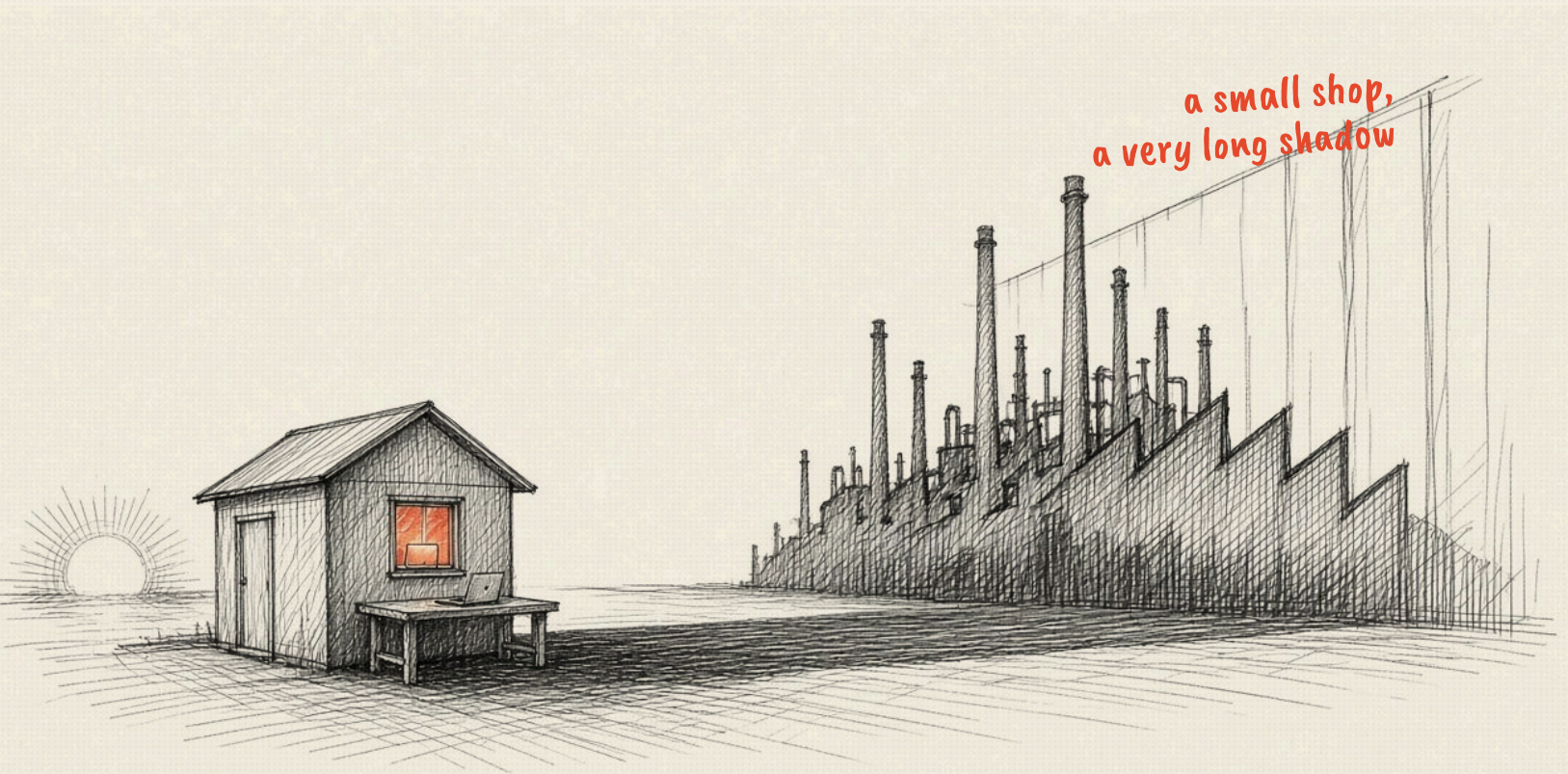


A FIELD GUIDE TO

Intelligence *Capitalism*

Close Encounters with Cognitive Abundance



DOCUMENTED

Facts drawn from sources cited in the book, with dates.

ILLUSTRATIVE

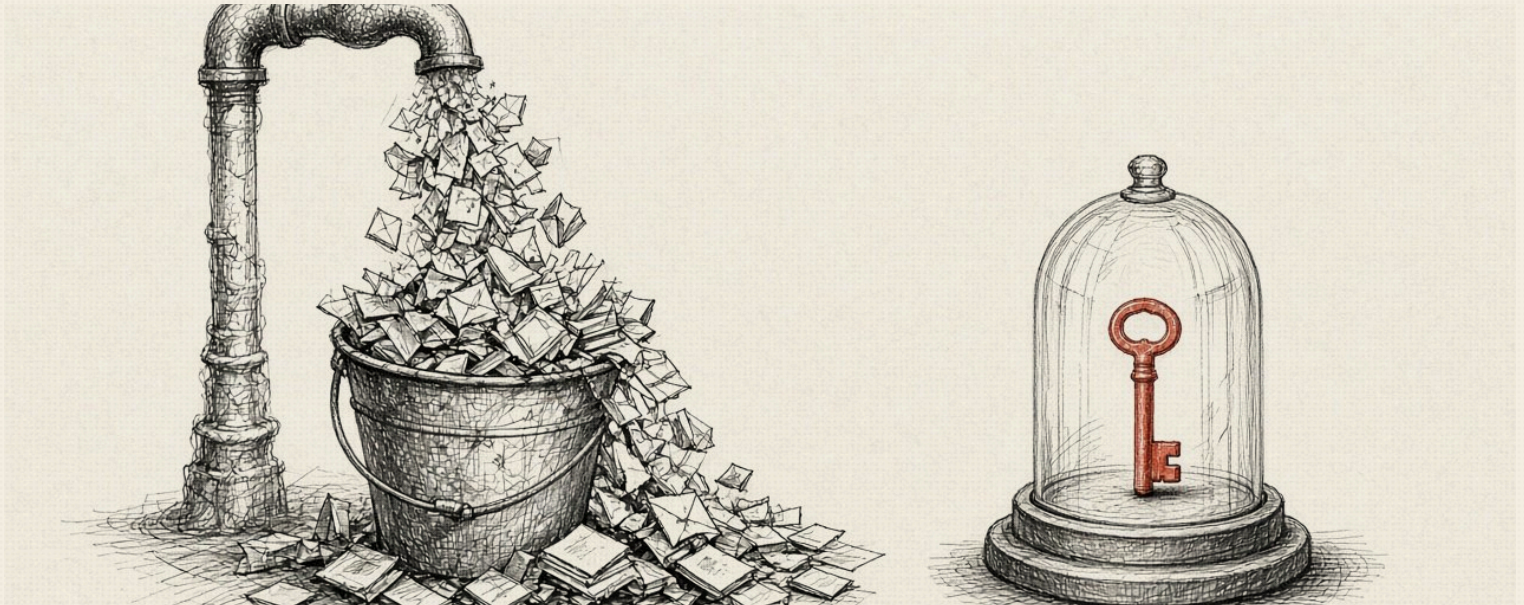
Examples built to explain an idea. Not evidence.

CONCEPT

A framework or diagram from the book's argument.

02 The falling cost of expertise

What becomes abundant, and what remains scarce?



For most of history, expert answers were expensive because experts were scarce. A first draft of a contract, a market analysis, a working piece of code, a finished illustration: each took a trained person's hours. AI is pushing the price of that first draft toward the cost of computation.

Cheap is not free. Inference, retrieval, verification, security, and correction still sit on the bill. The book compares the shift to storage: in 1980 a gigabyte of disk cost a few hundred thousand dollars, and today it costs a few cents. Once a resource is that cheap, the question stops being how to afford it and becomes what to build on top of it.

DOCUMENTED FROM THE BOOK'S SOURCES

In August 2022, Jason Allen took first place in his category at the Colorado State Fair fine arts competition with an image made using a \$10 monthly Midjourney subscription and roughly eighty hours of prompting and editing.

In April 2026, DeepSeek priced a preview of its V4 model at between a tenth and a quarter of comparable Western models.

APPLY IT



In your field, which piece of expert work just became cheap, and what does the customer still need a person for?

WHAT MOVES, WHAT STAYS

CONCEPT

BECOMING ABUNDANT

first drafts
routine analysis
standard code
stock images
summaries
translations

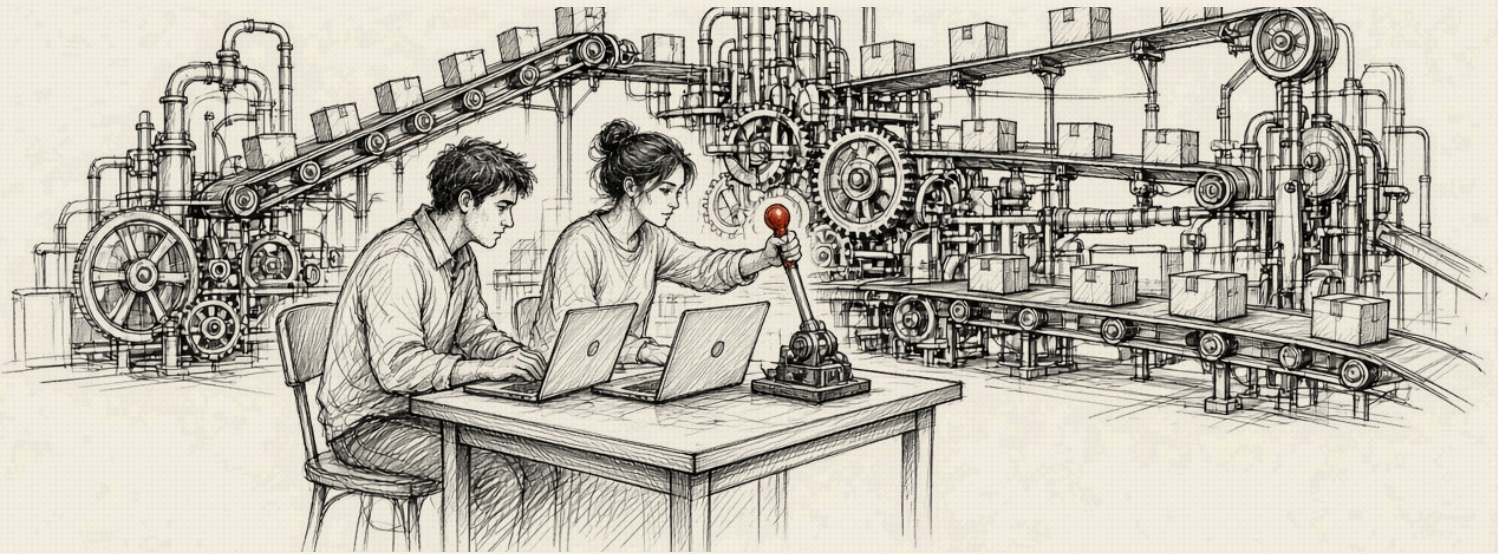
STAYING SCARCE

trust
proprietary data
customer relationships
distinctive workflows
judgment
accountability

The scarce column is the book's list. The abundant column is illustrative.

03 The machine-scale firm

How output can grow faster than headcount, and where human judgment still matters.



Large firms grew large because coordination was expensive. In 1937, Ronald Coase observed that firms expand when directing work inside an organization is cheaper than negotiating, verifying, and correcting it through the market. AI attacks that coordination cost directly. When software can route, check, and translate, more output no longer requires a matching layer of managers.

Revenue per employee becomes a useful signal, but the book calls it a diagnostic, not a goal. A high figure can also reflect outsourced labor, thin support, or dependence on a platform the firm does not control.

DOCUMENTED FROM THE BOOK'S SOURCES

MEDVi, a telehealth company, served 250,000 customers in 2025 and took in \$401 million in revenue with two direct employees, according to a New York Times profile in April 2026. It owned the patient relationship and rented licensed clinical and pharmacy services.

Klarna said its AI assistant did the workload of 700 agents, an estimate of equivalence rather than a count of dismissals. In May 2025, it said it was hiring human agents again.

APPLY IT



If this firm doubled its customers next year, which roles would have to grow, and which would not?

THE THREE-LAYER FIRM

CONCEPT

OWN

The customer relationship
trust · brand · the data it
generates

AUTOMATE

The operational middle
routing · service · scheduling ·
checks

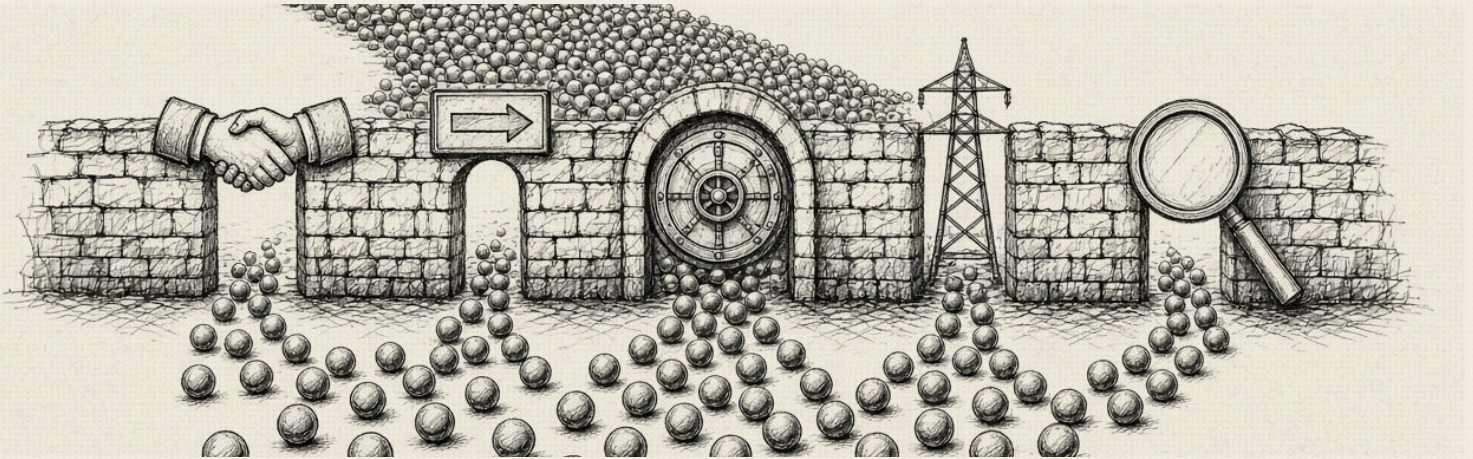
RENT

The infrastructure
models · compute · licensed
partners

*People stay where the exceptions, the
accountability, and the customer's trust live.*

04 The new bottlenecks

Trust, distribution, proprietary data, energy, and verification.



When one input becomes abundant, value moves to whatever is still scarce. A small team can now generate analysis, code, and content at a volume that once required departments. The constraint shifts downstream, to the narrow gates that output has to pass through before anyone will pay for it.

The book is precise about what cheap intelligence cannot do. Proprietary data, embedded workflows, regulatory credibility, brand, and distribution remain durable assets. Cheaper intelligence lowers the cost of using those assets. It does not create them.

FIVE NARROW GATES

MOSTLY DOCUMENTED

Trust

In *Moffatt v. Air Canada* (2024), a tribunal held the airline to a refund policy its own website chatbot had invented.

Distribution

Answer engines can deliver a publisher's facts without the click, the page view, or the subscription that paid for them.

Proprietary data

Recursion has built a dataset of more than 50 petabytes from millions of automated experiments.

Energy

On August 17, 2026, OpenAI announced a deal for about eight gigawatts of IT capacity at one campus in Ohio.

Verification

When fluent content is cheap, trusted sourcing and accountable judgment earn what the book calls a verification premium.

Trust, data, and energy rows are documented. Distribution and verification rows summarize the book's argument.

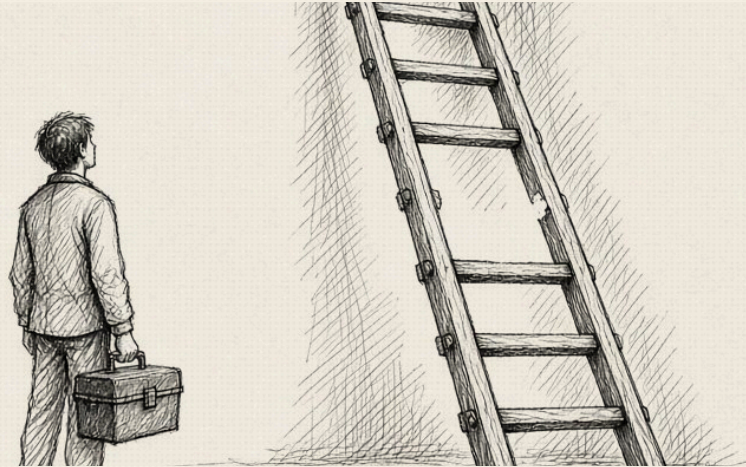
APPLY IT



Which of the five gates does this company control, and which does it rent from someone who could raise the price?

05 Tasks versus jobs

What gets automated, what gets reorganized, and what happens to learning and apprenticeship?



AI rarely takes a whole job at once. It takes tasks, and a job is a bundle of them. Some tasks are delegated outright, some are reorganized around a person who frames, checks, and decides, and some stay human because someone has to be accountable.

The hidden cost sits at the bottom of the ladder. Junior work was never only output. It was how future experts learned. The book calls the result judgment debt: the delayed liability created when automation removes the work through which future experts gain experience. Payroll falls immediately. The cost arrives later.

DOCUMENTED FROM THE BOOK'S SOURCES

In the Stanford Digital Economy Lab's June 2026 payroll update, early-career employment fell or grew more slowly in occupations where AI use leaned toward full delegation. Where AI mainly assisted a person, there was no clear effect.

SignalFire's 2025 talent report measured two things. New graduates made up 7 percent of hires at large technology companies in 2024. Separately, the number of new-graduate hires was down more than 50 percent from 2019. Interest rates and post-pandemic hiring reversals also play a part.

APPLY IT

→ If the junior tasks disappear, how will the next senior person in this field learn the job?

SORTING THE TASKS

ILLUSTRATIVE

A JUNIOR ANALYST'S WEEK, SORTED

AUTOMATED

gather the data
build a first draft
format the deck

REORGANIZED

check numbers against reality
edit the machine's draft

STILL HUMAN

present to the client
notice what looks wrong
own the call

↑ the first column is where people used to learn to notice what looks wrong.

06 Who captures the value?

Customers, workers, founders, platforms, and infrastructure owners.



Productivity gains do not distribute themselves. They flow to whoever holds the scarce position when prices adjust. The same efficiency can appear as a lower price for customers, higher pay for a few workers, a founder's margin, a platform's fee, or an infrastructure owner's rent.

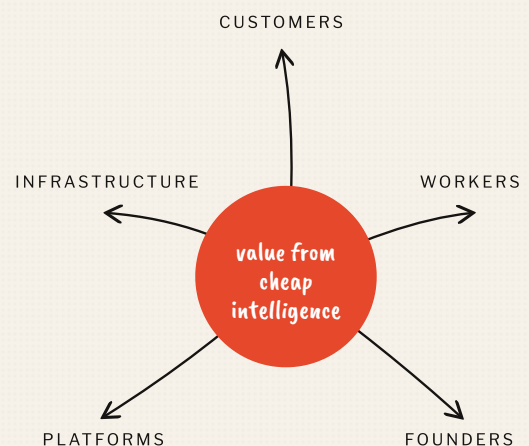
The book's warning for builders is that a product resting on someone else's model is exposed. A supplier that can raise prices or launch a rival product can take back the margin that cheap intelligence seemed to create.

DOCUMENTED FROM THE BOOK'S SOURCES

Third-party estimates have placed Midjourney and Cursor, both private, at several million dollars of annualized revenue per employee, against a pre-AI software range of roughly \$200,000 to \$400,000. The book lists the liabilities too: Midjourney faces copyright litigation, and Cursor depends on model providers that can build competing products.

FIVE HANDS ON THE PIE

CONCEPT



Customers: lower prices, once rivals copy the gain.

Workers: fewer roles per unit of output, higher pay for those who frame and verify.

Founders: unusual revenue per employee, while the window stays open.

Platforms: model providers that can reclaim the margin.

Infrastructure: chips, power, and data centers every layer must rent.

APPLY IT



Pick one AI product you use. Who would lose the most if its model provider doubled the price?

07 The abundance paradox

Cheaper capabilities can expand markets while intensifying competition and compressing margins.



In 1865, William Stanley Jevons argued that more efficient use of coal would raise total coal consumption, not reduce it. Cheaper intelligence can behave the same way. A lower cost per task invites far more tasks, and markets expand.

The catch is that the same price drop is available to every competitor. The book calls this the margin trap: the loss of advantage when the AI capability behind a product becomes cheap, widely available, or controlled by a supplier that can reclaim the margin. Abundance is good for buyers. It is hard on anyone whose only edge was the capability itself.

DOCUMENTED FROM THE BOOK'S SOURCES

On January 27, 2025, a week after DeepSeek released its R1 reasoning model at inference prices far below those of OpenAI's o1, NVIDIA lost \$593 billion in market value in a single trading session.

At Klarna, the book notes that faster, easier service can raise total contact volume, so a constant automation rate still sends a growing number of hard cases to people.

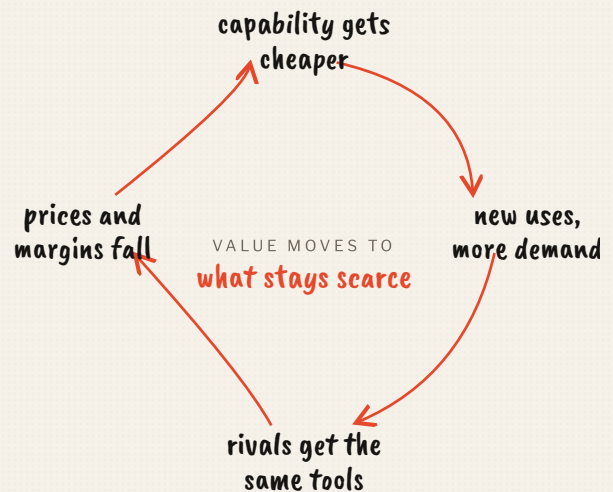
APPLY IT



If every competitor gets the same AI tomorrow, what will this business still have that they do not?

THE PARADOX LOOP

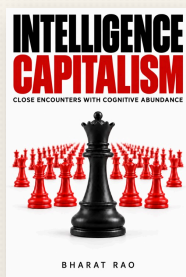
CONCEPT



08 Your field checklist

Ten questions for assessing a company, an industry, or a business idea.

- | | | |
|------------------------------------|----------------|---|
| ☐ 1 | OWNERSHIP | What does it own that cannot be rented: the customer relationship, the workflow, or the data? |
| ☐ 2 | COORDINATION | Which part of its work is coordination, and how much of that can software absorb? |
| ☐ 3 | SCALE | If output doubled, which roles would have to grow, and which would not? |
| ☐ 4 | BOTTLENECKS | Which gate does it control: trust, distribution, proprietary data, energy, or verification? |
| ☐ 5 | DEPENDENCY | Which models or platforms does it rely on, and could it switch if the terms changed? |
| ☐ 6 | DURABILITY | Is its advantage a lasting asset, or a temporary window that rivals will close? |
| ☐ 7 | VALUE | Who captures the savings: customers, workers, founders, platforms, or infrastructure owners? |
| ☐ 8 | MARGIN | If every rival had the same AI tomorrow, would the margin survive? |
| ☐ 9 | ACCOUNTABILITY | Where does human judgment sit, and who answers when the system is wrong? |
| ☐ 10 | JUDGMENT DEBT | How will it train the next generation of experts, or is it borrowing against them? |



THE BOOK · BY BHARAT RAO

Intelligence Capitalism

Close Encounters with Cognitive Abundance

For a century, large firms existed because human judgment was scarce and expensive to coordinate. *Intelligence Capitalism* follows what happens when AI absorbs a growing share of that coordination, and which companies are already built on the new logic.



scan for the
book