

Why You Want AI

(But Not for the Reasons You Think)

The companies creating strategic value from AI didn't start with AI.

They started with their most urgent business challenges.

What changed was the question they asked next.

Tommy Mars & Edwin Knoop

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Two years of AI investment have produced a familiar pattern. The instinctive response, invest more, scale faster, find better technology, misdiagnoses the problem. The issue is what organisations are stopping at. The gap is not random. It maps directly to where organisations are investing.

	INVESTMENT	ROI	COMPETITIVE POSITION
Level 1	94% of companies	10–30% efficiency	Necessary not differentiating
Level 2	~30% of companies	50–150% redesign	Building durable advantage, now
Level 3	~5% of companies	200%+ model shift	Winner takes most if there's a game

Concentrated adoption at Level 2 and 3 generates roughly 2.5x more economic value than broad but shallow Level 1 deployment. The ratio, not the absolute figure, is the strategic signal.

WHAT THE DATA SHOWS

Level 1 — 94% of companies
88% are implementing AI in some form

Level 1–2 gap
<20% report significant business impact

Returns gap
43% report substantial returns

61% of senior leaders rate their AI maturity higher than their frontline managers do, a perception gap that compounds the problem.

Where the pragmatists get stuck

Industry research identifies three distinct AI archetypes. Half are followers: experimenting without strategy, spending without measurable return. A third are pragmatists: actively scaling, genuinely capturing efficiency. And 15%, trailblazers, building structural competitive advantage.

Here is what is rarely said about this distribution: the pragmatists are doing half of it right. They started from real problems. They measured results. They built on what worked. The missing dimension is not effort. It is vision and ambition level. Pragmatists stopped scaling before they asked the question that would have changed what they were building.

Start where it hurts most

Level 1 is the right entry point. Not because it is cautious, but because it is honest. The organisations that accelerate fastest into levels 2 and 3 consistently start from the same place: the problem that costs the most time, money, or quality today.

This is challenge-first applied at ground level. A **manufacturer** deploying AI on quality control because scrap rate is its biggest cost driver. A **logistics company** automating exception management because that is where client relationships break down. A **financial institution** addressing credit risk because that is where margin erosion is accelerating.

THREE ARCHETYPES

50%

Followers, experimenting without strategy

35%

Pragmatists, scaling, but stopped too soon

15%

Trailblazers, building structural advantage

The operational wins deliver something more important than the immediate ROI: they build organisational capability literacy.

Capability literacy

Capability literacy is not trainable in a classroom. It builds through doing and experimenting: understanding what AI can genuinely deliver inside your specific processes and data environment, where it surprises, where it disappoints, what it reveals about your data quality and your organisation's ability to absorb change.

Most organisations that fail to move beyond level 1 have not built this literacy. They have deployed a tool or invested in a platform without building the organisational understanding of what that investment can actually carry. Deploying a tool and building capability literacy are not the same thing. One produces a report. The other produces the foundation for a different kind of question.

The threshold condition for moving beyond level 1 is not more technology or a larger budget. It is the organisational ability to see and question existing processes, what they cost, where they break, and what they protect. Without that, process redesign has no foundation to stand on.

"We work with organisations at every stage of AI deployment. The ones that reach strategic value are not the ones with the best models. They are the ones that started from a real operational problem and let that problem define what they built."

Sohrab Hosseini, co-founder, orq.ai

THE QUESTIONS THAT OPEN LEVEL 2

Internal, the operating model

"What could we stop doing, redesign, or restructure, in our workflows, roles, or data setup, that we previously had to do this way?"

External, the ecosystem

"How could we work differently with clients, suppliers, or partners, not what we offer, but how that relationship and the process around it runs?"

Both are Level 2 questions. Both are about how value is created and delivered, not what is offered. They only become answerable once you have done enough Level 1 work to understand what your data can carry and what your organisation can absorb.

The bridge to Level 3 is narrow and specific: it opens only when redesigning how you work with the ecosystem starts to change what you are economically capturing from it, not just how you deliver it.

Level 1 is non-negotiable. The efficiency baseline that AI delivers is becoming industry standard across every sector. Organisations that do not build it are simply losing ground that compounds.

Level 2 is the strategic obligation, not optional, even when it feels remote: the value chain in almost every sector is being reshaped by a few organisations using AI and new technological capabilities to deliver value that was previously impossible. Waiting is a position, but it is not always a sustainable one.

Level 3 is different. Not every organisation needs to or can reinvent how it delivers value. Three scenarios are realistic:

ACTIVE	The opportunity is visible. You can see how to redefine the rules in your sector, or create entirely new ones. The window is open. Act on it.
REACTIVE	Your ecosystem is changing, but others are taking the initiative. Stay close, build level 2 agility, move fast when the signal is clear.
BLACK SWAN	The change is structurally unpredictable. No masterplan survives it. The best preparation is awareness and organisational agility at level 2, not a level 3 roadmap.

The organisations that get caught off guard are never those that consciously assessed their level 3 scenario. They are those that never asked the question.

THE OPERATING MODEL IMPLICATION

Changing your ambition level does not just change your technology deployment. It changes how your organisation works, who owns which decisions, how value flows, what the operating model is built to do.

Most organisations budget for the technology and significantly underestimate what the organisation needs to change alongside it.

95% of failures trace back to organisational factors, not to the technology itself.

“Moving to level 2 is not an IT project. It is a change in how the organisation creates and captures value. The companies that understand this from the beginning are the ones that actually get there.”

Will Donovan, co-founder, Add9.ai

The right starting point

The strategic question is not directed at AI. It is directed at your operations, your clients, your value chain, and your ecosystem.

Where is the most urgent challenge: the cost, the quality failure, the broken relationship? Start there. Deploy. Learn. Then ask: what does what I have just learned make possible?

Level 1 is the foundation. Level 2 is the strategic obligation. Level 3 is the question you need an honest answer to.

Coming up in Part 3

Most management teams find this framework intuitive once it is laid out clearly. The harder question is: what does each level actually deliver in practice, and what does it require, from your data, your processes, your organisation, and your ecosystem? The returns are not evenly distributed across the three levels, and most companies invest the majority of their effort where the return is lowest.

Next week: The Three Levels of Value. What AI delivers at each level of ambition, and why most companies stop at the least rewarding one.

ABOUT THE AUTHORS

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They advise mid-market companies on translating AI potential into strategic value.

THE SERIES IN FOUR PARTS

1 The Productivity Trap

Why AI investment doesn't translate to strategic value. Challenge-first framing.

2 Why You Want AI ■ THIS ARTICLE

The strategic case. Starting from the business challenge, not the technology.

3 Three Levels of Value

What AI delivers at each ambition level, and what it costs in organisational terms.

4 From Strategy to Roadmap

How to sequence and govern a deliberate AI portfolio. The dependency chain.

CONTRIBUTORS

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Will Donovan is co-founder of Add9.ai. The name carries a musical pun, in music an add9 chord adds depth and range over a chord without changing its foundation, the same philosophy behind how Add9 layers AI onto what already works. He helps organisations apply AI to real decisions, not just dashboards.

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