

94-04-D Two AI Worlds and SaaS

A Strategic Framework for Enterprises and SaaS Vendors

The Mistake Most Organizations Are About to Make

As the Agentic AI revolution accelerates, most enterprises and SaaS vendors are focusing almost exclusively on one question: How do we build AI agents?

- This is understandable.
- The technology is exciting.
- The demonstrations are compelling.
- The productivity gains are real.
- Yet this question addresses only half of the future.
- A deeper examination reveals that AI may evolve into two distinct worlds:

Cognitive Construction
and
Cognitive Operations

Organizations that recognize only the first world may inadvertently weaken their competitive position. Organizations that embrace both worlds may significantly strengthen their long-term moat.

The First World: Cognitive Construction

Cognitive Construction focuses on creating cognition.

Examples include:

- AI-generated agents
- Autonomous workflows
- Agent orchestration
- Prompt engineering
- Tool integration
- Workflow automation

The objective is build capability. This is where:

- Claude Code
- Codex
- Cursor
- Devin-like systems

are likely to thrive.

The inputs are largely Cognito-Static:

- Mission
- Resources
- Authority
- Outcomes

The outputs are:

- Agents
- Workflows

- Automations

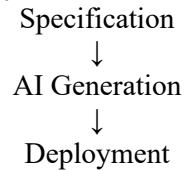
This world will likely become increasingly automated.

The Commoditization Pressure

Every major technology revolution follows a similar pattern.

- Initially, Capability is scarce.
- Later, Capability becomes abundant.

Agent creation may follow the same trajectory. Over time:



may become routine.

The result Agent construction becomes increasingly commoditized. This does not mean it becomes unimportant. It means it becomes less differentiating.

The Cattle Problem

Cloud computing introduced an important lesson:

- Servers are cattle, not pets.
- When a server fails: Replace, Redeploy, Continue

Agent construction may move toward the same model. Future enterprises may generate:

- thousands of agents,
- millions of workflow instances,
- disposable cognitive workers.
- The implementation becomes replaceable. This creates tremendous efficiency. But it also introduces a strategic risk.

The Second World: Cognitive Operations

The moment cognition is deployed, a second world appears.

Questions emerge such as:

- What is coupling to what?
- What consequences are propagating?
- What decisions are accumulating?
- What instability is emerging?
- What governance is required?
- What operational memory is being created?

These questions belong to: Cognitive Operations. The objective is: Preserve cognitive continuity and stability.

The Rise of Cognito-Dynamic Reality

Unlike construction, operations deals primarily with:

- Boundaries
- Coupling
- Consequences
- Stability
- Context
- Governance

These are Cognito-Dynamic properties. They cannot be fully specified beforehand. They emerge through operation. This means, the most valuable operational knowledge is accumulated after deployment.

Why Enterprises Should Care

Consider a large enterprise. Its moat is rarely the software itself.

Its moat is:

- institutional knowledge,
- operating history,
- decision history,
- customer relationships,
- accumulated expertise.

As agent construction becomes cheaper, these assets become more important. The strategic question becomes: How do we preserve and grow operational memory while agents come and go?

The answer is unlikely to be found in Cognitive Construction alone.

Why SaaS Vendors Should Care

Now consider a major SaaS vendor. Examples include:

- SAP
- Salesforce
- ServiceNow
- Workday
- Oracle

Historically their moat was:

Application
+
Workflow
+
Business Process Logic

Agentic AI threatens to commoditize much of the workflow layer.

Users increasingly interact through:

Agent
↓
API

User
↓
Screen
↓
Workflow

instead of:

This can weaken traditional SaaS moats.

The Strategic Shift

Many SaaS vendors are currently racing to build agents. This is necessary. But it may not be sufficient. The deeper opportunity may be: Own the Cognitive Operations layer.

Meaning:

- Enterprise Memory
- Decision History
- Governance History
- Consequence Intelligence
- Trust Systems
- Operational Knowledge

These become increasingly difficult to replace.

The New Moat

Historically, workflow was the moat.
In the Agentic Era, Operational Memory may become the moat.

The value migrates upward. From Application Logic to Cognitive Continuity

The Biological Lesson

Nature offers a useful analogy. Cells are constantly replaced. (they are ‘cattle’), but the organism persists.

The organism retains:

- memory,
- adaptation,
- identity,
- operational history.

The organism is the moat. The cells are not.

Similarly:

- Agents may become disposable.
- Operational memory may become priceless.

The Actant Identity Model

One possible solution is the separation of: Ephemeral Agent Identity and Permanent Actant Identity.

Agents come and go but the Actant persists.

Operational history remains attached to:

- trust,
- consequences,
- governance,
- stability,
- lineage.

The implementation changes. The memory survives.

Enterprise Strategy

Large enterprises should pursue both worlds simultaneously.

Cognitive Construction Strategy

Focus on:

- Agent creation
- Workflow automation
- Productivity gains
- Operational efficiency

Cognitive Operations Strategy

Focus on:

- Enterprise memory
- Decision traceability
- Governance
- Stability
- Consequence management

One creates capability. The other preserves continuity.

SaaS Vendor Strategy

SaaS vendors face an even more important decision.

They can compete solely in Agent Construction where commoditization pressure will be intense.

Or

They can evolve into Enterprise Cognitive Operations Platforms that preserve:

- operational memory,
- trust,
- governance,
- compliance,
- stability,
- decision lineage.

This creates a far more durable moat.

The Emerging Competitive Landscape

- Organizations that focus only on Cognitive Construction risk becoming builders of increasingly replaceable agents.
- Organizations that master Cognitive Operations may become custodians of accumulated enterprise intelligence.

The latter position is far harder to displace.

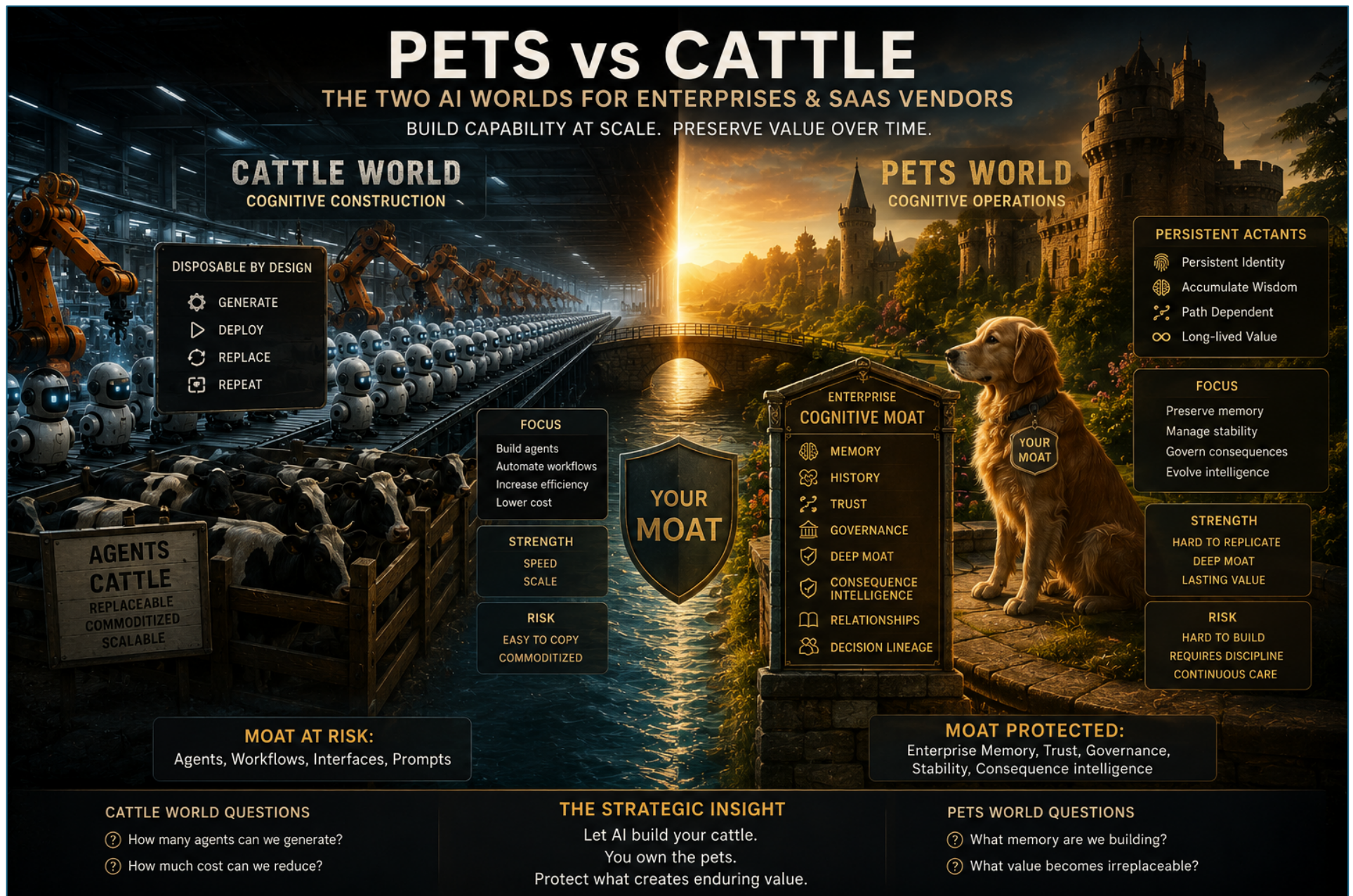
Final Insight

The Agentic Era is creating two worlds.

- The first world manufactures cognition.
- The second world preserves cognitive continuity.
- The first world is increasingly automatable.
- The second world accumulates value through time.

- For enterprises and SaaS vendors alike, the strategic question is no longer:
 - *How do we build AI agents?*
- It is:
 - *How do we preserve, govern, and strengthen the operational memory that survives long after individual agents have been replaced?*
- Those who master Cognitive Construction will create capability.
- Those who master Cognitive Operations may ultimately own the moat.

And the strongest organizations of the Cognitive Era will learn to operate in both worlds simultaneously.



Book Series Coming Soon ..

