Future Tense: Board Leadership in a World Rewired by AI

INTREPID GROWTH PARTNERS

Redesigning the Factory Floor

Implications of AI for Boards and Capital Allocation

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AI or Die

The Between Times

We are in the gap between what AI has already broken and what has not yet been rebuilt.

For directors, the strategic question is no longer "Will AI matter?" — it is "How quickly is our company being optimised for a world it was not designed for?"

How big is the AI economic shock — really?

THE EXPANSIVE VIEW

"AI will augment our abilities to innovate, and could match or exceed human intelligence at many cognitive tasks and begin innovating itself."

"Once machines can produce ideas, growth rates could speed up — potentially leading to a so-called singularity."

THE BOUNDED VIEW

"Productivity gains will be in tasks that are easy-to-learn… a modest increase in TFP and GDP over the next 10 years."

"Upper-bounded at ~0.55% TFP and ~0.90% GDP per year."

Different conclusions, same data — the difference is in the assumed knowledge production function. Boards must form a view; the range of outcomes is wider than any other technology shift we have lived through.

Three points before we get to implications

1

AI is just prediction

But prediction, we have discovered, is foundational.

2

The decision is the unit of production

AIs do prediction. Only humans bring judgment.

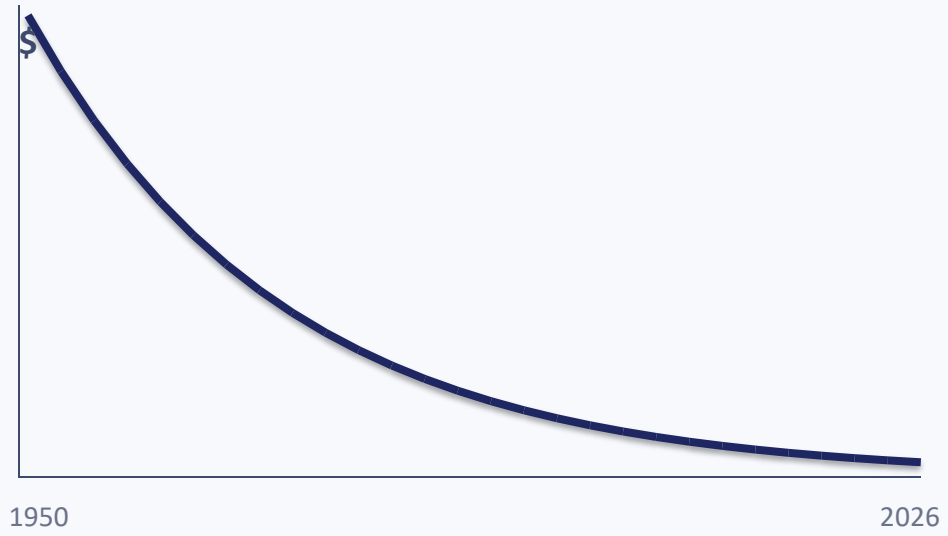
3

A solution: redesign the factory floor

Point solutions buy time. System solutions create durable winners.

When prediction gets cheap, two things happen

COST OF PREDICTION | 1950 → 2026



TWO CONSEQUENCES

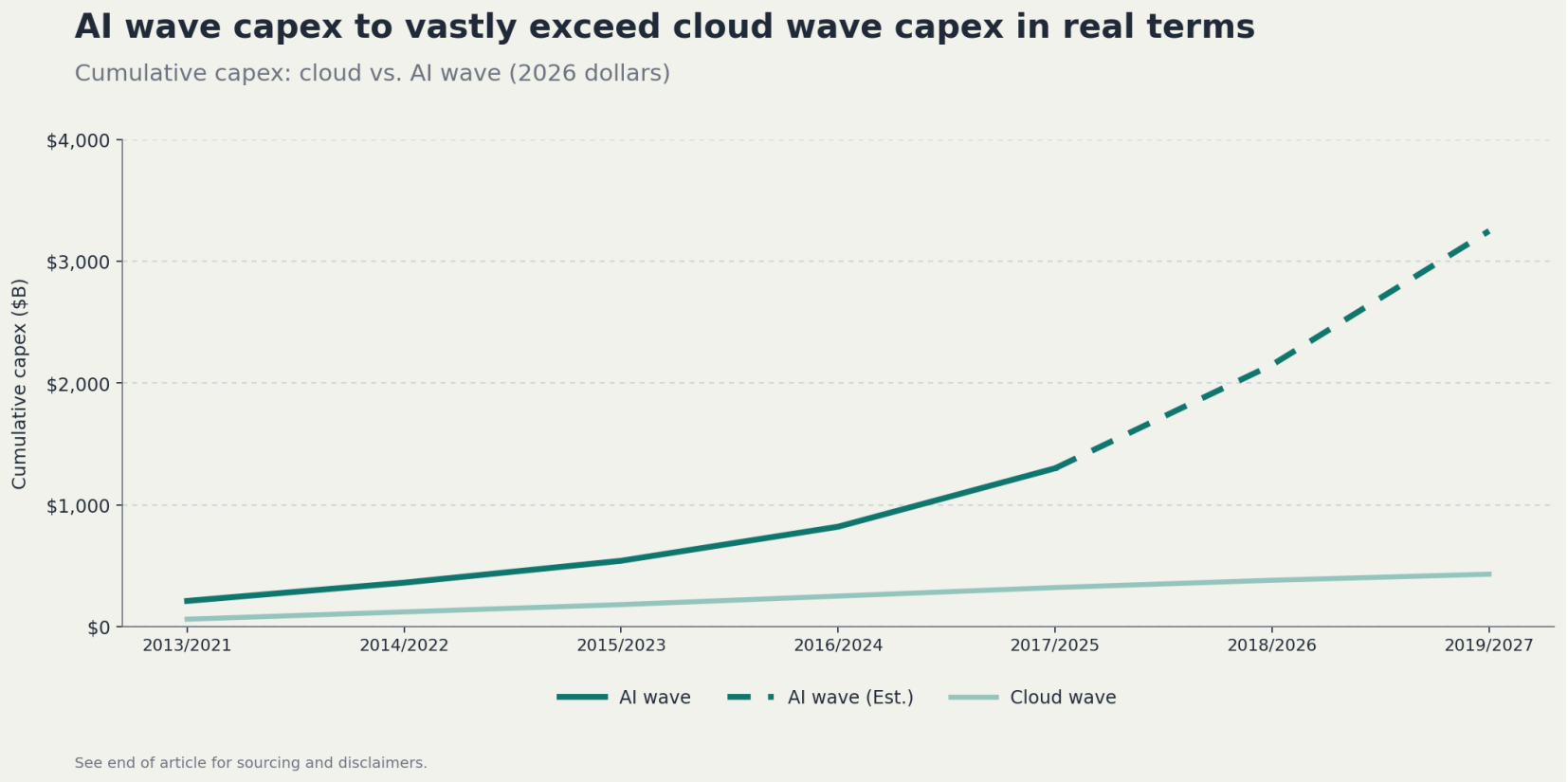
Wherever we already use prediction,

we use much more of it (translation, fraud detection, claims, sanctions screening).

We reframe old problems as new prediction problems

— driving, inspection, HR, drafting, diagnosis, code review.

Sizing the capital signal — AI vs. the cloud wave



WHAT TO SEE

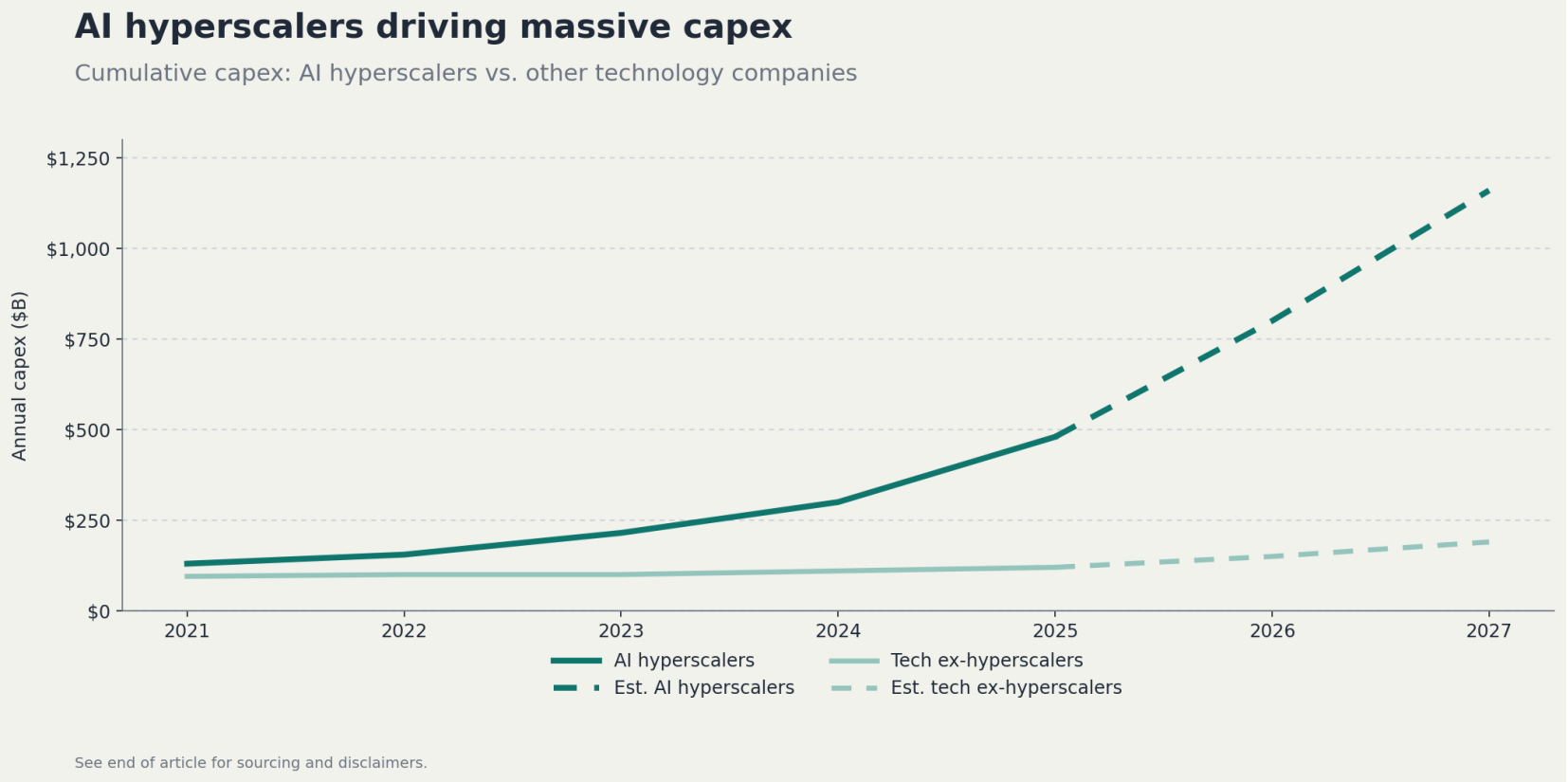
The AI build-out is not the next cloud cycle — it is the cloud cycle compounded several times over, in real dollars.

Cumulative capex through year-7 is on track to be roughly 7-8× the cumulative cloud build-out at the same point.

For boards, the working assumption should be that AI is a generational infrastructure cycle, not a software upgrade.

Source: Jacob Miller, "Heavy (A)Industry," LinkedIn — chart reproduced for illustration.

A small number of AI hyperscalers are driving the spend



WHAT TO SEE

Annual capex from AI hyperscalers is breaking decisively away from everyone else in the tech complex — and the gap is forecast to widen.

By 2027, AI hyperscaler capex is set to be ~6× the rest of large-cap tech, after a decade of running at parity.

Concentration of compute → concentration of optionality → concentration of bargaining power across the AI value chain.

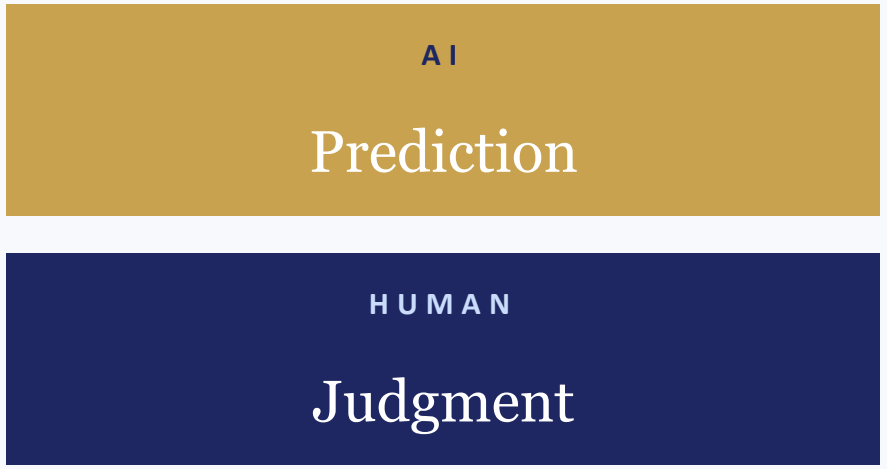
Source: Jacob Miller, "Heavy (A)Industry," LinkedIn — chart reproduced for illustration.

AIs predict. Only humans bring judgment.

BEFORE | Bundled

A single person — analyst, underwriter, radiologist, manager — does both.

AFTER | Decoupled



The two halves can be done by different agents — and judgment is what scarce humans should be doing.

Point solutions buy time. System solutions create winners.

SHORT TERM | POINT SOLUTIONS

Drop AI into existing workflows: fraud detection, claims verification, sanctions screening, drafting, customer service. Real ROI — but bounded by the existing process.

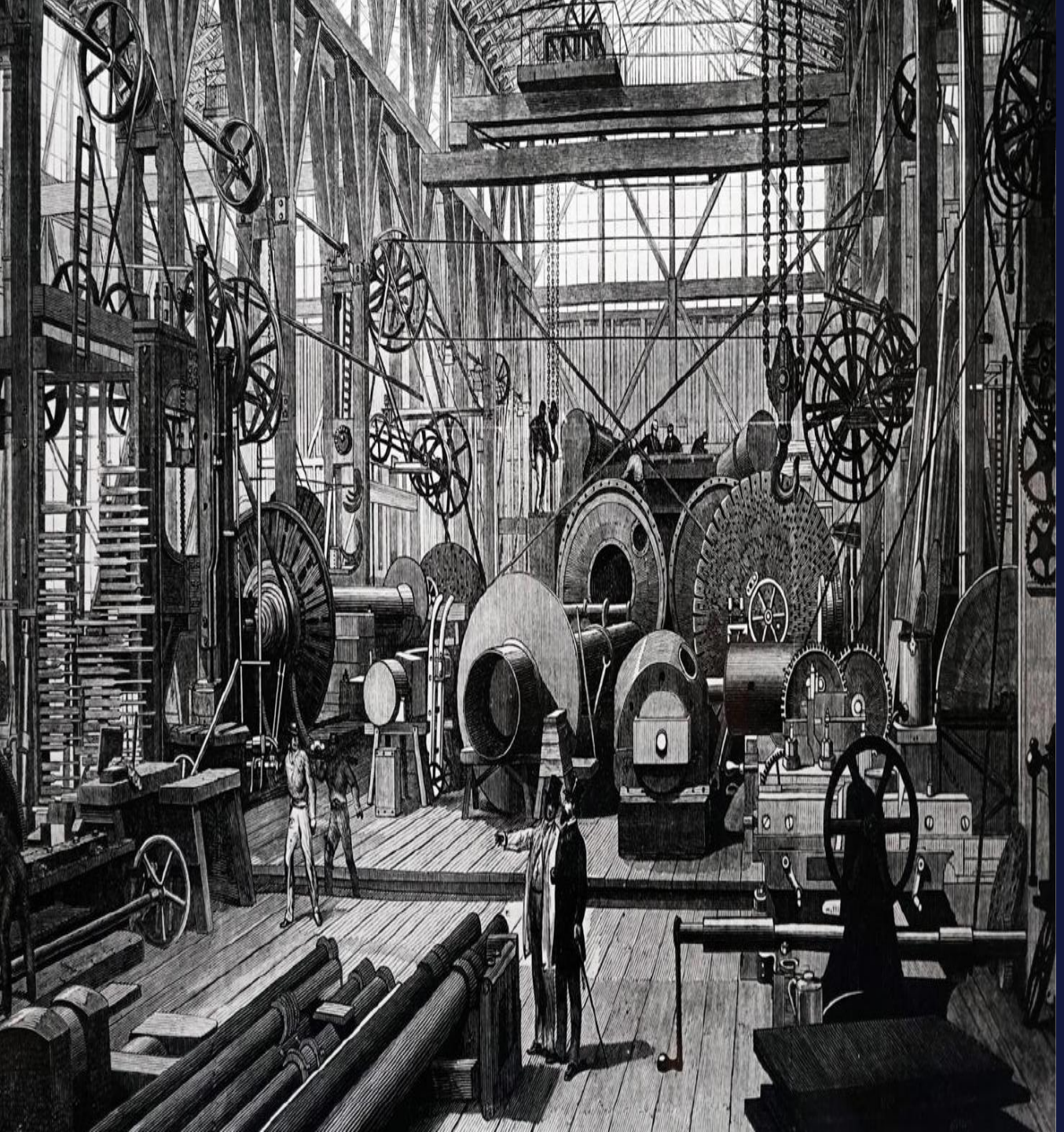
LONG TERM | SYSTEM SOLUTIONS

Redesign the process around what prediction can now do. Navigation AI in a car ≠ self-driving. The first improves drivers; the second eliminates the job. The economic value is in the second.

THE ELECTRICITY PARALLEL

It took ~40 years for US factories to fully adopt electricity.

Not because the tech was missing — it had been there for decades. Because factories had been laid out around the central steam shaft. Until owners redesigned the floor, electricity was a more expensive way to do the same thing. The companies that re-optimised first absorbed those that did not.



THE FACTORY FLOOR

Built around the central steam shaft.

A nineteenth-century factory laid out for one technology — belts, gears, and a single great drive shaft. Electricity arrived. The cost of power fell. And for forty years, almost nothing changed.

The lag was not technological. It was the cost of un-learning the floor plan.

Source: from ADIC IC Presentation (Feb 2026)

Most companies are riddled with invisible scaffolding

THE THESIS

Every company in every market is at risk of disruption, because every company has been optimised for a pre-prediction world.

Every company is riddled with scaffolding designed to manage uncertainty — inventory, hedges, checks, layers of management, manual review, redundant headcount.

Most of that scaffolding is invisible. It is the floor people walk on.

WHERE TO LOOK

Inventory & safety stock
held because forecasts are wrong

Hedges & insurance buffers
sized for prediction error, not real risk

Middle management
translating signal up and instructions down

Manual review & QA
human prediction on top of human work

Headcount in skilled prediction roles
underwriting, drafting, screening, triage

Customer onboarding & service costs
where most "judgment" is actually prediction

Ten vectors of uncertainty boards should track

Cost curve	*Rapid decline ↔ Sticky costs*
Rate-limiting bottleneck	*Bits (data, compute) ↔ Atoms (energy, chips)*
Regulatory regime	*Laissez-faire ↔ Restrictive*
Trust & reliability	*Safe & predictable ↔ Error-prone*
Labour dynamics	*Augmentation ↔ Displacement*
Pace of adoption	*Fast & broad ↔ Slow & uneven*
Productivity impact	*Transformative ↔ Marginal*
Value capture	*Concentrated ↔ Distributed*
Open vs. closed	*Open ecosystem wins ↔ Proprietary tech wins*
Model capabilities	*Generalised ↔ Specialised*

Strategy is a set of bets across these vectors. Our role as investors — and yours as directors — is to know which bets each business is implicitly making.

Value capture is moving up the stack — in three phases

PHASE 1

Capacity build-out

- Massive training and inference compute
- Hyperscaler & sovereign capex
- Winners: semiconductors, energy, infra

◆ **We are here**

PHASE 2

Application explosion

- New use-cases unlocked across every vertical
- Distribution costs collapse, switching costs reset
- Winners: hyperscalers, foundation models, software incumbents that move

PHASE 3

Agentic consolidation

- Agents disintermediate apps as the single "OS" chokepoint
- User-to-app relationship: one-to-many → one-to-one
- Winners: those with proprietary data, networks, distribution, decision traces

Concentration is reinforced — not offset — by industrial policy

CORPORATE | MAG 7 → MAG 50

Control shifts up the stack

Enduring power accrues to those who control execution within each industry.

Domain-level leaders emerge

AI creates multiple arenas where decision authority consolidates.

Decision surfaces become strategic

Systems that determine outcomes become operational infrastructure.

Embedded workflows create durability

Switching becomes a risk decision, reinforcing incumbency.

GEOPOLITICS | Policy reinforces scale

Strategic competition

Global powers prioritise national champions over theoretical competition to secure technological sovereignty.

National security framing

AI is increasingly viewed through a security lens, favouring centralised control and trusted, large-scale providers.

Regulatory moats

High compliance and "safety" costs naturally favour incumbents with the resources to navigate complex policy.

A four-bucket portfolio framework for the AI transition

HALO — *High Assets, Low Obsolescence*

Hard-asset / regulated businesses anchored in physical, scarce inputs AI cannot manufacture. Resilient — they benefit from AI demand without competing with it.

EXAMPLES

- **Constellation Energy • NextEra • Cameco**
- **Rio Tinto, Albemarle • Brookfield Infra • Pipeline / midstream**

EOAI — *Enablers of AI*

Picks-and-shovels: the names selling into the AI build-out itself. Capex flows directly into their revenue line — concentration is a tailwind, not a risk.

EXAMPLES

- **NVIDIA, AMD, Broadcom • TSMC, ASML • Vertiv, Eaton**
- **Cadence, Synopsys • Hyperscalers (MSFT, GOOGL, AMZN, META)**

BOAI — *Beneficiaries of AI*

Operators that use AI to widen moats, expand margins, or build new products on existing distribution. They capture productivity gains rather than ceding them.

EXAMPLES

- **ServiceNow, Palantir • Salesforce, Adobe • Visa, Mastercard**
- **JPMorgan, Goldman • Walmart, Amazon retail**

IPPAI — *Impaired Pricing Power from AI*

Businesses being commoditised, disintermediated or substituted by AI. Pricing power erodes faster than cost can be taken out.

EXAMPLES

- **Chegg, Stack Overflow • Indeed, traditional staffing • Generic SaaS w/o data moats**
- **Transactional legal / translation • Call-centre BPOs • Mid-tier IT services**

Illustrative names — not a recommendation. The point is the framework: every name sits in one of four buckets, and the bucket determines what oversight questions matter.

What this means for boards

Strategy

What is our implicit bet on the vectors of uncertainty? Where would we be wrong if the cost curve, regulation or labour dynamics broke the other way?

Oversight of management

Where is our company's invisible scaffolding? What is management actively dismantling — and what is still being defended for non-strategic reasons?

Capital allocation

Are we still treating AI spend as IT capex, or as a redesign of the production function? Is the bar we apply to it appropriate to either framing?

Risk

Concentration, security, model failure, data exfiltration, regulatory whiplash, and reputational risk from AI-mediated decisions — who on the board owns each?

Talent & culture

Are we leveraging the scarce humans for judgment, or still hiring for prediction work AI now does at lower cost and higher quality?

Governance

Do we have the right disclosure, audit-trail and human-in-the-loop standards for decisions our systems are now making on the company's behalf?

THE NEW ATTACK SURFACE

A world where every node is a target.

AI agents, embedded models, API-connected data, third-party tooling — every new node is a new path in. Adversaries are already automating discovery against this surface at machine speed.

The defensive playbook on the next slide assumes this is the operating environment, not the exception.

Source: from ADIC IC Presentation (Feb 2026)

A defensive playbook — including AI-era cybersecurity

THE WORKING ASSUMPTION

Every adversary now has Mythos-class capability — autonomous vulnerability discovery, machine-speed exploitation, AI-generated social engineering at scale. Defensive posture designed for the last decade is no longer the floor.

OPERATING PLAYS | AI READINESS

Name a senior AI accountable executive

CIO/CDO/COO with budget and a board reporting line.

Map the invisible scaffolding

Quarterly inventory of workflows that exist because of prediction error.

Reset the bar for AI capex

Production-function redesign, not IT line items. Throughput, not pilots.

Re-skill before you re-size

Move headcount from prediction work to judgment work; communicate openly.

Audit third-party AI dependencies

Know which suppliers run on which foundation models — vendor risk is your risk.

CYBER PLAYS | ASSUME A FASTER ADVERSARY

Compress your patch cycle

Autonomous scanners find zero-days in hours — patch in days, not weeks.

Identity is the new perimeter

Phishing-resistant MFA, just-in-time access, explicit identity for every AI agent.

Data governance for AI tools

Sanctioned LLM gateways with DLP. Public models are exfiltration risk by default.

Threat-model your AI agents

Red-team prompt injection, model poisoning and tool-misuse as live attack surfaces.

Rebuild IR for AI speed

Tabletop against an autonomous adversary; verify deepfake-resilient authentication.

Board-level cyber fluency

A director with deep cyber/AI security expertise; quarterly threat briefings.

Boards rarely get blamed for moving early on cyber or AI readiness. They routinely get blamed for moving late.

Thank you

Looking forward to the conversation.

Mark Machin | Managing Partner, Intrepid Growth Partners

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Two signals that this is not the usual cycle

CAPABILITY | Situational Awareness (Aschenbrenner, 2024)

Frontier models are scaling along three orthogonal curves at once: compute, algorithmic efficiency, and "unhobbling" (tool use, agents, longer context).

Each curve has independently delivered ~1 order of magnitude per year for the last decade. They compound.

The capability of frontier systems in 2027–2028 will not look incremental from where we sit today; multiple labs now talk openly about systems that can do most cognitive work of a competent professional.

CAPITAL | Financial Times, Nov 2023 → today

>$1 trillion

committed to AI infrastructure through 2027

Hyperscaler capex now rivals national-scale infrastructure programmes. Capital intensity has reset the entry barrier in foundation models.

A handful of platforms, model providers, and chip vendors are capturing the overwhelming majority of value created so far.

The myth of abundance: scarcity shifts, it does not disappear

"Technology is a resource-liberating mechanism. It can make the once scarce the now abundant."

— Peter H. Diamandis

But what was scarce moves. New bottlenecks define the next cycle of returns.

PHYSICAL

Hard constraints around physics, raw inputs, production and geography.

Land, critical minerals, energy

INSTITUTIONAL

Rules, permissions, enforcement, legitimacy. Trust and authentic provenance.

Patents, licences, regulatory alignment

HUMAN

Status, relationships, experience. Taste, judgment and attention.

Art, high-trust networks, prime real estate, trusted brands

Divergence: a sharper spread between winners and losers than past tech shifts

WINNERS	POTENTIAL WINNERS	UNCLEAR	LOSERS
United States, Saudi Arabia, UAE, China	United Kingdom, Singapore, Israel, Korea, Japan	Canada, Australia, France, Germany, India	Most middle- and low-income economies
Capital, energy, policy alignment and either scaled data or a willing population of users.	*World-class research and capital; narrower margin for error on energy or domestic scale.*	*Strong inputs across some dimensions but unresolved questions on energy, scale or coordination.*	*Concentration risk: imports of intelligence and infrastructure without ownership of either.*

The economies positioned to capture disproportionate gains will have…

SCALED CAPITAL DEPLOYMENT

Ability to finance infrastructure, compute and energy at national scale.

ENERGY ADVANTAGE

Low-cost, reliable power becomes a defining input to AI-era productivity.

INFRASTRUCTURE CONTROL

Ownership of digital rails and decision layers anchors long-term value capture.

DATA DEPTH

Large, integrated datasets improve system performance over time.

COORDINATED EXECUTION

Alignment across policy, capital and infrastructure accelerates deployment.

STRATEGIC DIRECTION

Clear national priorities enable faster system-level redesign.