BCG

Executive Perspectives

AI-First Companies Win the Future

Move Fast, Scale Smart

June 2025

Introduction

We meet often with CEOs to discuss AI---a topic that is both captivating *and* rapidly changing. After working with over 2,000 clients in the past 2+ years, we are **sharing our most recent learnings in a new series designed to help CEOs navigate AI**. With most sectors going through major shifts, the focus in 2025 is on how to leverage AI to **fully transform organizations** and create **new sources of competitive advantage**.

In this edition, we discuss the AI-first future, and the role AI will play in turbocharging growth. Future editions will dive into sector-specific insights to help leaders unlock value and accelerate transformation. We address key questions on the minds of executives:

- How can I leverage AI to win with the new economic equation?

- What does an AI-first enterprise look like?

- What are leaders doing differently and how are they using AI solutions to accelerate their transformation?

- How do I get started…and how do I get this right?

This document is a guide for executives to cut through the hype around AI and understand what creates value now and in the future.

In this BCG Executive Perspective, we articulate the vision and value of AI-first companies

Executive summary | Start your AI-first transformation journey

WHY
now is the right time to act

The rise and rapid adoption of AI are transforming how organizations operate, lowering barriers to entry, and enabling smaller players to scale fast. As automation reshapes business economics and AI-first companies grow with lean teams, those who don't act now risk falling behind

WHAT
an AI-first organization looks like

To respond to these shifts, companies need to rethink how they operate and transform to become AI-first:

- **Wider competitive moat:** Increased ability to capitalize on key assets such as brand, IP, talent
- **Reshaped P&L model:** High tech spending to support AI, unlocking value for reinvestment
- **Decentralized tech foundation:** Business units leading AI adoption, with IT providing scalable platforms
- **AI-first operating model:** Streamlining operations via reusable AI workflows and reduced duplication
- **Specialized, scalable talent:** Lean, high-performing teams focused on strategy, judgment, and AI collaboration

Companies must be prepared to address broader societal implications in the ever-evolving landscape of AI

HOW
to start the journey to transform into an AI-first org

E2E transformation can start with a series of no-regrets moves:

- **Make a business-led AI agenda:** Define tangible priority outcomes from AI
- **Embrace AI in your daily work:** Set the tone by role-modeling AI adoption across your teams
- **Anticipate impact on your workforce:** Pinpoint where and how roles will shift and develop upskilling strategy
- **Prove impact and scale:** Identify and prioritize a few high-value initiatives to test and show measurable impact
- **Create space to fund what works:** Allocate resources toward quick wins and build a plan to budget for AI

AI-first organizations will take different shapes across sectors – our upcoming *Sector of the Future* series explores key trends, transformations, and how to begin the journey at the sector level

Major trends are reshaping how companies operate—and those that don't adapt risk falling behind

1 **Access to AI is becoming democratized**
Foundational models and AI agents are now widely accessible, reducing barriers to entry and allowing smaller players to compete on speed and automation

2 **AI is rapidly changing business economics**
The costs of knowledge, labor, and task delivery are falling due to automation, while revenue potential is increasing for companies that set up for success now

3 **Headcount is no longer a prerequisite to scale**
AI-first companies are redefining productivity, unlocking rapid growth with smaller, highly skilled teams (e.g., Cursor reaching $100M ARR in under two years)
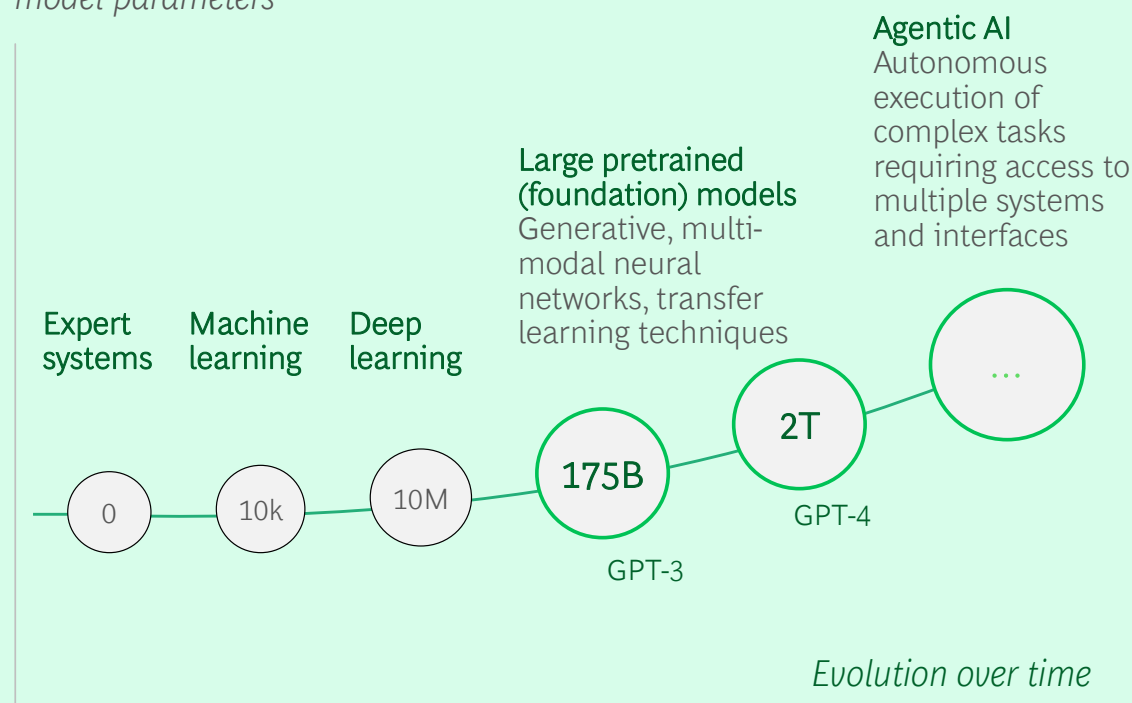
4 **Technology spending is growing rapidly**
As AI-driven tech budgets surge, companies that fail to match the pace risk being left behind by faster-moving competitors

Source: Indie Hackers, BCG analysis

The rapid advancement of AI is reducing barriers to entry and scale

Computational power over time

*Power
model parameters*

Agentic AI
Autonomous execution of complex tasks requiring access to multiple systems and interfaces

Large pretrained (foundation) models
Generative, multi-modal neural networks, transfer learning techniques

Expert systems

Machine learning

Deep learning

0

10k

10M

175B
GPT-3

2T
GPT-4

...

Evolution over time

Token cost of models over time

$/M tokens

200

150

100

50

0

OpenAI gpt-4-32k

Input + output costs decreasing over time

OpenAI gpt-4-turbo

OpenAI gpt-4o

deepseek R1

Qwen 2.5 Max

Jan 2023   Jul 2023   Jan 2024   Jul 2024   Jan 2025   Jul 2025
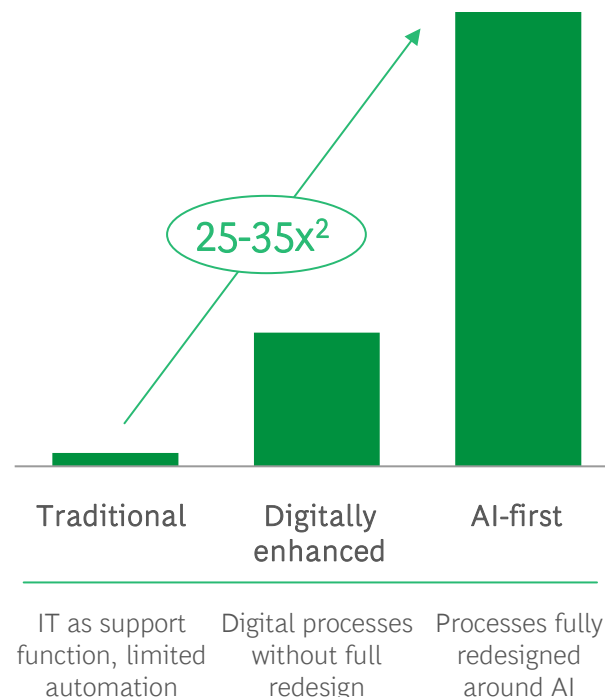
● Input+output cost

4
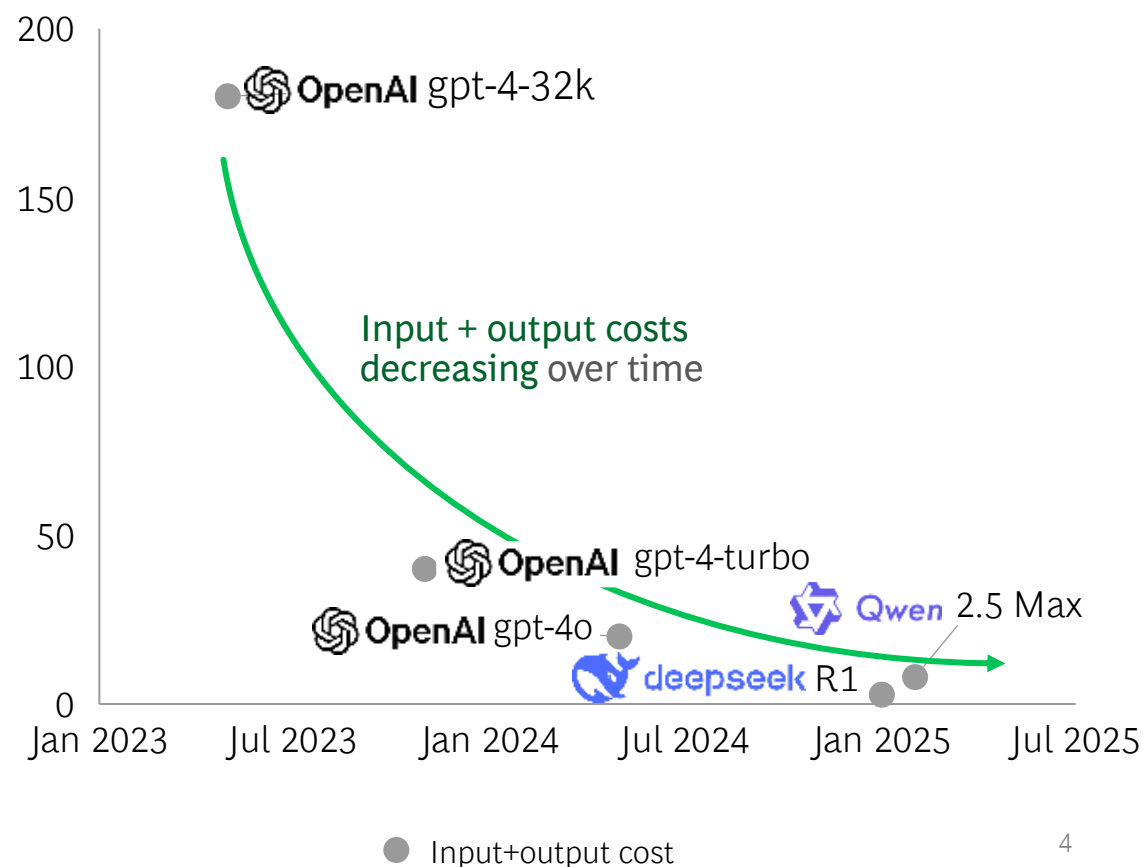
Well-positioned firms can unlock value from low costs and high revenues

While major cost drivers are trending downward…

High-value task delivery	High-skill employee (e.g., PhD) research…	AI agent-powered task delivery (e.g., Deep Research)…
	>$100K/yr	**~$2-3K/yr**

Advisory costs	In-person client advice cost per interaction…	AI enabled-advisory, cost per conversation…
	~$5	**$0.20 - $0.30**

Time to access knowledge	Manual analysis of market media taking…	AI rapidly gathering and synthesizing data in…
	3 hrs	**5 mins**

… revenue potential is increasing for AI-first firms

Revenue per employee across different company types[1]

25-35x[2]

Traditional	Digitally enhanced	AI-first
IT as support function, limited automation	Digital processes without full redesign	Processes fully redesigned around AI

Companies set up for success can unlock maximum value creation

Lemonade — Customer acquisition costs cut by 90%

Klarna. — 50% reduced workforce and 73% increase in revenue per FTE

ByteDance — 80% of policy-violating content removed autonomously by AI

Electrolux — 60% of support calls resolved by AI without human agent

Efficiency gains have potential to significantly increase margin, highlighting importance of setting up for success now

1. 70+ companies included in analysis, 2. Value varies by sector
Source: Harvard Business School, Wharton AI & Analytics Initiative, BCG analysis

AI-native firms highlight how AI supports scaling with limited headcount

AI-native firms are built with <u>AI at the core</u>, which enables rapid, capital-efficient scaling…

Despite staggering venture funding, AI-native startups can now scale rapidly with minimal external capital

Small teams leverage AI-powered coding, marketing, and administrative tools to accelerate growth with fewer employees

AI automation reduces reliance on venture funding by enabling profitability sooner with minimal resources

… and proves AI-centric models can deliver high ARR with lean teams

MERCOR — $50M ARR in 24 months with 30 people

CURSOR — $100M ARR in 12 months with 20 people

bolt — $40M ARR in 5 months with 15-20 people

Lovable — $10M ARR in 2 months with 15 people

Aragon.ai — $10M ARR in 2 years with 9 people

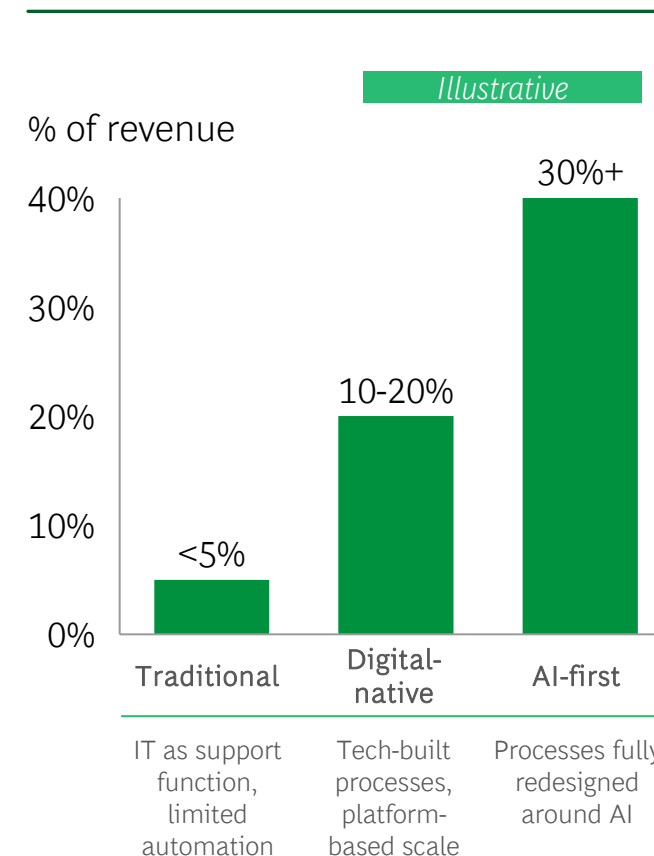# Digital natives expanded tech spending—AI-first will accelerate the trend

Traditional-firm tech spending[1]

Global payments technology company	**~4%** of revenue
Multinational retail corporation	**~3%** of revenue
Major US insurance provider	**~2%** of revenue
Energy mgmt. and automation firm	**~2%** of revenue

Digital-native tech spending[1]

US-based fintech platform	**~12%** of revenue
Large-scale online marketplace	**~14%** of revenue
Digital-first insurance platform	**~16%** of revenue
Industrial 3D-printing tech leader	**~14%** of revenue

% of revenue spent on tech for different firm types

Illustrative

% of revenue

	Traditional	Digital-native	AI-first
Value	<5%	10-20%	30%+
	IT as support function, limited automation	Tech-built processes, platform-based scale	Processes fully redesigned around AI

1. All company examples anonymized
Source: Company 2024 10-Ks, GlobalData

Companies face key challenges as they prepare for an AI-first future
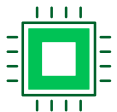
01 Evolving competitive advantage — Given that broad adoption means AI will not be a new source of competitive advantage, how do **I rethink my existing sources of competitive advantage**?

02 Shifting P&L structure — What happens when **tech investment surpasses all other cost centers** in the P&L?

03 Changing role of the IT function — How does the **role of the IT function change** in an AI-first organization?

04 Reimagined operating model — How do we **manage a workforce where AI agents outnumber people,** and how must human roles evolve?

05 Transformed shape of the workforce — How do I upskill people to drive adoption while also **retaining critical thinking skills** and **avoiding overreliance on AI**?

To overcome these challenges, firms need to adopt AI-first traits

01 **Wider competitive moat**
- Increased ability to capitalize on key assets, such as brand, IP, and talent
- Reduced barriers to scale across talent, content, and reach

02 **Reshaped P&L model**
- High tech spending to support AI, with value redeployed toward growth
- Reinvestment of returns into innovation and intelligent automation of routine work via agents and other AI systems
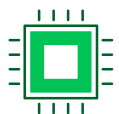
03 **Decentralized tech foundation**
- Enterprise-wide AI platforms and agent ecosystems maintained by IT
- Business units given autonomy to own and deploy AI solutions with increased speed and independence

04 **AI-first operating model**
- Streamlined operating model that minimizes redundancy
- Reusable AI workflows that support consistent, scalable deployment across the enterprise to accelerate time-to-value

05 **Specialized, scalable talent**
- Lean, elite teams with specialized skills; ~50–70% fewer people and 1.5–2X compensation for top talent
- Roles focused on judgment, strategy, and human-AI collaboration

Source: BCG analysis

⬆ Increasing strategic importance

Brand trust becomes a key differentiator as AI-generated content and automation become ubiquitous

Direct relationship and access to customers become critical as AI commoditizes content and advice

Owning innovations, including **patents, trademarks, and copyrights**, is crucial as AI becomes democratized

Exclusive, high-quality, diverse data sets drive value when effectively leveraged, fueling better AI models

Attracting and retaining top AI-fluent talent are a necessity due to high competition for skill sets

⬇ Decreasing strategic importance

Operational scale with large back-office functions becomes redundant through AI-driven efficiencies

Large physical customer service teams lose edge as AI agents handle customer engagement more efficiently

Diffused expertise across teams loses value as AI **rapidly acquires, synthesizes, and applies disparate knowledge**

Expensive content production becomes less important as AI drastically lowers content generation costs

Source: BCG analysis

Example P&L impact on AI-first companies

`Illustrative and directional`

Retail Banking

Legacy model costs	AI-first costs
10-20%	5-10%
5-15%	8-15%
5-15%	5-10%
15-25%	2-6%
15-25%	8-15%
20-30%	12-22%
	35-45%

Legend:
- Unlocked value
- Front Office
- Control Functions
- Operations
- Corporate
- Middle Office
- Tech

Consumer Packaged Goods

Legacy model costs	AI-first costs
40-60%	5-10%
15-25%	40-60%
2-4%	7-12%
20-30%	4-10%
	25-35%

Legend:
- Unlocked value
- COGS
- People SG&A
- Tech SG&A
- Marketing & Sales
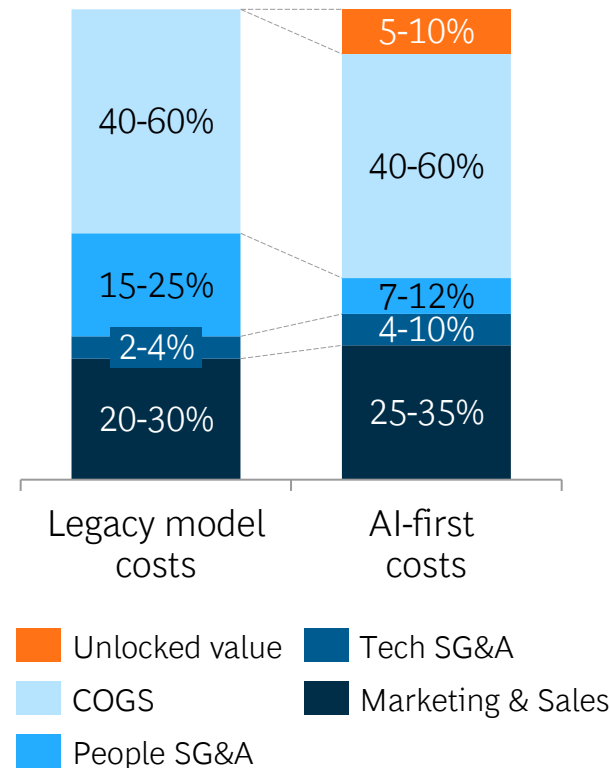
Note: All figures are illustrative and represent simplified directional ranges
Source: BCG analysis

AI-first reshapes cost structures

~25-45% decline in labor spending as AI reduces reliance on people-driven processes

~1-2x increase in tech spending as technology shifts from support role to strategic core

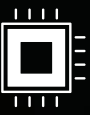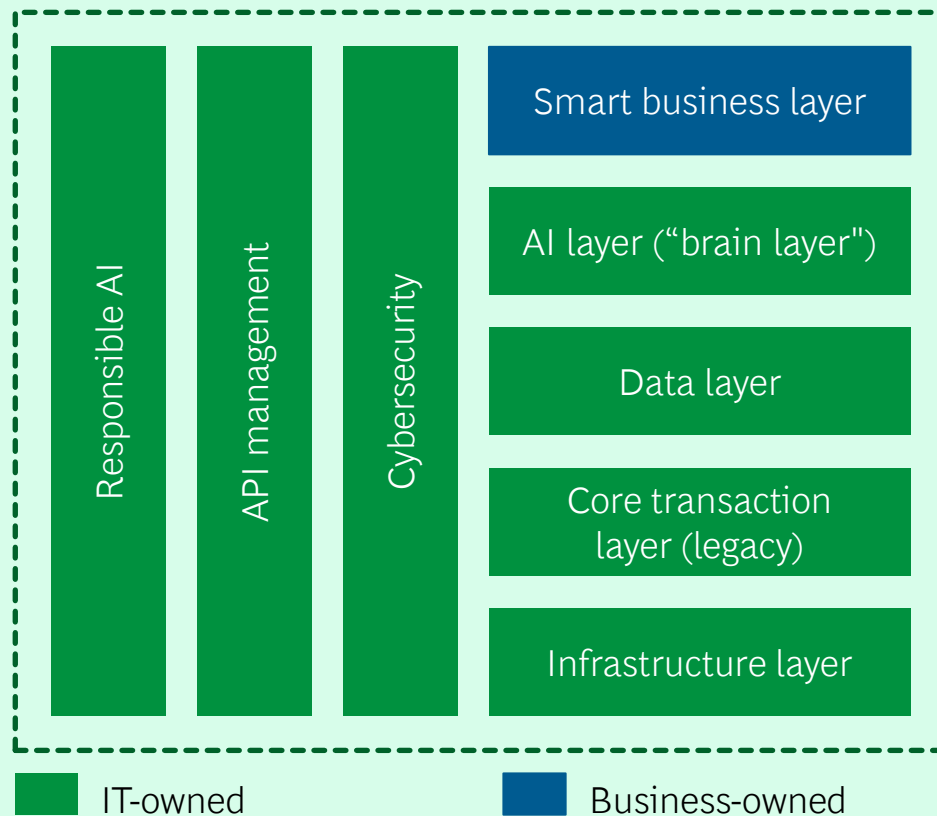Value unlocked by AI is redeployed into growth priorities, **boosting operating margin**

AI-first architecture

Responsible AI

API management

Cybersecurity

Smart business layer

AI layer ("brain layer")

Data layer

Core transaction layer (legacy)

Infrastructure layer

■ IT-owned   ■ Business-owned

Business functions design and execute tailored AI workflows, leveraging the IT-powered frame

Business includes tech-savvy talent with both operational and AI skills, reducing the need for business domain experts within IT

IT maintains the tech, data, and cyber foundation (the "frame") that enables the build of AI solutions

Illustrative

Digitally enhanced op model | AI as enabler

People are the core drivers, with digital tools included. AI used incrementally to boost efficiency

Core processes built around people

+

Supplemented by digital tools incl. AI

Key characteristics

- Function-led workflows with digital support
- Governance via reporting and analytics with undefined, ad hoc, or static AI policy and risk management
- Static roles enhanced by digital tools
- Culture focused on efficiency gains
- Business relying on IT-owned digital enablers

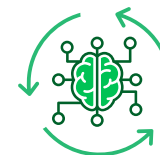## AI-first op model | AI as integral

AI agents are the core drivers, with human oversight to close gaps

Core processes built around AI agents

+

Supplemented by people

Key characteristics

- Flattened hierarchies with AI agents executing AI-led decisions
- Real-time governance backed by executive alignment, embedded AI policy, and responsible AI guardrails
- Skills, roles, and responsibilities reshaped around AI agents
- AI-embracing culture built on trust, speed, and adaptability
- Business-owned tech and scalable tech infrastructure

AI impact on workforce productivity varies depending on the task

Repetitive / structured tasks (% boost)

Low performers see larger boost, **closing gap** to high performers
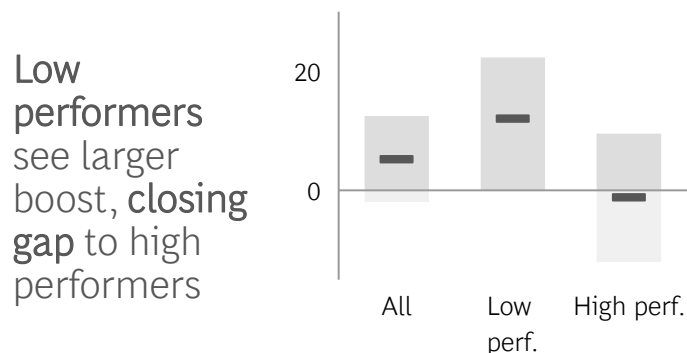
- AI narrows performance gaps—a **short-term advantage**

- Routine tasks are automated, **reducing headcount and reshaping roles**

- **Fewer expert roles,** as AI facilitates access to knowledge

Complex, judgment-based tasks (% boost)

High performers extract most value, amplifying the performance gap
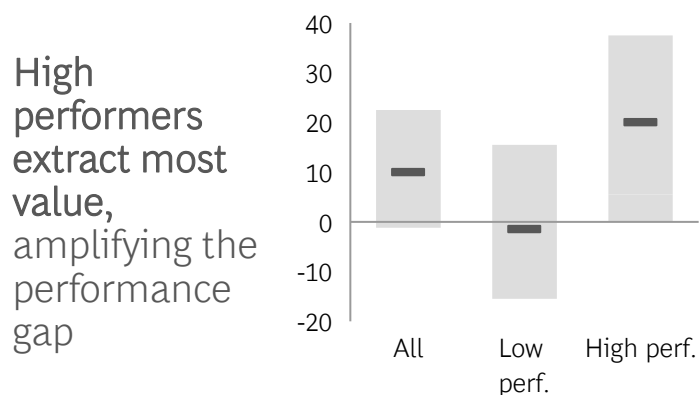
- AI removes high "toil" tasks, boosting top-performer **productivity and satisfaction**

- **War for talent** intensifies as top performers remain rare and command a premium

- **Enablement and empowerment** drive performance – not simply providing tools

Examples of impacted skills

Closing gap between top and bottom performers

- Coding efficiency
- Writing documents/presentations
- Product design
- Ad effectiveness
- Legal analysis
- ..

Increasing performance disparity

- Profits and revenue
- Debating points
- Investment decisions
- Material discovery
- …

Source: Economist, BCG analysis

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Getting started | The journey to AI-first begins with critical next steps

1. **Make a business-led AI agenda**

   Define tangible priority outcomes from AI, and ensure that business leaders take ownership

2. **Embrace AI in your daily work**

   Use a variety of AI tools to increase your proficiency, and set the tone by modeling adoption across your teams

3. **Anticipate impact on your workforce**

   Identify where and how roles will shift, and develop a strategy to upskill teams to work effectively with AI
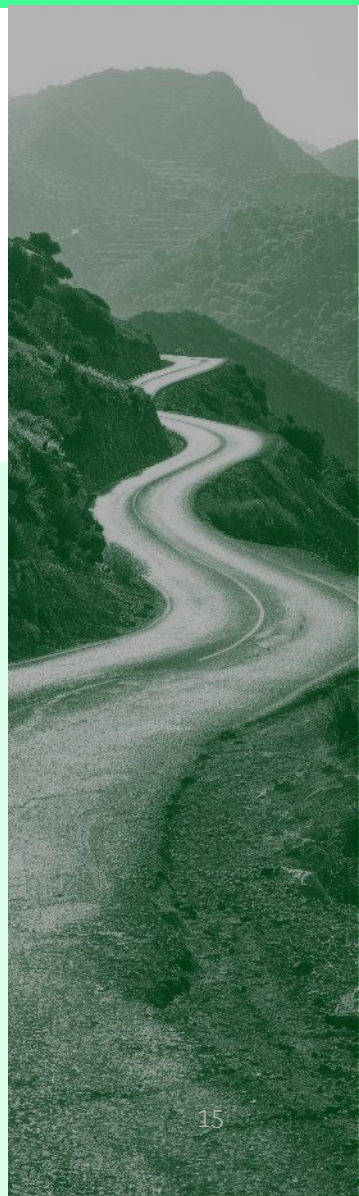
4. **Prove impact and scale**

   Focus on a few high-value initiatives to show measurable impact and rapidly build momentum to scale

5. **Create space to fund what works**

   Allocate resources toward early wins, and build a plan to budget for AI investments that deliver value

BCG experts | Key contacts for AI transformation

Americas

Ashkan Afkhami — Healthcare

Ramsey Baker — Travel, Cities & Infrastr.

Julie Bedard — Industrial Goods; People & Org.

Dylan Bolden — Consumer

Sesh Iyer — Insurance

Djon Kleine — Tech, Media & Telco; Tech & Digital

Matthew Kropp — Tech, Media & Telco

Renee Laverdiere — Public Sector

Amanda Luther — Consumer; Tech & Digital

David Martin — Tech, Media & Telco; People & Org.

Steven Mills — Public Sector

Suchi Srinivasan — Tech, Media & Telco

Vladimir Lukic — Industrial Goods; Tech & Digital

Beth Viner — Financial Institutions

Europe, Middle East, and Africa

Jessica Apotheker — Consumer; Marketing

Vinciane Beauchene — Industrial Goods; People & Org.

Nicolas de Bellefonds — Consumer

Antoine Gourévitch — Industrial Goods; Tech & Digital

Christoph Hilberath — Industrial Goods

Nina Kataeva — People & Org.

Andrej Levin — Industrial Goods

Daniel Lopez — Energy

Nigel Markey — Healthcare

Chris Meier — Healthcare

Dan Sack — Consumer; ; Tech & Digital

Richard Sargeant — Travel, Cities & Infrastr.

Marc Schuuring — Energy; Tech & Digital

Marcus Wittig — Tech, Media & Telco

Robert Xu — Consumer

Asia-Pacific

Akira Abe — Insurance

Aparna Kapoor — Financial Institutions

Nipun Kalra — Financial Institutions

Romain de Laubier — Insurance; ; Tech & Digital

Jeffrey Walters — Consumer; Tech & Digital

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