

## From Narrative to Numbers: AI's Next Phase

### Author



Robert M. Almeida  
Portfolio Manager and  
Global Investment Strategist

- AI's impact on software and information-services companies will be uneven.
- Companies with "systems of record" and trusted data may benefit as clients demand controls, audit trails, and accuracy.
- If major AI firms list publicly, better disclosure requirements could shift the debate from stories to hard numbers, creating more winners — and losers.

In February, we published two Strategist's Corner pieces examining the impact of artificial intelligence on software and information services.

First, [we highlighted](#) how AI's disruptive potential could erode pricing power and challenge the durability of returns in software. [We then argued](#) that these risks are not confined to software and are beginning to extend across industries where business models rely on information asymmetry, human expertise, or process friction.

In both pieces, our central message was the same: though markets have begun to discount these risks broadly, the ultimate impact of AI will likely be uneven. Disruption is not synonymous with destruction, and disruption is not equally distributed. While commoditization is a real risk and ranges of potential outcomes have widened, we believe that certain infrastructure and data-layer businesses are likely to experience *greater* demand for reasons that rhyme with Jevons Paradox — the idea that making a resource more efficient leads to more use, not less.

We think suppliers of mission-critical systems of record offer a good example. These are not simply applications, but platforms embedded at the center of workflows, decision-making, compliance, and accountability. They often integrate proprietary, longitudinal datasets and serve as the trusted source of truth within an organization. As a result, the cost of failure — not just the cost of the software itself — becomes the binding constraint in customer decisions.

In this context, AI may reinforce rather than diminish an application's value. As AI-generated outputs become embedded within workflows, the importance of data integrity, auditability and control frameworks rises. In other words, as AI lowers the cost of generating answers, it raises the value of knowing which answers can be trusted. This dynamic can deepen switching costs and further entrench systems of record at the core of enterprise operations.

Economic value may therefore accrue away from generic AI models and toward applications that integrate AI into workflows, leverage proprietary data, and deliver measurable productivity gains, creating both winners and losers across software and business services, and, in turn, both opportunity and risk.

Despite our persistent belief in the opportunities within AI, what we have not yet had is clarity. That may soon change.



## A potential turning point: AI enters public markets

The prospective public listings of companies such as Anthropic and OpenAI could mark an important turning point, because investors may get more transparency into how these companies are creating value.

Today, as private companies, it is hard to see where revenue is really coming from, which use cases are truly making money, and how sustainable these profits are. Narratives are often shaped through selective disclosures, anecdotes, or early adoption stories, leaving investors to guess more than they can confirm.

Public listings would change that. Greater disclosure around customer segments, acquisition trends, and specific workflows could highlight where AI is replacing older tools versus simply helping people work faster. Just as importantly, public markets impose a level of accountability and consistency that private markets do not.

Said plainly: what is discussed in interviews or in podcasts will need to match what is reported in financial statements. If not, there will be consequences.

## Why this matters: Moving from stories to proof

This transition is important because we believe it will move the conversation from speculation to verification. To date, markets have responded to AI-driven uncertainty with broad-based repricing, particularly across software, data, and information services. Implicit in this is a “guilty until proven innocent” framework — one that assumes competitive erosion before it is fully evidenced.

AI does not affect all business models equally. Some may face real disruption, particularly where offerings are easily replicated or where switching costs are low. Others, especially those built on proprietary, longitudinal datasets or deeply-embedded workflows, may prove far more resilient, or in some cases, even strengthened.

As disclosure improves, investors should get a better view of market size, competition, and how durable profits really are. This may show that some risks are overstated, while other risks are bigger than the market currently assumes.

Companies with lasting advantages — through data, distribution, integration, or trust — may start to separate from firms whose value is easier to replicate in an AI-driven ecosystem. In that sense, this may be less about a whole sector being permanently damaged and more about profits shifting within that sector.

For investors, this distinction is critical. Periods of structural change often lead markets to extrapolate recent trends and apply broad discounts. But as uncertainty gives way to information, dispersion tends to follow.



### Conclusion

If the first phase of AI has been characterized by market uncertainty and broad repricing, the next phase may be defined by transparency and differentiation.

Public listings by leading AI companies could accelerate that shift by giving investors a clearer view of where AI is creating value — and where it is not. In that future, the key question is not “Will AI disrupt industries?” but rather “How, and which companies benefit?”

We believe this is where active management can help most: using evidence to separate durable business models from those facing true AI-driven erosion. ▲

Companies mentioned are for illustrative purposes only and may not be relied upon as investment advice or as an indication of trading intent on behalf of any MFS product.

Keep in mind that all investments carry a certain amount of risk, including the possible loss of the principal amount invested.

The views expressed are those of the author(s) and are subject to change at any time. These views are for informational purposes only and should not be relied upon as a recommendation to purchase any security or as a solicitation or investment advice. No forecasts can be guaranteed. Past performance is no guarantee of future results.

#### GLOBAL DISCLOSURE

Unless otherwise indicated, logos and product and service names are trademarks of MFS® and its affiliates and may be registered in certain countries.

Distributed by: **U.S.** - MFS Investment Management; **Latin America** - MFS International Ltd.

**Please note that in Europe and Asia Pacific, this document is intended for distribution to investment professionals and institutional use only. In Canada, this document is intended for distribution to institutional clients only. In Qatar this document is strictly for sophisticated investors and high net worth individuals only.**

**Note to readers in Canada:** Issued in Canada by MFS Investment Management Canada Limited. **Note to UK and Switzerland readers:** Issued in the UK and Switzerland by MFS International (U.K.) Limited (“MIL UK”), a private limited company registered in England and Wales with the company number 03062718, and authorised and regulated in the conduct of investment business by the UK Financial Conduct Authority. MIL UK, an indirect subsidiary of MFS®, has its registered office at One Carter Lane, London, EC4V 5ER. **Note to Europe (ex UK and Switzerland) readers:** Issued in Europe by MFS Investment Management (Lux) S.à r.l. (MFS Lux) – authorized under Luxembourg law as a management company for Funds domiciled in Luxembourg and which both provide products and investment services to institutional investors and is registered office is at S.a r.l. 4 Rue Albert Borschette, Luxembourg L-1246. Tel: 352 2826 12800. This material shall not be circulated or distributed to any person other than to professional investors (as permitted by local regulations) and should not be relied upon or distributed to persons where such reliance or distribution would be contrary to local regulation; **Singapore** - MFS International Singapore Pte. Ltd. (CRN 201228809M); **Australia/New Zealand** - MFS International Australia Pty Ltd (“MFS Australia”) (ABN 68 607 579 537) holds an Australian financial services licence number 485343. MFS Australia is regulated by the Australian Securities and Investments Commission.; **Hong Kong** - MFS International (Hong Kong) Limited (“MIL HK”), a private limited company licensed and regulated by the Hong Kong Securities and Futures Commission (the “SFC”). MIL HK is approved to engage in dealing in securities and asset management regulated activities and may provide certain investment services to “professional investors” as defined in the Securities and Futures Ordinance (“SFO”); **For Professional Investors in China** – MFS Financial Management Consulting (Shanghai) Co., Ltd. 2801-12, 28th Floor, 100 Century Avenue, Shanghai World Financial Center, Shanghai Pilot Free Trade Zone, 200120, China, a Chinese limited liability company registered to provide financial management consulting services.; **Japan** - MFS Investment Management K.K., is registered as a Financial Instruments Business Operator, Kanto Local Finance Bureau (FIBO) No.312, a member of the Investment Trust Association, Japan and the Japan Investment Advisers Association. As fees to be borne by investors vary depending upon circumstances such as products, services, investment period and market conditions, the total amount nor the calculation methods cannot be disclosed in advance. All investments involve risks, including market fluctuation and investors may lose the principal amount invested. Investors should obtain and read the prospectus and/or document set forth in Article 37-3 of Financial Instruments and Exchange Act carefully before making the investments; **For readers in Saudi Arabia, Kuwait, Oman, and UAE (excluding the DIFC and ADGM). In Qatar strictly for sophisticated investors and high net worth individuals only. In Bahrain, for sophisticated institutions only: The information contained in this document is intended strictly for professional investors.** The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of MFS international U.K. Ltd (“MIL UK”). The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public. The information contained in this document, may contain statements that are not purely historical in nature but are “forward-looking statements”. These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser. Please note that any materials sent by the issuer (MIL UK) have been sent electronically from offshore. **South Africa** – This document, and the information contained is not intended and does not constitute, a public offer of securities in South Africa and accordingly should not be construed as such. This document is not for general circulation to the public in South Africa. This document has not been approved by the Financial Sector Conduct Authority and neither MFS International (U.K.) Limited nor its funds are registered for public sale in South Africa.