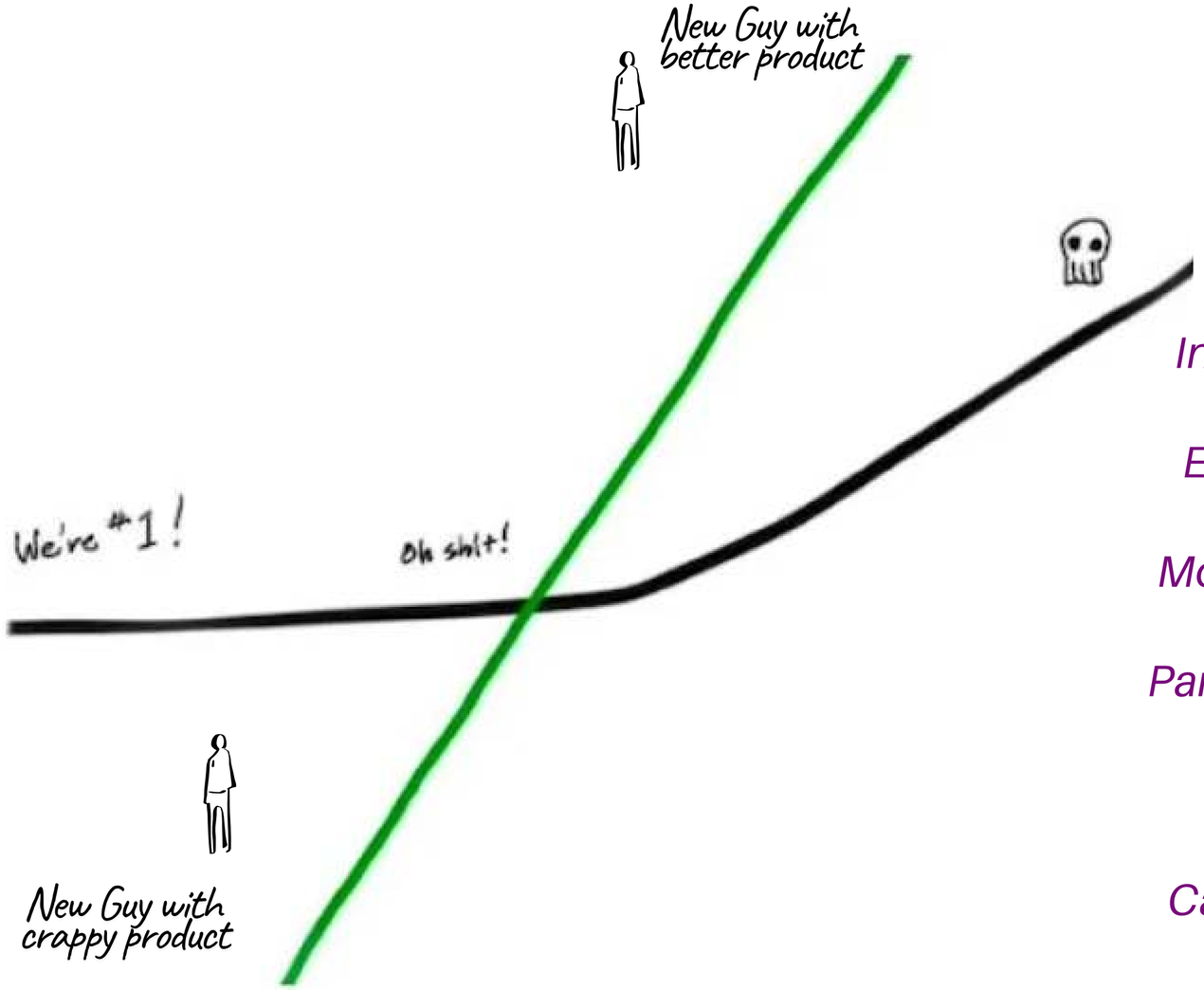
01

Grow or Die.
[The AI edit]

June 2026

By Rod Snodgrass and Duane Fernandes
www.theexponential.agency

Our thesis in one chart



Incumbent thinking
+
Exponential curves
+
Moment of disruption
+
Panic & incompetence
+
Turnaround
+
Catch up impossible

VS

Leaders paranoia
+
Experimentation
+
Moment to pivot
+
Structured playbook
+
Compounding
+
Keep the lead

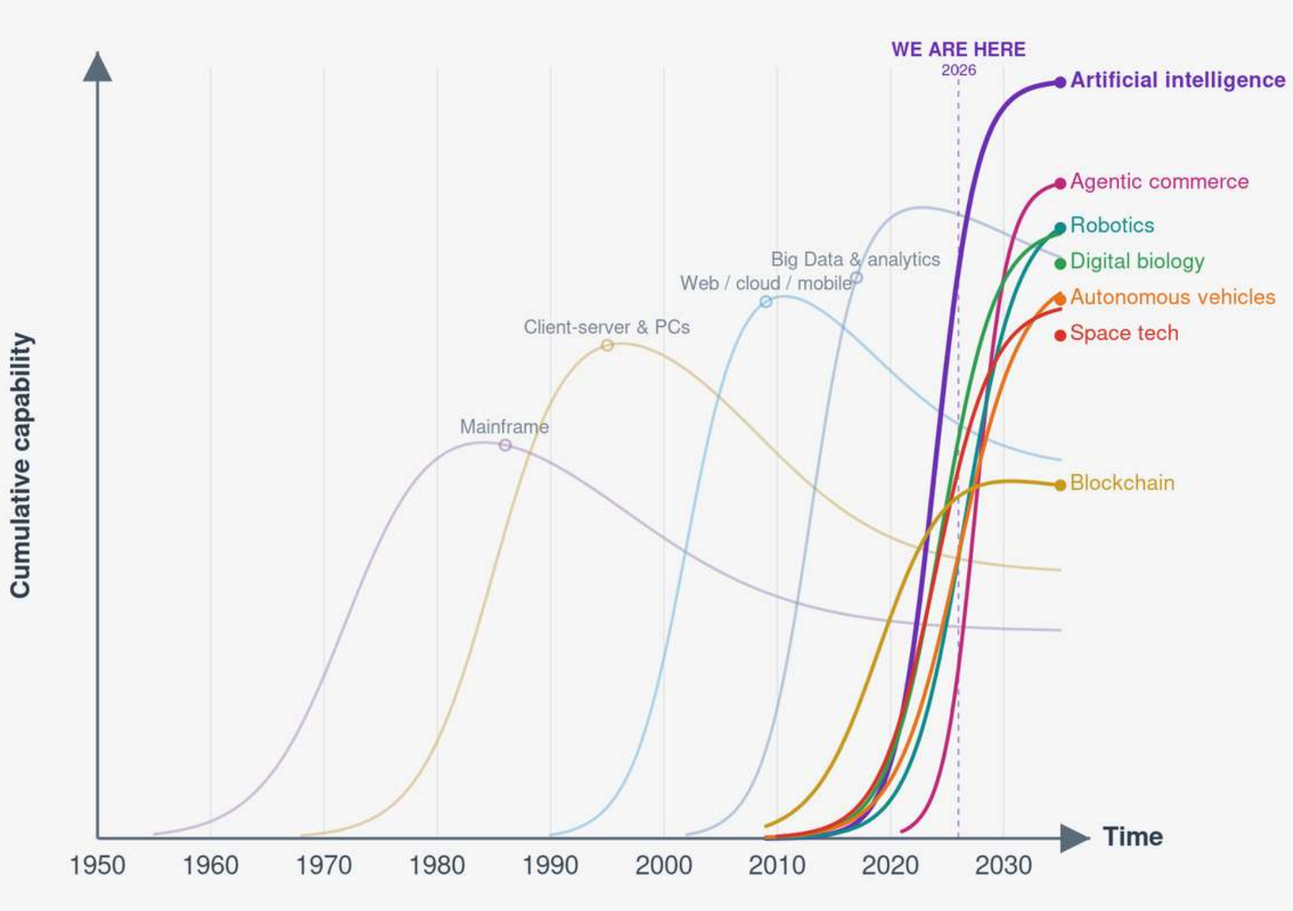
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1. **This Is Different**
2. The Platform Is Burning
3. Why Do Businesses Miss This
4. Business Models In An Abundant World
5. The AI Takeoff Playbook

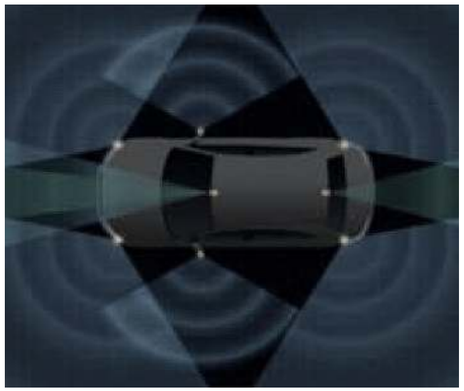
03

Multiple accelerating exponential technologies have emerged all together...

1. Internet of Things
2. Robotics
3. Artificial Intelligence
4. 3D Printing
5. Autonomous Vehicles
6. Blockchain
7. Agentic commerce
8. Digital Biology
9. Immersive Reality
10. Nanotechnology
11. Quantum Computing
12. Etc Etc... the list goes on.



...rapidly becoming faster and cheaper...



LIDAR Sensors

2007: $20,000

2017: $1,000

2026: $200

100X drop in 10 years



DNA Profiling

2007: $10,000,000

2017: $1,000

2026: $100

100,000X drop in 10 yrs



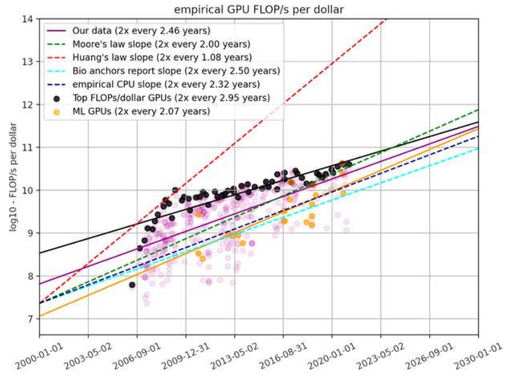
Drones

2007: $100,000

2017: $500

2026: $50

2,000X drop in 10 years



AI

2022: $20 (per M tokens)

2024: $0.07

2026: $0.01

1000X price drop in **4 yrs**

Doubling (price, speed, performance) every few years defines exponential technology

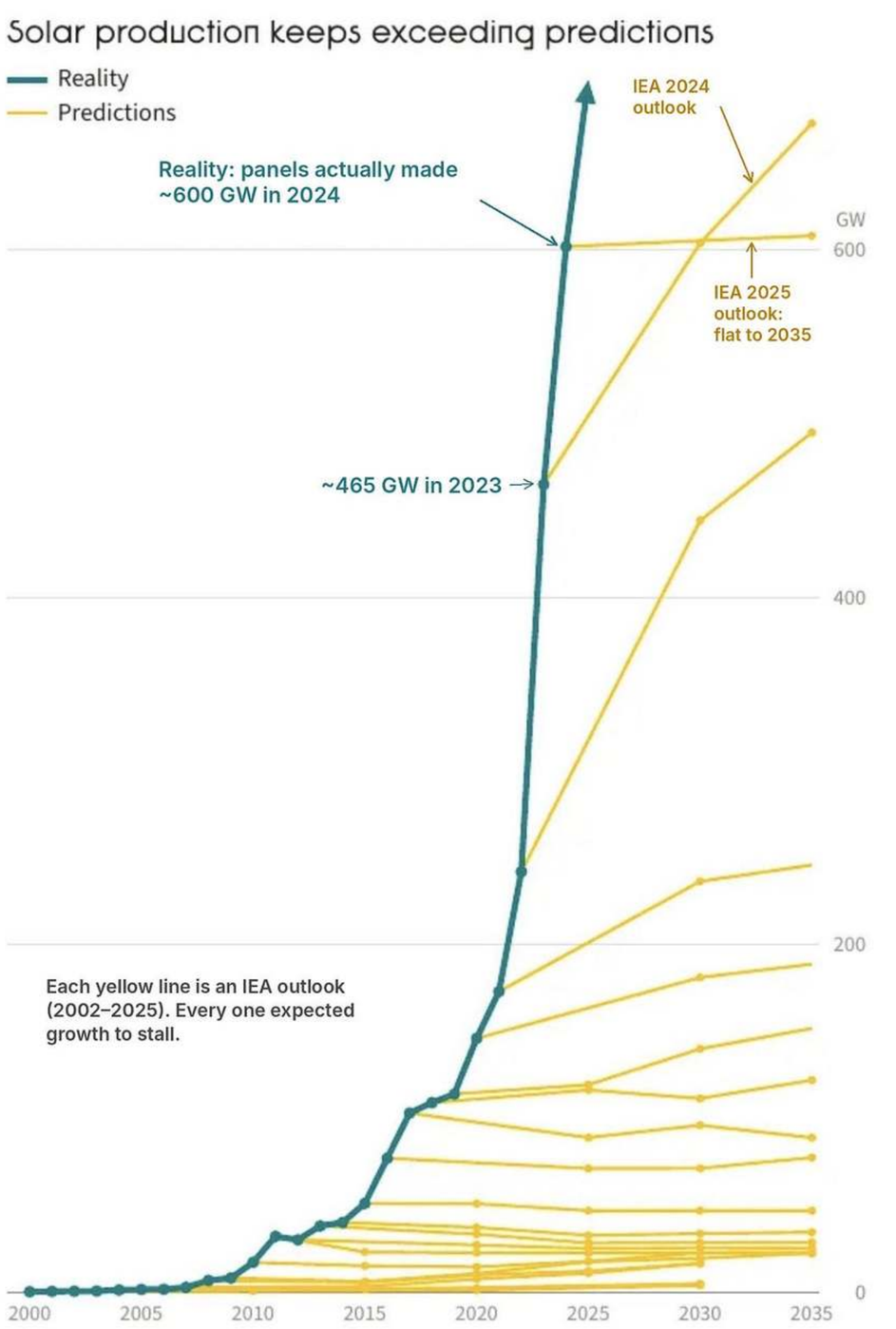
...to combine into unbelievable (and scary) products.

Vision-Language-Action (VLA) Models
+
On chip compute
+
Electric actuators
+
Shared neural net
+
Computer vision
+
Battery density
+
Haptic feedback
+
Recursive self improvement



We are really, really bad at predicting exponential trends.

The green line is the real added capacity of solar PV. The yellow lines are the expert's consensus predictions at that point in time.

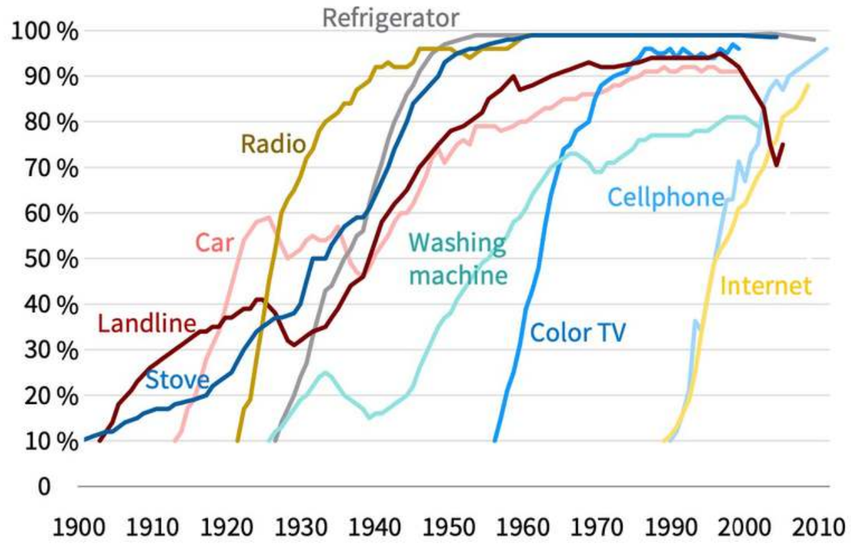


When a new technology is better and cheaper it is quickly adopted, even massive infrastructure

We've seen this movie before. We know how technology shifts work

Individual products

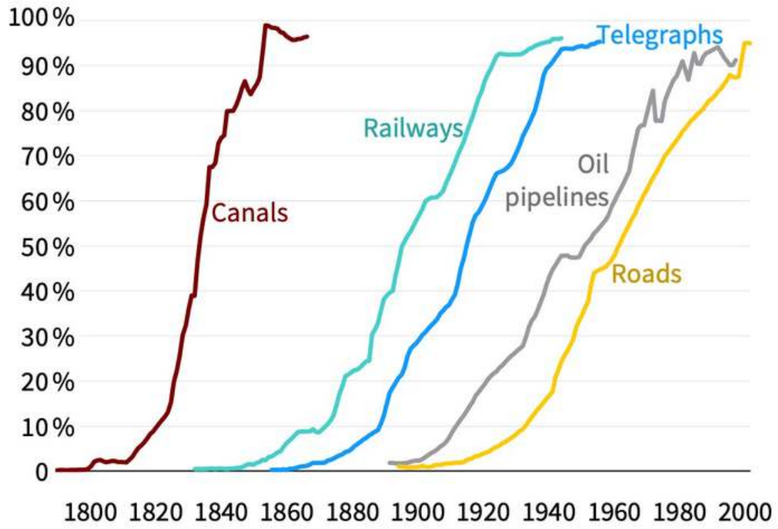
Technological adoption by household in the United States



Rapid exponential growth along S-curves is a standard characteristic of successful new technologies.

Infrastructure systems

Share of maximum size in the United States



S-curve-type growth even applies to infrastructure.

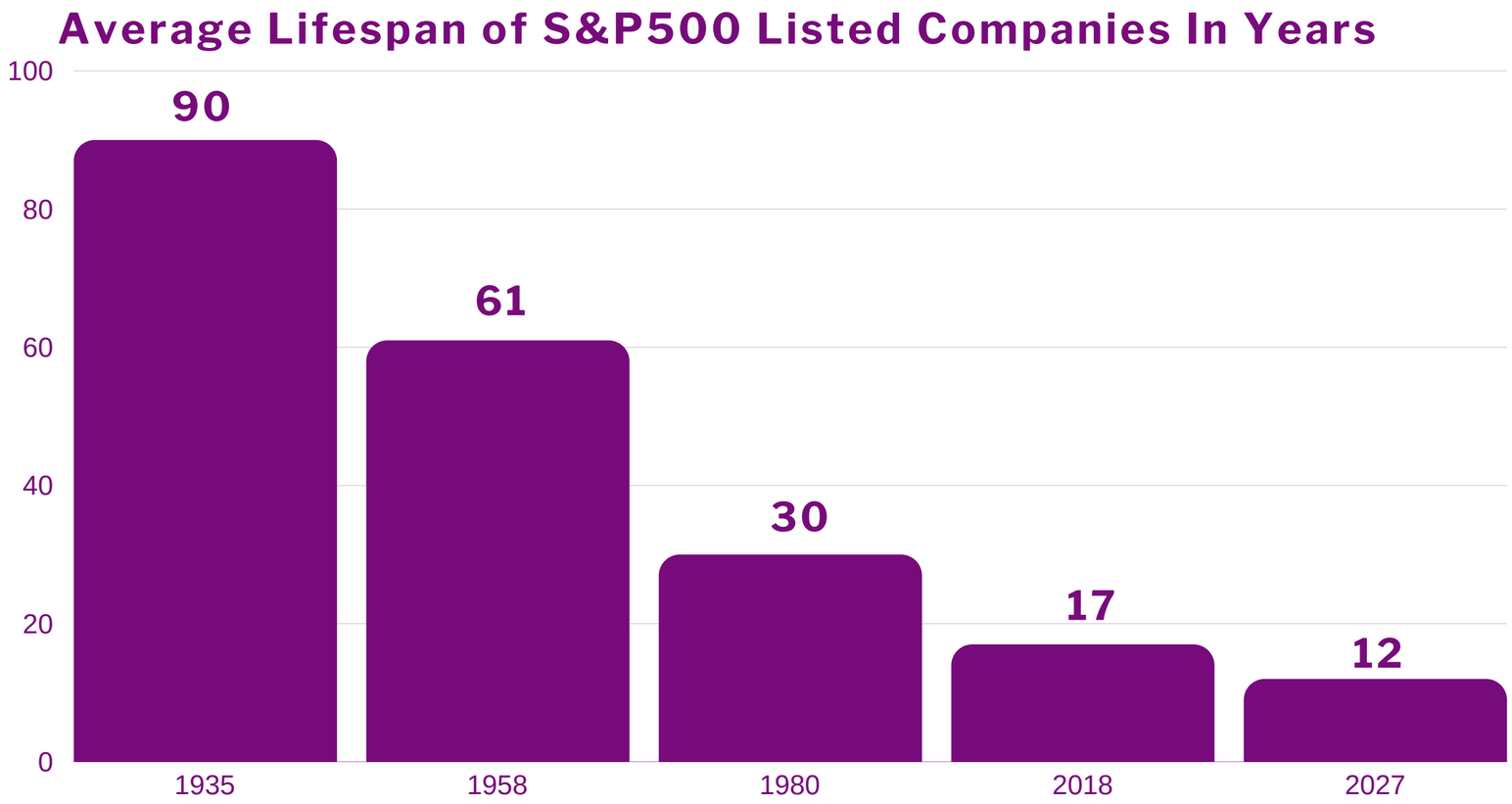
IT TAKES ON AVERAGE 8-12 YEARS FOR NEW TECHNOLOGY TO GO FROM 10% MARKET SHARE TO 80%

Source: RMI; RethinkX

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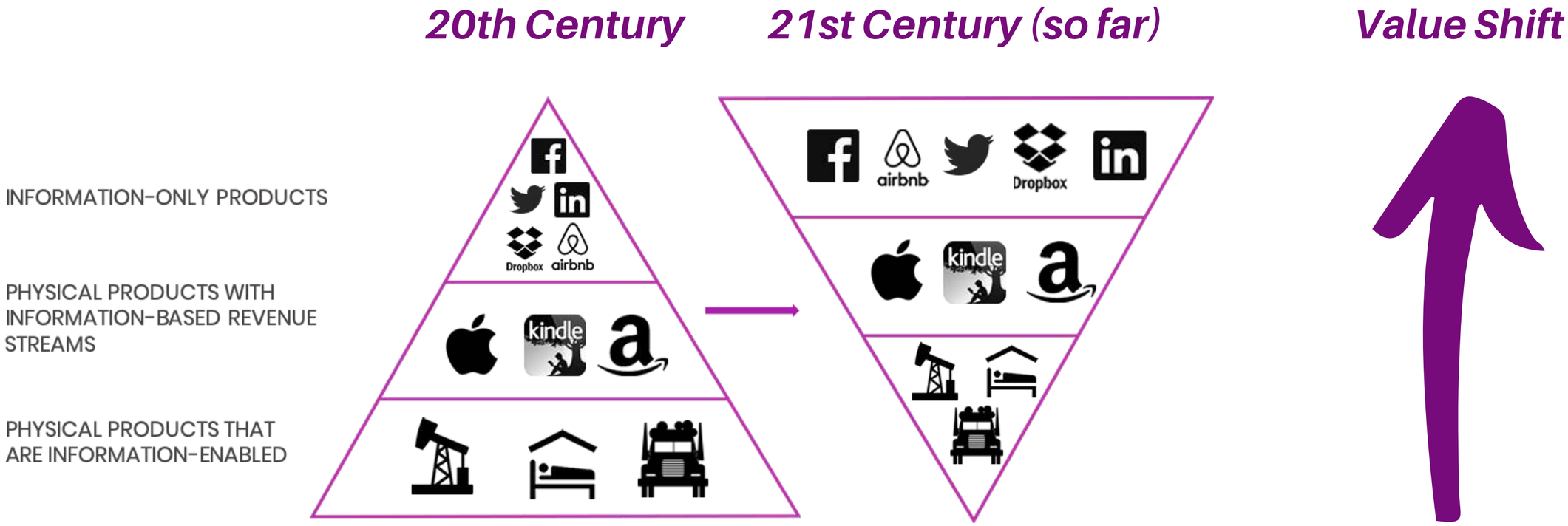
The platform has been burning for a long time



Source: Innovation Solutions; Inc Magazine

50% OF THE S&P500 DISAPPEARED OVER THE LAST 10 YEARS, THIS WILL ACCELERATE AGAIN.

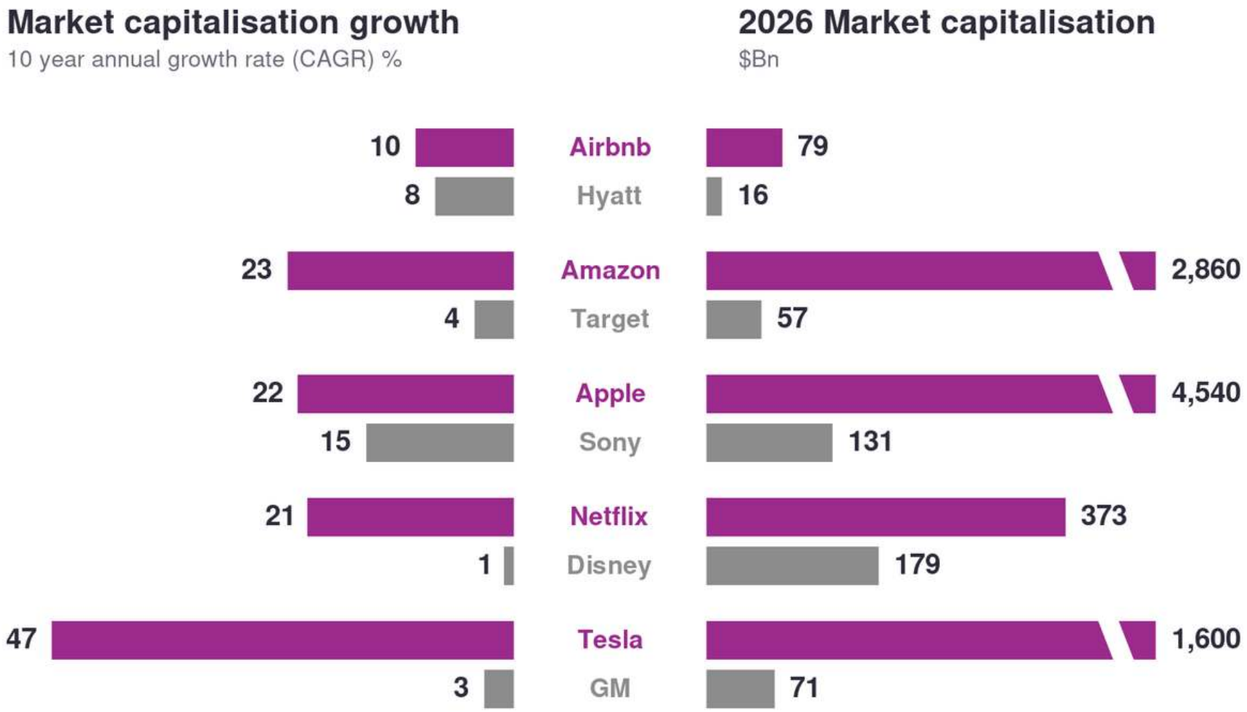
The value shift of the 21st Century towards information-enabled products and services



These business models have a compounding advantage over older business models

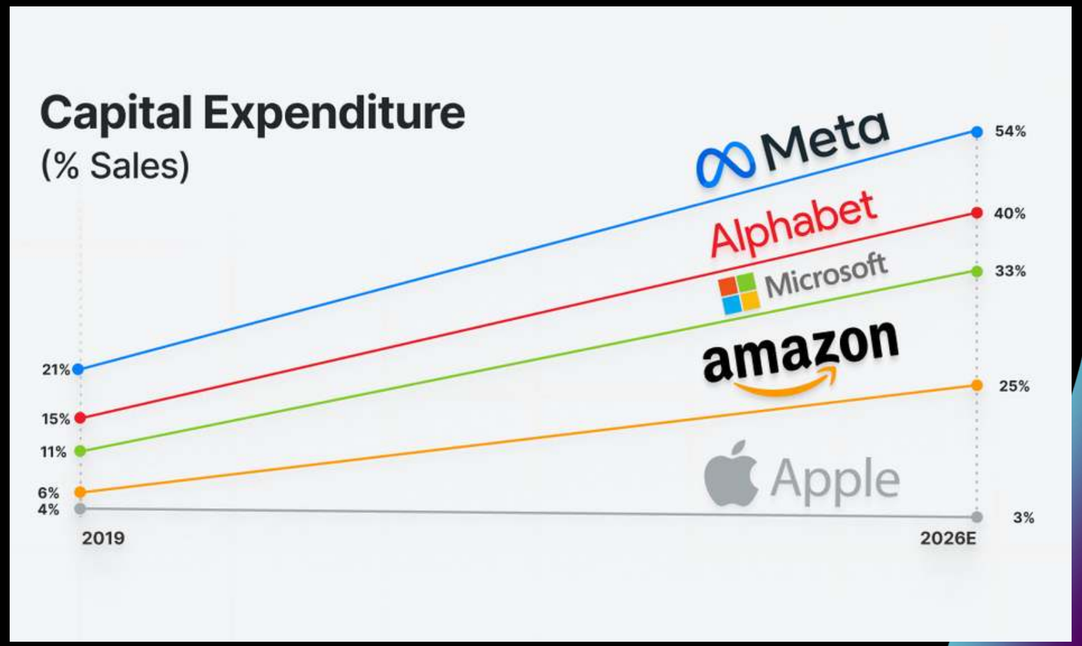
Sustained Exponential Growth

20 years after the GFC, we see that digitally-enabled business models accelerated and compounded their competitive advantage to pull away from the pack.



As Mag-7 earnings accelerated again since launch of ChatGPT, winners are reinvesting at unprecedented rates





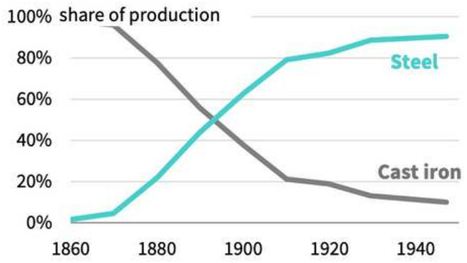
Source: Bloomberg

This is not about technology, it is about how quickly old business models become obsolete.

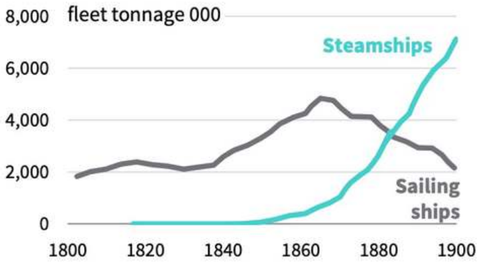
We have seen this X shaped pattern before

An X shaped technology transition is standard so we should not be surprised

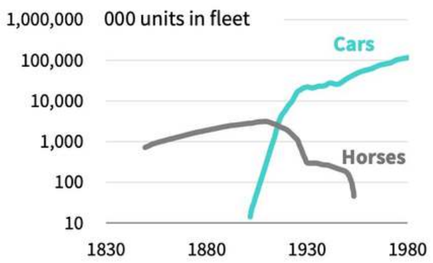
Industry: Cast iron to steel



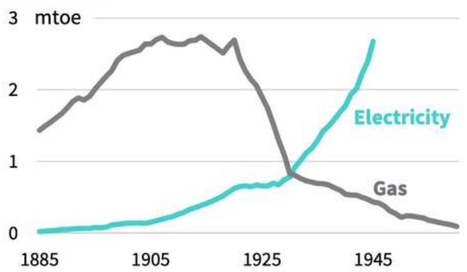
Ships: Sailing ships to steamships



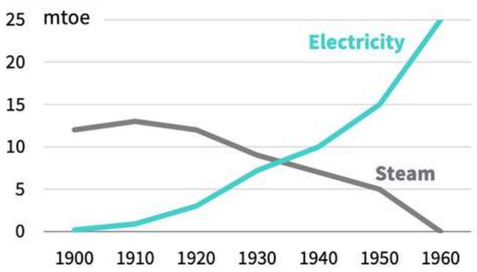
Land transport: Horses to cars



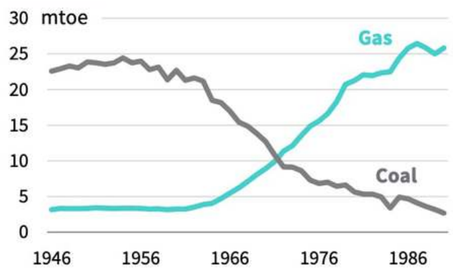
Lighting: Gas to electricity



Power: Steam to electricity



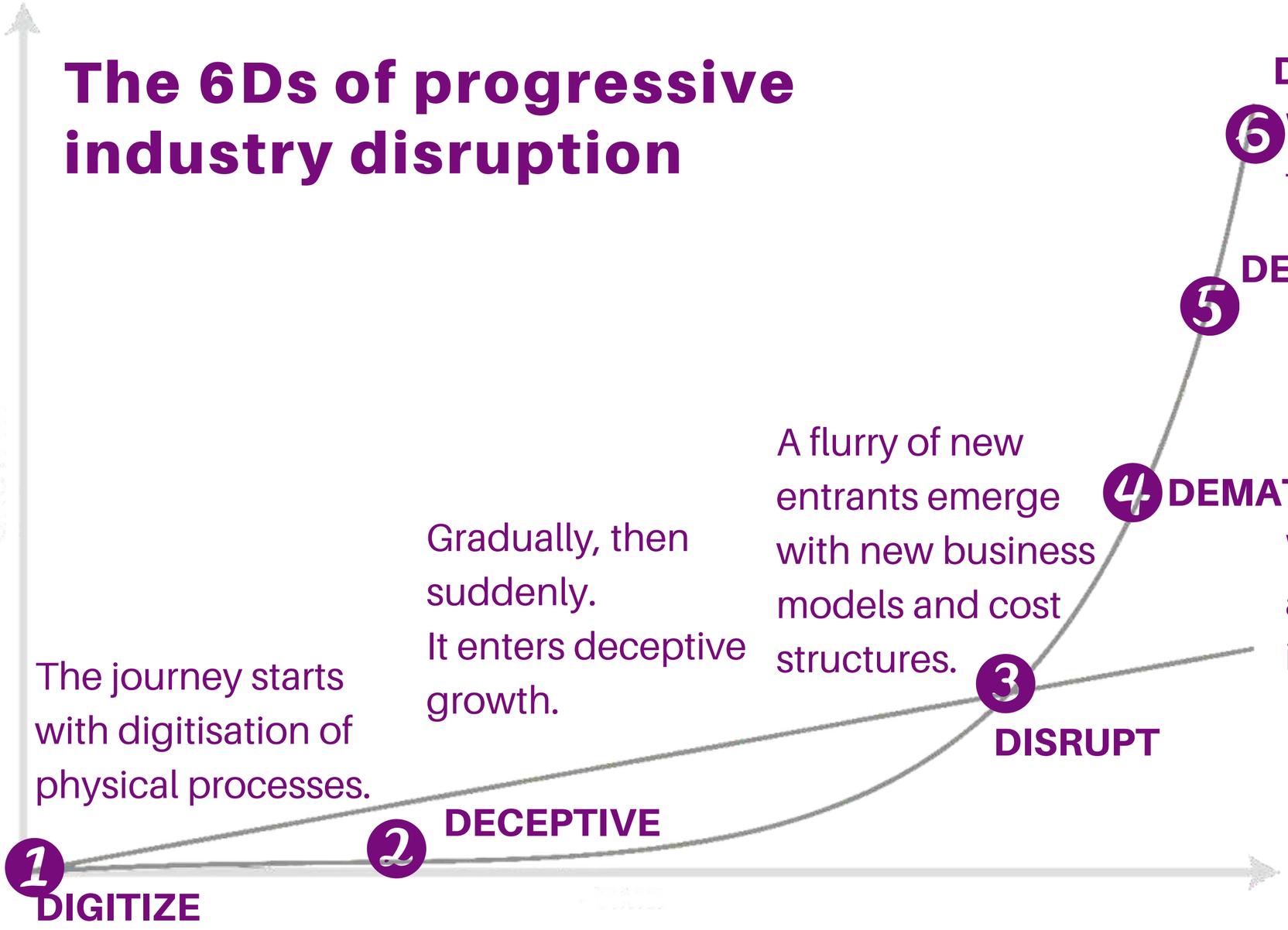
Heat: Coal to gas



IF THERE IS ONE EXPONENTIAL GROWTH CURVE IN AN INDUSTRY, THERE ARE EXPONENTIAL DEATH CURVES FOR INCUMBENTS.

Source: RMI; RethinkX

The 6Ds of progressive industry disruption



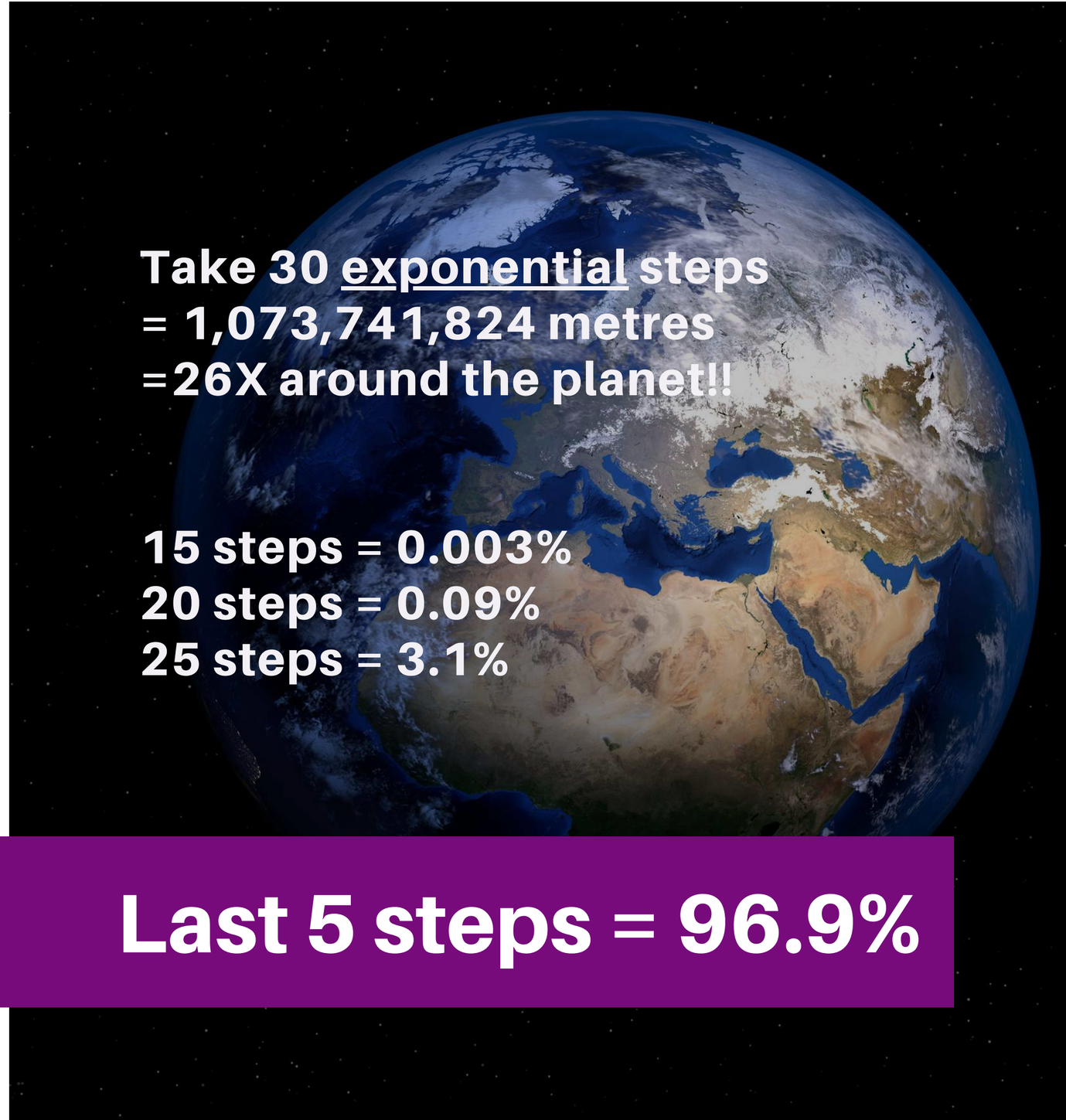
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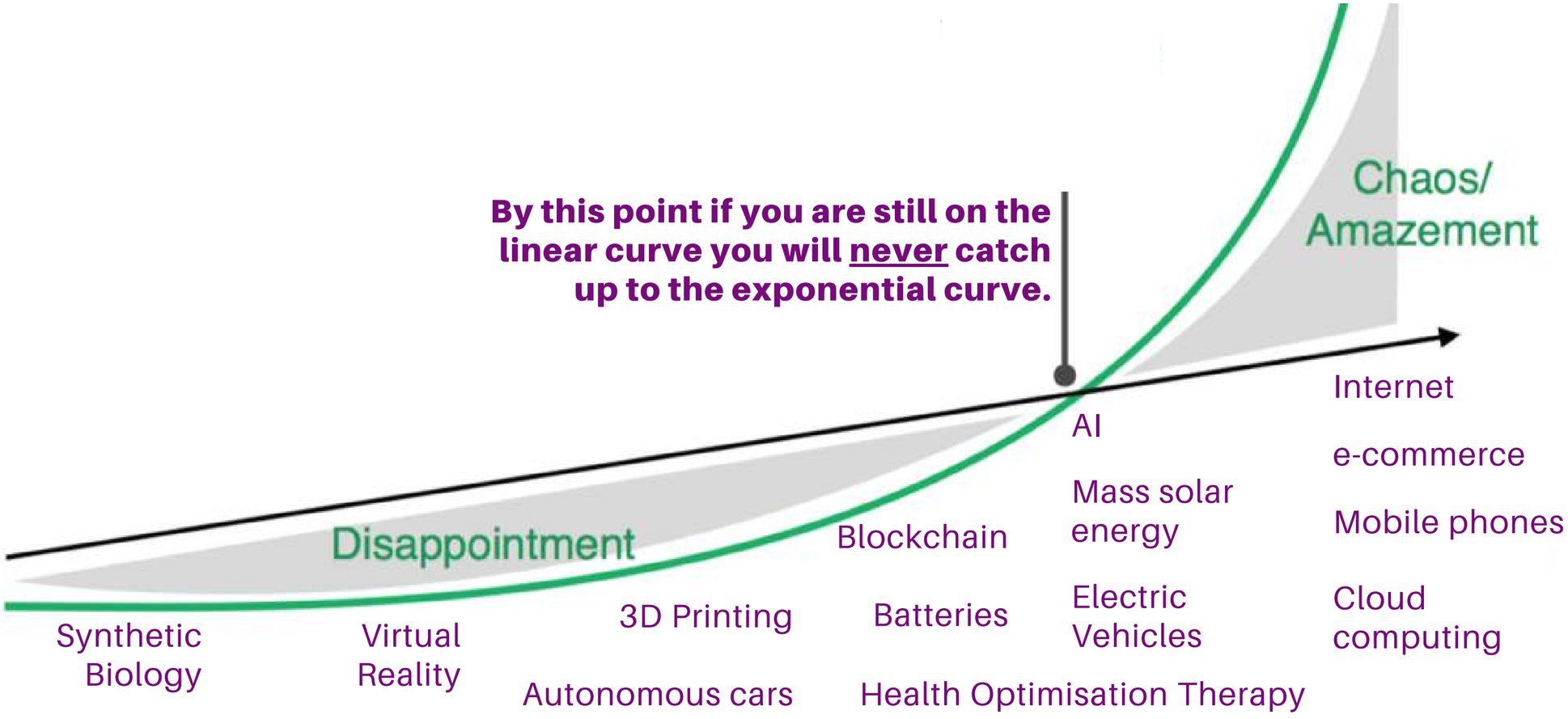
Exponential curves are very difficult for the human brain to understand and respond to.

Take 30 linear steps
1,1,1,1,1…

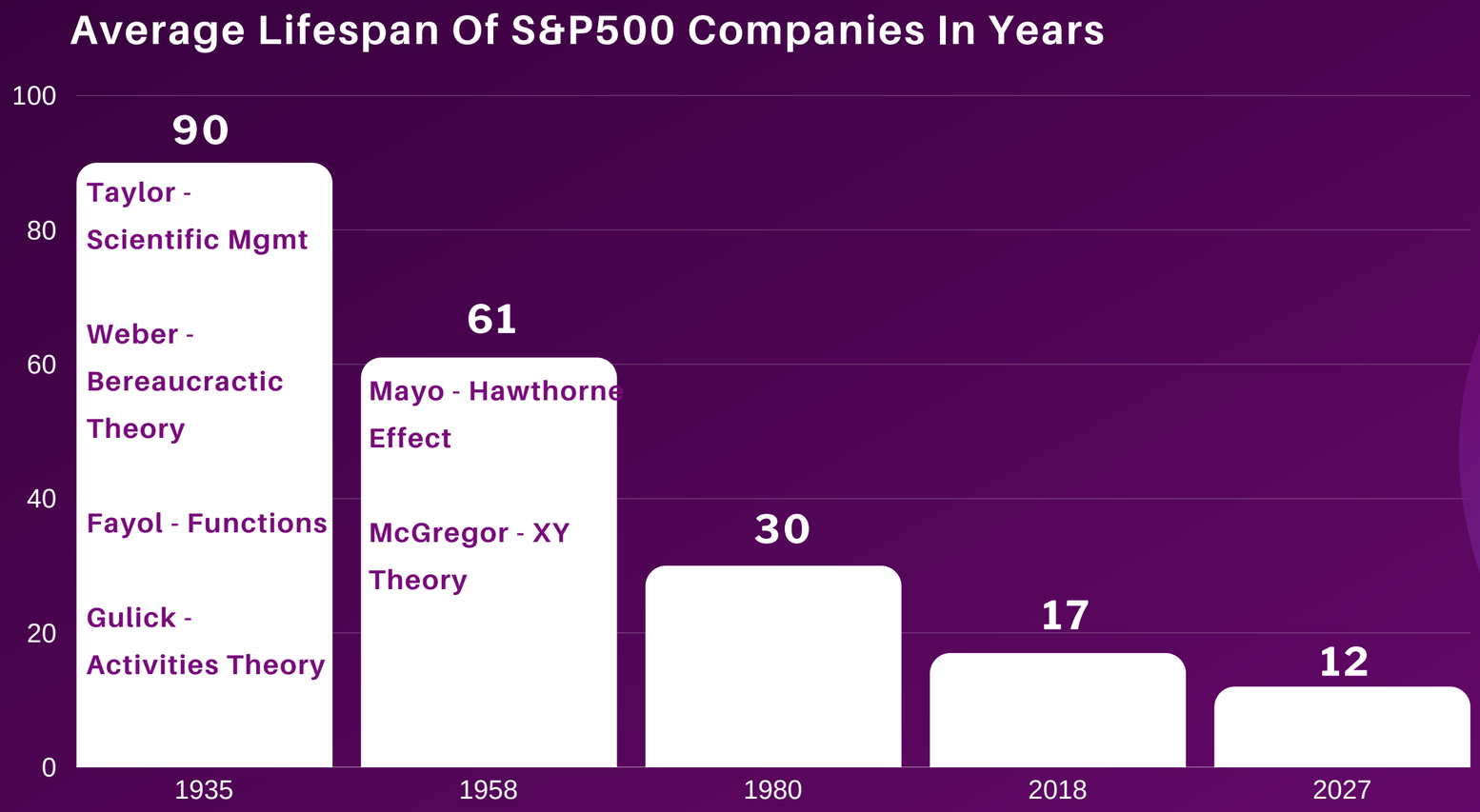
= 30 metres



Most technology is initially disappointing so we ignore it, until its too late.



Corporate management was designed to manage predictable growth in stable conditions.



Source: Innovation Solutions

Modern Management methods developed through 1909 - 1960s.

Deadly in today's dynamic environment.

Expected to accelerate further.

Attacks come from strange places and angles that don't seem threatening, initially.

Competitive Landscape For Coffee Industry

TASSIMO

illy

NESCAFÉ Dolce Gusto

L'OR ESPRESSO

NESPRESSO

CAFÉ ROYAL SWITZERLAND

focus@will

Scientifically-proven sound and music engineered for human focus. Coffee's moat is the brain's chemical addiction

Typical responses by executives and directors range from incompetence to negligence

1- DENIAL

Unconsciously Incompetent

"It might be happening to others, but my company is different."

2- DELAY

Consciously Incompetent

"Yes, things are changing, but don't panic. Let's wait for things to clarify a bit; there's plenty of time to respond."

3- DEFENSIVENESS

Unconsciously Negligent

"Time to move aggressively! To survive, we need to do what we've always done, but just push harder, using technology to make it faster and cheaper."

4- DEFERRAL

Consciously Negligent

"My tenure is almost up. So long as the cliff does not arrive in my tenure it will be someone else's problem to deal with"

Source: Deloitte Center For The Edge

What we will cover today

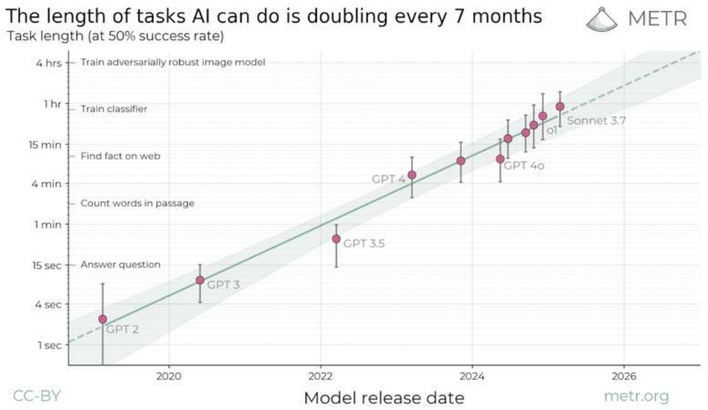
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Exponential tech removes Scarcity and unlocks Abundance, displacing entire industries



Energy

The ultimate scarce resource is entering an age of abundance as solar, wind and battery technology doubles price-performance every 2-3 years.



Intelligence

Artifical Intelligence creates abundance of intellectual labour. The task length of useful work AI can do is doubling every 7 months.



Labour

Industrial robots have removed scarcity of bounded repetitive manual labour, and humanoid robots are for unstructured environments.

Profiting from Abundance requires new business models that look cannabalistic





Scarcity = 32 pictures @$2/picture

A business model based on monetizing the development of the photo causes people to really consider before clicking.

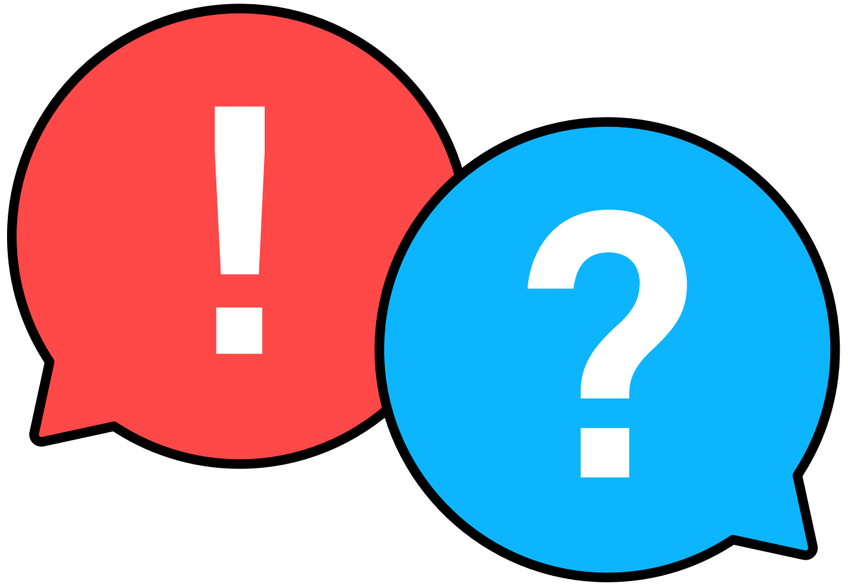
Abundance = Limitless pictures $0/picture

Business models based on engagement around unlimited photos moves the problem space and creates new markets like storage and discovery.

One way to start thinking about an abundance based business model is to ask this question...

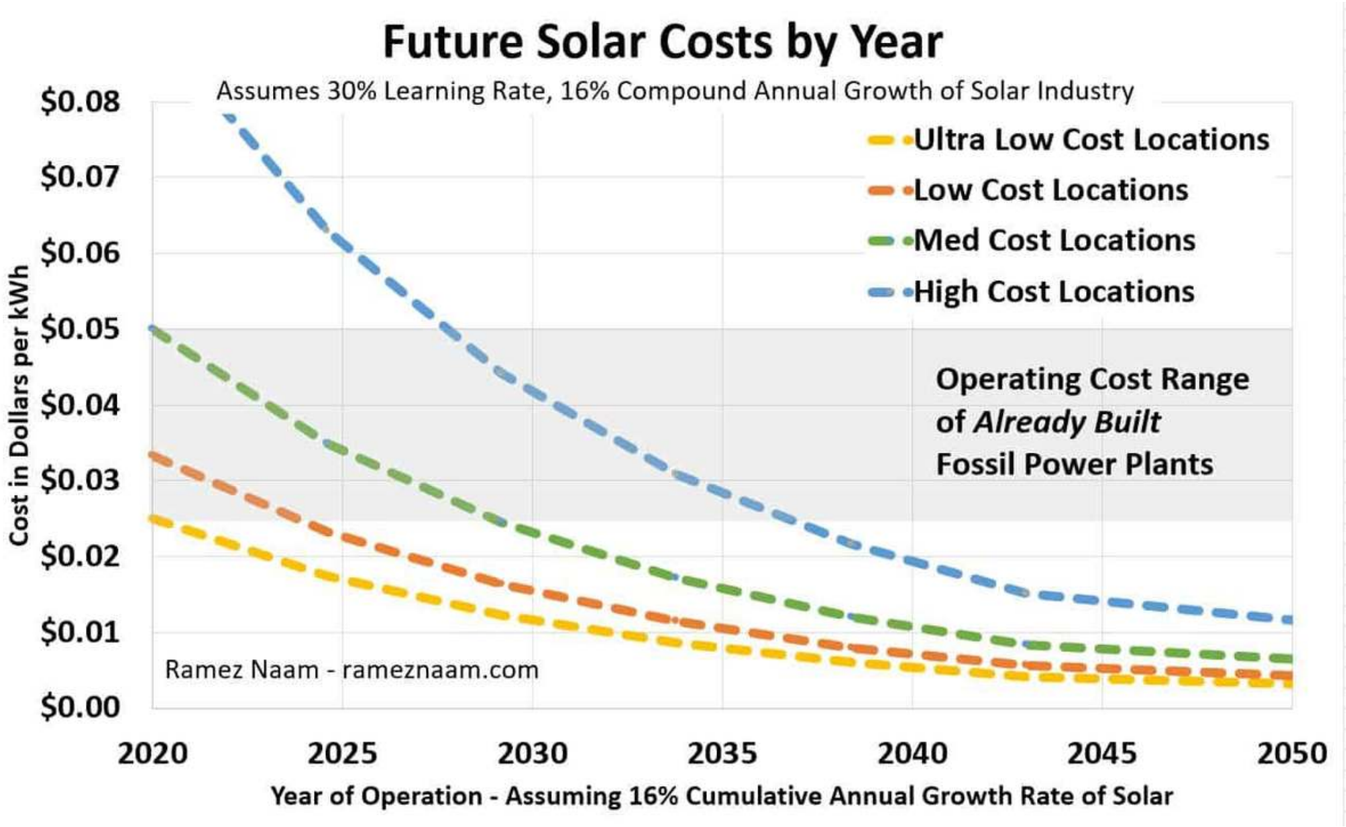
ASK

If we could not charge for your core product, how could we make money?

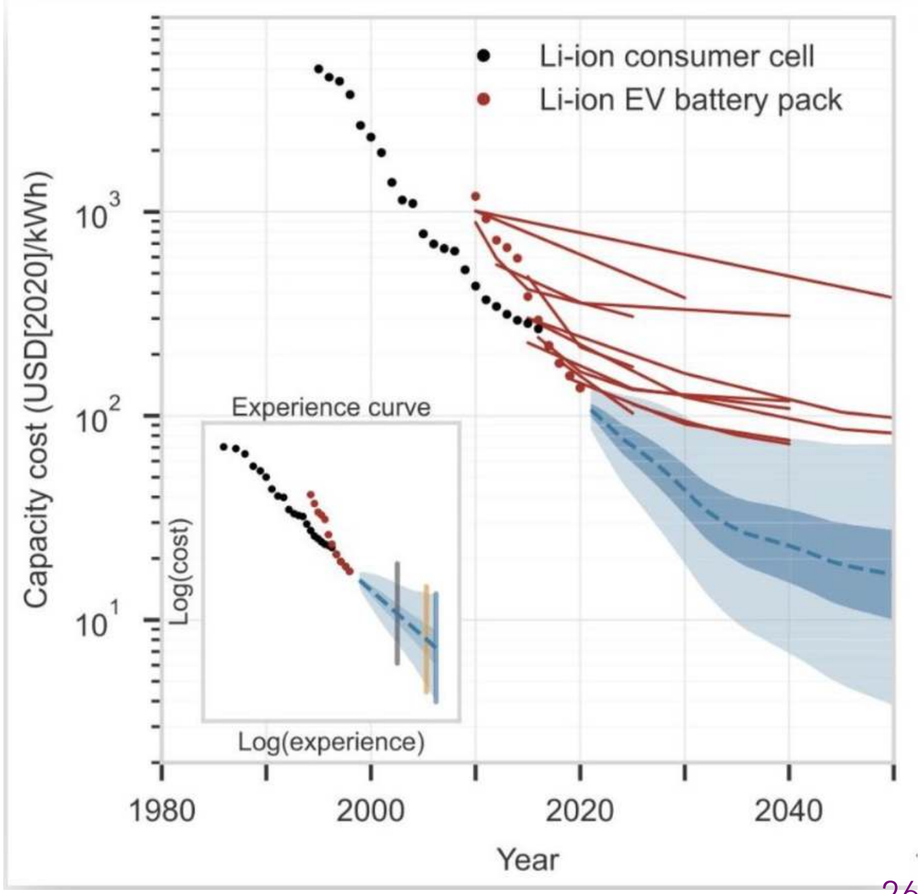


What if cost of energy goes to near zero?

At a 30% learning rate and 16% CAGR, the cost of solar PV declines to less than $0.01 per kWh by 2040



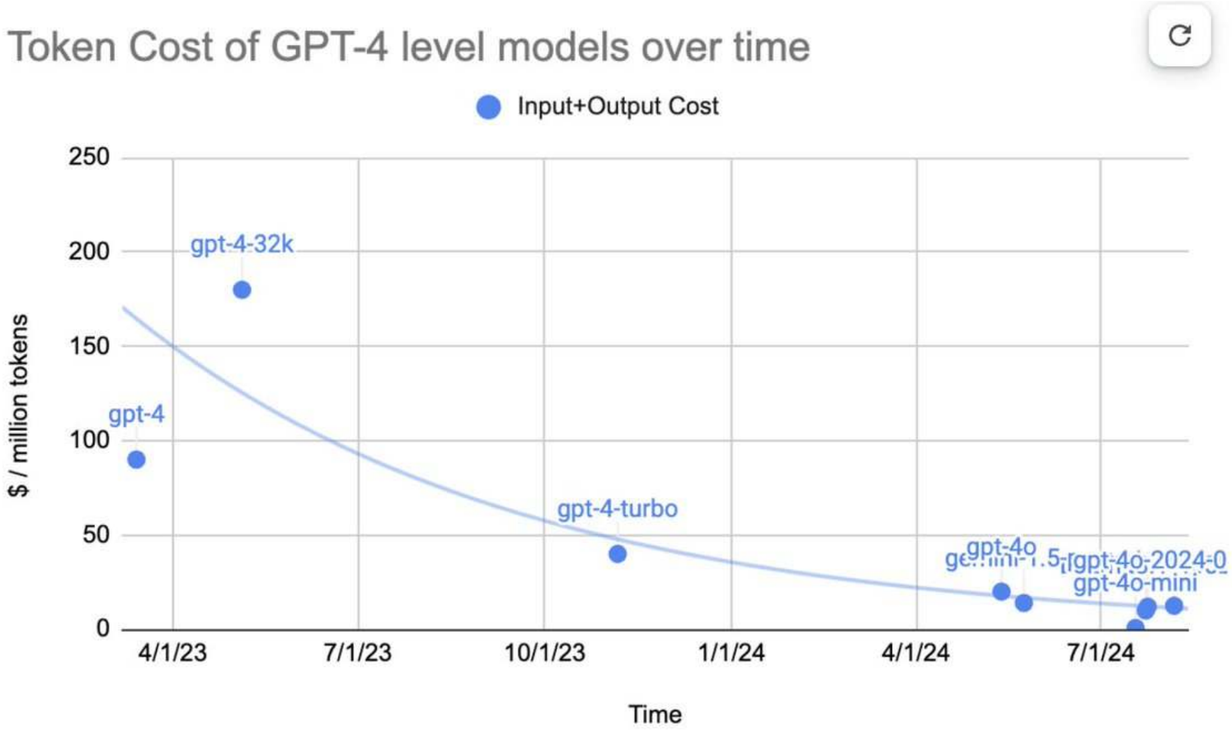
Storage is on a steeper curve reaching $20/kWh in 2040



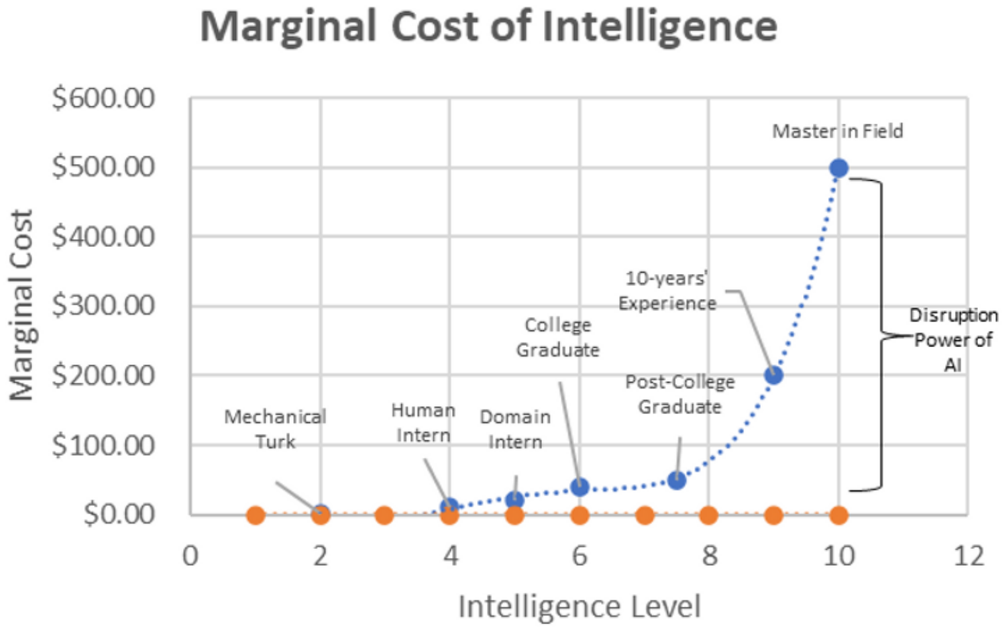
Source: Ramez Naam; IRENA

What if cost of intelligence goes to near zero?

Cost for 2 million tokens decreased from $180 to $0.75 in 2 years. 240x cheaper in 2 years



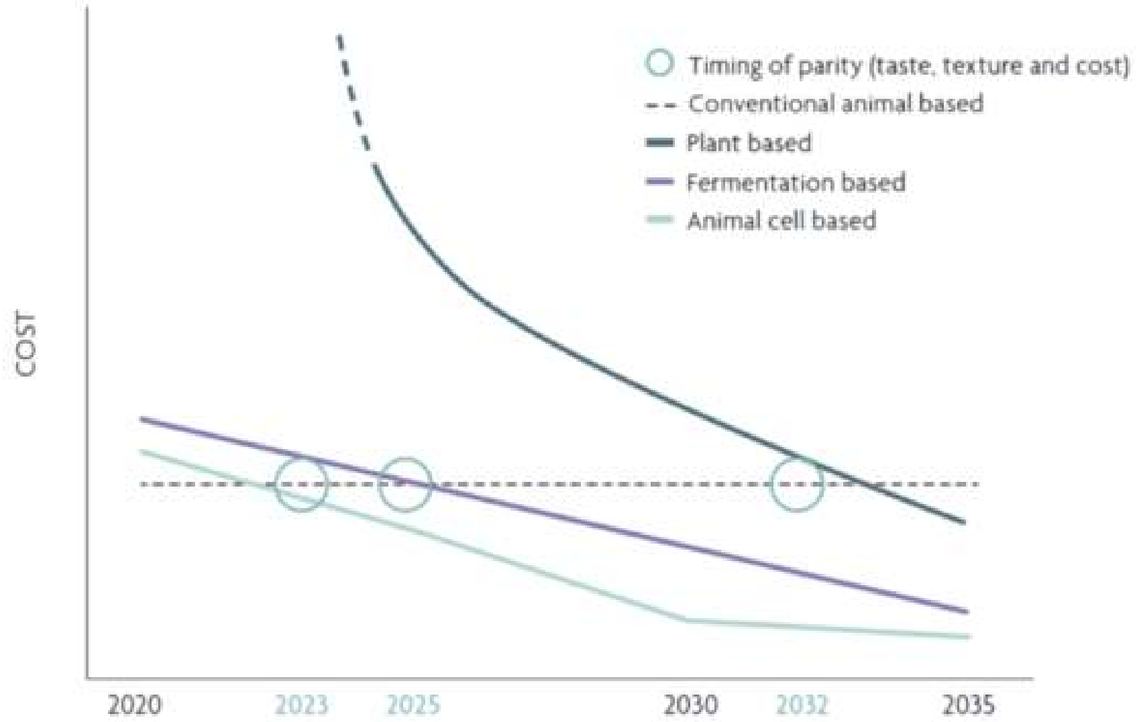
Marginal cost of human intelligence vs AI



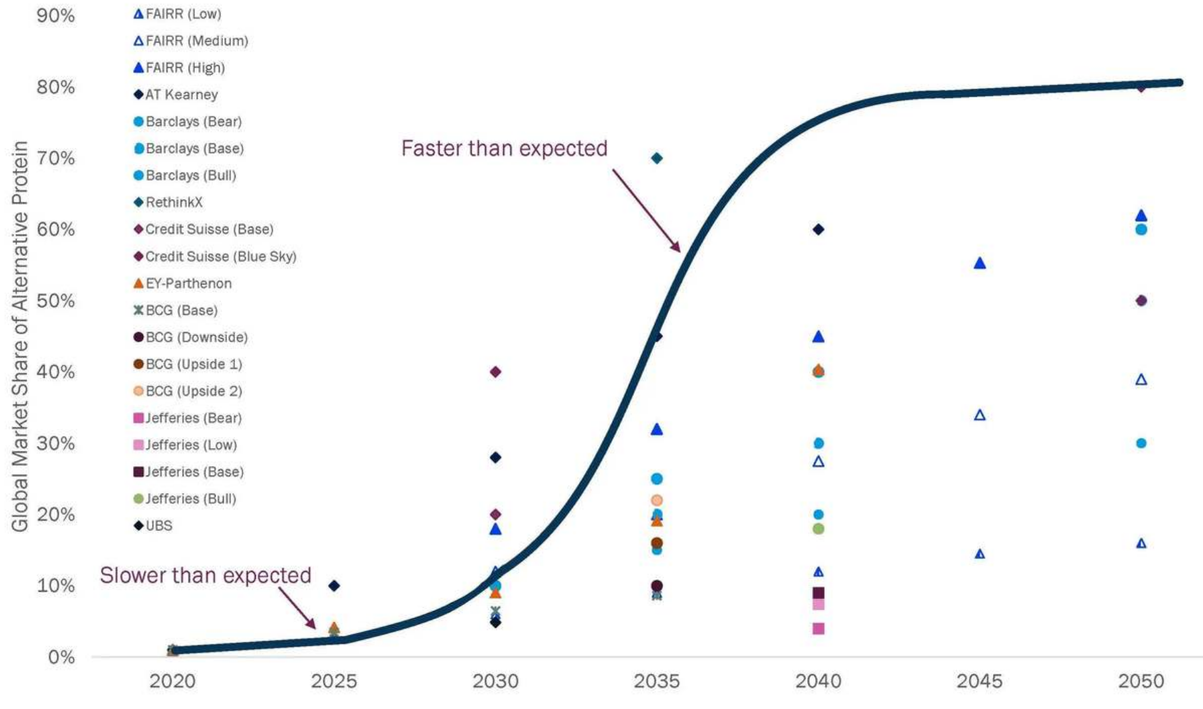
Source: Open AI; Brian T. Clark

What if cost of nutrition goes to near zero?

Relative timing of alternative protien cost parity with conventional animal-based proteins



Alternative protein market share could be >70% by 2040



Source: BCG; Synthesis Capital

The winning digital business models evolve every 5-10 years

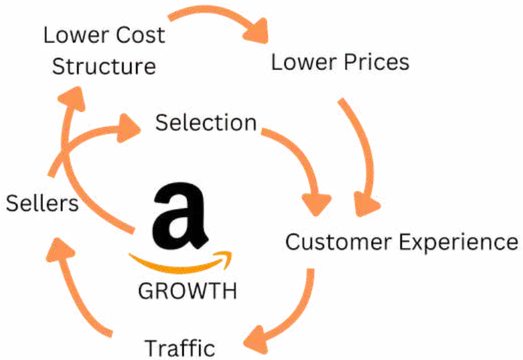
e-commerce

2000 - Digital book store



Marketplace Flywheel

2010 - 2-sided retail marketplace



SaaS

2015 - Per user/seat subscription services

amazon prime video

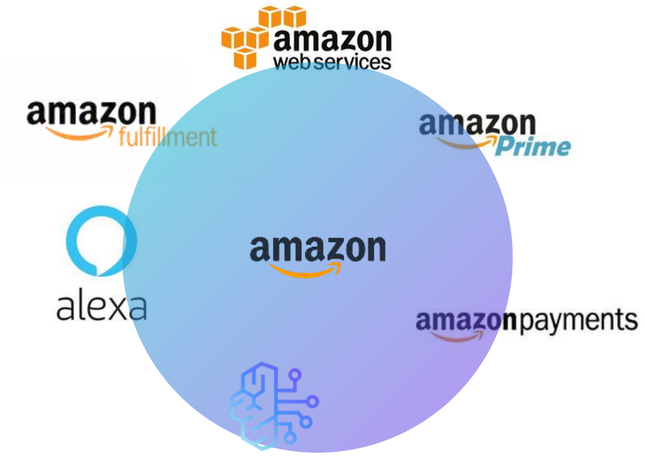
ring

amazonkindle

twitch

Ecosystem model

2020 - Serve the digital ecosystem



Amazon Bedrock

The emerging model has multiple self-reinforcing loops focussed on making the next unit of usage better

INSTANTANEOUS — milliseconds

The decision loop

Sense live usage, orient against the context graph, then decide and act — the OODA loop, run by machines instead of meetings.

HOURS → DAYS — per release

The learning loop

Every interaction produces data which is used to improve one product or feature; the shared platform "Brain" applies the learning to all products/features and improves experience for all of them.

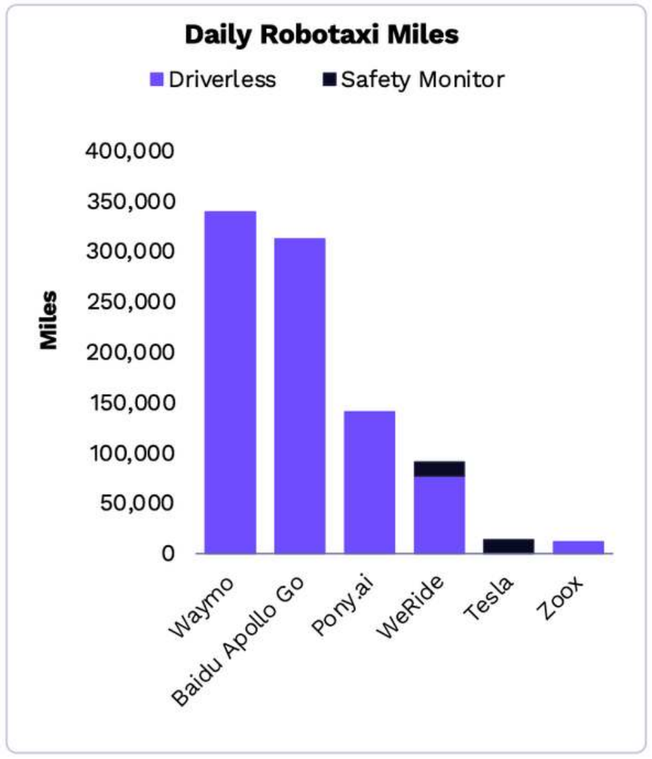
QUARTERS — per cycle

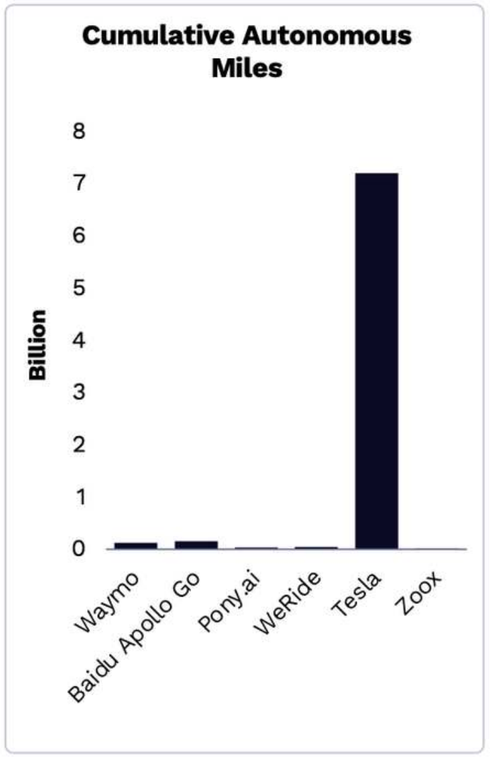
The capital loop

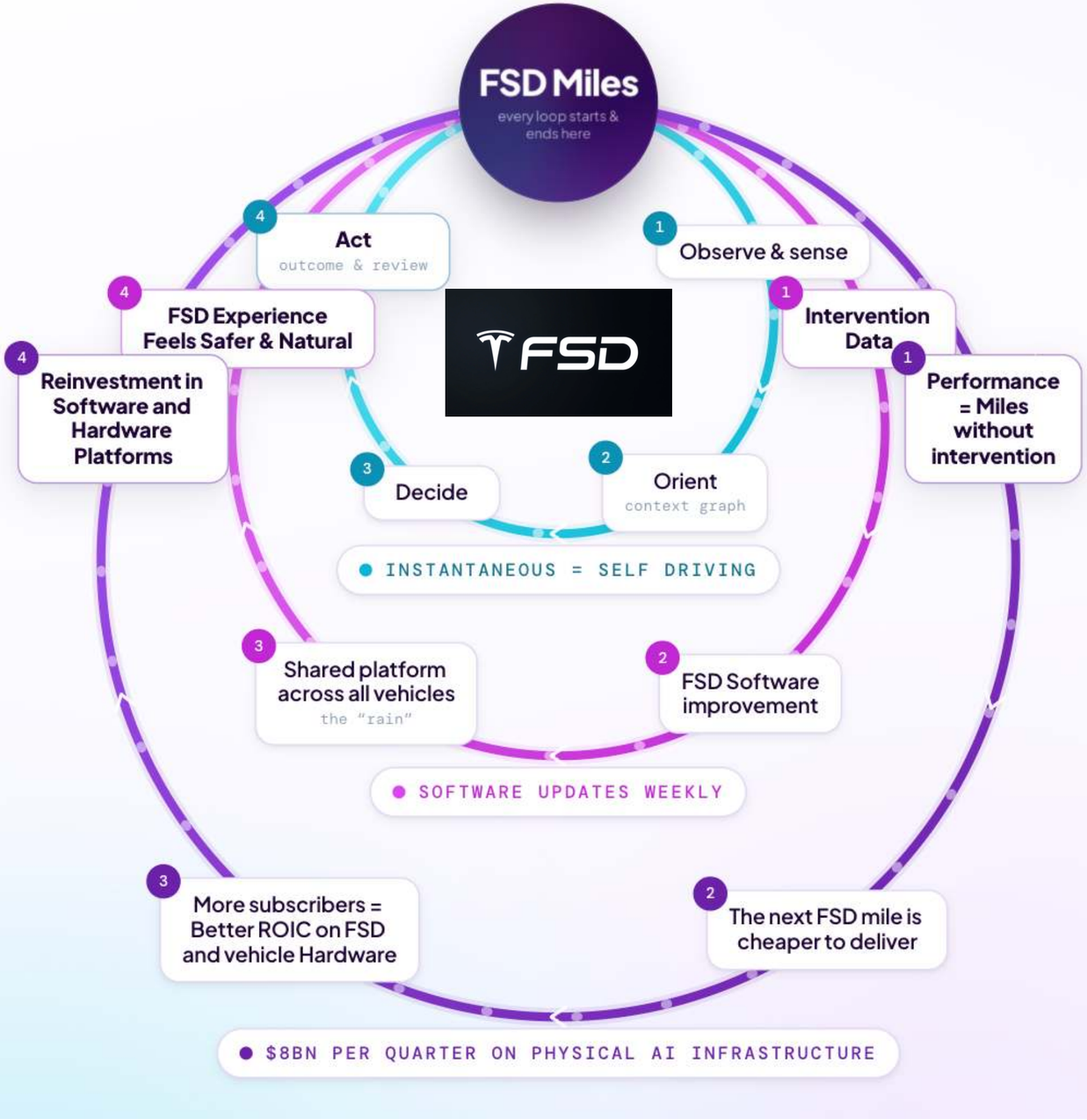
Incremental usage has better machine-readable price-performance, improving marginal unit economics, lifting ROIC and funding reinvestment at ever-better rates of return.



Nested loop model: Tesla FSD example resulting in FSD safety doubling every 55 days

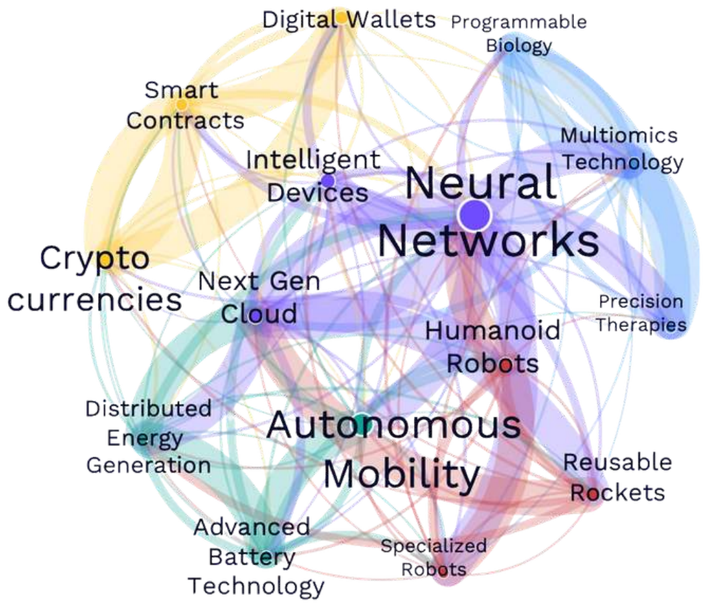


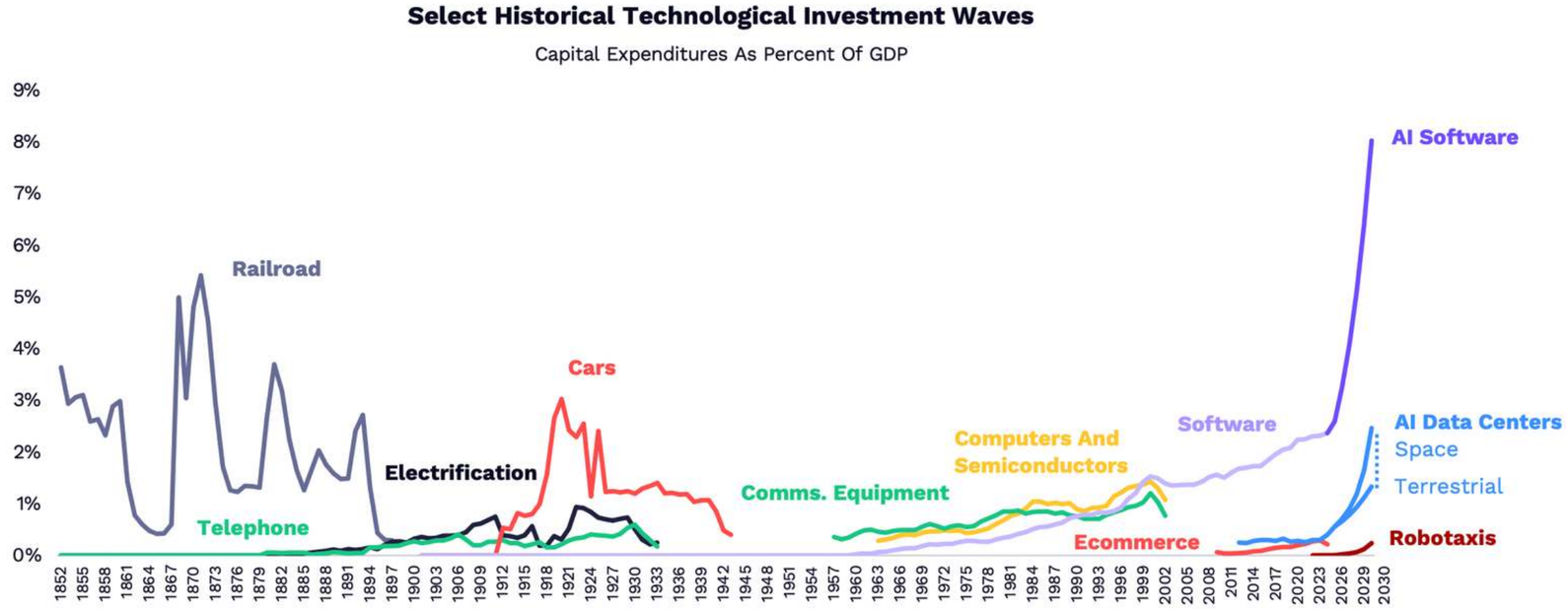




Source: Tesla Robotaxi Safety Tracker; ARK Invest

AI is the central dynamo accelerating all technologies driving an unprecedented global investment cycle

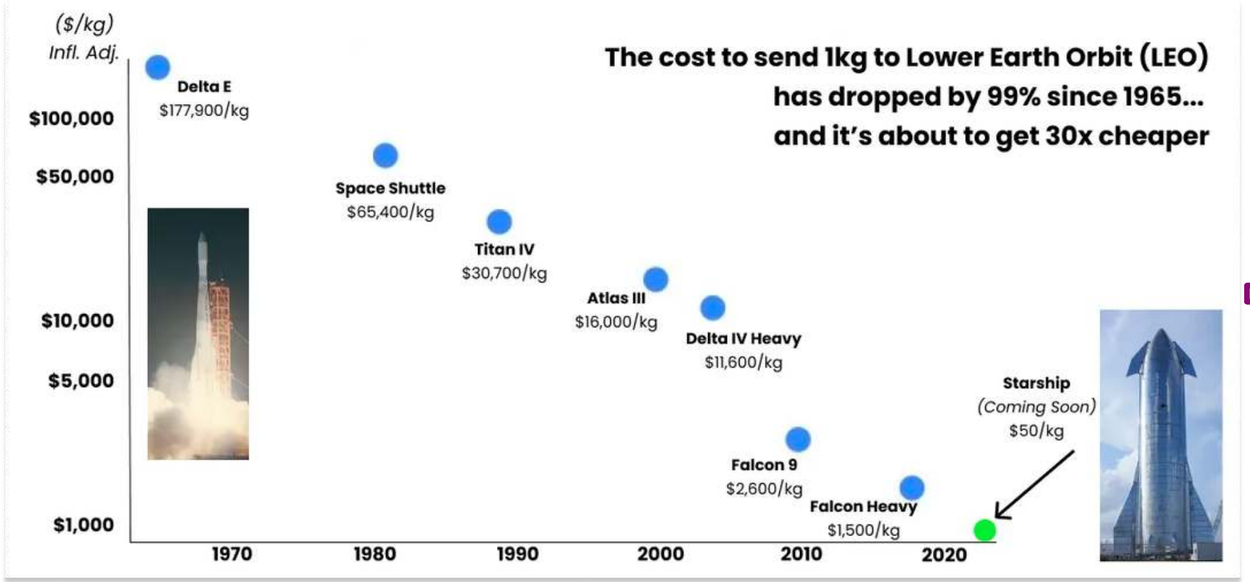




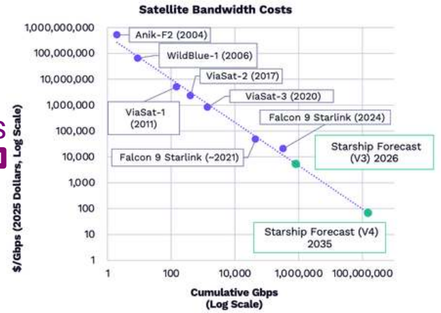
Source: ARK Invest Big Ideas 2026

This is not just a digital phenomena. It is a mindset.

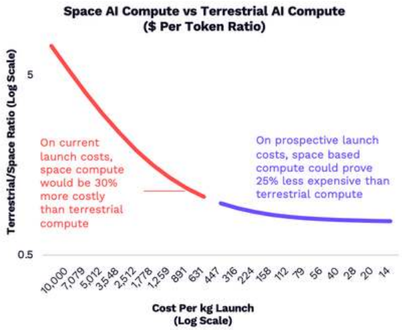
SpaceX use of this model has made getting stuff to orbit increasingly cheaper making previously ludicrous use cases now viable



Mobile communications



Data Centres



Pharma Ingredient production

Generic name	Brand name	Type	Price per mg	Price per kg
Lenalidomide	Revlimid	Small molecule	$34.80	$34,800,000
Palbociclib	Ibrance	Small molecule	$4.90	$4,900,000
Abacavir/dolutegravir/lamivudine	Triumeq	Small molecule	$3.24	$3,240,000
Apixaban	Eliquis	Small molecule	$1.58	$1,500,000
Sitaglipitin/metformin	Januvia & Janumet	Small molecule	$0.60	$600,000
Lisdexamfetamine	Vynase	Small molecule	$0.36	$360,000

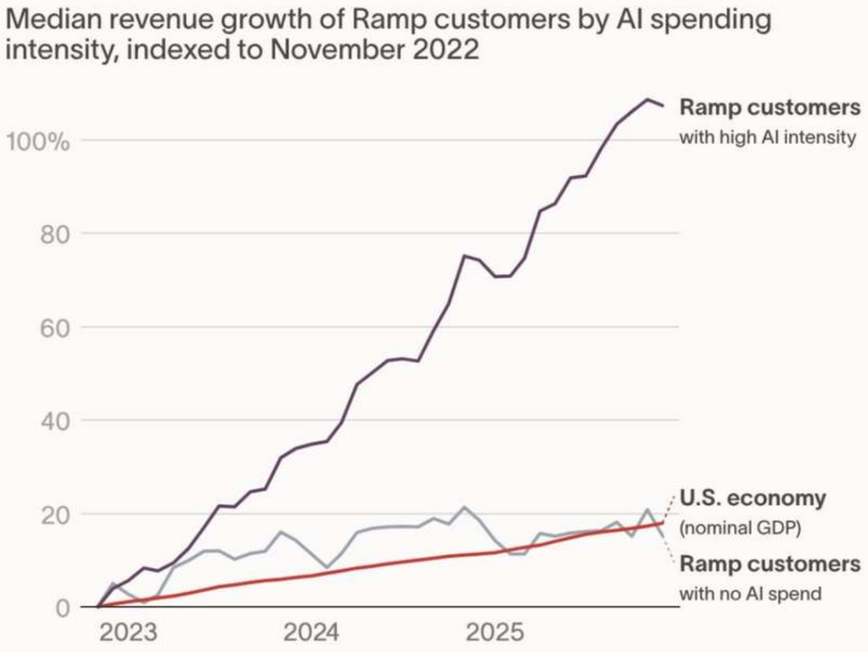
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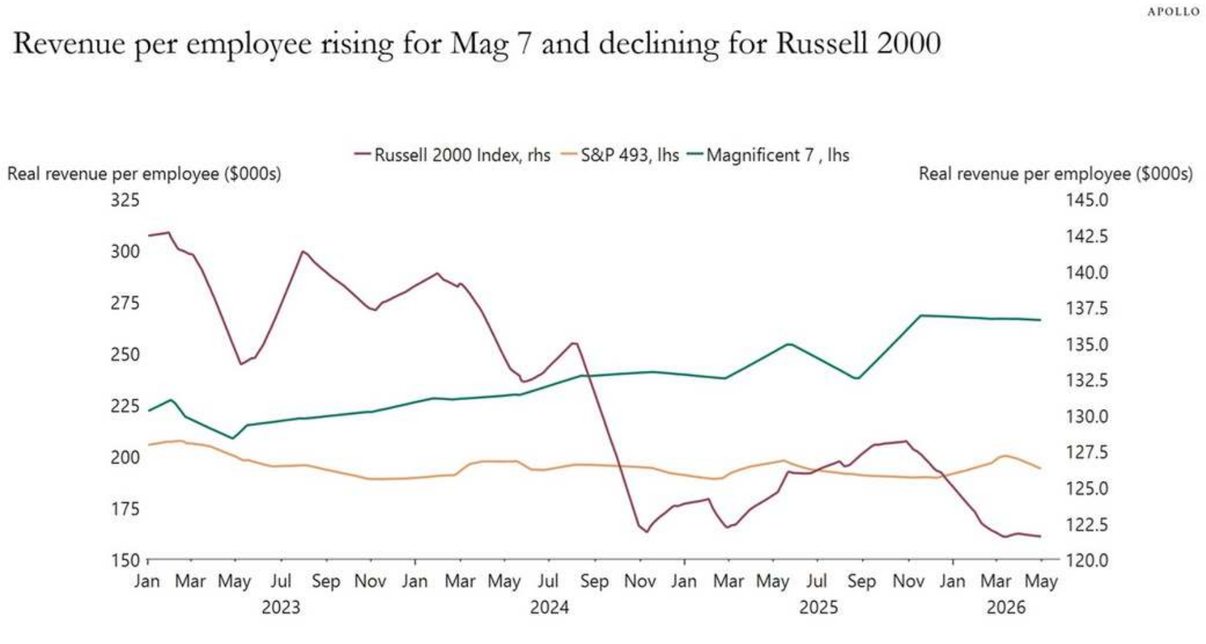
AI is creating a compounding gap that looks like a structural change in progress

Ramp data tracks actual spend, not executive surveys. Many of their customers are small to medium businesses so this is not just tracking the Mag 7 stocks.

While the Mag-7 companies are expanding revenue and earnings per employee, revenue per employee is collapsing in smaller firms in the US (Russell 2000 index)



Source: Ramp Economics Lab (ramp.com/data); card and bill pay data from 50K+ businesses on Ramp's spend platform. High AI intensity firms are the top 25% of spenders on AI as a share of revenue.



Good companies are getting much more out of AI than average companies

Startups (n=515) receiving information about AI's benefits (treatment) were compared to those that didn't (control). AI didn't give every startup a similar boost, it expanded the upper tail of possible outcomes. **Already well run companies did better.**

Figure 8: Revenues by Quantile: Treatment vs. Control

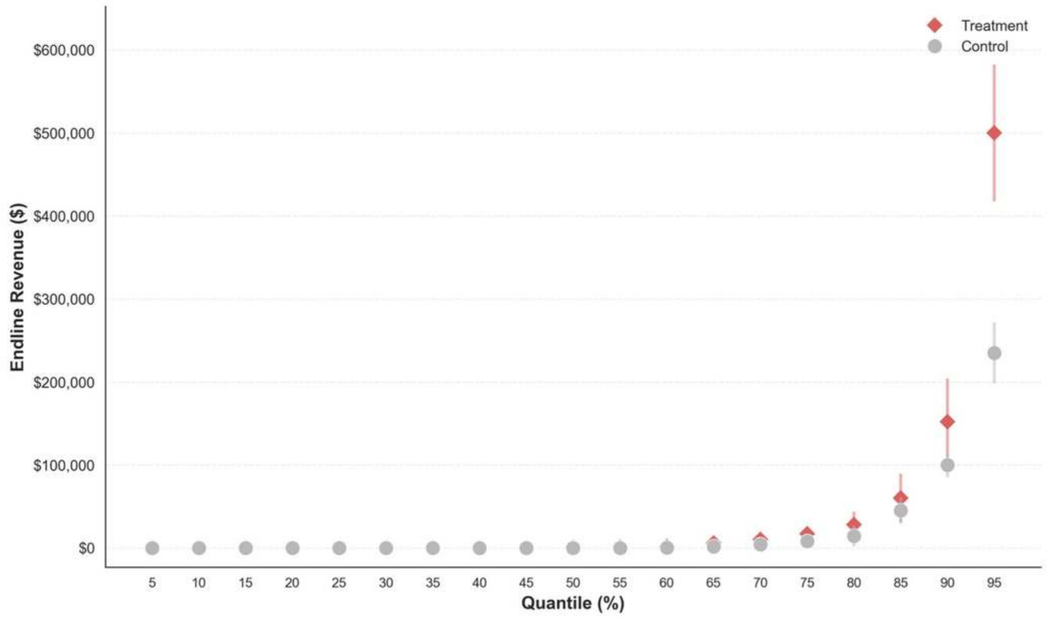
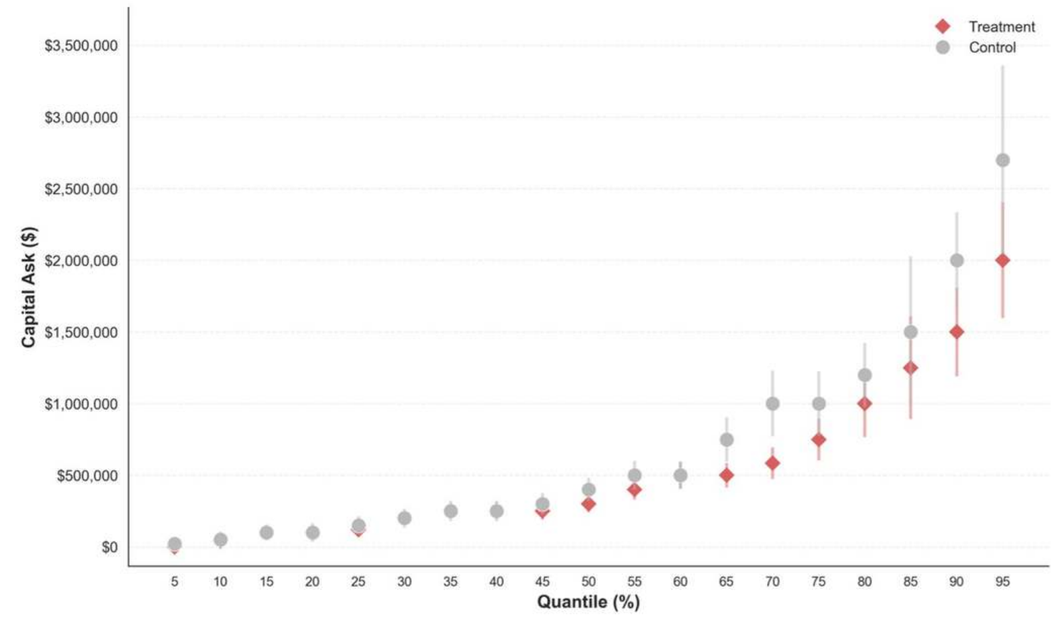


Figure 10: Capital Demand by Quantile: Treatment vs. Control



Source: Mapping AI into Production. Kim, Kim & Koning. 2026.

AI Diffusion means redesigning work, not just adopting AI tools



Most firms are still in the “cars on dirt roads” phase, where individuals get faster but the organisation does not yet become structurally better.

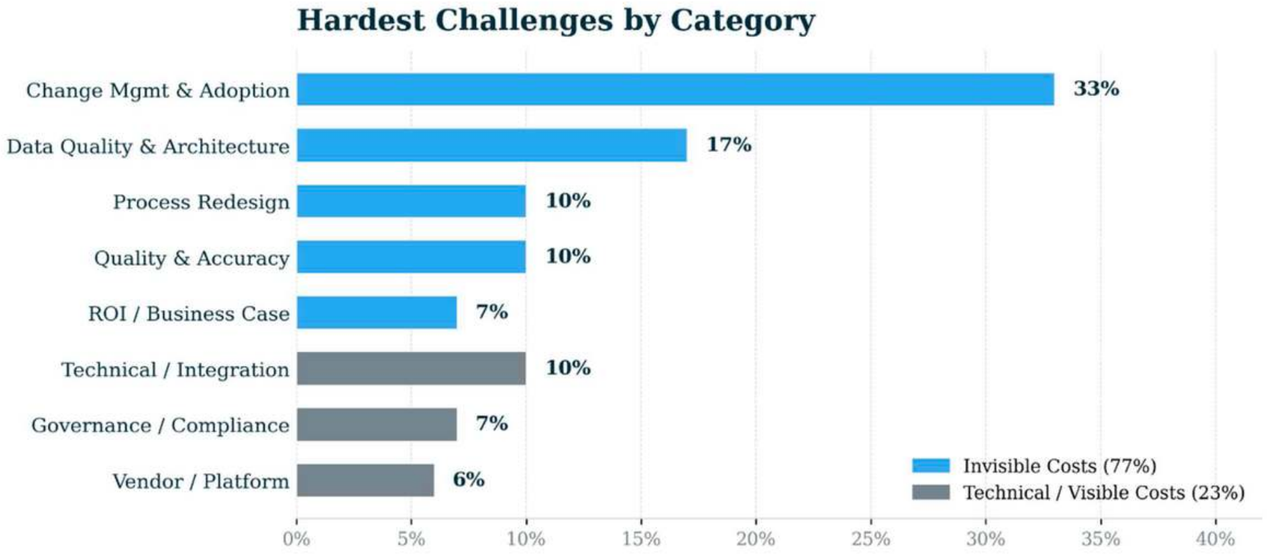
Plugging in a new technology produces modest gains; redesigning the system around it produces the real gains. The highway system used by the cars shortened distances that transformed society.

AI delivers value when work is reorganised around it, not when chat tools are layered onto old processes.

Focus effort and investment on people to drive process change and persist through failure

77% of the hardest challenges are "invisible costs"

When we asked practitioners, "what was the hardest thing to fix?", the answers reveal where AI budgets actually go.



61% Most successfull AI Implementation projects had already experienced a failure

100% All successfull projects **persisted with the senior leader that previously failed**

100% **Active** CEO sponsorship
Building on existing foundations
Iterative approach

Source: The Enterprise AI Playbook: Lessons from 51 Successful Deployments. Pereira, Graylin & Brynjolfsson. 2026.

No business is insulated, but the first point of impact is Services and Products delivered digitally

Two axes determine how much work AI can touch, and how quickly: **what you produce and how you deliver it.**

	Produce Products	Produce Services
Deliver Digitally	**Happening Now** **Smaller teams, higher leverage** Nine functions collapsing into three: R&D, GTM, G&A. A 120-person engineering team planning to cut to 25. Agents draft, execute, analyse. Humans set direction, design systems, own relationships, validate outputs. Scales with work, not headcount. Examples: Xero; Trademe; Hnry	**Highest pressure** **Agents do the work** The product is the work itself — and increasingly agents are doing it. Large human delivery floors shrink to a thin human layer wrapped around an agentic core. Two roles remain: relationship experts and accountability officers. AI-native challengers have no legacy floor to unwind — that advantage is hard to close. Examples: Marketing agencies, Consulting, Law firms
Deliver Physically	**Most value still ahead** Longer timeline because atoms are harder than bits. No equivalent of Claude Code for mechanical engineering — yet. Agents compress design feasibility, simulation, and supply chain optimisation. Validators sign off on prototypes and safety certifications. The org structure mirrors digital products, plus Supply Chain Management. Examples: Food Processors; Clothes Manufacturers; Chemicals	**Human is the product** A cleaner has to show up. A doctor has to examine you. The transformation here is everything around them: scheduling, routing, paperwork, dispatch logistics. That's what agents are absorbing fastest, freeing humans to focus on the work itself. In restaurants, hotels, and care settings, human interaction is central. That preference won't change. Examples: Doctors, Hospitality, Trades

Our AI Takeoff Playbook is a method that works without the hype, jargon and tech capex

SEE THE WORK

- Be honest with the workforce about what you can see coming..
- Map the cost of every workflow. Pick one to rebuild.
- Three moves, three weeks, almost no spend. Highest leverage in the playbook.
- Output: a workflow with a writable target, a named team, and a six-week clock.

BUILD THE LOOP

- Rebuild one workflow
- Name three roles: accountable person; target writer; mechanic/builder. Everything else tries to find these people.
- Six weeks per rebuild. Build on top of the systems you already pay for, not on a vendor's stack.
- Run universal access in parallel. Re-rate the cost map.
- Output: one workflow in production. Three more queued. Three roles filled, paid, developed.

REDRAW THE DEAL

- Earn the new org chart with data from the rebuilds. Do not draw it on a slide first.
- Three populations have sorted themselves: leaners, watchers, refusers.
- Three different deals for each group. Follow through.
- Output: a structure that fits the new coordination cost. Honest exits for those who don't fit.

Rebuild the next workflow + Restock the team with leaners

Source: https://www.theexponential.agency/insights/ai-takeoff-playbook

We cover strategy, change and engineering in one engagement, a small senior team, and fixed prices



Thank You





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