

# State of AI



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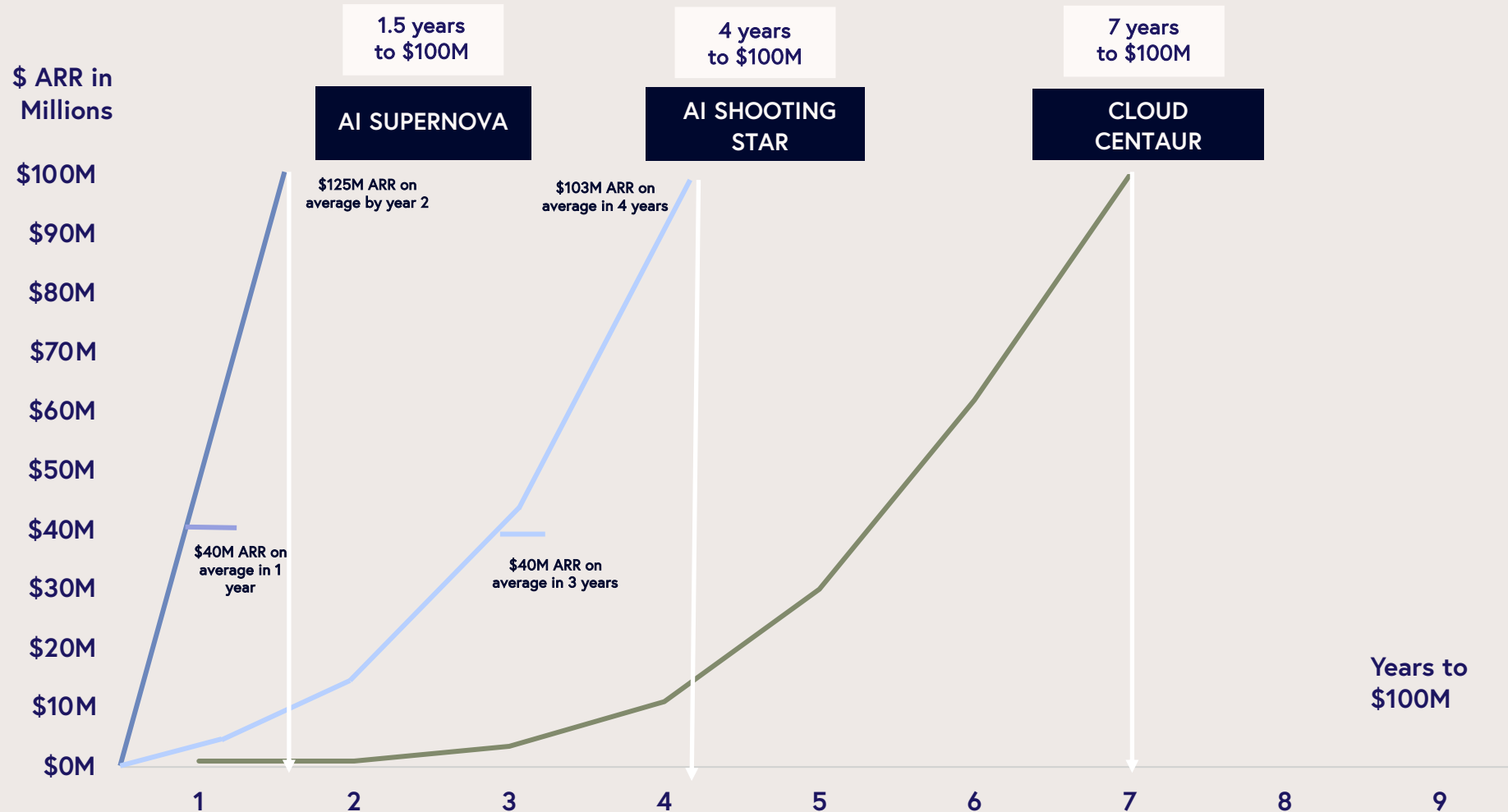


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# The new \$100M ARR growth curve for AI startups



Source: Bessemer research from portfolio data

## AVERAGE RATES OF GROWTH

### SUPERNOVAS

Year 1 - \$40M ARR  
Year 2 - \$125M ARR

### SHOOTING STARS

Year 1 - \$3M ARR  
Year 2 - \$12M ARR  
Year 3 - \$40M ARR  
Year 4 - \$103M ARR

### CLOUD CENTAUR

On average, the top private cloud companies reach \$100M ARR in < 7 years.



# AI benchmarks: Supernovas vs. Shooting Stars

What great AI startups look like in 2025



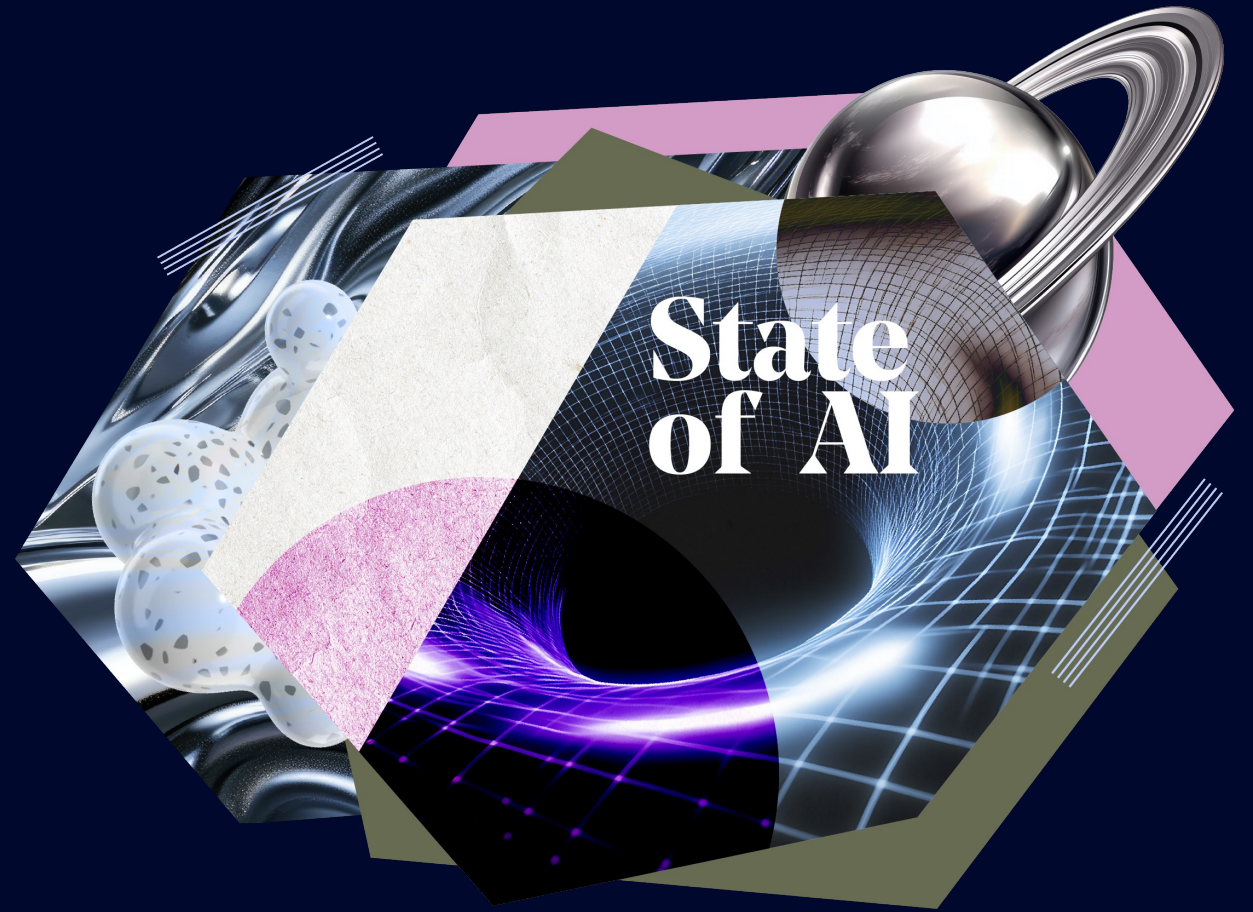
## SUPERNOVAS

Year 1	\$40M ARR
Year 2	\$125M ARR
Gross margins	~25%*
ARR/FTE	\$1.133M

## SHOOTING STARS

Year 1	\$3M ARR
Year 2	\$12M ARR
Year 3	\$40M ARR
Year 4	\$103M ARR
Gross margins	60%
ARR/FTE	\$164K

\*For AI Supernovas, gross margins are often negative



# Predictions



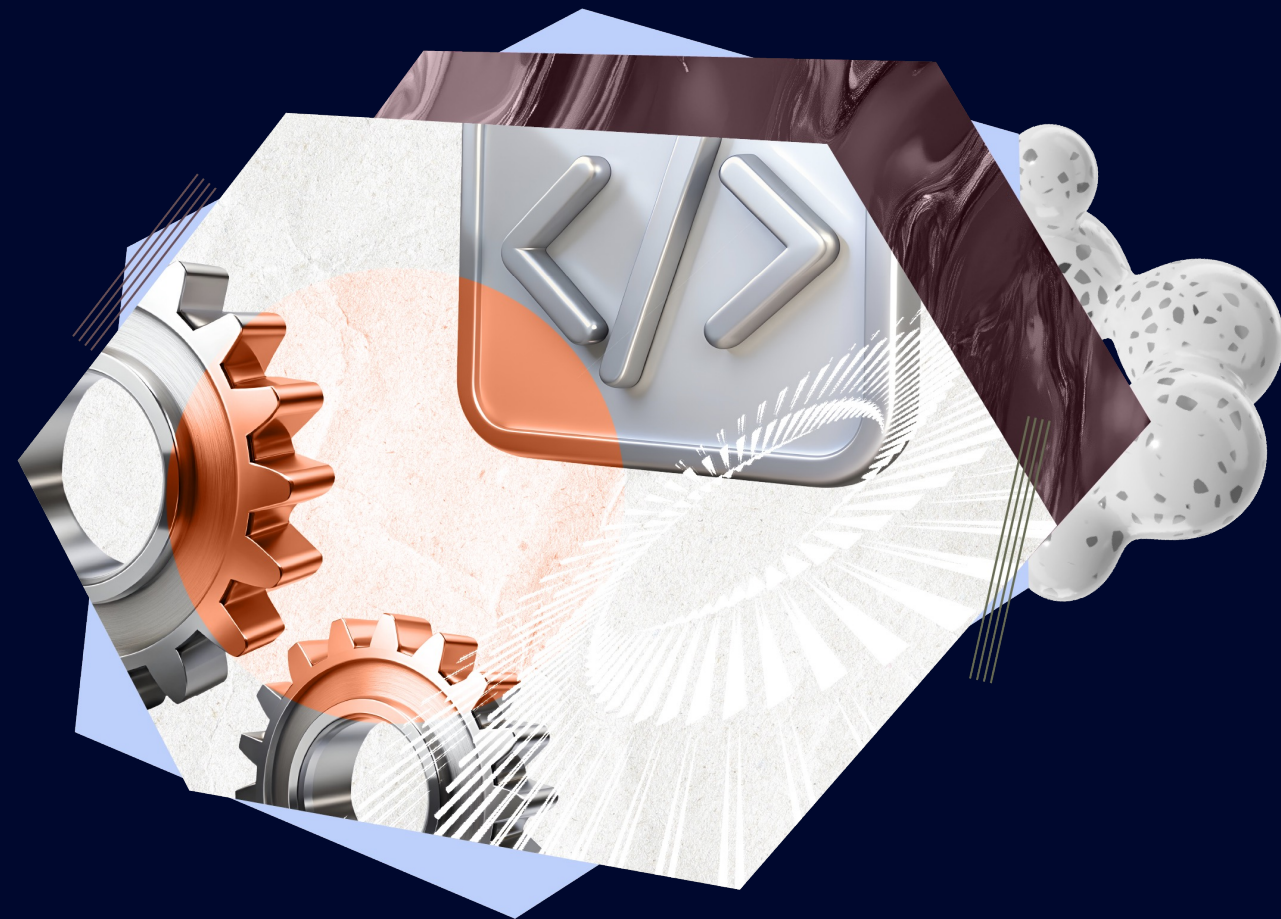
## PREDICTION 1

# The browser will emerge as a dominant interface for agentic AI

As agentic AI matures, the browser is emerging as the dominant interface—not just for navigation, but for end-to-end autonomous execution.

Unlike voice, browsers offer a contextual, ambient surface embedded in daily workflows. Tools like Comet and Dia preview a future where AI runs natively at the operating layer—automating tasks, reasoning across tabs, and executing high-level user intent.

We expect new AI-native browsers from OpenAI, Google, and others to push this frontier. The next browser wars are already underway.



## PREDICTION 2

# 2026 will be the year of generative video

**2024 was the breakout year for generative images, 2025 for voice—and 2026 is shaping up to be video's moment.** Advances in model quality (Veo 3, Sora, Kling, Marey) and falling costs are collapsing video's complexity barrier, driving mainstream adoption.

**We also expect the next 12 months to clarify the market structure for generative video: Do large labs win it all? Will open-source catchup? Are there advantages to real-time and low latency use cases?**

**From cinematic storytelling to customer engagement, generative video is poised to reshape entertainment, marketing, education, and beyond.**





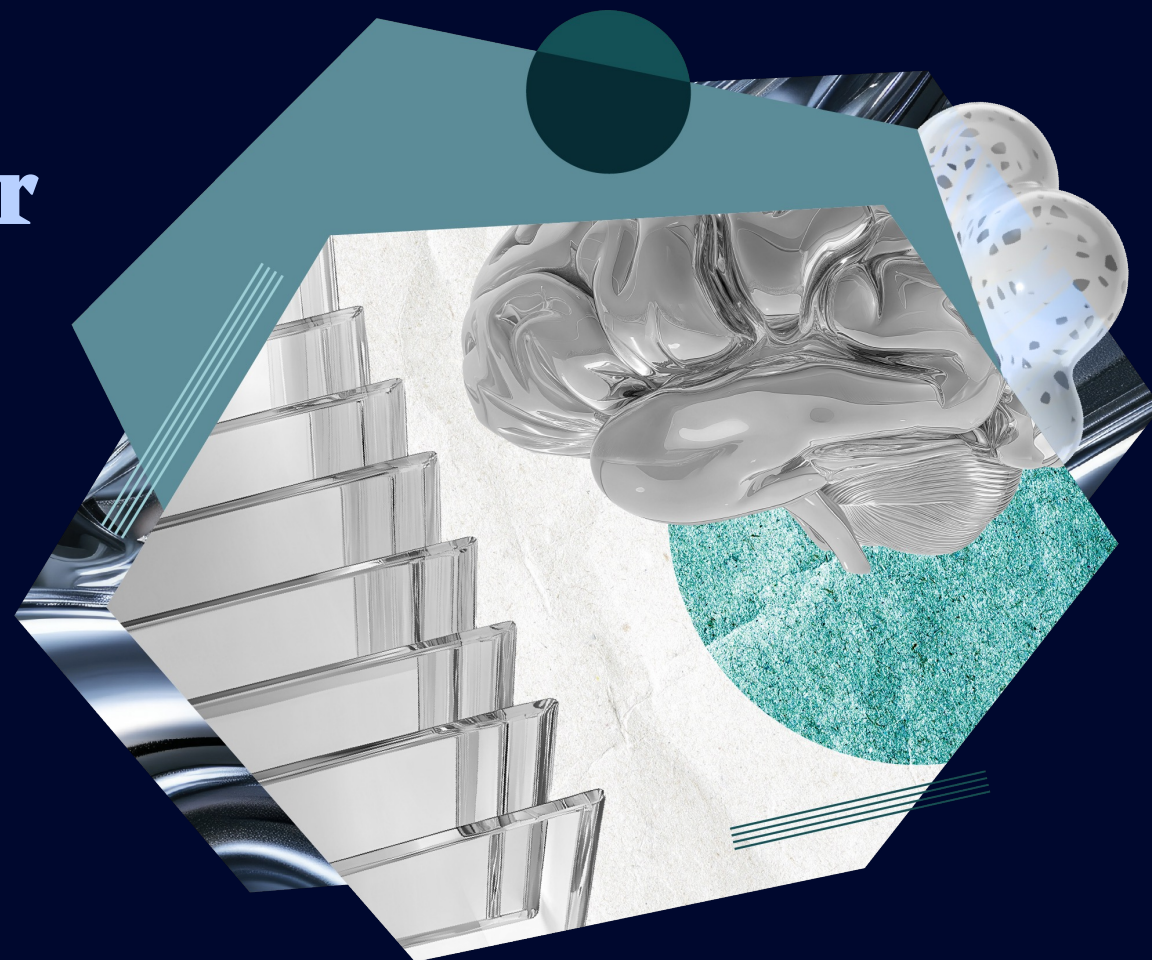
## PREDICTION 3

# Evals and data lineage will become a critical catalyst for AI product development

Most companies still can't assess model performance in their real-world contexts. Public benchmarks fall short—missing nuance around workflows, compliance, and business-critical use.

Enterprises don't just want performance—they want confidence. That requires reproducible evaluation tailored to their own data and risk profile. As model performance converges, the real edge is knowing when, where, and why your model works.

That's why in 2025 and 2026 evals will go private, grounded, and trustworthy—and enterprise AI deployment will accelerate. Startups that make evals explainable, scalable, and production-ready will power the next wave of enterprise AI adoption.



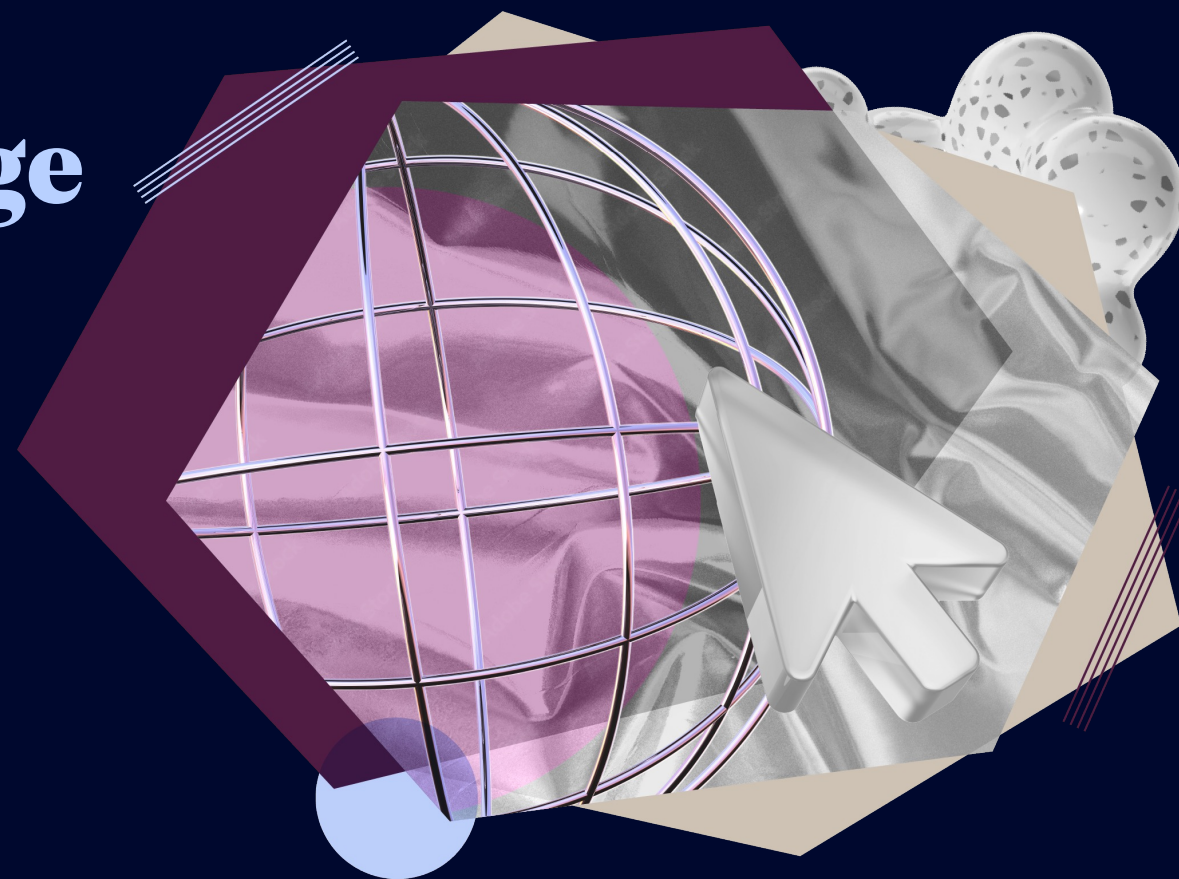
## PREDICTION 4

# A new AI-native social media giant could emerge

Major shifts in consumer technology have historically paved the way for new social giants. PHP enabled Facebook. Mobile cameras made Instagram possible. Advances in mobile video propelled TikTok.

It's hard to imagine that the new capabilities enabled by generative AI won't lead to a similar breakout.

Whatever shape it takes, advancements in voice interaction, long-term memory, and image and video generation are clear fuel for the next social media breakout. The winning platform might launch with a mainstream splash or emerge from a niche community before rapidly expanding into a full-fledged ecosystem.





## PREDICTION 5

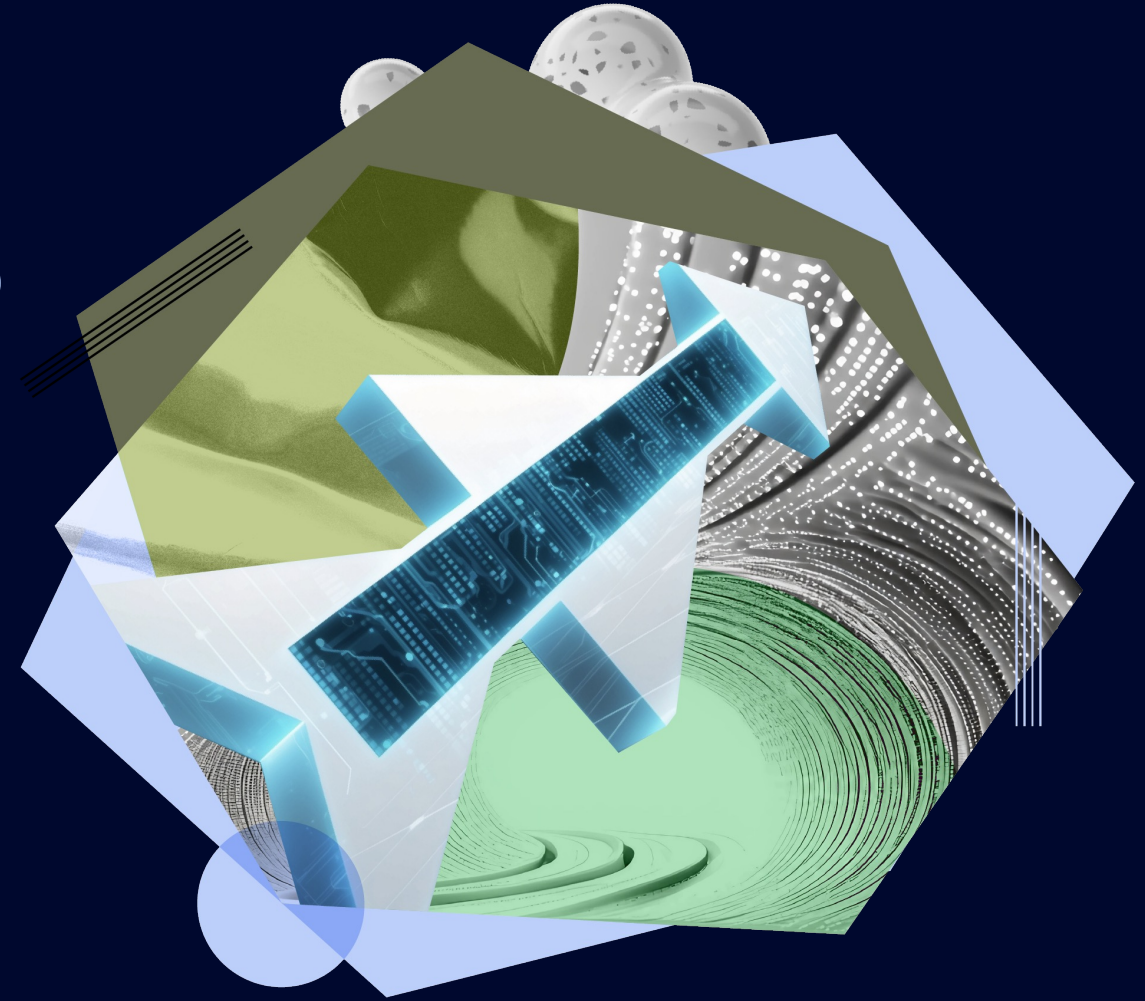
# The incumbents strike back as AI M&A heats up

After two years of rapid disruption by AI-native startups, the enterprise giants are striking back—not by rebuilding from scratch, but by acquiring the capabilities they need to catch up.

In 2025 and 2026, we expect to see a surge in M&A activity as incumbents move aggressively to buy their way into the AI era.

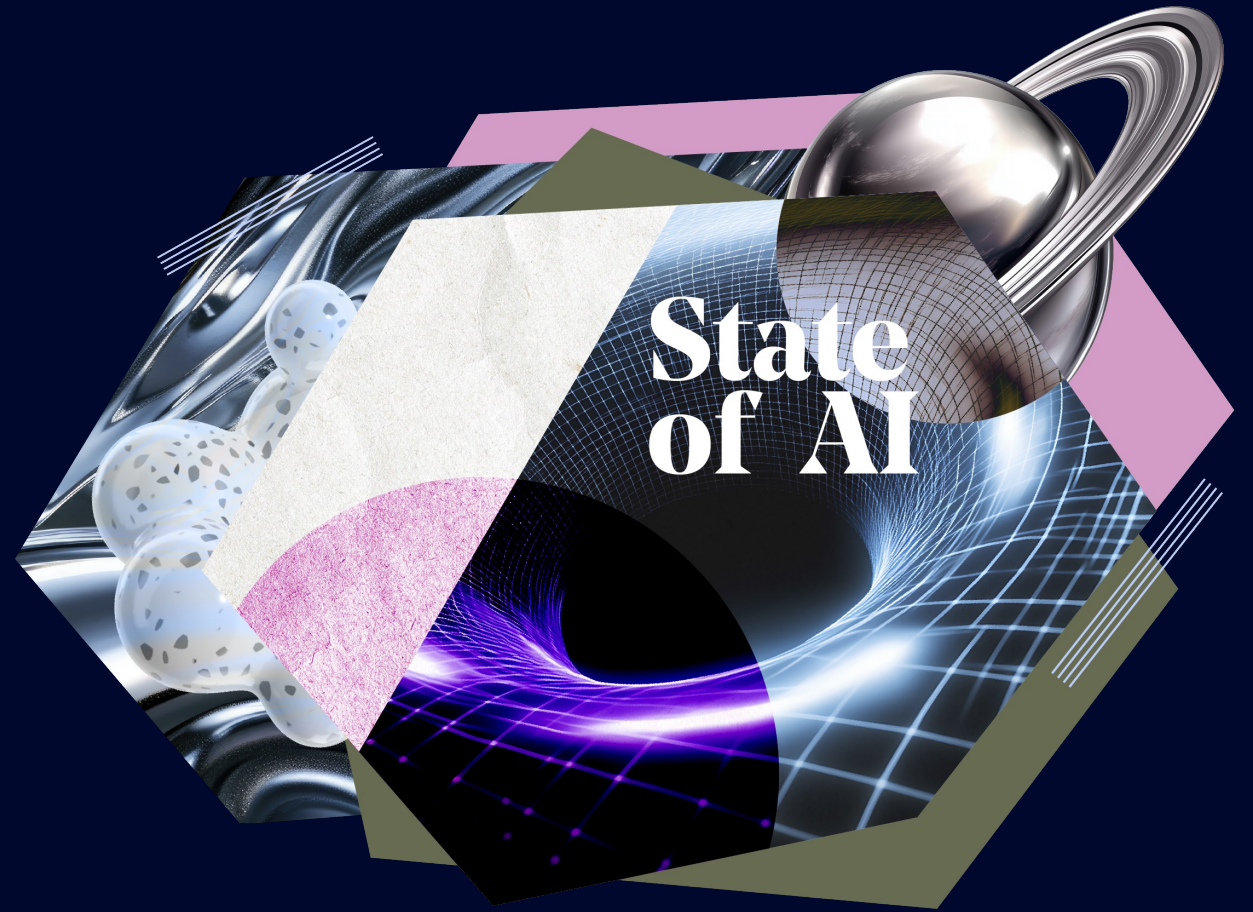
### Founder takeaways:

- Expect strategic interest. If you're building domain-specific or infra-layer AI, legacy players may come knocking.
- Be defensible. Strong moats, traction, and embedded workflows = leverage.
- Know where incumbents lag—fill the gap faster, and you're invaluable.

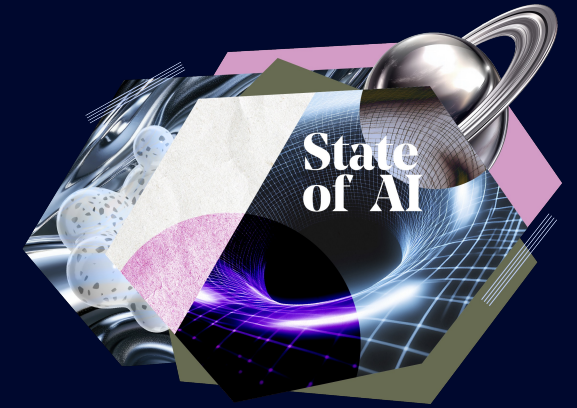




# What founders need to know



# Top takeaways for founders



**Two AI startup archetypes are winning:** On average, *Supernovas* hit ~\$100M ARR in 1.5 years—but often with fragile retention and thin margins; *Shooting Stars* grow like stellar SaaS: \$3M to \$100M over 4 years, with strong PMF and healthy margins.



**Memory and context are the new moats:** The most defensible products will remember, adapt, and personalize. Persistent memory and semantic understanding create emotional and functional lock-in.



**Systems of action are replacing systems of record:** AI-native apps don't just store data—they act on it. Don't bolt AI onto legacy software—reimagine the entire workflow.



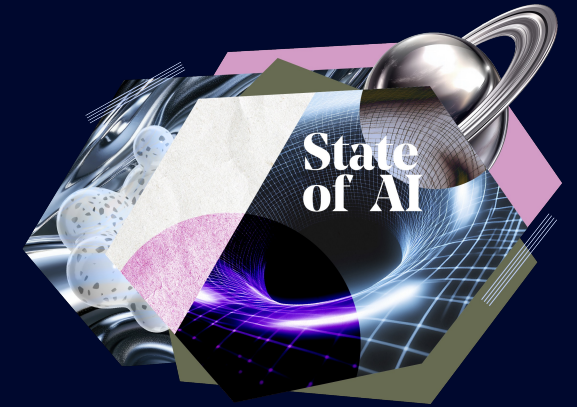
**Start with an AI wedge:** Solve a narrow, high-friction problem (e.g., legal research, sales notes). Deliver 10x value fast—then expand.



**The browser is your canvas:** Agentic AI is shifting to the browser layer—now a programmable environment where agents observe and execute. Build for this surface; it's the new operating layer.



# Top takeaways for founders



**Private, continuous evaluation is mission-critical:** Public benchmarks aren't enough. Enterprises demand trusted, explainable performance. Build in eval infrastructure from



**Speed of implementation is a strategic advantage:** Onboarding that once took months now takes hours. Codegen, auto-mapping, and natural language interfaces collapse vendor lock-in.



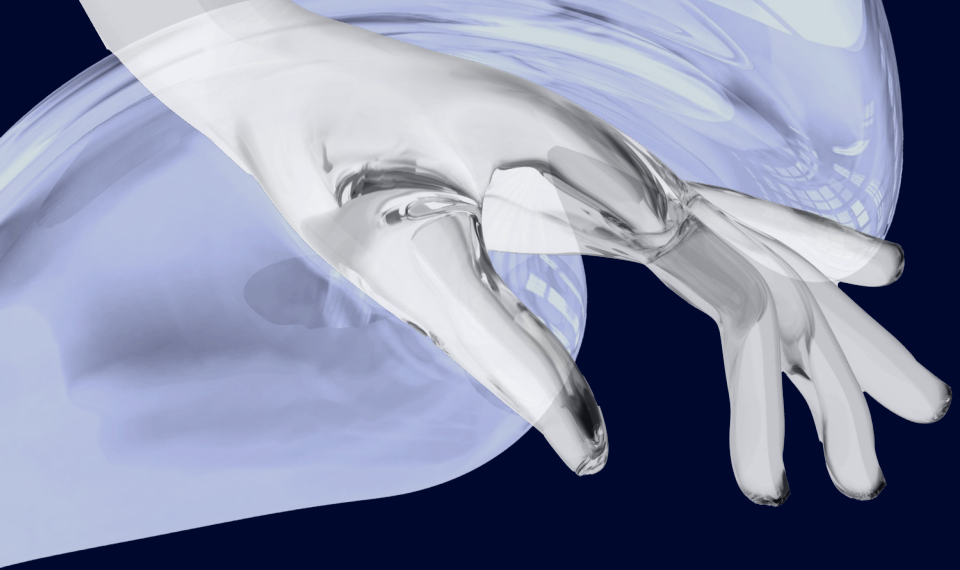
**Vertical AI is the new SaaS:** "Technophobic" industries are adopting AI fast. Win by embedding deeply, proving ROI from day one, and scaling quickly.



**Incumbents are awake—and acquisitive:** SaaS giants are buying their way into AI. Build technical and data moats. Be M&A-ready but operate like you'll own the category.



**Taste and judgment are your differentiators:** In a world of agents and automation, human insight is the edge. Founders who intuit what *should* exist—not just what *can*—will define the next era.



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