

AI Doesn't Matter

By Reinout Schotman



The AI Conveyor Belt of Commoditization

In 2003, Nicholas Carr shook the corporate world with his provocative Harvard Business Review article titled *“IT Doesn't Matter”*. Carr argued that as information technology became ubiquitous, it lost its potential as a source of competitive advantage. IT, he wrote, had become infrastructural—essential but non-differentiating. Today, the same structural dynamics apply to artificial intelligence. AI, once seen as the next frontier of corporate differentiation, is rapidly commoditizing. The era of *AI as a strategy* is closing; the era of *AI as a cost of doing business* is beginning.

The Myth of Strategic AI

In recent years, boardrooms have been flooded with ambitious AI strategies. Consultants and vendors alike promised transformative potential, from predictive analytics to hyper-personalization. However, history teaches us a cautionary tale: technologies that are accessible to all seldom yield lasting competitive advantage.

Generative AI tools, large language models (LLMs), and machine learning APIs are now widely available through platforms like OpenAI, Google Cloud, and Microsoft Azure. The barrier to entry has collapsed. Companies that differentiate solely on *generic AI capabilities* are entering a race to the bottom, competing on the same tools, the same datasets, and often, the same use cases.

The result? Margins erode. Differentiation fades. AI becomes table stakes—a hygiene factor, not a strategic lever.

Commoditization and Margin Erosion

Carr warned that IT investment, beyond a certain point, leads not to advantage but to competitive convergence. The same is now true for AI. Early movers may have enjoyed temporary gains, but as adoption scales, AI increasingly drives margin compression rather than market leadership.

Consider industries like e-commerce, financial services, and logistics. AI-driven chatbots, recommendation engines, and fraud detection are no longer differentiators; they are expected features. Companies locked in feature parity are forced to cut prices or invest heavily in diminishing returns just to keep up.

Where AI Does Create Advantage

Despite this commoditization, AI can still be a strategic asset—but only when embedded in *unique, hard-to-replicate contexts*. The difference lies in **application, not access**.

Based on Outdoor Connect’s strategic growth principles, we see four distinct ways AI can be leveraged for true strategic differentiation:

- **Proprietary Data Loops:** AI trained on unique, proprietary data remains defensible. Companies with exclusive data access—for example, IoT device data, niche B2B transaction data, or embedded user behavior data—can build models that competitors cannot replicate.
- **Structural Integration into Customer Journeys:** Firms that embed AI deeply into customer workflows or critical business processes create high switching costs. Think of industrial platforms where predictive maintenance AI is integrated into core operations, making displacement costly and unattractive.
- **Control Points through Ecosystem Orchestration:** Companies that build ecosystems where their AI becomes a necessary node (e.g., through APIs or platform standards) gain control over market dynamics. This is akin to becoming the operating system of a vertical niche.
- **Speed and Adaptation in Strategic Niches:** Mid-sized companies can outmaneuver larger players by using AI to dominate narrow, high-value segments. Fast iteration cycles and tailored AI solutions allow them to capture share before incumbents react.

From AI Initiative to Strategic Weapon: A Practical Framework

Outdoor Connect proposes a disciplined approach to AI strategy, grounded in **asymmetry and defensibility**.

Step 1: Conduct a Strategic Asset Scan

Identify proprietary assets—data, relationships, operational processes—that are unique

to your company. Ask: where do we have information or integration others cannot access?

Step 2: Target Control Points

Evaluate where AI can strengthen your control over value chains, customer lock-in, or ecosystem positioning. Avoid generic use cases; seek to change the rules of competition in your niche.

Step 3: Align Capital Allocation

Avoid spreading AI investments thinly across the organization. Concentrate capital on 2-3 high-potential use cases that amplify your unique strengths and reinforce defensibility.

Step 4: Build AI-Execution Muscle

Strategy without execution is hallucination. Establish cross-functional squads that integrate data, technology, and commercial teams to rapidly prototype and deploy AI solutions.

Step 5: Institutionalize Strategic Governance

Create an AI investment board or embed AI oversight in the strategic function, ensuring continuous alignment with long-term positioning rather than opportunistic adoption.

Case Illustrations

A European B2B logistics firm built AI-powered dynamic pricing, but not based on public market data—it leveraged its proprietary, granular shipping data and historical customer behaviors. Competitors could not replicate the model without similar data depth, leading to sustained margin improvement.

A mid-sized healthcare SaaS provider integrated AI-driven diagnostics not as a feature, but as a core module within hospital workflow software, creating structural lock-in through reduced clinical risk and higher operational efficiency.

A Dutch fintech scaled an AI risk assessment engine not as a product, but as a platform where smaller lenders plugged in, turning the fintech into an ecosystem orchestrator with growing network effects.

Conclusion: Strategy, Not Technology

AI doesn't matter—unless you make it matter. For mid-sized companies especially, the future does not lie in matching AI capability for capability. It lies in building **asymmetric, high-barrier advantages** where AI amplifies unique strengths.

As Carr argued two decades ago, technology alone will not secure market leadership. The strategic question is not, “Are we using AI?” but, “Are we deploying AI in a way competitors cannot match?”

That is where strategy lives. That is where leadership endures.