GENAI BUSINESS MODELS

Value is moving from seats to outcomes. Price the work, not the user

Model providers grow at unprecedented speed, applications fight for margin, and software pricing is shifting to usage and results.

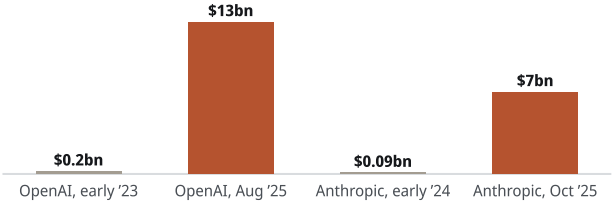
KEY MESSAGE

Value is shifting from seats to outcomes: underwrite pricing models, not just ARR growth.

3 things to know

1. **Value is shifting from seats to usage and outcomes:** at least 40% of SaaS spend by 2030, says Gartner [2].
2. **Seat contraction hides behind NRR** [3]; cohort data shows it first.
3. **Services rebuilt as software may be the bigger prize:** about $6 is spent on services for every $1 on software [2].

EXHIBIT 1 **Annualised revenue of the two leading model providers, $bn (Epoch.ai estimates)**



Epoch.ai estimates via Visual Capitalist, Nov 2025 [1]. Anthropic early 2024: $87M.

$13bn
OpenAI annualised revenue, Aug 2025 [1]

80x
Anthropic growth, early 2024 to Oct 2025 [1]

40%
of SaaS spend on usage or outcome pricing by 2030, Gartner [2]

$0.10
per agent action, Salesforce Agentforce [2]

Three layers, three economics

Model providers carry huge compute costs and grow fastest. Applications built on models face thinner margins, because model costs pass through, and the risk that the provider ships the same feature.

Services, firms that sell the work rather than the tool, capture value where the job is complex and the client wants a result, not a licence.

Why seats are under pressure

When an agent does part of the work, customers need fewer seats. Net revenue retention can hide this for a while; gross retention and cohort data show it first [3].

Software that charged per user now tests prices per action, per resolved ticket or per outcome. Salesforce prices agent actions at $0.10 each, and reported more than 8,000 deals in the first months [2].

What it means for a portfolio company

Three moves. Add usage or outcome pricing alongside seats before customers demand it. Put AI inference into cost of goods, since it is a variable cost. Decide where to sit: tool or service.

A services company with good data can become an AI-enabled service; a thin software tool may become a feature of someone else's product.

Sources on page 2.

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What it means for an investor

Underwrite revenue quality differently. Ask how much revenue is priced per seat, the trend in seats per customer, gross margin after AI costs, and dependency on one model provider.

Value services-as-software models on outcomes delivered, not on headcount.

EXHIBIT 2 Pricing models and what they reward (CarveLines view; dots = alignment with AI value)

MODEL	REWARDS	FIT
Per seat	Headcount at the client	●○○
Per usage	Volume of work done	●●○
Per action	Each agent step	●●○
Per outcome	Resolved, delivered, saved	●●●
Hybrid	Seat floor plus usage	●●○

CarveLines view; examples in [2][3].

The services opportunity

For every dollar spent on software, about six are spent on services [2]. AI lets the best providers deliver research, operations or customer service faster and to a higher standard, and price on the result.

This is where some of the most attractive buy-and-build theses now sit: fragmented services markets, consolidated and rebuilt around AI delivery.

> "Agentic AI is breaking the seat-based licensing model that has underwritten SaaS valuations for two decades."
>
> **MLVeda**, From copilot to autopilot · Dec 2025 [2]

> "Traditional metrics like NRR can mask AI-driven seat contraction; GRR and cohort-level analysis are now essential."
>
> **PwC**, AI and software valuations in M&A · Feb 2026 [3]

5 hints: the average fund vs full power

	THE AVERAGE FUND	FULL POWER
1	Underwrites on ARR growth	**Underwrites on pricing model and seats per customer**
2	Ignores AI costs in margins	**Models inference as cost of goods**
3	Sees AI only as a threat to software	**Also builds services consolidation theses**
4	Waits for customers to ask	**Pilots outcome pricing first**
5	Bets on one model provider	**Checks dependency and switching cost**

Watch out

Reading NRR alone. Price increases can mask falling seat counts for two or three years, until renewals arrive together.

Questions for the partners' meeting

1. What share of portfolio revenue is priced per seat or per hour?
2. Which company could launch outcome pricing in the next year?
3. What is gross margin after AI costs, company by company?
4. Which services markets could we consolidate around AI delivery?

Monday morning

For each software or services portfolio company, request three numbers: share of revenue priced per seat or hour, trend in seats per customer, and gross margin after AI costs.

Sources: [1] Visual Capitalist, citing Epoch.ai, Nov 2025; [2] MLVeda, citing Gartner and Salesforce, Dec 2025; [3] PwC, AI and software valuations in M&A, Feb 2026. Quotes verbatim from the sources cited. Figures as published; survey scopes and dates vary. Vendor-reported figures are labelled; [E] = CarveLines estimate; 'CarveLines view' = our interpretation.

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