

The gap between **AI-native startups** and incumbents

Marc Andreessen says it is the widest of his career. What the evidence shows, and what a board can do about it.



That gap is as wide as I've ever seen in my career.

Marc Andreessen, a16z podcast with Ben Horowitz and Chris Dixon, 22 October 2026. He says the gap between what AI-native startups and incumbents believe AI can do is still growing.

25%

**of Y Combinator's Winter 2025
startups had codebases about 95%
written by AI**

Jared Friedman, Y Combinator, via TechCrunch, March 2025. The same batch grew about 10% a week in aggregate, Garry Tan told CNBC.

23%

of organisations are scaling an AI agent anywhere in the enterprise

Most of them in one or two functions. About two-thirds have not yet begun scaling AI across the enterprise. McKinsey, The State of AI in 2025, 1,993 respondents.

Both sides use the **same models.**

A bank can sign for the same model a three-person startup uses, on the same day. The difference is how quickly each one lets its people act on what the model can do.

People who use AI on real work every day keep updating their sense of what is possible. People limited to a sandbox fall behind the models.

The path from idea to approved use

STARTUP

See the use

Decide

Build

Ship

An afternoon

INCUMBENT

Business case

Procurement

Security and data review

Risk committee, budget cycle

Often nine to twelve months

Incumbent timing is my own experience across clients, not a survey.

What incumbents still hold

- 01 Years of customer and operational data
 - 02 Distribution, with customers and procurement already won
 - 03 Licences in banking, insurance, healthcare and utilities
 - 04 Balance sheets that can absorb a bad year
 - 05 The trust of regulators
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That buys time in regulated markets. It helps only those who use it.

The challenger is likely to start in a neighbouring field.

A logistics platform that adds payments and credit. An accounting tool that starts to lend. A facilities startup that adds leasing.

None of them appear on a list of direct competitors, because none of them started in your industry.

Five actions for the board

- 01** Measure the time from approved AI idea to first real use
 - 02** Set approval paths by risk tier, each with a deadline
 - 03** Give senior leaders hands-on time with current tools
 - 04** Add neighbouring-field companies to the competitor review
 - 05** Fund one small team to build under real governance
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Shorten the path from idea to approved use.

Keep full review for high-risk uses. Give low-risk uses a fast path. Report approval time alongside risk.



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