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Could AI Disruption Kill Software?

The software industry is facing its biggest crisis in over a decade.

Valuations have plummeted since the record-breaking pandemic peak, deal volumes have collapsed and exits stalled as AI calls into question long-held assumptions about the sector.

For private market investors who once viewed software as a safe bet, able to deliver predictable revenue streams and steady growth, there is deep uncertainty. But there are also real reasons for optimism, because the sector has been through a similar cycle before.

From CDs to SaaS to AI

Until the early 2000s, software was a boxed product loaded onto CDs, purchased by businesses, installed on company servers and upgraded every few years. When the internet arrived, the model changed, and customers began paying a subscription for an always-up-to-date tool loaded on to devices remotely.

Software-as-a-service, or SaaS, was born. Today we are in the early phases of a similar evolution. A shakeout is inevitable. There will be losers. But as in the 2000s, there will also be many winners. The key question for investors will be how to pick the winners from the losers.

Incumbents hold defensible positions

To answer this question, it is necessary to understand how AI is reshaping business-to-consumer (B2C) and business-to-business (B2B) software in fundamentally different ways.

The blunt truth? B2C applications with low barriers to entry face obsolescence. Language learning and wellness guides, to take just two of the most popular consumer software applications as examples, can be replicated easily by free or low-cost AI engines.

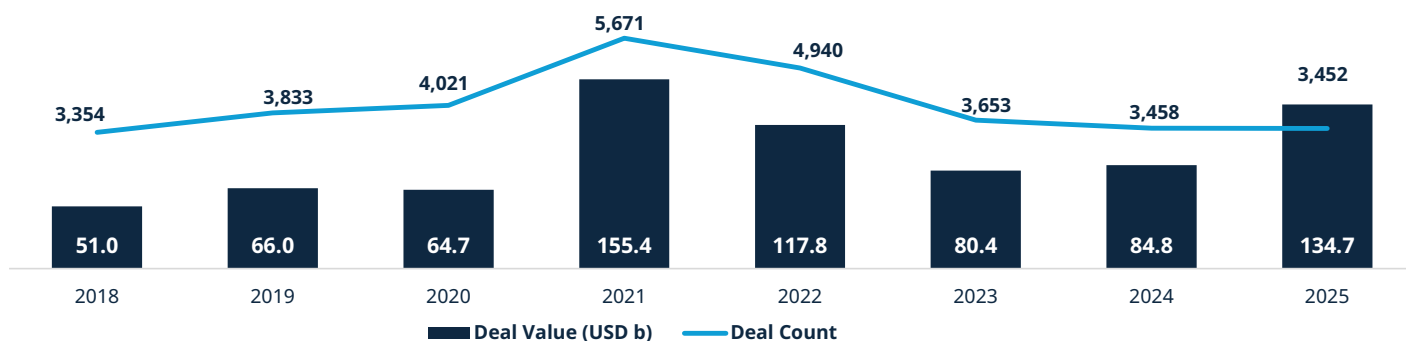
Incumbent B2B enterprise software providers, however, possess something which can't be easily replicated: proprietary customer data. Owning sensitive datasets will become the core structural advantage in the AI era. Using these datasets, incumbent software providers will be able to glean competitive advantages difficult to reproduce for new entrants.

But incumbents aren't just protected by their data. Winning large corporate customers takes time, trust, and strong relationships. Once a company has embedded a software provider and entrusted it with sensitive data, switching becomes more costly and risky. Incumbents are therefore protected by networks, relationships, and customer dependency.



Petr Rojicek
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Enterprise SaaS VC Deal Activity (2018–2025)¹



Source: Pitchbook

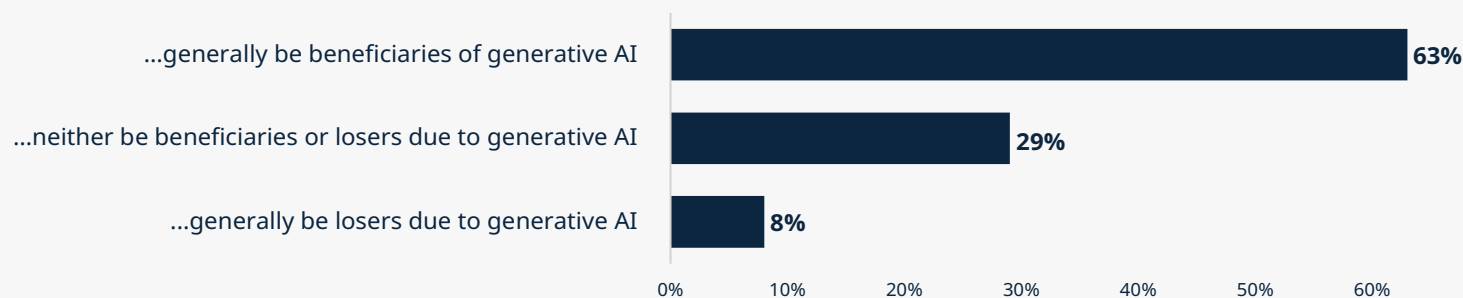
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A final barrier protecting incumbents is the requirement for absolute precision. A consumer app can get away with being right most of the time. Businesses must get it right every time, especially in industries where errors can lead to regulatory penalties, lawsuits, financial losses, or even risk lives. Only established providers with deep industry knowledge are expected to deliver 100% accuracy.

In the AI era then, value is moving away from generic consumer-facing apps and towards those who own unique data and trusted infrastructure, an evolution which heavily favours incumbents with strong domain knowledge and long-standing customer bases.

Survey²: "Our existing software vendors will..."



Navigating the AI shift

Such a complex and fast-moving landscape makes picking winners and losers much harder, whether it is the companies themselves or the venture capital and private equity funds which invest in them.

This is evident in the ever-widening performance gap between top-and bottom-quartile private equity managers, now standing at 12.9 percentage points.³ Simply indexing the sector, sticking to legacy managers or expecting sector specialists to outperform, will disappoint many investors.

The pace of AI disruption is reshaping what it takes to succeed, putting a premium on fund managers who can read shifting dynamics early and have the operational resources to work closely with portfolio companies to stay ahead. Traditional tech underwriting is no longer enough. The market is set to divide between incumbents that use AI to strengthen their position and those left behind, whether legacy platforms facing structural decline or newer AI players unable to convert early hype into durable revenue.

Steering through the AI storm

Navigating this complexity comes down to one thing: manager selection. A multi-manager approach can be a powerful way to do it.

Firstly, technological shifts tend to attract undisciplined capital into overpriced businesses, making diversification essential. A multi-manager approach allows investors to spread risk across fund managers, vintage years, and geographies, protecting a portfolio from getting caught in a single overheated company or valuation peak.

At the company level, managers can no longer rely purely on financial engineering for returns. Outperformance requires hands-on value creation. A multi-manager approach provides access to firms with the operational expertise this environment demands.

Finally, with proprietary data central to the AI story, a multi-manager approach can also offer access to co-investment opportunities in assets with the strongest datasets.

Positioning for the future

The AI story is not just a software story, it is a story about the evolution of the global economy. Industries will be reshaped as new markets emerge and novel business models are created.

Now is the time for investors to react, understand where value is moving, and position their portfolios accordingly.

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About Amundi Alpha Associates

Amundi Alpha Associates is the private markets multi-manager business line of Amundi Alternative & Real Assets, a trusted European partner with over 40 years of investment experience. Amundi Alpha Associates manages over EUR 23b in AuM across private equity, private debt, and infrastructure funds-of-funds and segregated accounts, primarily on behalf of a global, institutional client base. The business line employs over 80 professionals across its offices in Zurich, Paris, and Barcelona.

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Evergreen Funds: Beyond the Buzz

Important Information

- ¹ Q1 2026 Pitchbook Analyst Note Saas-is-dead-long-live-sas
- ² Evercore Survey, February 2026
- ³ <https://www.nasdaq.com/articles/analytics/asset-manager-selection-guide>

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Amundi's private market multi-management business, based in Paris, was launched in 1998 under the legal entity Amundi Private Equity Funds (PEF). Zurich-based Alpha Associates AG was founded in 2004 as a spin-off from Swiss Life. These two entities have been working together since 2024 to create the Amundi Alpha Associates platform.

Date of first use: 24/06/2026

Doc ID no. 5598441

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