

When the Costs of Intelligence and Coordination Compress Simultaneously

THE CONVERGENCE ECONOMY

The simultaneous compression in the costs of cognitive labor and coordination of exchange, and the resulting contested economic surplus, will bring about a difficult transition period for many.

Our Convergence Economy thesis presents an analytical framework to help people understand the magnitude and direction of the coming change, the mechanisms driving it, and the key parameters influencing decisions. **Knowing these strategic imperatives will help when navigating this unprecedented transition.**

Nine Strategic Imperatives for the Convergence Economy



<p>IMPERATIVE 01</p> <h3>MINIMUM EFFICIENT SCALE IS DECLINING</h3> <p>KNOWLEDGE SECTORS</p> <p>Competitive moats built on headcount and specialization depth are eroding as the scale required to produce competitive cognitive outputs falls.</p>	<p>IMPERATIVE 02</p> <h3>THE REDISTRIBUTION QUESTION</h3> <p>THE MACRO VARIABLE</p> <p>How surplus is split across corporate profit, micro-enterprise income, and infrastructure rent will matter more than the direct productivity effect alone.</p>	<p>IMPERATIVE 03</p> <h3>FROM AGGREGATION TO ORCHESTRATION</h3> <p>CORPORATE ADVANTAGE</p> <p>The firm's advantage shifts from assembling large labor pools to curating and integrating distributed networks of capability.</p>
<p>IMPERATIVE 04</p> <h3>THE PYRAMID IS VULNERABLE</h3> <p>STRUCTURAL CHALLENGE</p> <p>Associate-intensive, pyramid-structured service models face direct compression in the economic logic that supported them.</p>	<p>IMPERATIVE 05</p> <h3>INFRASTRUCTURE AS CHOKEPOINT</h3> <p>RENT-CAPTURING POSITION</p> <p>Foundation-model providers, settlement networks, and compute layers occupy the most durable rent-capturing positions in the convergence stack.</p>	<p>IMPERATIVE 06</p> <h3>RISK ARCHITECTURE MUST EVOLVE</h3> <p>NEW RISK CATEGORIES</p> <p>New risk frameworks must address model brittleness, smart-contract failure, oracle manipulation, and multi-rail settlement disruption.</p>
<p>IMPERATIVE 07</p> <h3>UNEVEN LABOR TRANSITION</h3> <p>COMPRESSION DYNAMICS</p> <p>Junior knowledge workers face acute substitution pressure first, while senior judgment and relationship-intensive work adjusts differently.</p>	<p>IMPERATIVE 08</p> <h3>CAPITAL ALLOCATION IMPLICATIONS</h3> <p>STRUCTURAL REPRICING</p> <p>Knowledge-work repricing and coordination-cost compression will reshape relative attractiveness across sectors, structures, and asset classes.</p>	<p>IMPERATIVE 09</p> <h3>STRUCTURAL, NOT CYCLICAL</h3> <p>BEYOND PRECEDENT</p> <p>These forces are not mean-reverting. The present inflection resembles prior structural shifts in character, but not in pace.</p>