The Enterprise Strikes Back - AI Edition

Evolving competitive strategy in the age of AI

> *"What got you here won't get you there."*
>
> — M. Goldsmith

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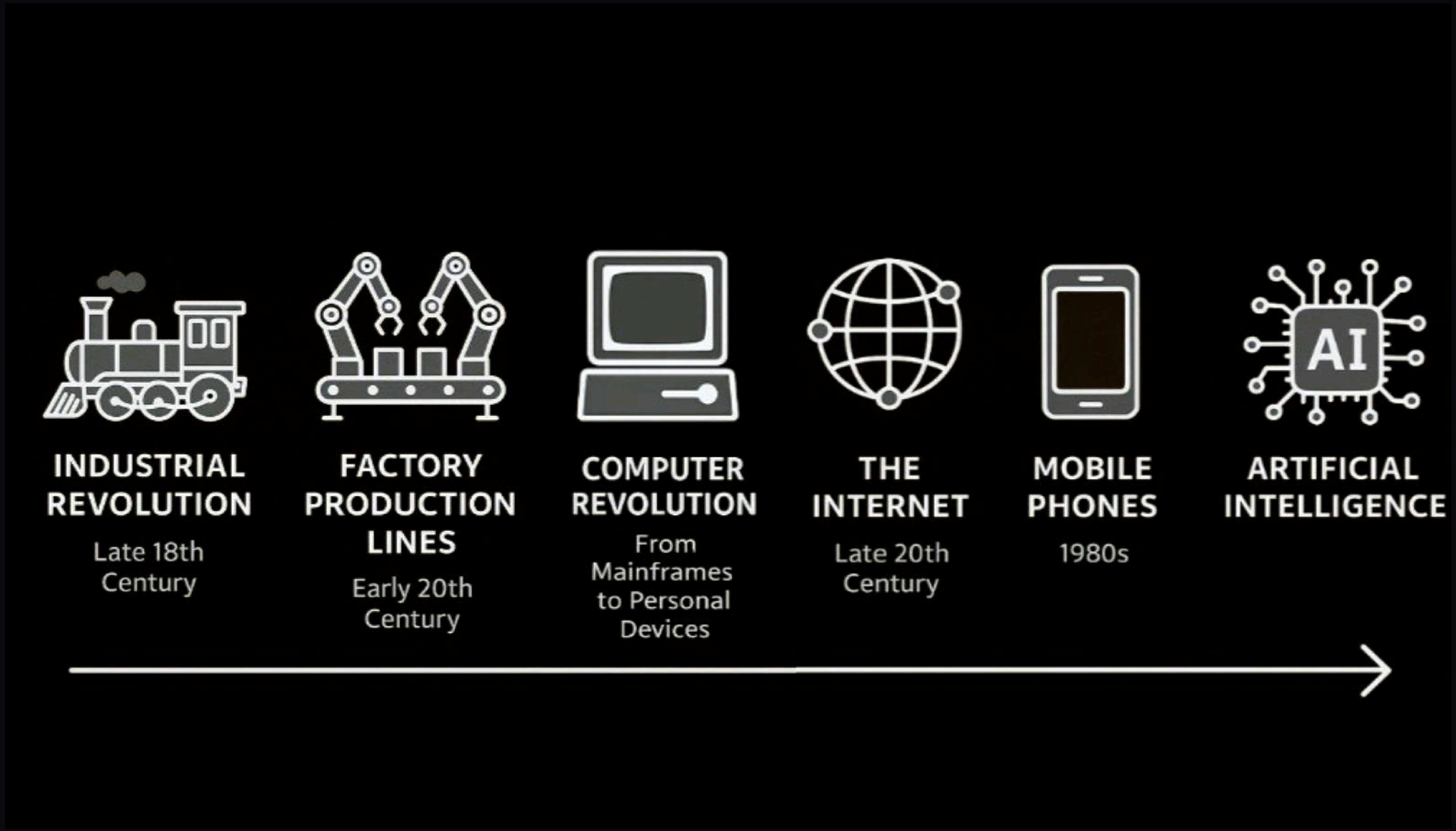
Everything Old Is New Again

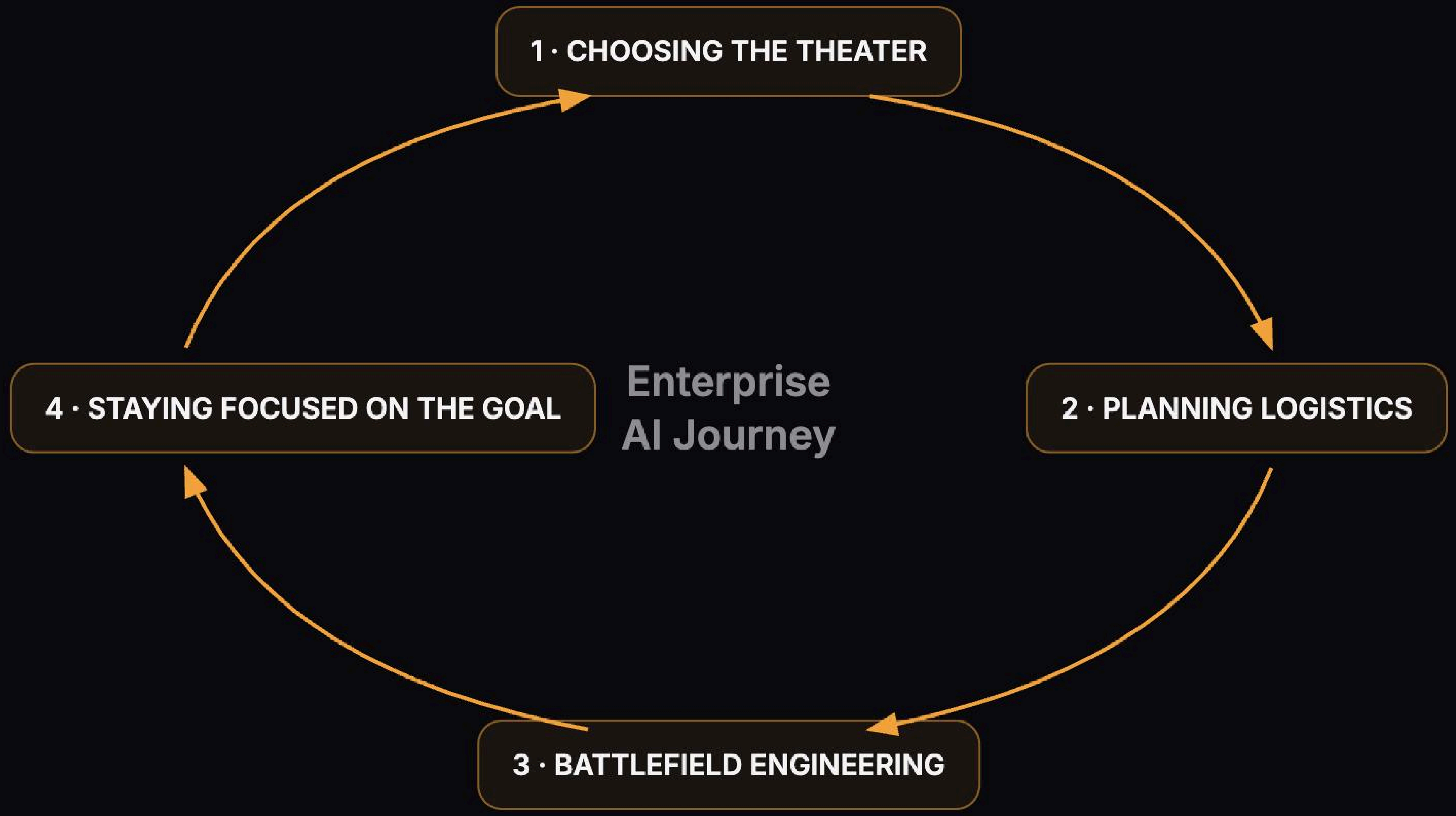


Even without knowing where AI drives productivity, we can still anticipate how.

Dimishing Returns is the True Enemy

Incrementalism will never lead to transformation. To avoid this trap we must understand it.

Startups are no Match for the Enterprise



We must understand the startups, but never sink to their level.

1 Choosing the Theater

Why doesn't LinkedIn do recruiting?

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LinkedIn's customers are recruiters.

~60% of revenue ($7B) comes from recruiters

Existing customers provide a structural constraint on growth.

1 Choosing the Theater

Existing Customers	LinkedIn → recruiters Intuit → accountants Shopify → merchants
Current Revenue	Kodak → film revenue Xerox → copier revenue Blockbuster → late fees
Channel Conflicts	Nike → Foot Locker Microsoft → resellers Apple → carriers

Enterprises treat these as core elements of strategy, not obstacles to overcome.

1 Choosing the Theater

Enterprise

Commoditize your complement

Automate services you don't offer → drive demand for what you do.

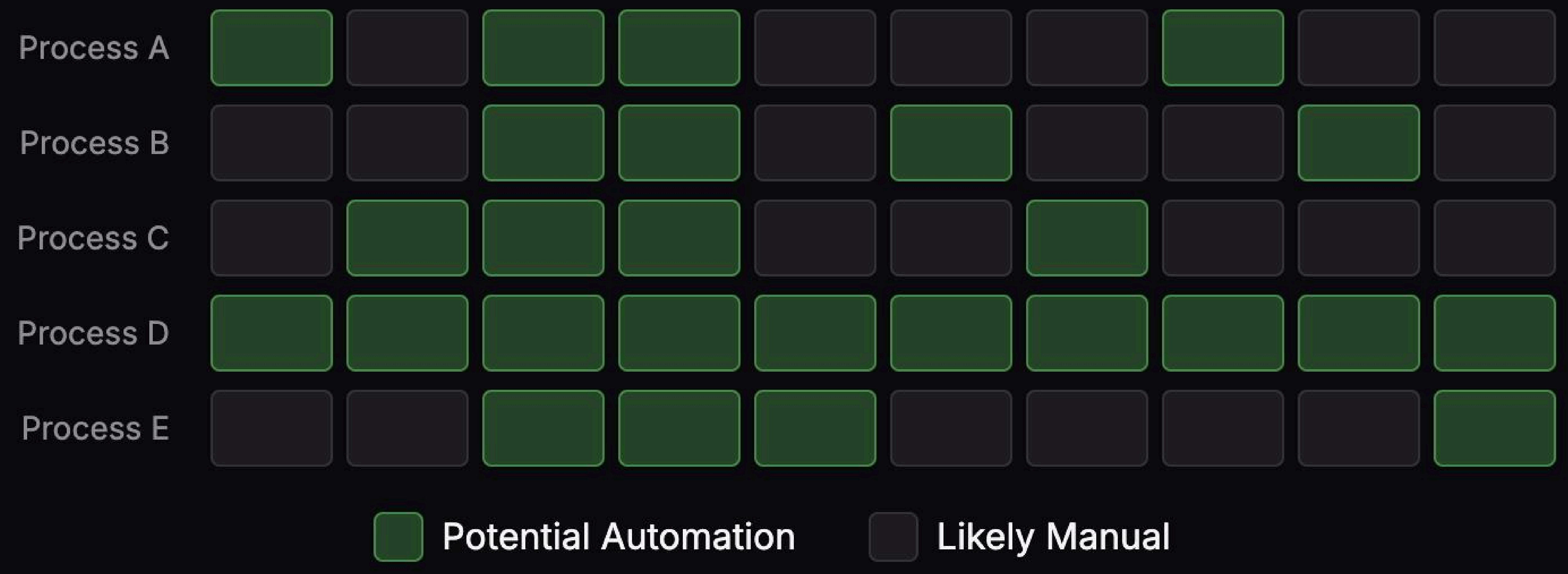
Startup

Choose your theater carefully

Build where they can't follow — constraints are opportunities.

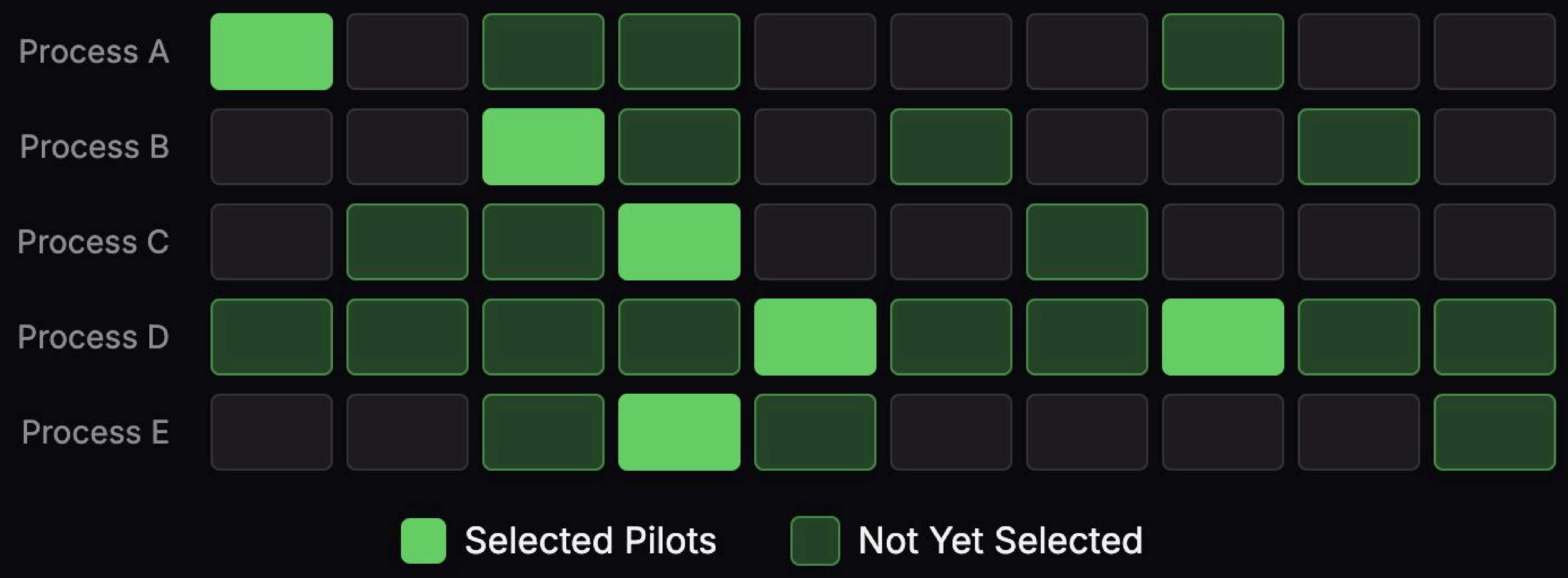
Walls work both ways — keeping them out, keeping you in.

2 Planning Logistics



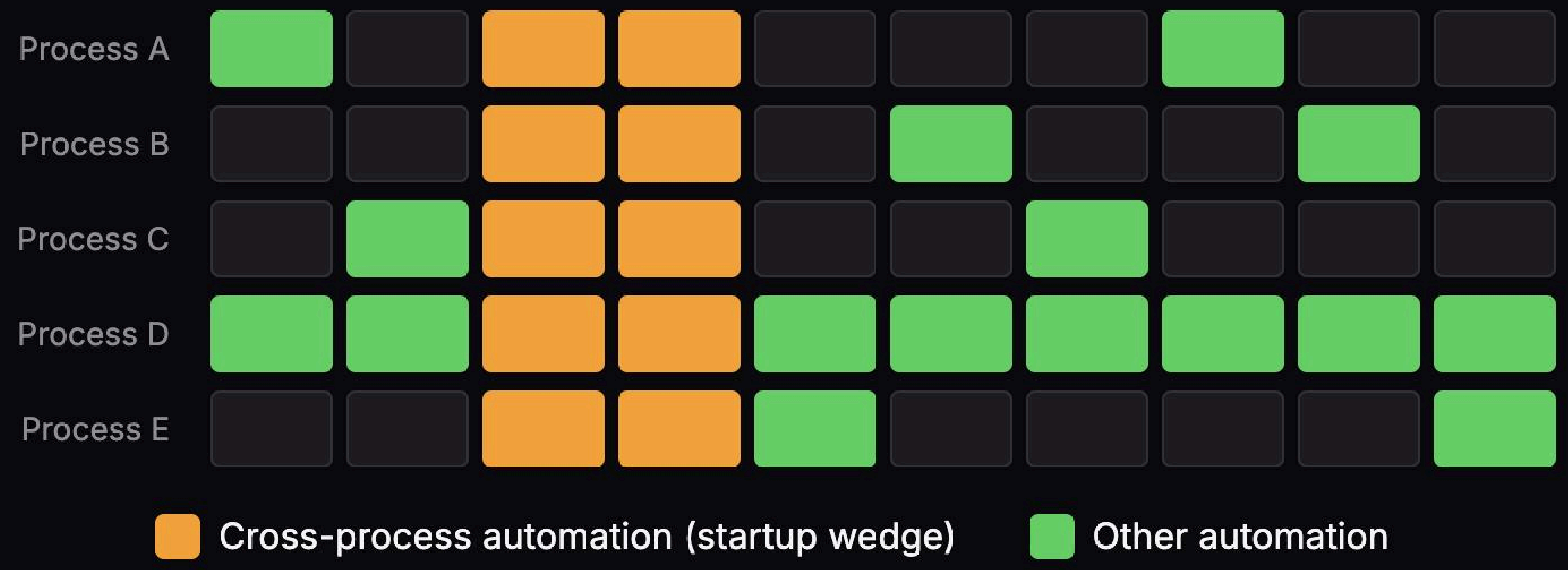
Step 1: Identify where AI could help across the organization.

2 Planning Logistics



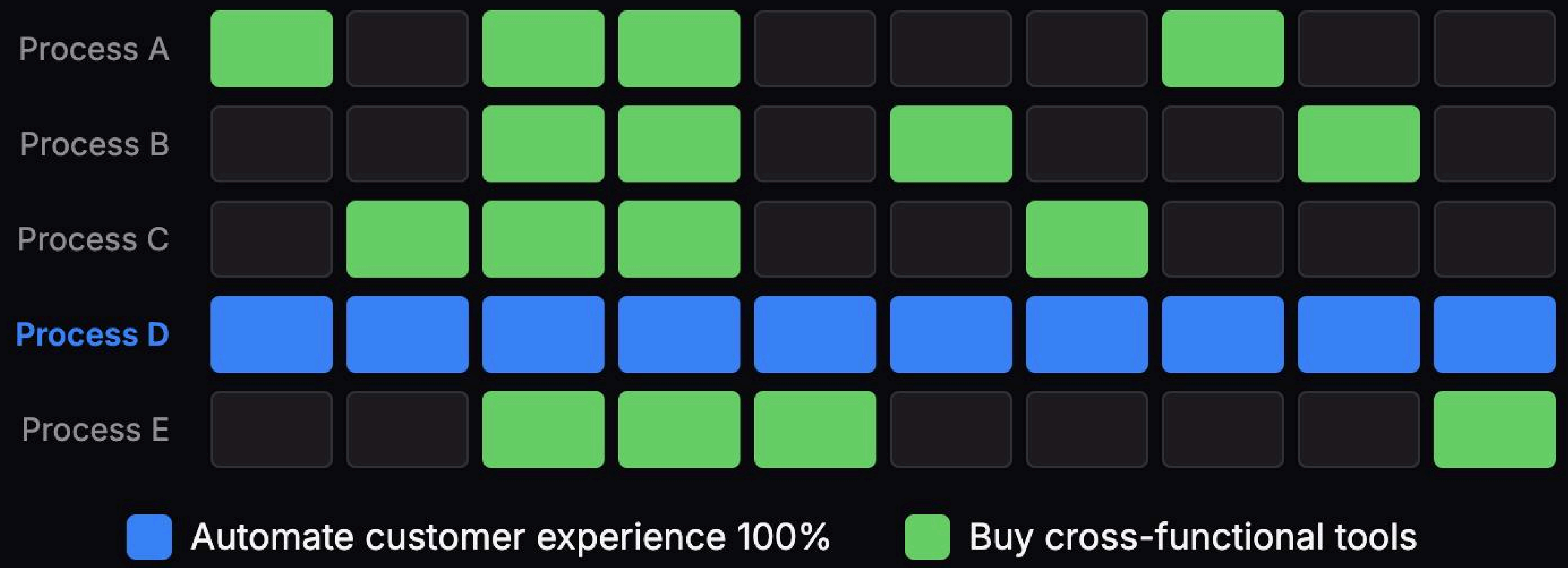
Politics, timing, and relationships drive scattered experimentation.

2 Planning Logistics



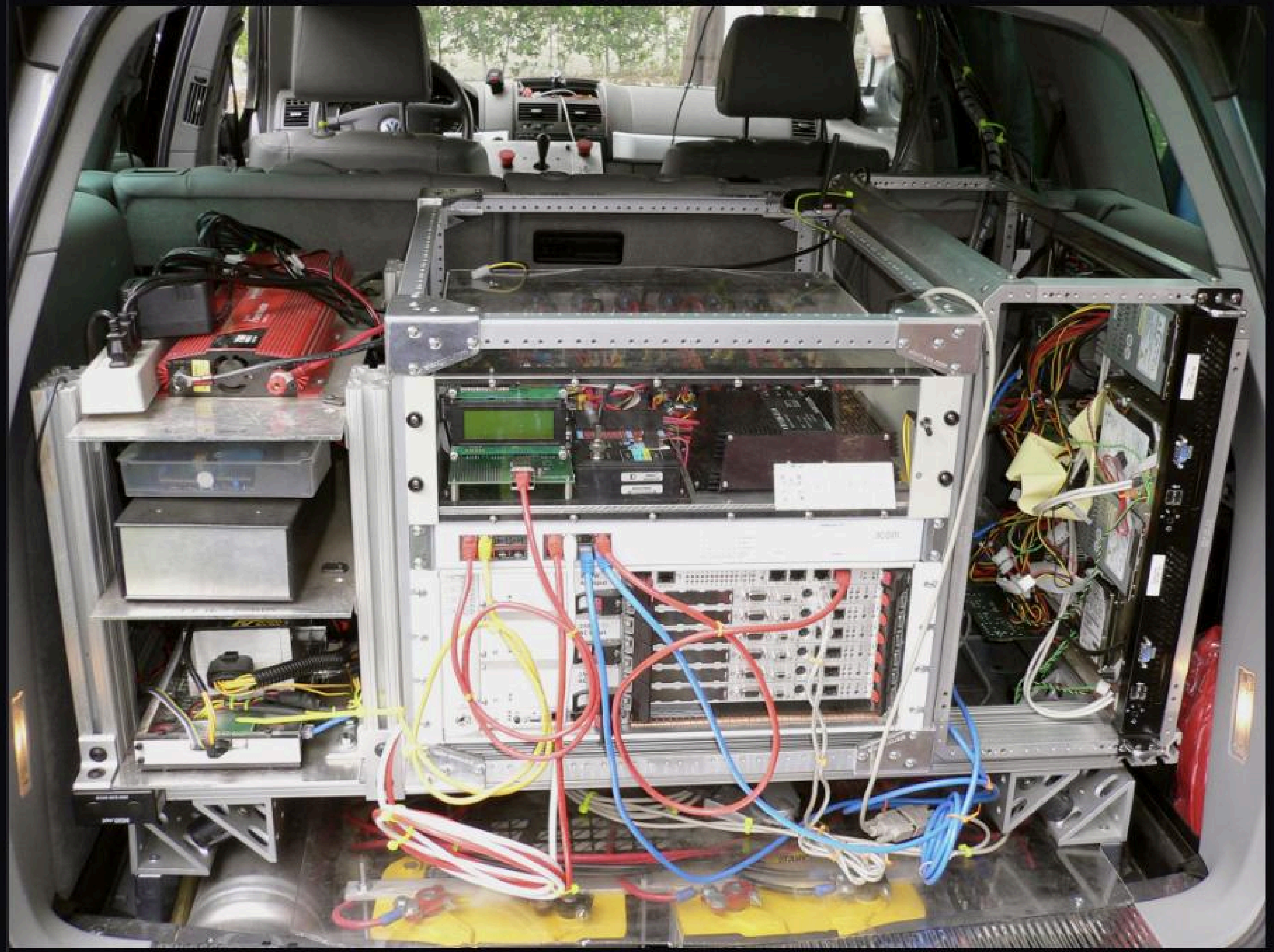
Startups find the cross-cutting slice AI can fully automate. Offer it at 1/10th the price.

2 Planning Logistics



Automate customer experiences holistically. Cross-functional tools? Buy, don't build.

3 Siege Engineering



- → Enterprises have UIs, not APIs
- → Missing handoff layer
- → Learning is an ongoing investment

Enterprises don't typically build disposable software.

3 Siege Engineering

The Finance Problem

CapEx rules
OpEx pressure
Dual-running costs

The Inertia Problem

Constant pressure
Leadership changes
Baseline requirement

Enterprise finance isn't built for build-to-learn projects.

3 Siege Engineering

Enterprise

Go microservices for portability
Vibe code the throwaway layers
External partners for architecture

Startup

Target deep legacy markets
Exploit long sales cycles
Avoid regulatory bottlenecks

Early-stage startups build disposable software by default.

4 Staying Focused on the Goal

Revenue	\$100B
AI automation savings	\$5B saved
Cut costs → profit	\$5B (100%)
Grow @ 50% margin	need \$10B revenue

\$10B ÷ \$100B = 10%

Same profit boost from cutting or 10% revenue growth.
Cutting is easier.

The market agrees.

COMPANY	REVENUE	LAYOFFS	EST. SAVINGS	STOCK
Cisco	$54B	5,600 (7%)	~$840M	+6.5%
IBM	$63B	3,900	~$580M	+9.5%
Workday	$8.4B	1,750 (8.5%)	~$300M	+6.3%
Dropbox	$2.5B	528 (20%)	~$95M	+2.5%

Markets reward the shortest path to profit.

So what do you do?

Enterprise

Direct AI to growing units
They reinvest savings
Multiplier effect

Startup

Follow the layoffs
They won't see you as a threat
Build where they retreat

Don't let AI become a cost-cutting tool only.

The Enterprise Playbook

1. CHOOSING THE THEATER
   Grow where you don't threaten existing customers
2. PLANNING LOGISTICS
   Find ONE process that's 100% automatable as your beachhead
3. SIEGE ENGINEERING
   Use partners as accelerators and build smarter
4. STAYING FOCUSED ON THE GOAL
   Direct AI to growing units so they can reinvest the gains

Don't fight the structure. Work within it or around it.

The Startup Playbook

1 **CHOOSING THE THEATER**
Build where enterprises won't compete

2 **PLANNING LOGISTICS**
Find the automatable slice and drive outward

3 **SIEGE ENGINEERING**
Start AI-native with no legacy to bridge

4 **STAYING FOCUSED ON THE GOAL**
Follow the layoffs and build where they retreat

Lack of resources is a strength when new markets appear, not a weakness.

Sources

Clayton Christensen, *The Innovator's Dilemma*

Innosight, *Dual Transformation*

a16z, "AI Wedges"

Bain, "Defending Against Disruption"

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Try it yourself:

Claude skill to walk through the framework

"As a startup finding a market" or "As an enterprise defending against disruption"

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