

# Has the Market Mispriced AI's Impact on SaaS? Software Equity Group Updates Industry Report

*SEG's analysis suggests investors may be underestimating the positive effects AI could have on software company profitability and cash flow generation.*

ENCINITAS, CA, UNITED STATES, June 15, 2026 /EINPresswire.com/ -- As public software valuations continue to reflect concerns that AI will commoditize software and break down competitive moats, Software Equity Group (SEG) has updated its report, ["The AI Reset: How SaaS Founders Can Reinvent, Defend, or Exit Stronger."](#)

SEG's analysis suggests investors may be underestimating the positive effects AI could have on software company profitability and cash flow generation.

"The future of SaaS will likely look different than the past decade, but that doesn't necessarily mean the end of SaaS," said Allen Cinzori, Managing Partner, SEG. "In many cases, AI may strengthen the economics of software businesses even as it changes how software is built and delivered."

While concerns about AI-driven disruption have weighed on software stocks and influenced investor behavior, SEG's latest analysis argues that the long-term impact is likely to be far more nuanced. While some categories may face pricing pressure, software businesses with deep workflow integration, proprietary data, regulatory complexity, and high switching costs may prove more resilient than market sentiment suggests.

The report also examines a growing disconnect between short-term market fears and the underlying economics of software businesses. While AI may lower barriers to entry and increase competitive pressure in some categories, it also has the potential to significantly improve efficiency, reduce operating costs, accelerate product development, and expand profit margins in others.



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New findings include:

- Why lower software development costs do not necessarily translate into lower enterprise values.
- How AI-driven productivity gains could improve operating leverage and profitability across the software sector.
- Why software companies with strong workflow ownership and switching costs may be more resilient than recent valuations have implied.
- A framework for distinguishing between categories most vulnerable to AI disruption and those positioned to benefit.

The release comes at a time when investors, operators, and acquirers are seeking clarity on how AI will affect software company valuations and long-term competitiveness.

"The biggest misconception is that AI will automatically replace software," Cinzori said. "In many cases, AI still needs a system of record, a workflow engine, and a trusted source of business data to deliver value. That's where many established software platforms continue to have an advantage."

The updated report is available at:

<https://softwareequity.com/ai-impact-on-saas>

#### About Software Equity Group

Software Equity Group is a leading M&A advisory firm exclusively focused on B2B software, SaaS and AI. Since 1992, SEG has advised growth-stage and founder-led software companies, combining deep sector expertise with a data-driven approach to achieve exceptional outcomes. Learn more and download research at [softwareequity.com](https://softwareequity.com)

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