

## **The Anchor, a Persona Exercise**

### **Background**

NovaMind AI was founded in 2019 and quickly became the dominant player in generative AI. Their flagship product, NovaChat, reached 100 million users faster than any application in history.

The founding team came out of Y Combinator's "make something people want" ethos. CEO Marcus Chen was 24 when he founded the company. The early investors wanted hockey-stick growth, viral adoption, and a user count that would make headlines. Monetization could come later. The playbook was simple: get big fast, figure out the business model once you're too big to fail.

That playbook worked for social media. Whether it works for AI infrastructure, a technology that costs real money to run every time someone hits the API, remains to be seen.

The freemium model worked for growth: free tier for casual users, \$20/month for power users. "AI for everyone" became the company's mantra, and everyone took them up on it.

In 2021, a group of senior researchers left NovaMind. They believed the race for users was compromising safety and cheapening the technology. Dr. Sarah Okonkwo, former VP of Research, founded Claros AI with a different thesis: AI for serious work. No free tier. A \$20/month entry point, but most customers opt for the \$100 or \$200/month professional and enterprise plans. Claros grows slower but revenue per user is 10x higher.

But here's what the press releases don't mention: even Claros's \$200/month plans don't cover costs. Both companies lose money on subscriptions. The real revenue comes from API access sold to developers and enterprises, and from investors who keep writing checks. The entire industry runs on subsidized pricing and the hope that scale will eventually pencil out.

This creates a deeper problem. Every startup building on generative AI faces customers who think the technology should be nearly free, because their personal experience is a \$20 chatbot. The perceived value of AI has been anchored to the price of a Netflix subscription. Companies trying to charge real money for AI-powered products hear the same objection: "Why would I pay you \$500/month when NovaChat is \$20?"

Now it's 2026. Both companies are profitable on paper due to API revenue, but facing strategic crossroads. And the industry they've built may have poisoned its own well.

### **The Friendship**

Jake Morrison, Chief Strategy Officer at NovaMind, and David Park, Chief Commercial Officer at Claros, have known each other for fifteen years. They met as junior analysts at McKinsey, survived two recessions together, and stood as groomsmen at each other's weddings. When David left NovaMind to join Claros, Jake took him to dinner and said, "I think you're wrong, but

I respect the move." David replied, "I think you're building a casino when you could be building a cathedral. But I'll still beat you at golf on Saturdays."

They still play golf every Saturday when schedules allow. They argue about strategy for eighteen holes, buy each other drinks after, and never let professional competition poison a friendship built over decades. Their teams find it baffling. Industry journalists have tried to manufacture drama between them. It doesn't exist. They simply believe, deeply and genuinely, that the other is making a strategic mistake, and they respect each other enough to say so directly.

Last month, over beers after a round, Jake said: "You're leaving hundreds of millions of users to us. Those users become professionals. They'll stick with what they know."

David shook his head. "You're training the market to think AI is worth twenty bucks. When those professionals need real infrastructure, they'll realize NovaChat is a toy. And they'll come to us."

Jake laughed. "Dinner says you're wrong."

"Dinner at Masa says you are."

They shook on it.

But later that night, David texted: "Serious question. Are we all just racing to the bottom? If nobody charges real money, does anyone ever make real money?"

Jake replied: "Ask me again when the music stops."

### **The NovaMind Dilemma**

Back at headquarters, Jake faces internal pressure. Chief Revenue Officer Priya Sharma is bullish on the current model. "Scale is our moat. We have the data, the brand recognition, the distribution. Claros is a niche player for enterprises. We can move upmarket anytime we want."

Jake isn't so sure. "We have 300 million users, but the vast majority pay nothing. Our brand is 'the free AI.' Every college student uses us to write essays. Every amateur thinks they're an expert after one prompt. We've created a generation of Dunning-Kruger AI users who think they understand what this technology does because NovaChat gave them a nice-sounding paragraph."

He thinks of David's cathedral line. It bothers him more than he admits.

"Can we move upmarket?" Jake asks. "Our brand *is* the \$20 chatbot. When a Fortune 500 CTO thinks 'serious AI infrastructure,' do they think of the app their teenager uses to cheat on homework? And worse, when our API customers try to charge real money for products built on our tech, their customers say, 'But NovaChat is twenty bucks.' We've trained the entire market to undervalue what we do."

## **The Claros Dilemma**

David has his own internal battles. Chief Product Officer Dr. Amara Osei is a purist. "Our positioning *is* our product. The moment we chase the casual user, we become NovaMind. Our customers pay \$200/month because they trust us to be serious. That trust is worth more than volume."

David respects Amara, but he's seen the growth charts. "Trust doesn't pay for compute clusters. At some point, we need scale or we become a boutique footnote while NovaMind becomes the operating system for human thought."

He thinks about Jake's point: users become professionals who stick with what they know. It's not wrong. It keeps him up at night.

But something else keeps him up too. Even at \$200/month, Claros loses money on subscriptions. The economics only work because of API revenue and investor subsidies. "We're all pretending this is a business," he admitted to Amara once. "It's a bet. And if the bet doesn't pay off, we've spent five years training customers that AI should be cheap."

At their last golf game, David admitted: "Sometimes I wonder if we're building the Rolls-Royce of AI while you're building the Toyota. Toyotas are everywhere. Rolls-Royce is a rounding error."

Jake grinned. "So open a cheaper tier."

"And become you? No thanks."

"Pride is expensive, David."

"So is being forgettable. But you know what's more expensive? Teaching the whole market that this technology is worth nothing."

## **Inside the Enterprise**

Meanwhile, the pricing wars between NovaMind and Claros are playing out in conference rooms across corporate America.

Maya Chen is a software engineer at a Fortune 500 considering a major AI initiative. Three years out of Stanford CS, she's the youngest person in most meetings and the only one who actually uses generative AI tools daily.

The CEO, Tom Bradley, likes to call on Maya. "You're the technical expert," he says, though she's four levels below anyone else in the room. "My daughter uses this stuff for school projects. She says it's easy. Is it easy?"

Maya knows what he wants to hear and he doesn't like to hear what he doesn't like to hear. She also knows the truth: his daughter is generating cat memes and passable book reports. The enterprise integration they're discussing, connecting AI to proprietary data, ensuring accuracy in high-stakes decisions, building workflows that augment rather than replace expertise, that's a completely different problem. It requires subject matter experts, careful prompt engineering, structured queries, validation systems, and months of iteration. It's not hard because the technology is bad. It's hard because the technology is powerful and power requires expertise to wield.

But Maya is 26, has student loans, and just got a good performance review. The CTO who understands the complexity isn't in this meeting. The CEO's teenager is, effectively, her competition for credibility.

"It's... not as simple as consumer apps," she manages. "There are integration considerations."

Tom waves his hand. "Right, right. But fundamentally, this is a \$20 technology. We shouldn't be spending millions on it."

Maya nods and says nothing. She'll update her LinkedIn tonight.

The enterprise buyer sitting across the table, the one who's been championing this initiative for six months, watches Maya fold.

## **Your Assignment**

You are a strategy consultant brought in to advise one of these companies (your instructor will assign which).

### **Step 1: Build Your Personas**

Using VSTRAT's Persona tool, create three personas:

1. **The High Schooler** - Uses AI to write homework assignments and generate cat memes, has no income, expects everything to be free, tells friends about the product. Spends hours on Discord where the consensus is that AI makes everything easy and anyone who charges real money for AI-powered services is a scam.
2. **The Veteran Founder** - Has been building their business for years before generative AI existed. The technology accelerates what they've spent a decade developing, but now faces customers who think everything AI-related should be cheap and easy because "it's just a prompt." The irony: a chatbot alone produces superficial output that sounds good but misses the depth. It takes a subject matter expert asking the right questions in the right sequence to get real value. But customers don't see that. They see the interface and assume the magic is in the AI, not the expertise driving it.

3. **The Enterprise Buyer** - Evaluating AI for a large organization. Has read the MIT study showing most enterprise AI projects fail. But also sees employees using AI tools on their own and the Bureau of Labor Statistics just reported productivity gains that can only be explained by AI adoption. They're confused: the data contradicts itself. They know they need to do something, but when they bring a proposal to the CEO, the response is: "Isn't this just a \$20 chatbot? My kid uses it to write homework and make memes. They say on Discord that anyone can do this stuff now." The CEO's high schooler has become an unofficial AI advisor, and the enterprise buyer is losing a six-figure proposal to a teenager's dinner table commentary.

## **Step 2: Interview Your Personas**

Using VSTRAT's persona conversation feature, ask each persona:

1. What do you value most in an AI tool, and what would you pay for it?
2. How do you perceive NovaMind vs. Claros? What do their brands signal to you?
3. If a company tried to charge you 10x what you pay now for AI, what would they have to deliver?

## **Discussion Questions**

1. How did persona conversations change or confirm your initial assumptions?
2. The Enterprise Buyer persona faces a CEO anchored to "\$20 chatbot" pricing by their teenager's dinner table commentary. Based on your persona interview, what strategies could the Enterprise Buyer use to reframe the conversation? How do you sell a six-figure AI initiative to someone whose reference point is a free homework helper?
3. Jake and David disagree fundamentally but maintain respect and friendship. How does their relationship model productive strategic disagreement? What can organizations learn from how they engage with each other?
4. Maya understands the technical reality but feels she can't speak freely. What organizational dynamics silence junior voices who see problems clearly? If you were Maya's manager, how would you create conditions where she could tell the CEO the truth?