Unstoppable Growth

How to Transition to AI-Level Growth Before the SaaS Curve Bends Too Far

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WHAT YOU'LL LEARN IN THIS ARTICLE

- SaaS has matured, shifting from explosive growth to market consolidation
- In response, capital has migrated from SaaS growth premiums to AI growth premiums
- AI is built on a different infrastructure, changing how customers experience, consume, and pay
- Companies must rewire their entire business, not just build AI features
- Growth now requires stacking the next curve on top of the current one

Every major technology platform follows a similar arc: explosive growth for 10 to 15 years, a peak, and then a long consolidation that persists for generations. We have seen this play out again and again, from the railroad to the automobile, from the airplane to the telephone, from the internet to mobile. Each one reshaped the world. Each one followed the same pattern, called the Technology Life Cycle. SaaS is no exception.

What began in earnest around 2010 peaked around 2021, right on schedule, with 50,000+ SaaS vendors. COVID-era policies extended that peak slightly, but did not change the fundamental pattern. The question is no longer if or even when consolidation starts; it's who will be the dominant players when it does.

Since 2022, the average growth rate across 72 public SaaS companies has declined from 38% to 15%, according to David Spitz of BenchSights, a firm specializing in SaaS financial benchmarking. This is a maturation, not a death, not an apocalypse. It does not mean SaaS products stop working. It does not mean customers disappear overnight. What it means is that the premium the market once placed on SaaS growth, the valuation multiplier that turned recurring revenue into unicorn status, has repriced. Permanently. The era of funding SaaS growth at any cost is over. The capital that once flowed freely into the SaaS ecosystem is being redirected, and it will never come back. It is not the death of SaaS or software. It is the death of SaaS valuations.

It Takes Courage to Trust Science

A company that experienced this firsthand is Intercom. Over eight consecutive quarters beginning in Q3 2021, its growth rate collapsed from 37% to 4%, and ARR fell to a couple of hundred million dollars.

The SaaS growth engine runs on principles of compounding, and compounding is symmetric. As the industry begins to consolidate, the same marginal gains that accelerated growth also decelerate growth. Same machine. Same principles. Different direction. What makes this so dangerous is that it happens quietly and, as you can observe, swiftly.

At Intercom, the precipitous decline in growth brought its founder, Eoghan McCabe, back as CEO. Once back in the seat, he deliberately killed

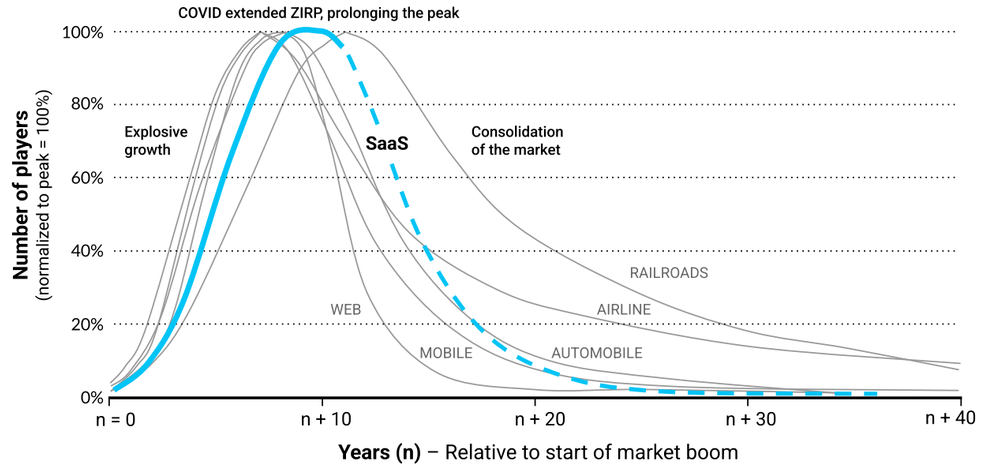

Figure 1: The Technology Life Cycle. Every platform peaks, consolidates, and makes room for the next.

a $60M ARR subscription business and, in its place, launched Fin, a new AI product built on a consumption-based pricing model. The results are undeniable. Fin is now approaching $100M in ARR, growing at 3.5x. Intercom's overall growth rate has recovered from 4% to 24%, moving in the opposite direction of the SaaS market as a whole.

But notice what actually happened and what did not. Eoghan did not hire a new engineering team. He did not launch AI as a feature. He re-founded the business from the ground up, rethinking the product, pricing, GTM motion, and operating model. All at once. The technology may have been the enabler, but McCabe's leadership decision was the unlock.

Guided by what we learned from history, we now see this for what it is: the Technology Life Cycle playing out exactly as it always has. The maturation of one platform makes way for the next. In the same way the railroad made room for the automobile, and the desktop made room for mobile, SaaS is now making room for AI. This transition is underway. The 10-year clock for AI's explosive growth period started in 2022 with the launch of ChatGPT. What comes next is not a mystery. It is a pattern that adheres to scientific principles. And patterns can be navigated.

That cycle reveals something else important. The railroad did not make the horse faster, and the automobile did not make the railroad cheaper. It is unlikely that AI will make SaaS more efficient, either. Why? Because like every platform before it, AI is built on an entirely different infrastructure, serving a fundamentally larger market, at a speed the SaaS generation has never encountered.

History shows that every major platform switch has simultaneously rewritten the rules of competition at every layer of the business. Not sequentially. Not optionally. All at once. When mobile arrived, it did not just change the product; it changed distribution, monetization, and operations in one move. The companies that treated it as a one-dimensional problem lost. The companies that understood it as a complete business rewiring won. AI follows the same pattern.

What is different is not the cycle; it is the clock speed at which it runs. Here is what most leadership teams have not fully reconciled: the same compounding mathematics that quietly collapsed SaaS valuations are now determining who wins in AI. The window to observe, learn, and act is shorter than any platform shift the SaaS generation has experienced. By the time the gap shows up in your numbers, it has already been running long enough to be irreversible.

Physics of Unstoppable Growth

AI follows the same S-curve growth pattern as every platform before it. But competitive advantages compound faster. We saw this play out with Harvey AI and Robin AI. In 2024, both looked like

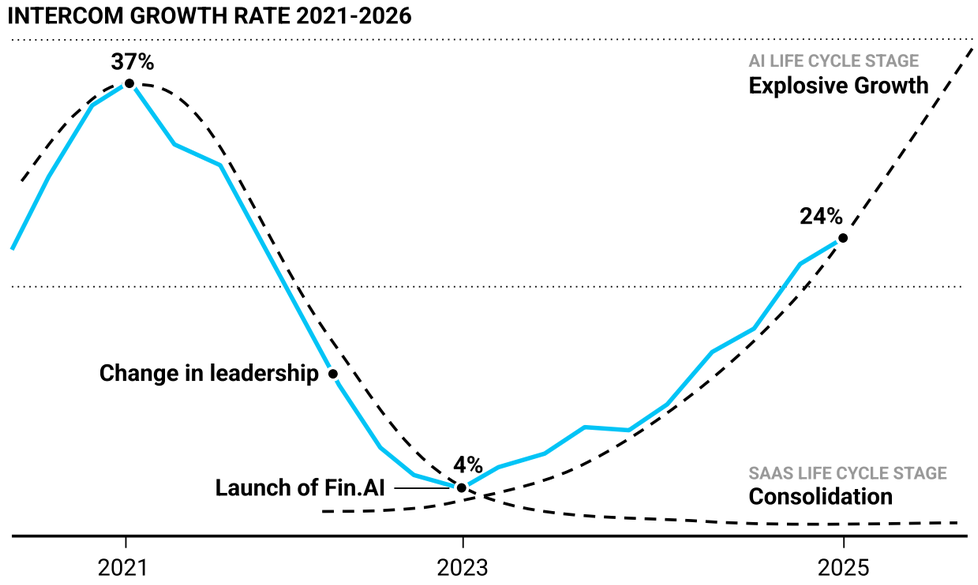

Figure 2: A tale of two platform cycles, at one company. This is what a platform switch looks like.

success stories, well-funded, fast-growing legal AI companies with Fortune 500 clients. But their cost structures were fundamentally different.

Robin relied on managed services. Humans reviewed contracts with AI assistance, creating a labor-intensive delivery model. Revenue grew, but headcount did too. Every new customer required more people. When they needed Series C funding in late 2025, investors saw a legal outsourcing company using AI tools, not an AI-native business. The funding failed. Robin entered a distressed sale.

Harvey built infrastructure. Instead of hiring paralegals to scale delivery, they invested in model fine-tuning, compute capacity, and proprietary reasoning systems. Every dollar went into GPUs, not headcount. Every inference refined their models, creating data flywheels that compounded. By late 2025, Harvey reached $190M ARR and an $8B valuation. Robin may have had better margins per customer. Their labor costs were likely lower than Harvey's expensive GPU cycles. But Harvey had compounding physics. Robin treated AI as a feature of a managed services business. Harvey treated infrastructure as the business itself. One had better unit economics. The other had exponential advantages. By the time the difference showed in the numbers, the gap was irreversible.

The reason these models diverge is architectural. In the SaaS stack, most tasks are input/output (I/O), retrieving and displaying information at near-zero cost. In the AI stack, tasks are compute-bound, generating outputs through inference at meaningful cost. That difference changes what the system can do. Robin scaled I/O through humans, retrieving, reviewing, and routing. Harvey scaled compute through GPUs, reasoning, inferring, and refining. One grows linearly with labor, with cost and value rising together. The other compounds with usage, where each additional unit of cost generates disproportionately more value.

That shift resets customer expectations. In the SaaS era, companies paid for access to features, often without clear visibility into their impact. With AI, the product is doing the work itself. The output has to perform. It either delivers measurable value or it does not.

The implication is structural: the market is shifting from paying for access to features toward paying for measurable outcomes. Companies built around orchestration survive. Companies built around feature sets that no single customer fully uses do not. This is what separated Harvey from Robin. One delivered compounding value that the customer could measure. The other delivered services the customer could replace.

The AI stack is structured differently. Compute is not a commodity; it is a constraint. Intelligence is generated through inference, and each inference carries a cost. As usage increases, so does cost. The economics do not flatten. They scale. In SaaS, the most active users are typically the most profitable. In AI, the most active users are often the most expensive. The cost structure moves with usage, not away from it. This is why pricing models are changing. Seat-based pricing assumes negligible marginal cost. In AI, that assumption no longer holds. Pricing shifts toward outcomes, tying value to the work completed rather than the number of users accessing the system.

The transition from SaaS to AI is not a continuation of the same model with new features. It is a shift in the underlying physics. And those physics determine which systems scale, which ones stall, and which ones disappear. But here is what most companies miss: these platforms can run simultaneously. Because the physics are different, you don't have to wait for SaaS to finish consolidating before building on AI. You can operate on both platforms at once if you time the switch correctly.

The capital didn't dry up. **It migrated.**

For over a decade, the zero interest rate policy (ZIRP) flooded the technology sector with cheap capital. SaaS was one of its primary beneficiaries. Low interest rates made future revenue worth more today, and venture capital poured into recurring revenue businesses at valuations that assumed hypergrowth would last forever. When the Fed raised rates in 2022, that era came to an end. Capital became expensive. Growth-at-any-cost became unsustainable. SaaS valuations collapsed not because the businesses stopped working, but because financial conditions changed.

We now find ourselves in a new era. The United States is committing hundreds of billions of dollars to AI infrastructure through initiatives like Stargate, deploying private capital with government support at unprecedented scale. The United States is not alone; China is matching it, and the European Union is mobilizing, too. This is more than chasing returns; it is governments treating AI as strategic national infrastructure, the same way previous generations funded the interstate highway system, the space race, and the internet.

SaaS was built on cheap private capital. AI is being built as strategic infrastructure. One of those can be reversed by a Federal Reserve decision. The other cannot. This is not a funding cycle. It is a permanent reorientation of where the world's capital is going, and it is not going back to just SaaS.

Actions for Unstoppable Growth

The diagnosis is structural. The response must be structural as well. Three activities separate companies that navigate a platform transition from those that observe it.

Action 1. Read the Growth Pattern Early

The signal is not when growth stops. It is when acceleration stops. SaaS companies consolidating from 30% to 15% growth are still growing. But the compounding has reversed. That inflection point is the window. Wait for growth to hit single digits, and you have missed it.

No intuition is needed; it is observable in the data. When the cost to acquire one dollar of net new ARR rises for three consecutive quarters while the growth rate declines, the pattern is set. The SaaS engine has not failed. It has matured. The distinction matters because it changes the response. A failing engine requires fixing. A maturing engine requires a second engine.

What does "read the pattern early" look like in practice? It shows up in the board deck as a single chart: growth rate plotted against acquisition cost over the trailing eight quarters. If the lines form an X, growth falling while cost rising, the platform has peaked. Most boards see these metrics separately. Sellers report growth. Finance reports efficiency. The signal only becomes visible when both are on the same slide, with trendlines drawn over time.

The CEO's job is not to reverse the trend. It is to recognize the trend early enough to start the second platform while the first still generates cash. The Intercom data is precise on this point: the

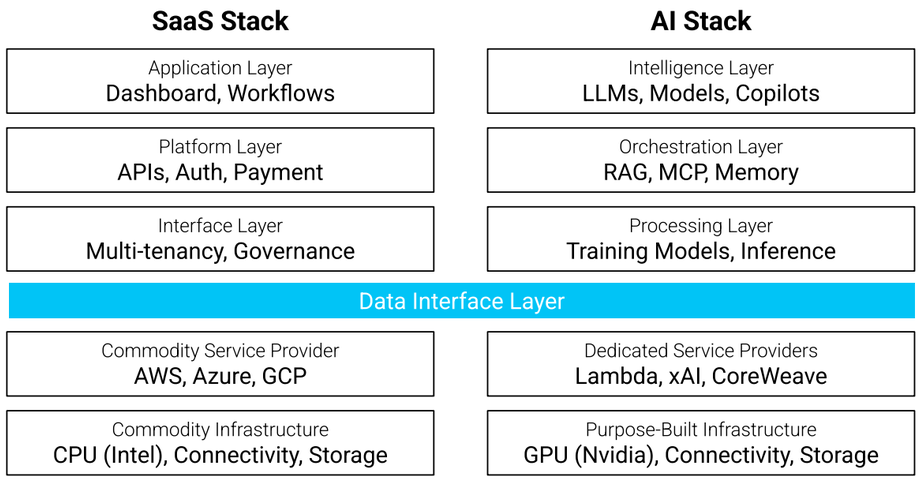

Figure 3: Different stack. Different physics. Different economics

eight-quarter decline from 37% to 4% was visible by Q2 of the first year. The response came two years later. That gap, between signal and action, is where value is destroyed.

Action 2. Operate Both Platforms Simultaneously

The platforms have different physics. They do not compete for the same infrastructure, cost structure, or economics.

This separation means you can run both at once. SaaS consolidates and generates cash. AI accelerates and builds compounding momentum. The overlap period is not a compromise. It is an architectural advantage. But "operate both" is not a strategy statement. It is an organizational design problem. It requires two distinct operating models reporting to the same leadership team, funded from different budget envelopes, and measured on different timescales.

The SaaS business runs on predictable, annual cycles. Board reviews focus on net retention, payback periods, and operating leverage. The AI business runs on inference economics and adoption velocity. Board reviews should focus on cost per inference, compounding usage patterns, and time to value. Applying SaaS metrics to an AI business is as misleading as measuring a railroad by the standards of a shipping company. Same industry. Different physics.

Capital allocation follows the same principle. The SaaS business funds itself from its own cash generation. The AI business requires dedicated investment with a separate return horizon. When companies blend these into a single budget process, two things happen: the AI initiative gets starved because SaaS managers protect their margins, or the SaaS business gets destabilized because resources shift prematurely. Either outcome delays the crossing point.

The organizational implication is clear. The AI initiative cannot report through the existing SaaS hierarchy. It needs its own product, pricing, and go-to-market structure, even if it serves the same customer. Intercom did not add Fin as a feature to its SaaS product. It launched Fin as a separate product with consumption-based pricing, different delivery economics, and a distinct value proposition. The old product still runs. Both coexist. That is the architecture.

Action 3. Rewire the Business

The hardest part is not technical. It is organizational.

Leadership must rewire how the business operates, its mission, values, capital deployment, and hiring priorities, while the SaaS business continues to run. This is not a single-quarter initiative. It is a sustained re-engineering of the operating model that touches every function simultaneously. What makes this difficult is that platform shifts do not allow for incremental change. As with mobile, they force a full-system adjustment—product, distribution, monetization, and operations all at once. AI follows the same pattern.

Consider what changes when CAC migrates off the traditional M&S line. In a SaaS business, customer acquisition cost is visible, scrutinized every quarter, and directly tied to sales and marketing spend. In an AI-native model, acquisition cost moves to COGS, and the inference bill becomes the distribution budget. The growth motion is still spending to acquire customers. But the P&L line has changed. A board reviewing only S&M ratios will see improving efficiency and assume progress even as total acquisition cost rises across R&D and COGS. That is not a marketing issue. It is a governance failure.

Rewiring means the CFO's reporting structure changes. It means the CRO's compensation model changes. It means the CPO's roadmap prioritization logic changes. And it means the CEO must communicate a new set of strategic priorities that are explicit and testable, not aspirational statements about "becoming AI-native," but measurable commitments: which products shift to consumption pricing by which quarter, which teams are funded from which budget envelope, which metrics replace the ones currently in the board deck. The companies that fail here treat the rewiring as a technology migration. The companies that succeed treat it as a business re-founding, same customer, same mission, new operating system.

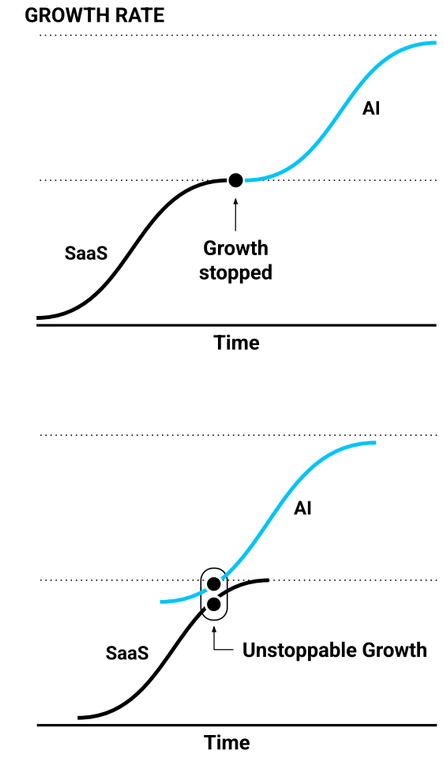

Figure 4: The crossing point. Transitioning from one growth curve to the next before the decline begins.

Conclusion

We should not see this as the death of SaaS and the rise of AI. This is a continuation of the same mission with evolving technology. Twenty years ago, you served customers with perpetual software. Fifteen years ago, you moved to SaaS. Now you introduce AI. The problem hasn't changed. The customer hasn't changed. The technology has. Companies that understand this don't choose between SaaS and AI. They stack growth curves at the crossing point. That's not disruption. That's unstoppable growth. That is winning by design.

Jacco van der Kooij is the Founder of Winning by Design and a global leader in architecture for recurring revenue businesses. A renowned author, keynote speaker, and advisor, he has helped scale hundreds of high-growth companies. Jacco's work blends data-driven science with practical frameworks, empowering leaders to design systems for sustainable, compounding growth.

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