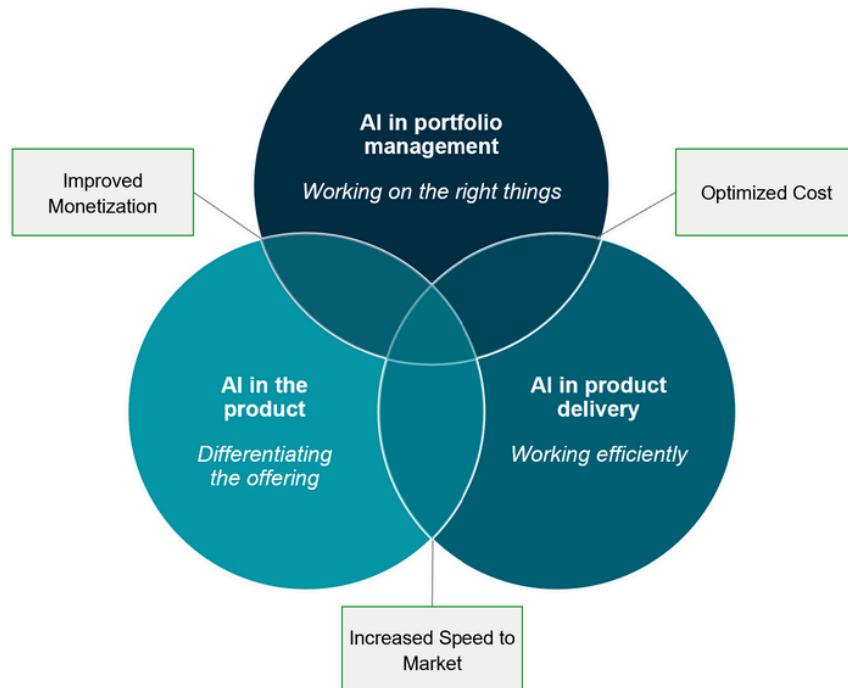


Tech Execs Are Using AI to Go Faster, Not Bet Smarter

Most execs now say they're "using AI in R&D," but they are focusing on the wrong value. Nearly all leaders are pouring time and dollars into AI in Product Delivery (coding copilots, test script generation, etc.), some are focusing on AI in the Product (assistive features, new experiences), but not enough are using AI in Portfolio Management — the strategic direction that decides what gets funded.

This mix drives faster motion on the wrong work, a lot of "AI" labels on features, and thin ROI stories. The answer isn't to pause AI in delivery or features, it's to rebalance all three as one program: AI in Portfolio Management sets the right roadmaps, AI in Delivery improves speed to market, and AI in the Product creates monetizable differentiation.

Key Dimensions of AI In Research & Development Functions



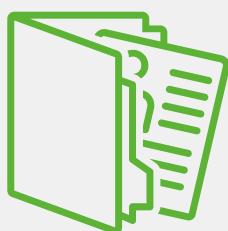
Value Driver	Key Outcome	Impacted Metrics
AI in Portfolio Management	Work on the right things	ARR growth; NRR/GRR; Rule of 40; Gross margin; % R&D spend to growth themes; ROI on capital reallocation
AI in Product Delivery	Work efficiently	Lead time; Deployment frequency; Change failure rate; MTTR; Throughput per \$MM; Escaped defects; Time-to-market
AI in the Product	Differentiate the offering	Feature activation/adoption; DAU/WAU; Retention (GRR/NRR); Expansion MRR; Win rate; NPS/CSAT

So why do executives tend to concentrate on AI in Delivery?

- Easy to count: PRs with AI assistance can show test minutes saved.
- Easy to buy: fits tooling budgets; low governance friction.
- Makes investors happy: checks the AI box; shows moderate returns.

The focus is critical but meaningless if the roadmap is off. Leaders can remove 15–30% of waste yet still miss the market. As a result, they've optimized a delivery engine driving the wrong value.

Rebalancing principles



Make AI in Portfolio Management the first mile

Before scaling copilots or new AI features, create a strategic executive toolkit that: (a) provides real-time total cost of ownership, (b) evaluates ROI/risk scores for roadmap items, (c) recommends investment changes based on product lifecycle staging, (d) optimizes resource allocations and workforce planning, and (e) generates board-level insights and materials.



Chain AI in Delivery to portfolio outcomes

Track adoption (e.g., % PRs assisted) and throughput per \$MM on priority bets. The win is a shorter lead time on the right initiatives, not all initiatives for all offerings / products.



Use AI in your product to optimize pricing power, not just features

Classify backlogs with levels of AI impact (e.g., replacing a feature, assisting a feature, or net-new experience). Tie each to a value lever: cost/efficiency (Replace), productivity/CSAT (Assist), retention/expansion (Net-New Experience). Don't fully fund a net-new AI experience without a pricing/packaging hypothesis.

What “good” looks like

AI in Portfolio Management

Moving 10–20% run-rate cost toward higher-ROI themes; visible pullback on late-stage, low-growth assets; better product-market fit and market predictability.

AI in Product Delivery

Sustained 20%+ productivity lift in build/test and waste removal in concept/design; reduced lead time and escaped defects together.

AI in the Product

Launch at least one Assist feature that moves retention/expansion and reduces what users complain about.

The benefits of getting it right

- ✓ Time to market reduced 15 to 25%
- ✓ Time to profitability reduced 15 to 20%
- ✓ Wasted development spend reduced 25 to 35%
- ▲ Development productivity increased 20%+
- ▲ Commercialization success improved 25 to 40%
- ▲ Pipeline throughput per \$MM spent ~2x higher



30–60–90 rebalancing plan (what to do now)

Days 1–30: Use AI to evaluate the portfolio

- Stand up real-time total cost of ownership measures + product lifecycle staging
- Review resource allocations for the top five over and underfunded areas to close priority skills gaps

Days 31–60: Use AI to accelerate the priority bets

- Concentrate delivery optimization like copilots, test script generation, and pipeline automation on re-prioritized bets

Days 61–90: Use AI to deliver commercial impact

- Update backlogs with AI opportunities for each epic
- Green-light one key AI feature with a laser focus on pricing/packaging and retention benefits

If your calendar shows most of your time in AI in Delivery, some in AI in the Product, and almost none in AI in Portfolio Management, you're likely moving faster in the wrong direction. Rebalancing will help invest in what matters to your market and board.

Looking to make the most of each dimension of AI in R&D? **We're here to help:**



Ross Engelhardt, Director
rengelhardt@alixpartners.com