

AlixPartners

We graded 500+ enterprise software companies against AI disruption.

24% may not survive

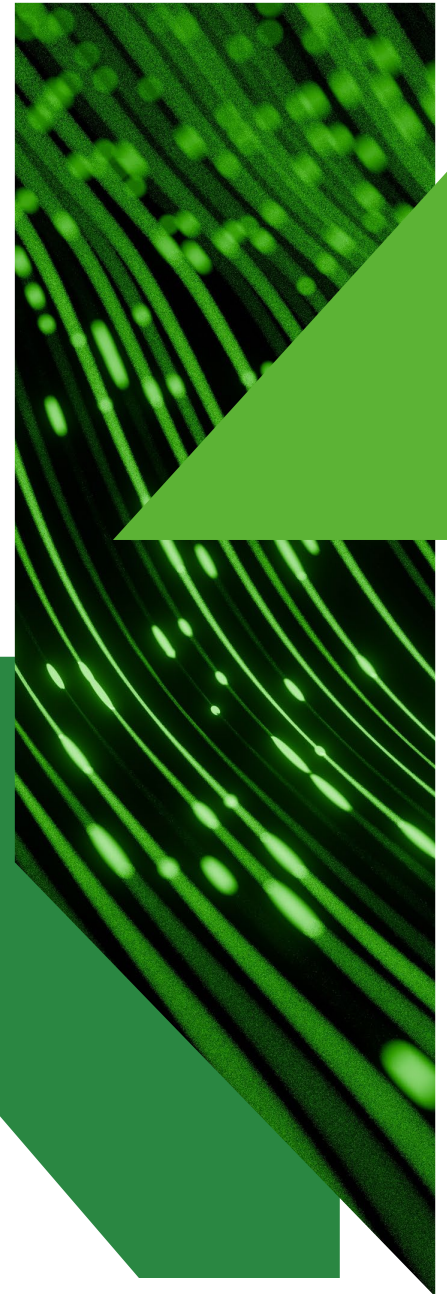
AI capabilities, particularly the expansion of agents handling enterprise workflows, are accelerating faster than companies anticipated. These capabilities will soon create category winners, shrink other markets, and shock legacy businesses that were underwritten for growth or margin that may no longer be feasible.

Recently, our team rapidly coded a tool for a client that generated better data insights than the leading SaaS product in the space. The client canceled its SaaS subscription budget for that tool the next day.

Companies can also now quickly close financial books with several agents and one human in the loop, dramatically reducing the number of licenses needed.









At AlixPartners, we have been analyzing enterprise software industry disruption patterns for several years. We recently evaluated more than 500 privately-owned companies across software segments to develop a framework for grouping companies by risk level and protective moat buffer.

Our analysis indicates that out of eight different moats a company can use to protect its competitive advantage, two are proving most critical, with 24% of the companies analyzed facing significant disruption risk given weak protection on those dimensions.



The leading buffers against AI disruption

Figure 1: Protection from AI disruption is far higher when companies own proprietary data, systems of context, ecosystem leverage, embedded workflows, and regulated or critical domains

	Moat type	Moat definition	Key questions / Considerations
Primary	 Vertical	Structural advantages tied to regulated domains, scale, distribution, or ecosystems that remain hard to replicate as AI commoditizes	Structural vs. perceptual? Defensible vs. platforms/agents? AI amplifies or erodes barriers to entry?
	 Data	Proprietary or exclusive data that drives value, compounds via usage, and is difficult to recreate or substitute	Exclusivity? Feedback loops? Proximity to human tacit knowledge? Can models/synthetic data replace it?
Secondary	 Liability	Control of legal, regulatory, and reputational risk in high-stakes use cases, creating switching costs and trust barriers	Who bears risk? Auditability/controls required? Indemnities or certifications?
	 Workflow	Deep embedding into mission-critical workflows that makes switching costly and disruptive	System of record/context? Disruption cost? Tight coupling to approvals/data?
	 Ecosystem	Orchestrated multi sided ecosystem of developers, partners, ISVs, etc. that compounds value through network effects	Depth of ecosystem? Switching costs for ecosystem participants?
Tertiary	 Fee Model	Value-based pricing outcomes, transactions, risk that stays durable as AI lowers marginal costs	Seat compression risk? Outcome/transaction pricing? Re-bundling flexibility?
	 Interface	Control of the primary UI or orchestration layer that drives distribution and data capture	Agent disintermediation risk? Ownership of APIs/orchestration? Agent-native path?
	 Management	Leadership that executes fast, reallocates decisively, and self-cannibalizes to stay ahead of tech shifts	Shipping velocity? Willingness to cannibalize? AI talent density?

Source: AlixPartners analysis

We established that the two primary moats of vertical and data specialization separate the safest companies from those facing the greatest AI disruption.



Vertical moats

Companies with vertical specialization maintain proprietary industry assets and specialized workflows that competitors lacking deep expertise cannot easily match. They deliver solutions to industries with high regulation and limited tolerance for error; downtime or mistakes carry serious financial, legal, or human consequences. Potential AI substitutes face a high evaluation bar before deployment.

Our analysis of 500+ enterprise software companies shows the gap clearly: More than 80% of firms in industry-agnostic segments (DevOps, middleware, workflow automation) screen as having a weak vertical moat. In segments targeting higher complexity like financial services and healthcare, that number drops below 10%.



Data moats

Companies with data specialization hold proprietary or exclusive data that accumulates with every deployment. It could take years for a competitor to recreate or replicate such a data set at any cost; as such, AI proliferation only strengthens the position of data specialists, as the data they've collected is exactly what AI needs to deliver outcomes.

For example, a leading provider of IT infrastructure modernization tools (e.g., mainframe modernization, app migrations) offers a counterintuitive data moat. Although AI could replicate the company's functionality, this platform controls critical data layers underlying client operations, making it a de facto system of record. This data custodianship, not the tooling itself, is defensible against AI disruption.

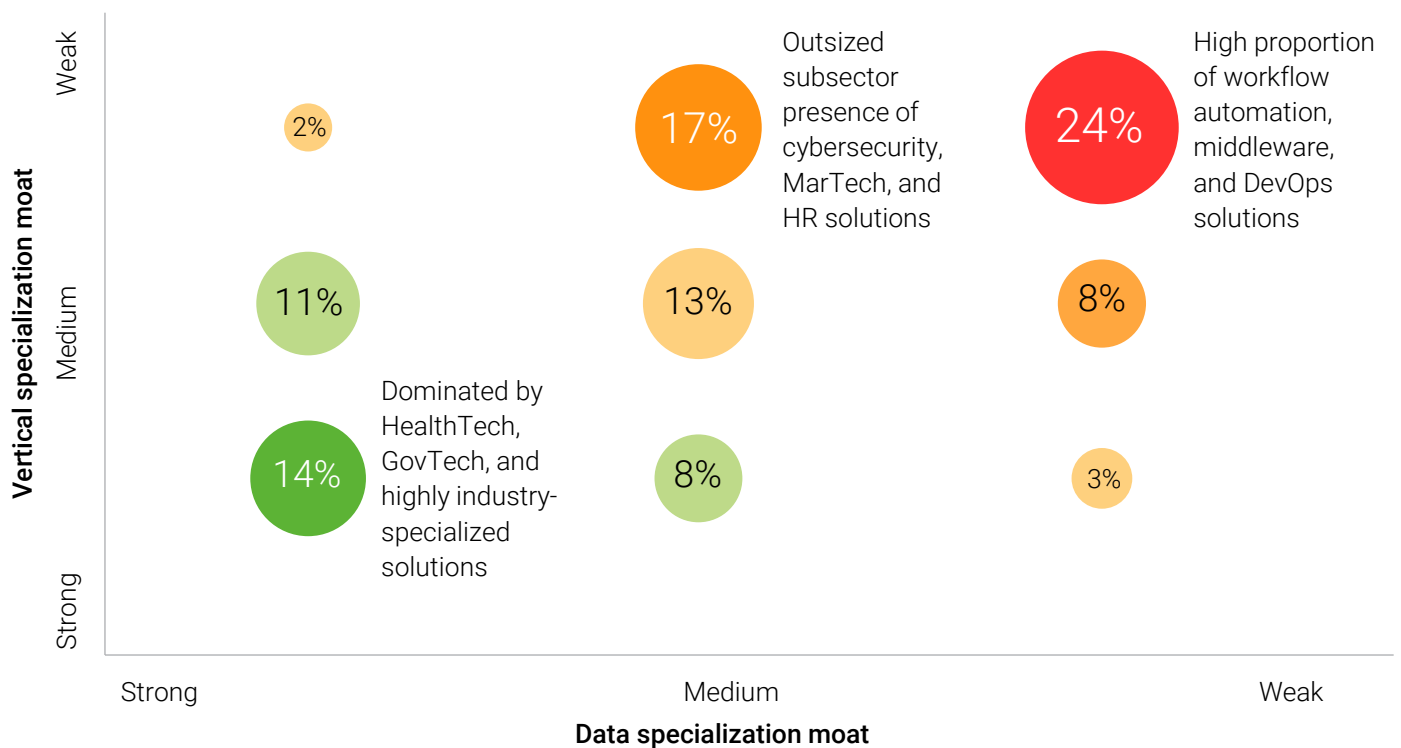
Which segments are at risk?

The data paints a foreboding picture for many enterprise software / SaaS companies.

According to our analysis, 24% of the 500+ companies have weak data and vertical moats, the cohort most highly exposed to AI disruption. By contrast, only 14% have strong data and vertical moats that mark them as highly protected.

Figure 2: We utilized our scoring framework across 500+ PE-backed enterprise software companies to determine the strength of their vertical and data moats







% of total companies



Source: AlixPartners analysis on publicly available data

Analyzing the 500+ companies identifies five segments facing the highest degree of disruption: marketing automation, productivity & workflow, CRM & sales, coding & development, and analytics & BI.

Figure 3: Segment summary of North America based portfolio companies

Subsector	AlixPartners disruption score	Subsector description
Marketing automation	 6.2	Tools that help companies acquire, engage, and retain customers through campaigns, events, data-driven outreach, and personalization.
Productivity & workflow	 5.7	Horizontal software that helps organizations manage work, automate processes, store content, connect systems, and improve operational efficiency.
CRM & sales	 5.6	Platforms that help companies manage customer relationships, sales processes, service interactions, and revenue workflows. This bucket includes CRM, contact-center, and revenue optimization tools.
Coding & development	 5.6	Software used to build, test, deploy, and maintain applications. Includes developer infrastructure, databases, testing tools, low-code platforms, and AI-native coding platforms.
Analytics & BI	 5.6	Companies that help customers collect, organize, analyze, visualize, and act on data. This includes BI tools, observability/ telemetry analytics, experience analytics, and decision-support platforms.
GRC & HR	 4.8	Software supporting human capital management, learning, recruiting, workforce administration, legal workflows, and compliance-related processes. This is a blend of HR tech and governance/legal workflow tools.
General & other	 4.5	A catch-all bucket for companies that are software-enabled or tech-driven, but do not fit cleanly into one of the established software subsectors. This group is the least thematically tight.
Cybersecurity software	 3.8	Companies focused on protecting users, applications, devices, identities, and data. This includes identity, threat detection, app security, governance, and managed security platforms.
Vertical software	 3.1	Software built for specific industries or end markets, usually with deeper workflows, domain knowledge, and more specialized data than horizontal tools. This is typically where you find stronger vertical moats.
Financial & accounting	 3.1	Software that supports payments, financial operations, accounting, banking infrastructure, tax, treasury, wealth/investing, and fintech enablement.

Source: AlixPartners analysis

Looking ahead

As AI narrows the gap, operators and investors must act decisively. Most enterprise software and SaaS companies must pursue one of four strategies:

01

Ignite growth

Leverage the fortress position with robust moats and use AI investments to unlock net new growth.

02

Invest & fix

Identify areas with disruption risk and actively invest to defend and generate opportunities for growth, either through internal build-outs or acquisitions.

03

Sell

Identify potential acquirers seeking your customers, markets, or capabilities. AI natives are particularly attractive buyers as they often prefer acquiring customer bases over organic growth.

04

Exit

When core moats are indefensible, plan an orderly wind-down to maximize value recovery.



In subsequent articles in this series, we will dive deeper into the key issues facing investors and SaaS company leaders as they consider how to combat AI disruption. We'll also break down how AlixPartners' proprietary agentic repositioning framework helps companies identify archetypes and actionable initiatives across product, pricing, operating model, and more to drive additional value in an agentic AI future.

AlixPartners



Michelle Miller

Partner & Managing Director
mmliller@alixpartners.com



Eric Wobig

Partner & Managing Director
ewobig@alixpartners.com



Mario Ribera

Partner & Managing Director
mribera@alixpartners.com



Joe Wiles

Director
jwiles@alixpartners.com



Jordan Berger

Senior Vice President
jordan.berger@alixpartners.com



Mike Crisanti

Global Co-Leader of Digital Innovation,
Partner & Managing Director
mcrisanti@alixpartners.com



Aditi Mahajan

Director
amahajan@alixpartners.com



Subhash Segireddy

Director
ssegireddy@alixpartners.com



Ashish Tiwari

Director
astiwari@alixpartners.com

About us

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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