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The 1Q26 Industry AI Report

*The Global AI Divide. How the market rewards
Value Creators and punishes Margin Defenders
across six industries.*

Scott Penberthy

SCOTT.AI

4,198 PUBLIC COMPANIES
6,103 AI USE CASES
QUARTERLY SERIES

METHODOLOGY

The Alpha / Delta Correlation

A cross-sectional analysis of risk-adjusted performance. We correlate each company's score with the *business focus* of its AI portfolio and the *occupations* that portfolio is aimed at. The goal is to isolate the behaviors the market is actively rewarding.

In this report, "we" and "our" refer to the author working in partnership with his AI collaborators.

Our core performance metric is the **Information Ratio (IR)**. IR equals relative return divided by volatility. Relative return is the stock's return over its own index benchmark (SPY, MDY, IJR, or IWM). Volatility is its 3-month annualized standard deviation. IR separates companies generating genuine Alpha from those riding market waves or carrying excess risk. Companies with **IR > 0.5** are classified as Winners. Those with **IR < -0.5** are classified as Dogs.

Against those performance tiers, we classify each AI application on two axes. The first is the **business focus** it serves. The options are RUN, BUILD, or GROW. The second is the **target occupation** it augments or replaces.

Business Focus: Run, Build, Grow

RUN

Operate the Existing Business

AI applied to today's processes. It automates workflows, cuts unit costs, and reduces headcount in repetitive tasks. Defensive. Margin-preserving.

BUILD

Create New Capability

AI used to invent new products, models, or proprietary assets. Think molecules, algorithms, and autonomous systems. Offensive. Moat-creating.

GROW

Expand the Top Line

AI deployed to deepen customer relationships, unlock pricing power, or open new markets. Revenue-accretive rather than cost-reductive.

SCOPE & DEFINITIONS

The Sample Universe

The analysis spans publicly traded companies across six industry pillars, with a global scope enabled by their presence on U.S. exchanges.

4,198

PUBLIC COMPANIES

6,103

AI USE CASES

244

INTERNATIONAL ADRS

Geographic Coverage

The sample is anchored in U.S.-listed equities but extends globally through **American Depositary Receipts (ADRs)**. 244 international companies trading as ADRs on NYSE, Nasdaq, and OTC markets are included alongside domestic issuers. This provides cross-border visibility into European, Asian, and Latin American champions. It avoids the data-quality compromises of off-exchange analysis.

Occupation Taxonomy

Each AI application is mapped to the occupations it targets using the **U.S. Standard Occupational Classification (SOC)**, administered by the Bureau of Labor Statistics. SOC provides a consistent, government-maintained vocabulary for roles. Examples range from "Radiologists (29-1224)" to "Heavy Truck Drivers (53-3032)". This common vocabulary enables like-for-like comparison of how companies deploy AI across the same labor categories.

Personal work. These are the author's personal observations. They do not represent the views of his employer or any advisory boards he serves on. This is a quarterly personal research project. The author maintains it to stay hands-on with modern AI practice, including short-form video creation, driving attention, and building agentic pipelines.

Not investing advice. This report is a technical analysis of 1Q26 risk-adjusted performance correlated with observed AI application patterns by business focus (Run / Build / Grow) and by SOC-coded occupation. Nothing herein constitutes a recommendation to buy, sell, or hold any security. Past performance is not indicative of future results.

PILLAR ONE

Healthcare Discovery vs. Administration

The companies generating Alpha in healthcare are not the ones making doctors type faster. They are the ones compressing a decade of drug discovery into a handful of quarters.



EXHIBIT 1 Generative platforms have collapsed the molecular-design cycle from years to months.

THE DELTA

The split between inventing tomorrow's cures and managing today's paperwork.

THE WINNERS · THE INNOVATORS

Silicon Scientists

Top performers build proprietary generative platforms to design new medicines and identify drug targets in months rather than years. One major player saved over **\$1 billion in 2025** by using AI to accelerate its design cycle.

THE LOSERS · THE OPTIMIZERS

Paperwork Band-Aids

Underperformers reduce headcount in pathology or save 15 minutes of doctor typing time. Efficient, but commodity tools with no competitive moat.

PILLAR TWO

Financial Services Alpha Algorithms vs. Process Patching

In finance, the market no longer pays for AI that lowers unit costs. It pays for AI that generates a proprietary information edge. That edge moves benchmark-beating basis points.

THE DELTA

The split between making more money and spending less money.

THE WINNERS · THE ALPHA SEEKERS

Attack the Market

Top performers use AI for proprietary trading and pricing edges. One asset manager reports **94% of AI-backed strategies outperforming benchmarks**. They use data as an offensive weapon.

THE LOSERS · THE PAPERWORK PATCHERS

Defend the Balance Sheet

Struggling firms use AI to untangle their own legacy. They automate claims and save back-office hours. They use data to defend, not to attack.



EXHIBIT 2 One asset manager reports 94% of AI-backed strategies outperforming benchmarks.

PILLAR THREE

Creative Industries Audience Lock-in vs. Tool Peddling

Generative AI has commoditized the act of making creative output. The premium now accrues to the companies that own the *relationship* between the output and the audience.

THE DELTA

The split between owning the customer result and building a better brush.

THE WINNERS · THE VERTICAL AGENTS

Monetize the Result

Winners solve the "last mile" of user experience. A leading global newspaper uses AI to match ads so precisely that **digital revenue grew 20%**.



EXHIBIT 3 A leading global newspaper grew digital revenue 20% through AI-matched advertising.

THE LOSERS · THE TOOL PEDDLERS

Race to the Bottom

Underperformers bolt AI features onto website builders and design software. Every competitor has access to the same models. Margins compress fast.

PILLAR FOUR

Retail Real-Time Flow vs. Legacy Patching

Retail Alpha is now a function of velocity. Every minute a product sits unshelved, uncounted, or misrouted is a minute of margin lost. AI has become the primary tool for closing that gap.



EXHIBIT 4 AI-driven demand forecasting has become a board-level capability at top retailers.

THE DELTA

The split between accelerating the sale and lowering the cost of a slow store.

THE WINNERS · THE VELOCITY KINGS

Speed of Commerce

Top retailers eliminate physical inventory friction. A major discount retailer uses AI for "game-changing" demand forecasting so shelves are never empty.

THE LOSERS · THE LEGACY PATCHES

Yesterday's Mistakes

Underperformers manage organizational dead weight such as labor scheduling and delivery routing. They patch the past instead of driving today's sales.

PILLAR FIVE

Transportation Network Velocity vs. Booking Band- Aids

The physical world is where durable AI advantage is being built. A chatbot can be swapped out by a competitor in a quarter. An autonomous route network compounds for a decade.



EXHIBIT 5 One logistics leader has surpassed 50,000 autonomous miles with zero accidents.

THE DELTA

The split between moving the world and answering the phone.

THE WINNERS · THE NETWORK MASTERS

Fluid Physical Assets

High-performers tackle the "dirty" work of the physical world. One logistics giant has surpassed **50,000 autonomous miles with zero accidents.**

THE LOSERS · THE SUPPORT SQUEEZERS

Chatbots & Booking

Underperformers optimize booking engines and customer service chatbots. Lower cost-to-serve, but ships and planes don't move any more reliably.

PILLAR SIX

Energy Resource Creation vs. Infrastructure Protection

Energy is the sharpest expression of the winner/loser split. The same technology that unlocks new barrels of production for one company is used to patch transmission faults for another. The market knows the difference.



EXHIBIT 6 Subsurface AI cut drilling costs by 12% at one major producer. Pure value creation.

THE DELTA

The split between unlocking new power and defending a decaying grid.

THE WINNERS · THE RESOURCE UNLOCKERS

Create More Energy

Winning companies master the physical subsurface. A major energy producer reduced drilling costs by **12%** by using AI to "see" into the earth.

THE LOSERS · THE GRID PATCHERS

Defensive Plays

Regulated utilities deploy AI against wildfires and storms. Vital for safety, but the savings flow to ratepayers, not shareholders.

The Final Verdict

STEEL & SILICON

Across all sectors, the maximum reward goes to the players who **bridge the digital brain to a physical or proprietary result**. Not those who merely patch the margins of the old enterprise.

The pattern is consistent across all six pillars. Where AI is deployed to **create**, the market assigns durable premium multiples. Creation means new molecules, new alpha, new audience relationships, new velocity, new autonomous capacity, and new resources.

Where AI is deployed only to **defend**, the market gives credit once and then moves on. Defense means trimming admin cost, patching legacy process, or squeezing the cost of an existing service. The tools are commoditized the moment a competitor buys the same vendor.

For executives setting 2026 AI strategy, the question is no longer "where can we automate?" It is "where can our AI portfolio compound into an asset the market will pay for?"