CUBE CAPITAL

What Kind of Company Are You Now?

How AI Is Forcing Australian SaaS Founders to Reclassify Their Future

Earlier Cube Capital whitepapers described what is happening to the software market. This paper asks a harder question: what does that mean your company has become?

Hani Iskander

Founding Partner, Cube Capital

March 2026

Executive Summary

For the founder of an Australian SaaS company with real ARR, real customers and a real team, the deepest AI question is no longer product marketing. It is classification. What kind of company is this now, and what future has that company actually earned?

That is the shift many founders are struggling to name. Publicly, they are updating roadmaps, launching AI features and telling the market a modern story. Privately, many are asking something darker: will AI turn our product into a thinner layer, weaken our pricing power, or make a much larger player the natural owner of the next stage of this market?

This paper argues that AI is forcing founders to separate activity from position. In many companies, the immediate issue is not whether new features can be shipped. It is whether the business has the moat, distribution, specialist capability and capital base to remain a durable independent asset as customer expectations rise and differentiation decays faster.

In practical terms, most companies in this segment are moving toward one of four strategic positions: moat builder, distribution asset, specialist capability play, or subscale independent. The right response follows from that classification. Some businesses should keep building. Some should partner. Some need new capital and a reset in strategic tempo. Some should sell while the asset still carries leverage that a stronger owner can amplify.

The core message is simple. The danger is not that AI destroys a software company overnight. The danger is that it changes the economics and strategic meaning of the business faster than the founder is willing to admit. The founders best positioned in this period will not be those who speak most loudly about AI. They will be those who diagnose earliest what kind of company they now run, and act while real choice still exists.

> *The central question is no longer whether AI matters. It is whether your company is becoming more strategically valuable with time, or simply more exposed.*

1. The Question Beneath the AI Roadmap

It was after six when the founder finally closed the laptop. The board pack was still open on the screen. She had been staring at the same slide for several minutes: the product roadmap, with the new AI layer marked out in blue. The feature at the centre of the slide could now draft the first version of a client response before anyone on the team had touched the keyboard. It looked, at first glance, like progress.

But that was not what stayed with the founder. What stayed was a sentence from a customer earlier that afternoon. Not a complaint. More a change in tone. "This is good," the customer had said, looking at the demo. "Help me understand something. If the software is doing more of the work, why hasn't the price moved?" It was one of those remarks that sounds manageable in the room and dangerous in the car on the way home.

That is the moment. Not in headlines. Not in model releases. Not on conference stages. It begins when a familiar business stops feeling strategically familiar. The roadmap is still there. The customers are still there. The revenue is still there. But the old logic no longer feels as safe as it did.

Cube Capital's recent papers have described what is happening to the software market. This paper turns the lens inward. It asks what those forces mean for a specific class of company: the Australian SaaS business with twenty to eighty staff, roughly one hundred to one thousand customers, and enough ARR to feel established but not enough scale to waste years on strategic confusion.

That is the question beneath the roadmap. Not whether AI matters. That has already been settled. The harder question is what kind of company this now is once AI starts changing the economics of the category around it. Is the business becoming more strategically valuable with time, or more exposed? For that founder, ordinary growth management is no longer the central challenge. The next few years will either deepen the quality of the asset, expose its limits, or push it toward a different role altogether.

That is why so many founders feel privately uneasy even when nothing appears broken. They are not imagining the shift. They are sensing that the old rules may no longer be sufficient to protect the business they built.

2. The Four Strategic Positions

Before deciding what to do next, a founder has to answer a more difficult question: what kind of company is this now? In periods of structural change, strategy begins with classification. The market assigns companies a role before management is ready to admit it. Customers do it. Buyers do it. Investors do it. Sometimes a founder is still managing the company as though all long term futures remain open while the market has already narrowed the set of realistic outcomes.

The table below is the central diagnostic frame of this paper. It is deliberately simple because the founder's first task is recognition, not movement.

In the current environment, most mid market SaaS companies are moving toward one of four broad strategic positions. These are not legal categories. They are patterns in how value is created and defended as AI changes the terms of competition.

The central classification lens

Position	What defines it	Main risk	Strategic signal
Moat builder	Proprietary data, deep workflow embedding, regulatory or operational complexity that is hard to replace.	Assuming the moat is stronger than it really is.	Independent investment can still be rational if it deepens the moat.
Distribution asset	Trusted customer access, installed workflow presence or channel reach that others would struggle to build quickly.	Overspending on product breadth instead of using access intelligently.	Partnership or sale may unlock more value than solitary persistence.
Specialist capability play	A narrow but important capability, module, integration or intelligence layer that matters inside a broader ecosystem.	Trying to become the whole platform and diluting the sharp edge.	Alignment, focused capital or selective sale can be stronger than platform ambition.
Subscale independent	A respectable business with real revenue but without the moat, distribution or capital base to justify long term standalone confidence.	Mistaking continuity for strengthening and spending years defending the wrong identity.	Time becomes the critical variable. Partnership, recapitalisation or sale may preserve more value.

> *The danger is not only landing in the fourth category. It is spending two or three years making decisions designed for the first.*

The moat builder is the company every founder wants to be. It has something that remains strategically difficult to replace even as AI spreads through the category. The point is not that the business is fashionable. The point is that investment deepens an already meaningful advantage.

The distribution asset is often undervalued by founders and correctly valued by buyers. The company may not define the future of the product category, but it owns customer trust, installed workflow presence or channel access that others would pay heavily to obtain.

The specialist capability play sits in a narrower role but can still be highly strategic. It may own a domain specific module, a useful integration point or an intelligence layer that becomes far more valuable when placed inside a broader product environment.

The subscale independent is the most dangerous category because it still looks alive from the outside. Revenue comes in. Customers renew. The team ships. But the business is not clearly becoming more powerful with time as an independent asset. It is simply continuing.

3. AI Theatre and the False Comfort of Activity

Every technology wave produces a period in which movement is mistaken for progress. AI is doing that now. Websites are rewritten. Product names are refreshed. A language model is layered into an existing workflow, a summary feature appears, a chatbot is added to the interface, and suddenly the company sounds as though it has crossed an epochal threshold. Sometimes it has. Often it has not.

The danger is psychological. Activity creates relief. The team works hard, the demo improves, customers nod politely, and the organisation begins to feel that it is adapting. Yet none of that necessarily changes bargaining power, pricing logic or strategic relevance. A company can become busier without becoming stronger.

AI theatre is not always dishonest. Often it is the affordable form of motion chosen by a company that senses the market shifting but cannot yet fund a true repositioning. That is exactly why it is dangerous. It offers emotional relief before it creates strategic strength.

The useful test is simple. If the AI initiative were removed, would the business merely look a little less modern, or would it become materially weaker over the next three years? If the answer is the former, the company may be improving its product without changing its future.

4. The Pressure Sits Beneath the Product, in the Economic Model

Founders usually describe the problem in product terms first. Are we moving fast enough? Are competitors ahead? Does our roadmap look credible? Those are fair questions. They are also often secondary. The deeper pressure sits beneath the feature set, in the commercial model that once made the product so attractive.

For much of the SaaS era, the attraction of the model lay not only in recurring revenue but in the relationship between recurring revenue and defensibility. Once a system was embedded in workflow, switching was painful, data accumulated, and continuity became part of the value proposition. The software did not just do a job. It became part of how the customer worked.

AI complicates that compact. As software begins to perform more of the work itself, customers start asking harder questions about why the vendor should still capture the same share of value. At the same time, the cost of staying credible rises. Model costs, infrastructure, governance, monitoring, product complexity and quality control all increase. A founder can therefore face a double pressure at once: higher investment requirements and less certain pricing power.

That is why this moment feels so uncomfortable. The company may still be growing, but the path from product spend to economic reward becomes less direct. More effort may be required to defend the same price. More roadmap may be needed to preserve the same level of relevance. The business is still working, but it may be working harder for economics that are becoming less generous.

This is the fear many founders are picking up before the spreadsheet can fully show it. They can feel that some AI expenditure is no longer optional. They are less certain that the market will reward that expenditure in proportion to its cost. That is not a product problem in the narrow sense. It is a business model problem.

5. Why Australian SaaS Founders Feel It Earlier

Australian founders feel this pressure in a harsher light than many of their offshore peers. The domestic market is smaller, specialist AI talent is thinner, later stage capital is harder to access, and there is less room to fund years of ambiguous reinvention.

That makes the middle tier especially exposed. A twenty person startup can sometimes pivot through concentration and force of will. A very large company can absorb uncertainty through scale. The founder in the middle has too much payroll to gamble casually and too little surplus capacity to pretend every option will remain open indefinitely.

Australian founders therefore have to answer the classification question earlier. They cannot rely on years of ambiguous investment while the market slowly clarifies what the asset is. The market will often decide first.

6. Build, Partner, Recapitalise or Sell

Once the company is classified honestly, the strategic paths become easier to describe, even if they remain difficult to choose. In broad terms, there are four serious responses.

Build. This path is right when the company has a real moat, enough capital to invest properly, and a credible chance that the next two to three years will make the business more powerful as an independent asset. Build is not the default. It is something a company earns.

Partner. This path is right when the company has real value but not the full set of capabilities required to win alone. A business may have trusted customer access, a meaningful installed base or a specialist role inside a broader workflow. Partnership is not a lesser move. Often it is the most intelligent use of asymmetry.

Recapitalise. Some businesses should not sell and should not continue as they are. They still have a useful role in the market, but the current balance sheet, shareholder structure or investment tempo is no longer fit for what the next stage requires.

Sell. This path is right when the asset still has relevance, customers and strategic value, but time is more likely to expose its limits than deepen its strength as an independent company. In such cases, a sale may preserve more value than another year of hopeful independence.

> *Build is not the default. It is something a company earns.*

7. Partnership and the Middle Path

Founders often underestimate partnership because they hear the word through the wrong emotional filter. Building feels heroic. Selling feels decisive. Partnership can sound intermediate, almost apologetic. That is a mistake.

A company may have something valuable without having everything required to win alone. It may have customer trust but not technical breadth. It may own a specialist capability that becomes more valuable inside a larger ecosystem. It may have distribution in a narrow segment that others would struggle to reach. In all of these cases, partnership is not weakness. It is a way of converting position into leverage.

This matters in an AI shaped market because few mid market software companies will own every layer of future value creation in their category. The better question is not whether the company can own everything. It is which parts of the future it truly needs to own, and which parts can be reached more intelligently through alignment.

8. When Selling Is Timing Discipline

Selling is the option founders most often distort with emotion. It is framed as either defeat or victory when, in many cases, it is neither. It is a judgment about timing. More specifically, it is a judgment about whether the future is likely to strengthen the asset or slowly reclassify it.

Founders frequently assume that another year automatically creates more value. Sometimes it does. But time only compounds value when the company is becoming more strategically powerful as it moves forward. If the next twenty four months are more likely to reveal weaker pricing power, higher product burden or a thinner moat, delay is not patience. It is erosion dressed as ambition.

This is where honest classification matters. A distribution asset may be worth more in the hands of a buyer who can activate that customer base across a broader product suite. A specialist capability play may command a better outcome while its sharpness is still clear. A subscale independent may still be useful and profitable, but only while the business remains respectable enough that its limitations can be interpreted as manageable rather than structural.

The line worth holding onto is a simple one: selling is belief properly disciplined by reality.

9. The Board Questions That Matter Now

Boards can spend hours discussing roadmap cadence, sales execution and cost control while leaving the real issue untouched. In moments like this, governance has a different job. It has to force a cleaner conversation about what kind of asset this company is becoming and what the next two years are likely to do to its leverage.

1. Are we building real strategic advantage, or mostly performing adaptation? The board has to separate product activity from changes that actually improve pricing power, workflow dependence, customer trust or bargaining leverage.

2. What, precisely, is becoming more defensible as a result of current investment? Effort is not the same as defensibility. The board should be able to name what the spend is strengthening.

3. Will our pricing logic still make sense in three years if customer expectations keep moving in this direction? Current ARR can hide a model that is slowly becoming less protected.

4. What kind of company are we, really? Not what did we hope to build. What sort of asset would an informed outsider say this is today?

5. If we had to classify this company cold, as though we did not build it, what future would we say it has earned? This removes autobiography from the room and forces a market view of the asset.

6. Do we truly have the capital to remain strategically relevant on our own? Enough to keep operating is not the same as enough to remain credible through a category shift.

7. What will the next twenty four months do to our leverage? Will time deepen the moat, or simply reveal the limits of independence more clearly?

8. Are we making this decision from realism, or from attachment? Founders are human. Boards are human. This is exactly why the question has to be asked.

9. If we chose to partner, recapitalise or sell within the next year, what would a sophisticated counterparty most likely say about us? A company should not live inside a private theory of itself that the market no longer shares.

10. What decision are we avoiding because the business is still good enough to postpone it? Adequacy is one of the most dangerous forms of comfort in a founder led company.

10. Conclusion: Act While Choice Still Exists

The most useful conclusion from this paper is not that AI will destroy software companies, nor that every founder should rush into a transaction. The better conclusion is more exacting. AI is forcing founders to separate activity from position. It is forcing them to ask what kind of company they now run, and what sort of future that company has actually earned.

Some companies will remain strong independent assets. Some will create more value through partnership. Some need fresh capital and a reset in strategic pace. Some will be better served by a sale while the asset still carries strength that a larger owner can amplify.

When the founder closed the laptop that evening, nothing in the business had visibly broken. The roadmap was still there. The customers were still there. The revenue was still there. What had changed was harder to see and more important to name: the possibility that the company might no longer be earning the future she had in mind.

The founder who comes through this period best will not be the one who sounds most current. She will be the one who diagnoses earliest what kind of company she now runs, what that implies about the next few years, and which path the asset has actually earned. If those questions are becoming harder to answer from inside the company, that is usually the moment external pattern recognition becomes valuable. Hani Iskander advises founders of Australian software and technology businesses on strategic positioning, exit preparation and transaction timing.

Hani Iskander is Founding Partner of Cube Capital, a Sydney based advisor to software and technology companies on strategic positioning, exit preparation and sell side transactions. Cube Capital's work focuses on the questions that matter before a formal process begins: what kind of asset the company has become, what buyers are likely to see, and what strategic move should be made while leverage still exists.

Cube Capital advises founders, boards and shareholders of technology businesses on sell side readiness, transaction timing and value positioning. For founders who recognise the issues described in this paper, the most useful next step is often not another internal workshop. It is an external view of the company as the market is likely to see it. More information is available at cube.capital.

Contact

web: cube.capital

email: hello@cube.capital