Open Models Capture the Volume Layer as Harnesses and Specialized Compute Gain Leverage

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Current evidence points to a split AI stack: fine-tuned open models for routine enterprise work, with value concentrating in verifiable workflows, agent control layers, and heterogeneous chips.

1. Funding & Deals

Software M&A is active by count but thin underneath. Kroll's Summer 2026 update, covering software M&A and public comps through June 30, annualizes 2,672 transactions and $240 billion of announced deal value; SpaceX's $60 billion Cursor acquisition supplies roughly half, and excluding it brings annualized value closer to $120 billion—one of the lowest totals on record. [1]

Strategic buyers are supplying the meaningful bid. Strategic acquisitions carried a 6.0x median EV/LTM-revenue multiple versus 3.3x EV/NTM revenue for public B2B software, and strategics represented 74% of software transactions. Kroll attributes that premium to corporates buying AI capability, proprietary data, and workflow position because they cannot build those assets quickly enough internally. [1] For Seed-to-Series-A investors, the exit test is therefore less "can this scale?" than "does this team own a specific capability or workflow a strategic buyer will need?"

Scale alone is not earning the premium. Companies below $100 million in revenue ranged from 11.5x to 22.9x on precedent EBITDA multiples, and Kroll says the premium is moving toward smaller companies with specific, defensible positions. [1]

2. Emerging Teams

A model-independent verification layer is the strongest early technical-team signal. An early-stage builder is separating claim generation from claim verification for financial use cases: an LLM produces a candidate claim, which is normalized, bound to evidence and assumptions, checked against constraints, subjected to proof or derivation and contradiction analysis, and returned as an auditable outcome. [2] In a reported 66-case benchmark, structured fixtures passed 66/66, while live GPT-5.1-generated claims passed end-to-end only 19/66; the failures were concentrated in pipeline execution, claim binding, and contradiction detection, while the deterministic verification components continued to pass their tests. [2] The assurance-layer thesis fits finance, risk, audit, and compliance, but the benchmark is internal rather than third-party validation and the trust model still needs empirical testing; the team is seeking researchers, engineers, and industry partners. [2]

Cyborb is pushing AI app builders from code generation toward local execution and deployment. Its desktop agent plans a project, writes and tests code, generates images or audio, and publishes a live site from a plain-language request; it edits the user's local files, is in beta, and shipped five releases in two days to fix issues encountered by users. [3] The open question is differentiation: feedback places it against Lovable, Bolt, Replit, and v0, with the local workflow and direct publishing interesting but not yet a clear switching reason. [4]

Huntme AI OSINT is a small but concrete traction signal. Its 18-year-old founder reports approaching 1,000 users and about 7.3K in revenue, with the current site built in two hours using 21 Dev and Antigravity. Data aggregation is outsourced to a friend for 20% of revenue; moving to a roughly 350/month self-managed server could improve control, but also makes the data pipeline an immediate scaling and relationship-risk diligence point. [5]

3. AI & Tech Breakthroughs

Structured agent state is emerging as an alternative to ever-longer histories. Google's SKILL.state proposal replaces full conversation replay with a structured current-state representation plus the latest observation, keeping input size roughly constant as a session grows. In a 100-step Gemini-3-Flash benchmark, it reported 0.94 accuracy using 65,000 tokens versus 0.91 using 1.1 million tokens for a LangGraph-style baseline—roughly a 94% token reduction. The failure mode is important: if the agent cannot anticipate what it will need later, it may omit that information from state and need to retrieve it again. [6] A useful diligence question is whether systems measure recovery after a bad state write, not just average task accuracy. [7]

Anthropic's Model Hardware Standard moves agent infrastructure into the physical world. The research preview is a shared, model-agnostic specification for agents to operate multiple lab and manufacturing instruments

in parallel; Anthropic says it can reduce bespoke hardware integration from weeks or months to hours or minutes and support real-time parameter changes and, in some cases, recovery from hardware errors. [8] Its standardized driver exposes read/write primitives, makes devices discoverable, and creates a reference file containing device characteristics, adjustable functions, and enforced safety limits; agents can then sequence and monitor multi-device workflows through MCP, a CLI, or code files. [8] This is still a research preview: Claude's physical reasoning requires expert oversight, non-programmable hardware is not yet supported, and Anthropic is using the preview to develop additional safety evaluations before open-sourcing the standard. [8]

4. Market Signals

Open-weight models are becoming the volume layer while fine-tuning closes task-level performance gaps. Exponential View reports that open-weight token share at Vercel reached 62% in a single day, up from 28% two months earlier. It also cites Bridgewater and Thinking Machines fine-tuning an open Qwen model to produce roughly 30% fewer errors than the best closed model on internal information-filtering tasks at one-fourteenth the inference cost; a 27B model can fit on a desktop Mac. [9] This does not erase frontier-model value: service guarantees, harness quality, and reliability still differentiate Anthropic and OpenAI, and open models still generate revenue for inference providers. [9]

Specialized compute is becoming a parallel market rather than a single Nvidia standard. The same essay reports that OpenAI's Jalapeño chip used its own models to write kernels, cut roughly 10% from a major compute block, reached tape-out about 16 months after the first hire, and delivered a reported 1.5–1.9x Nvidia's tokens per megawatt at peak throughput. It argues that differing requirements for latency, power, training, and inference create room for specialist chip firms. [9]

The current-period follow-on to the Cursor dispute is architectural. OpenAI's proposed withdrawal of direct model access after Cursor's SpaceX acquisition made provider dependence visible; Harrison Chase's response turns it into a design rule: separate the model from the harness and do not get locked in. [10, 11] A contemporaneous developer example reportedly preferred staying with OpenAI models and moving to Codex rather than staying with Cursor and switching models, showing that model preference can directly affect application selection. [12]

AI infrastructure is also acquiring a labor and siting politics problem. A monitored post reports $50 billion of data-center construction this year, with construction unions partnering with OpenAI and Microsoft while nurses, flight attendants, and a university faculty union support moratorium efforts. It argues that construction unions' roughly 11% membership, versus under 6% elsewhere in private-sector work, gives them leverage in local siting votes. Treat this as

a directional social-license signal, but it belongs in infrastructure underwriting alongside power and permitting. [13]

5. Worth Your Time

- **Watch — 20VC: Should American Enterprises Work With Open-Source Chinese Models? | Only 10% of Neo-labs survive.** Use the sections on outcome-based pricing and verifiability, then the discussion of stateful harnesses, open-model specialization, and why most generic neolabs may not remain independent businesses. [14]

Should American Enterprises Work With Open-Source Chinese Models? | Only 10% of Neo-labs survive (29:31)

- **Read — Unbounded self-improvement and its limits #599.** The essay provides the clearest current pairing of enterprise open-model adoption, fine-tuning economics, and specialist-chip opportunity. [9]
- **Read — Anthropic's Model Hardware Standard research preview.** The useful material is the standardized device driver, machine-readable safety limits, and the gap between autonomous orchestration and the expert oversight still required in physical environments. [8]
- **Thread — Harrison Chase on separating model and harness.** A concise framing of why portability is becoming an application-architecture requirement as model providers compete with the products built on top of them. [11]

Sources

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