework presented here is intended to structure decision-making and help leaders evaluate which pathway — or combination of pathways — best fits their objectives and resources.

Clarity and sequencing can provide stability. The aim is not to predict the future, but to position the organization to adapt as conditions evolve.

Inflection points are moments of choice. While delay can entail opportunity costs, thoughtful, evidence-based decisions — grounded in data, timing, and disciplined execution — can help preserve flexibility and resilience.

**“Strategy in the Intelligent Economy is not about predicting the future; we believe it is about building the capacity to act with greater clarity as the future unfolds.”**



## Endnotes:

Content referenced in the Endnotes is from third-party sources. Such content has not been created or endorsed by Viorum, and Viorum is not responsible for its accuracy or completeness.

1. Stanford HAI — The 2025 AI Index Report (April 2025), <https://hai.stanford.edu/ai-index/2025-ai-index-report>.
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9. McKinsey - The seven habits of programmatic acquirers (Aug 2023), <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/the-seven-habits-of-programmatic-acquirers>.



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Viorum is a specialized advisory firm focused on the Intelligent Economy — the convergence of data, AI, and connected platforms that is reshaping how software and technology-enabled businesses scale and create value. We work with founders, management teams, and investors of emerging growth companies in the lower middle market, with a particular focus on vertical SaaS, data-driven platforms, and technology-enabled services.

Our role is to help clients navigate strategic transactions and key inflection points with clarity and discipline. Viorum provides senior-led advice across mergers and acquisitions and broader strategic alternatives, bringing a structured, transparent process and a thoughtful point of view on market dynamics, buyer priorities, and value drivers.

We combine sector insight with hands-on execution. The same team that develops the thesis engages directly with stakeholders, refines the equity story, prepares materials, and manages outreach and negotiations. Throughout, we aim to anchor recommendations in data, operating realities, and the specific goals of our clients and their stakeholders.

Across our work, we focus on helping clients articulate where they sit in the Intelligent Economy, how their products, data assets, and ecosystems create durable value, and what that implies for strategic positioning and transaction outcomes.

To learn more about Viorum, our sector focus, and how we work with founders, owners, and investors, please visit our [website](#) or [contact us](#) directly.



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