GOLD EDITION

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The 1Q26 Industry AI Report

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

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

ABOUT THIS REPORT

Definitions and Scope

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 the weighted average of 13-week, 26-week, and 52-week relative returns versus each company's own index benchmark (SPY, MDY, IJR, or IWM), divided by 3-month annualized volatility. Performance data is as of April 11, 2026. Companies with **IR > 0.5** are classified as GOATs. Those with **IR < -0.5** are classified as Dogs.

Against those performance tiers, we classify each AI application by **business focus** and **target occupation**.

- **RUN.** AI applied to today's processes. It automates workflows, cuts unit costs, and reduces headcount in repetitive tasks. Defensive. Margin-preserving.
- **BUILD.** AI used to invent new products, models, or proprietary assets. Think molecules, algorithms, and autonomous systems. Offensive. Moat-creating.
- **GROW.** AI deployed to deepen customer relationships, unlock pricing power, or open new markets. Revenue-accretive rather than cost-reductive.

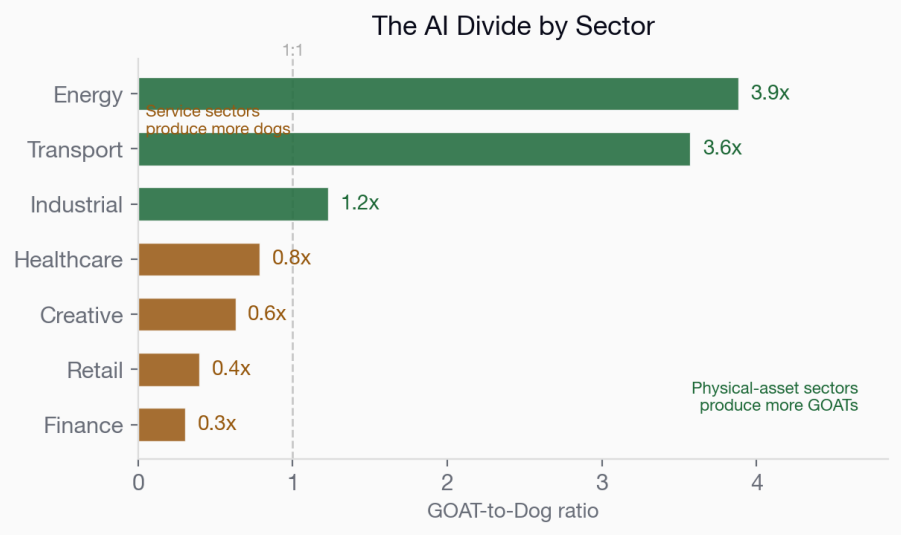
Occupations are coded using the U.S. Standard Occupational Classification (SOC), administered by the Bureau of Labor Statistics. SOC provides a consistent, government-maintained vocabulary for roles across industries.

The sample includes **4,198 publicly traded companies** and **6,103 AI use cases** identified from SEC filings, earnings call transcripts, and verified news sources. **244 international companies** trading as ADRs on NYSE, Nasdaq, and OTC markets are included alongside domestic issuers.

This is a personal research project. It is not investing advice. See Important Notices on the final page.

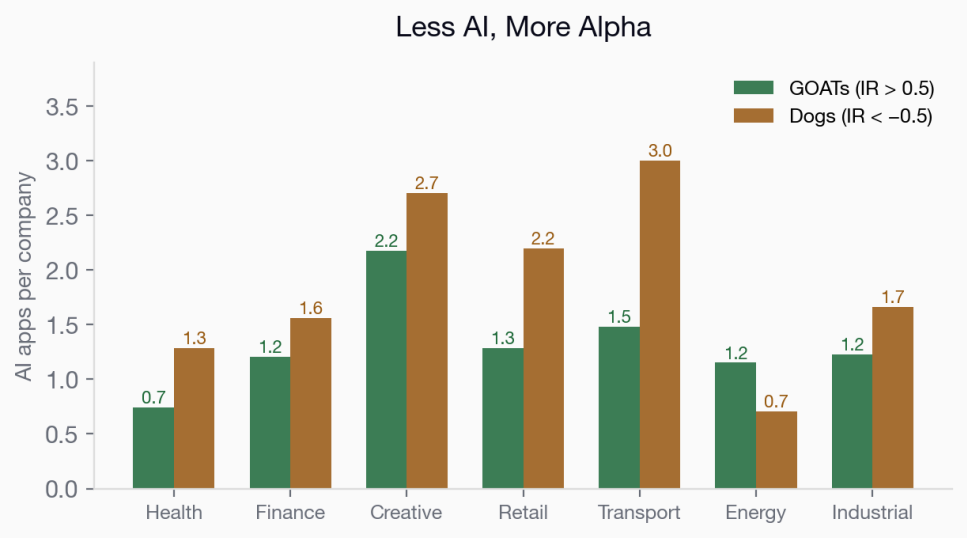
THE BIG PICTURE

Two Patterns Dominate the Data



Three patterns dominate the data. First, physical-asset sectors produce dramatically more GOATs than Dogs. Energy and Transportation have nearly 4x the GOAT-to-Dog ratio of Finance and Retail. The companies that bridge AI to physical output outperform those that use it to patch administrative process.

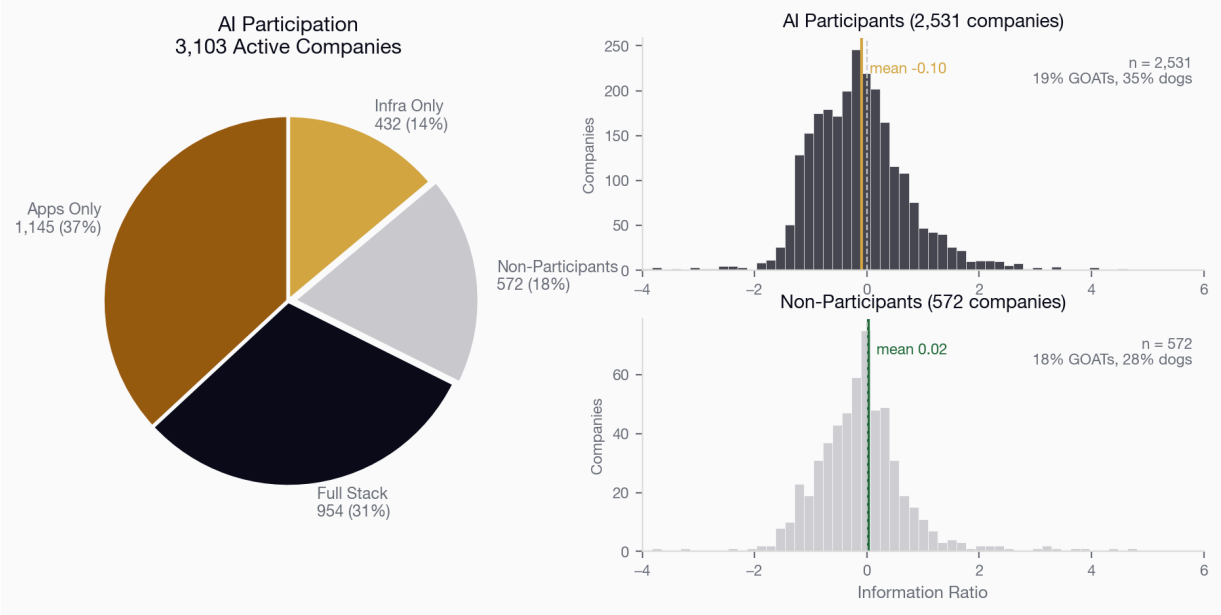
Second, GOATs deploy fewer AI apps per company than Dogs in six of seven sectors. The market does not reward AI volume. It rewards AI precision. Dogs spread AI across every back-office function. GOATs concentrate on one or two applications that create proprietary value.



Source: Proprietary analysis of 6,103 AI use cases across 4,198 public companies. Performance data as of April 11, 2026.

THE CONTROL GROUP

Does AI Actually Help?



AI participation breakdown and trailing-year Information Ratio distributions. Performance data as of April 11, 2026.

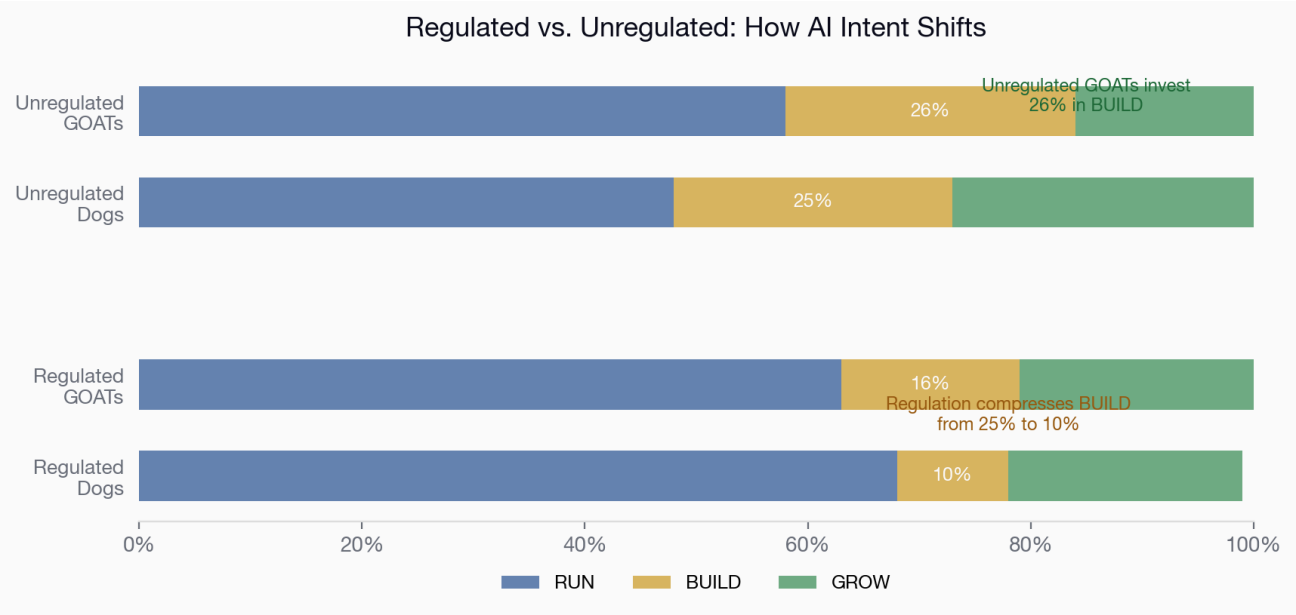
Of our 3,103 active companies, 82% report some form of AI activity. 954 companies participate across the full stack, selling into AI infrastructure (watts and tokens) while also deploying AI applications. Another 1,145 deploy AI applications without infrastructure exposure. 432 companies sell exclusively into the AI supply chain. The remaining 572 report no AI activity at all.

The surprise is in the IR distributions. AI participants carry a mean IR of -0.10 with 35% classified as Dogs. Non-participants carry a mean IR of +0.02 with only 28% Dogs. The companies not talking about AI are outperforming those that are. Most companies are doing AI badly. They announce AI because they are struggling, not because they are winning.

The infrastructure-only companies (432 firms selling picks and shovels) carry the highest mean IR (+0.18) and the highest GOAT rate (31%). Over time, the non-participant pool will shrink toward zero. The differentiator will be where and how AI is deployed.

REGULATION AND AI

The Compliance Ceiling



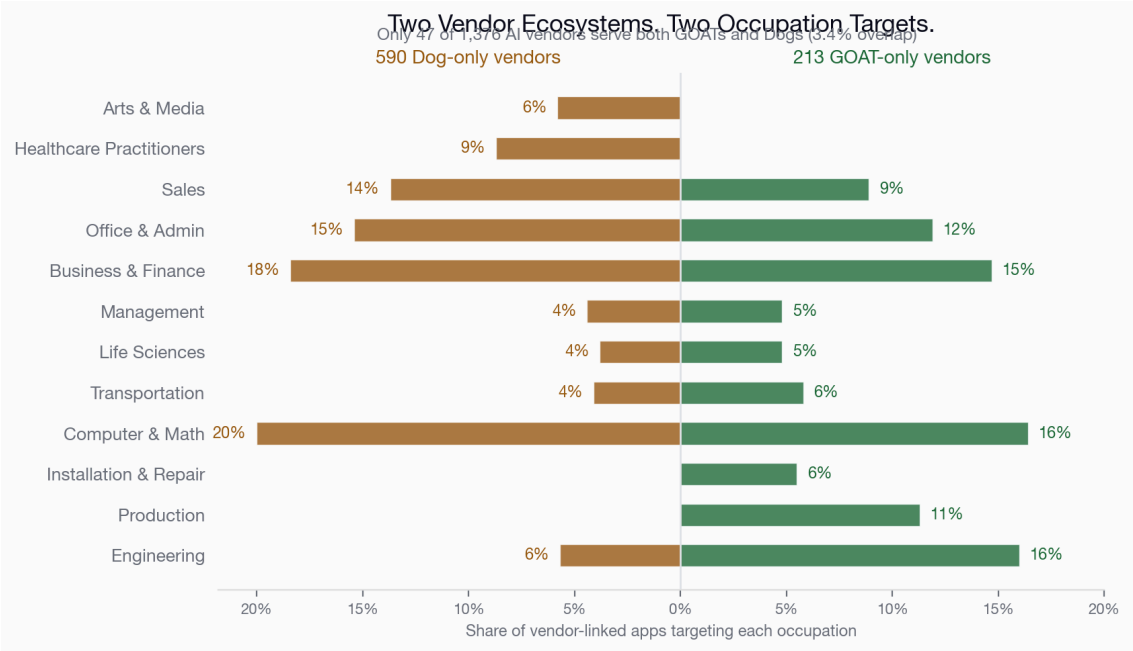
AI business focus (RUN / BUILD / GROW) for GOATs and Dogs in regulated vs. unregulated sectors. Regulated = banking, insurance, utilities, telecom, healthcare services (SIC 60-64, 49, 48, 80). n = 2,888 companies with SIC codes.

Regulation compresses the AI opportunity space. In regulated sectors, 69% of all AI apps are classified as RUN. BUILD accounts for just 10%. In unregulated sectors, BUILD reaches 24%. Regulated companies cannot easily invent new AI-driven products. Compliance and rate-setting constrain what AI is allowed to do. AI in regulated industries targets Business & Finance (409 apps) and Office & Admin (198 apps). Unregulated industries target Computer & Math (527), Sales (496), and Engineering (265).

Regulated GOATs succeed with focused RUN (63%) and selective GROW (21%). Unregulated GOATs succeed with heavy BUILD (26%). Both paths produce alpha, but the regulated path is narrower. Only 14% of regulated companies reach GOAT status, compared to 21% in unregulated sectors. Regulation constrains the downside too. Regulated Dogs (27%) are less prevalent than unregulated Dogs (34%). The compliance floor prevents the worst outcomes but also caps the best.

THE VENDOR SIGNAL

Where You Shop Matters



Occupation targets of vendor-linked AI apps. GOAT-only vendors (213) serve companies with IR > 0.5. Dog-only vendors (590) serve companies with IR < -0.5. Only 47 of 1,376 vendors serve both.

We track 1,376 distinct AI vendors across 1,835 applications. The vendor market has split into two ecosystems with almost no overlap. 213 vendors sell exclusively to GOATs. 590 sell exclusively to Dogs. Only 47 (3.4%) serve both. GOAT vendors target Engineering (16%), Production (11%), and Installation & Repair (6%). Dog vendors target Sales (14%), Office & Admin (15%), and Healthcare Practitioners (9%). One ecosystem touches physical assets. The other processes information.

The implication is practical. A CEO can audit their AI vendor list and ask one question. Do these vendors help us make physical things better, or do they help us do office work faster? Both aisles use the same hyperscaler infrastructure underneath. The infrastructure does not differentiate. The application layer does. The market can read a vendor list and price the strategy before the earnings call.

PILLAR ONE

Healthcare

The Lab vs. The Lobby

523 companies. 121 GOATs, 154 Dogs. The trailing-year Information Ratio separates two fundamentally different AI strategies.

GOATs deploy AI into Life Sciences occupations. Their applications target drug discovery, molecular design, and diagnostic development. EXAS (IR 20.08, +137% 1Y) uses machine learning to develop cancer risk prediction algorithms. FOLD (IR 12.57, +110% 1Y) applies AI to identify undiagnosed Fabry disease patients. TERN (IR 22.48, +2,188% 1Y) is accelerating its NASH drug pipeline with AI-guided clinical trial design. These companies use AI to compress R&D timelines from years to quarters.

Dogs concentrate on Healthcare Practitioners. 108 of their AI apps target clinical and administrative staff, versus only 19 for GOATs. They automate documentation, pathology workflows, and back-office claims processing. MDXG (IR -1.91) uses AI for Medicare fraud detection. SNWV (IR -1.66) applies AI to wound care analytics. INCR (IR -2.35) has seen its stock fall 75% over the trailing year. These are efficiency plays that create nothing the next company cannot buy from the same vendor.

The occupation chart tells the story. GOATs invest in Life Sciences (34 apps). Dogs pile into Healthcare Practitioners (108 apps). The market rewards the lab, not the lobby.

For the full evidence package with occupation charts, cited sources, and 10 named companies per sector, see the Platinum Edition.

PILLAR TWO

Financial Services

The Hardest Sector to Win

697 companies. Only 68 GOATs against 224 Dogs, a 0.3x ratio. Financial Services is the most punishing sector in our universe for AI investors.

The Dogs are everywhere. 162 of their apps target Business & Finance occupations. Another 70 target Office & Admin. They automate claims processing, compliance reporting, and back-office workflows. PRA (IR -3.33) uses AI for workers' compensation claims optimization. HALL (IR -2.72) applies data-driven risk modeling. These tools are table stakes. Every insurer has access to the same vendors.

The few GOATs tend to operate in adjacent or non-traditional segments. CDR (IR 10.06, +423% 1Y) is a REIT executing a strategic repositioning. DBRG (IR 5.12, +95% 1Y) invests in digital infrastructure. WULF (IR 2.62, +631% 1Y) runs AI-optimized bitcoin mining operations. None of them won by automating insurance paperwork. They won by deploying capital into AI-adjacent physical assets.

For most financial services firms, AI is a cost-of-doing-business. The market has priced it in. Differentiation requires moving beyond process automation into proprietary asset creation.

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PILLAR THREE

Creative Industries

Who Owns the Audience

81 companies. 17 GOATs, 27 Dogs. The smallest sector in our universe, but the clearest signal on audience ownership versus tool commoditization.

GOATs use AI to expand relationships. SATS (IR 3.16, +449% 1Y) applies AI to 5G network optimization for Boost Mobile. WBD (IR 2.77, +196% 1Y) uses AI-driven content metadata to improve discovery across its streaming platforms. VSAT (IR 2.76, +538% 1Y) builds AI-powered situational awareness for defense and commercial networks. These companies own the endpoint. They use AI to make the customer relationship stickier.

Dogs build AI features for creative tools. Their top occupations are Arts & Media (18 apps) and Sales (17 apps). SPOK (IR -1.40) uses AI virtual agents for call routing. NCMI (IR -1.33) accelerates preshow production with AI. These applications improve throughput but any competitor with the same model can replicate them overnight.

The dividing line is control. GOATs use AI to lock in the audience. Dogs use AI to lower the cost of reaching an audience they do not own.

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PILLAR FOUR

Retail

Velocity vs. Dead Weight

206 companies. 28 GOATs, 71 Dogs. The 0.4x GOAT ratio makes Retail the second-hardest sector for AI-driven outperformance, after Finance.

GOATs focus on speed. FIVE (IR 2.60, +247% 1Y) deployed AI-powered demand forecasting that management called a "game-changer." ANDE (IR 1.75, +92% 1Y) uses AI across its grain and ethanol supply chain. SEB (IR 1.62, +126% 1Y) applies AI to commodity trading and logistics. GOAT AI targets Sales (9 apps) and Transportation (5 apps), the occupations closest to moving product.

Dogs spray AI across the org chart. 46 of their apps target Sales, 24 target Office & Admin, and 20 target Management. CPRT (IR -1.54, -44% 1Y) applies AI to engineer productivity and business analytics. GPI (IR -1.34, -19% 1Y) uses propensity modeling for aftersales marketing and algorithmic used-vehicle pricing. NXXT (IR -1.26, -86% 1Y) builds AI-driven microgrid controls but has lost most of its market capitalization.

The gap is not about intent. GOATs and Dogs both run about half their apps as RUN. The gap is about targeting. GOATs aim AI at the point of sale. Dogs spread it across everything else.

For the full evidence package with occupation charts, cited sources, and 10 named companies per sector, see the Platinum Edition.

PILLAR FIVE

Transportation

AI Meets the Physical World

72 companies. 25 GOATs, 7 Dogs. The 3.6x GOAT-to-Dog ratio is the second-highest in our universe. Transportation companies that deploy AI tend to win.

GOATs target Transportation occupations directly. 17 of their apps augment drivers, dispatchers, and fleet operators. FDX (IR 1.40, +72% 1Y) acquired RouteSmart for dynamic route optimization and built predictive disruption management. TEN (IR 1.88, +158% 1Y) and NAT (IR 1.55, +142% 1Y) run AI-optimized tanker fleets. TDW (IR 1.44, +135% 1Y) deploys AI in offshore vessel operations. These companies use AI to move physical assets faster and more safely.

The few Dogs focus on the booking layer. VRRM (IR -1.54, -35% 1Y) builds camera health monitoring and traffic enforcement systems. GBTG (IR -0.94, -13% 1Y) automates corporate travel booking. ALK (IR -0.68, -21% 1Y) applies AI to flight planning and ramp dispatching. Their apps are useful but operate at the interface layer, not the asset layer.

The thesis is simple. In transportation, AI that touches the truck, ship, or rail car produces alpha. AI that touches the booking engine or customer service queue does not.

For the full evidence package with occupation charts, cited sources, and 10 named companies per sector, see the Platinum Edition.

PILLAR SIX

Energy

RUN at the Wellhead

207 companies. 66 GOATs, 17 Dogs. Energy has the highest GOAT-to-Dog ratio in our universe at 3.9x.

Almost all energy AI is classified as RUN. GOATs and Dogs share the same intent label. The difference is where they run it. GOATs target Architecture & Engineering (32 apps) and Installation & Repair (19 apps). They optimize drilling, predictive maintenance, and remote production. PARR (IR 2.87, +341% 1Y) uses AI in refining operations. NESR (IR 2.68, +334% 1Y) applies predictive maintenance to oilfield equipment. PUMP (IR 1.86, +146% 1Y) automates pressure pumping fleets.

Dogs are regulated utilities. TXNM (IR -2.34) uses AI for grid reliability monitoring. MGEE (IR -1.25) and GWRS (IR -1.11) apply AI to utility operations and customer service. These applications are mandated by regulation or safety, not by competitive strategy. The savings flow to ratepayers, not shareholders.

Energy is proof that the RUN/BUILD/GROW label alone is not predictive. What matters is the target. RUN at the wellhead creates value. RUN at the help desk does not.

For the full evidence package with occupation charts, cited sources, and 10 named companies per sector, see the Platinum Edition.

PILLAR SEVEN

Industrial

The Broadest Battleground

569 companies. 176 GOATs, 143 Dogs. Industrial is the largest sector in our universe and the most evenly contested. The 1.2x GOAT-to-Dog ratio is close to parity.

GOATs concentrate AI on Engineering (49 apps), Production (40 apps), and Computer & Math (32 apps). They build robotic systems, quality inspection platforms, and smart factory controls. SNDK (IR 11.18, +2,229% 1Y) develops AI-optimized storage for edge inferencing. LITE (IR 7.09, +1,400% 1Y) uses AI for photonics manufacturing precision. WDC (IR 4.80, +846% 1Y) applies AI to both manufacturing optimization and product design.

Dogs deploy AI at similar volume but target different occupations. Computer & Math (43 apps) and Architecture & Engineering (32 apps) appear, but Transportation (25 apps) and Business & Finance (20 apps) also feature heavily. Dogs spread AI across the enterprise. FLO (IR -1.53, -56% 1Y) uses AI for supply chain and trade promotion. GIS (IR -1.52, -39% 1Y) applies AI to demand forecasting. NEON (IR -1.54, -82% 1Y) builds HUD obstruction detection systems that have not gained market traction.

In Industrial, the GOATs are the companies that turn AI into atoms. SNDK and LITE embed AI into the physical product. GIS and FLO use AI to manage the logistics of products that AI did not help design. The difference compounds.

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The Final Verdict

STEEL & SILICON

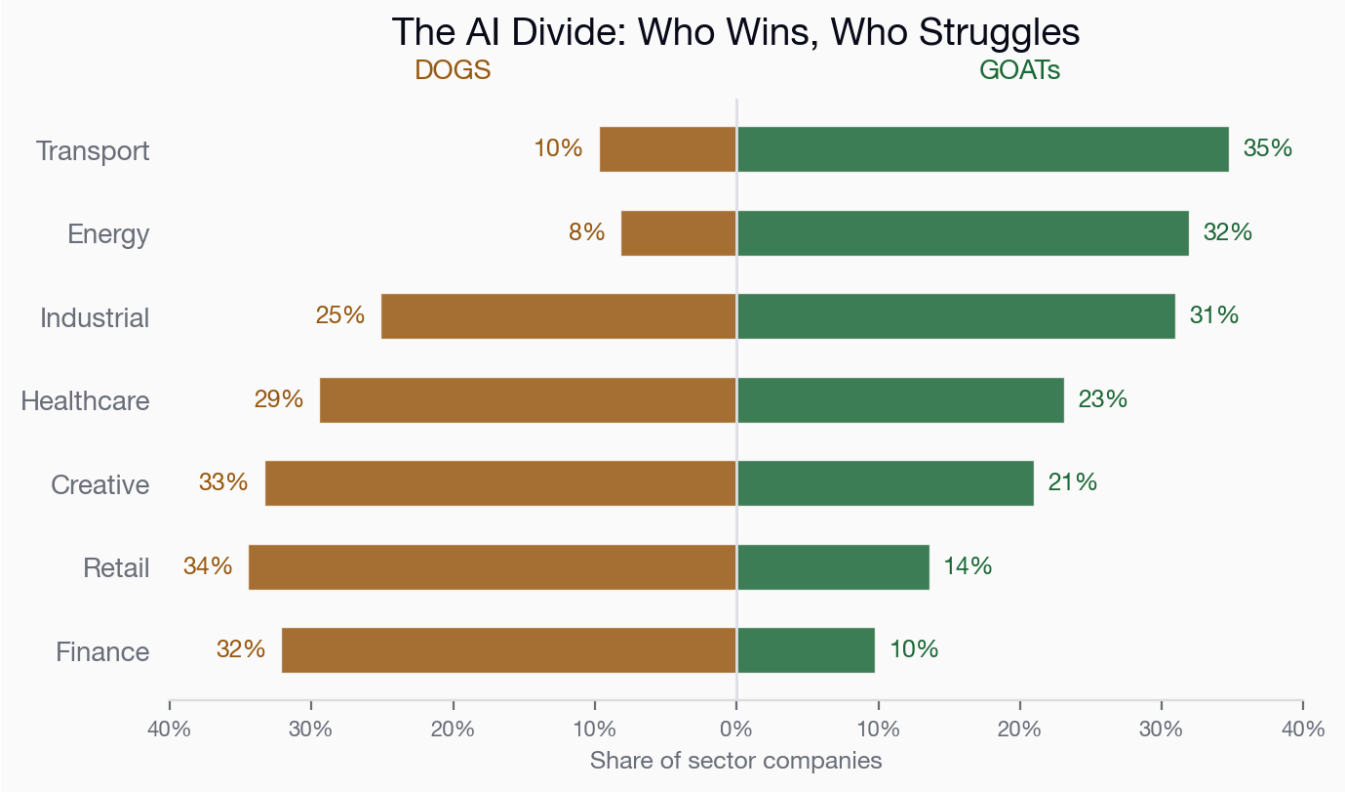
Across all seven sectors, the maximum reward goes to the players who **bridge the digital brain to a physical or proprietary result**. Not those who merely patch the margins of the old enterprise.

The pattern is consistent across all seven 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, new resources, and new precision manufacturing.

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?"

The Seven-Sector View



Transport and Energy push 32-35% of their companies into GOAT territory with only 8-10% Dogs. Finance and Retail invert the pattern. Only 10-14% GOATs against 32-34% Dogs. Healthcare, Creative, and Industrial sit in between, each with its own structural fault line between value creators and margin defenders.

The data is unambiguous. Companies that use AI to build proprietary assets, deepen customer relationships, or create entirely new products outperform those that use it to trim headcount or patch legacy systems. The market is pricing this distinction into every sector, every quarter.

Source: Proprietary analysis, 1Q26

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DISCLAIMER

Important Notices

Personal work. The observations, analysis, and conclusions in this report are the author's personal work. They do not represent the views, positions, or opinions of his employer, any company he advises, or any advisory board he serves on. This is a quarterly personal research project maintained to stay hands-on with modern AI practice.

Not investing advice. This report is a technical analysis of 1Q26 risk-adjusted performance correlated with observed AI application patterns. It is organized by business focus (Run / Build / Grow) and by U.S. SOC-coded occupation. Nothing herein constitutes a recommendation to buy, sell, or hold any security. Past performance is not indicative of future results. Readers should consult qualified financial advisors before making any investment decisions.

Data limitations. AI use case data is derived from public filings and statements. Companies may have undisclosed AI initiatives. The absence of a disclosed AI application does not mean a company is not using AI. Classification of business focus and target occupation involves judgment and may differ from other analysts' interpretations.

Forward-looking statements. Certain statements in this report regarding future expectations, plans, and prospects constitute forward-looking statements. These statements are based on current assumptions and are subject to risks and uncertainties that could cause actual results to differ materially.

AI collaboration. This report was produced in partnership with AI collaborators for data processing, analysis, chart generation, and document assembly. All editorial judgment and final conclusions are the author's.

Source: Proprietary analysis, 1Q26. Published 2026-04-16.

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