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AI-ambidexterity?

A qualitative single-case study on how an AI-startup simultaneously pursues exploration and exploitation

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Abstract: Organizational ambidexterity is how a firm is able to simultaneously pursue two competing activities: exploitation, the refinement and improvement of existing offerings, and exploration, the search for new opportunities and innovation. While ambidexterity has been extensively studied in larger firms, and increasingly within smaller firms, its empirical application in the context of AI-startups is missing. This is a notable gap, as AI-startups operate in environments characterized by rapid technological change, low entry barriers, and evolving customer demands, which are conditions that intensify the pressure to both deliver short-term results and continuously innovate. This thesis therefore investigates how an AI-startup pursues both exploration and exploitation, and which mechanisms enable this. A qualitative single-case study was conducted on an AI-startup providing B2B AI-assistants, based on 18 semi-structured interviews with employees across commercial, technical, and executive functions. The findings show that the company manages to pursue both activities simultaneously through a contextual ambidexterity mode. Three enabling mechanisms were also identified: (1) leadership, which cultivates an experimentation-tolerant culture, uses quarterly OKRs to adjust focus, and organizes hackathons as dedicated exploratory spaces; (2) AI-tools, which enhance both exploitative efficiency and exploratory capacity, and (3) partnerships, which provide external avenues for scaling existing solutions and co-creating new ones. This study also contributes to ambidexterity literature by illuminating how the *support* dimension of contextual ambidexterity can be enhanced through AI use, and highlighting an overlooked risk with AI-driven exploration. It also outlines practical implications for managers seeking to establish a better balance between exploration and exploitation within an AI-startup.

Keywords: Ambidexterity, Exploration, Exploitation, AI-Startups

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1.Introduction

1.1 Background

AI-startups have emerged alongside the rapid advancement of artificial intelligence (Weber et al., 2021). These companies are young ventures that leverage AI-technology as a central element of their business models, including in the products and services they offer (Lee et al., 2024; Schulte-Althoff et al., 2021). Through their unique value propositions, they focus on providing business customers with better access to AI technology, which is set to become core of future businesses (Lee et al., 2024). AI-startups are also attracting profound interest from investors and venture capitalists, which is clearly indicated by the soaring levels of investments into these ventures (OECD, 2026). As with other startups, which are broadly understood as young entrepreneurial ventures that search for repeatable and scalable business models, they face a great pressure to perform for survival in the present and sustainably grow in the future (Rippa et al., 2019; Sinha, 2015). AI-startups also operate in environments characterized by rapid technological change (Lee et al., 2024), conditions highlighted to place heightened need on companies to remain innovative while also defending their current revenue-generating operations (O'Reilly & Tushman, 2013).

This challenge is accompanied by a fundamental tension introduced by March (1991) in his highly cited work, namely the need for a company to pursue both “exploitation” and “exploration”. The former refers to activities focused on improving and optimizing an organization's core offerings, while the latter underscores the need to pursue new knowledge, opportunities and innovation (March, 1991). In startups, this can be exhibited in the form of balancing satisfying the existing customer base, while also developing new products to stay ahead of competitors (Schreuders & Legesse, 2012). Achieving a balance of the two is considered to be central for long-term success, as organizations that focus exclusively on exploitation risk obsolescence when markets shift, and those that constantly pursue exploration may exhaust resources and fail to appropriate returns (Cao et al., 2009; O'Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008). The concept of organizational ambidexterity has emerged as a way of understanding how firms can successfully navigate this tension, which is defined as the capability to pursue both exploitative and exploratory activities (O'Reilly & Tushman, 2013). Research on this topic has consistently demonstrated that organizations that are able to balance both explorative and exploitative pursuits tend to perform better than those focusing on only one dimension (He & Wong, 2004; Raisch et al., 2009).

1.2 Problem Identification, Research Gap, and Research Question

While research on ambidexterity is well-established, its empirical application has traditionally focused on larger organizations (Chang & Hughes, 2012). Literature on ambidexterity in the context of small-and-medium sized firms is increasing, but its understanding in startups remains scarcer (Busold, 2024). More specifically, the existing academic literature on ambidexterity within young tech-oriented startups is not properly developed (Khursheed & Mustafa, 2021). Given that startups face pressures to both perform for survival in the present while simultaneously seeking new opportunities for future growth, the balance of exploration and exploitation is also crucial for their success (Dai et al., 2017; Sinha, 2015). AI-startups represent a distinct form of tech-oriented startup, capable of faster scaling and operating in an environment that is subject to rapid change (Lee et al., 2024; Schulte-Althoff et al., 2021). Only Aziz and Rahim (2024) have conceptualized how ambidexterity appears in an AI-driven tech venture, with no empirical study having analyzed how such firms simultaneously pursue exploration and exploitation. Combining this with Sinha's (2015) call to explore what mechanisms are used to manage the tension between exploration and exploitation activities of startups further makes this an interesting avenue for research. Additionally, Taródy's (2016) suggestion for future ambidexterity research to focus on how it materializes within firms at earlier growth stages through qualitative, in-depth methodologies, also strengthens a research gap.

Thus, this research project aims to conduct a single-case study of an AI-startup. Specifically, one that develops and sells AI-solutions and that has entered a scaling phase where focusing on both exploitation and exploration is essential. A case study approach is suitable for this inquiry, as it allows for detailed examination of a phenomenon (Yin, 2003). By conducting a thorough study in an AI-startup that seeks to focus on both exploration and exploitation, this thesis aims to explain which challenges arise and how such an organization navigates the tension. As a result, this research will collect qualitative semi-structured interviews across various employee perspectives to generate a cohesive understanding of how an AI-startup pursues the competing activities of exploration and exploitation, and what organizational mechanisms facilitate this.

To guide this study, the following research question has been formulated:

How does an AI-startup pursue exploration and exploitation simultaneously, and what mechanisms support this?

1.3 Purpose and Expected Contribution

The purpose of this study is to contribute to organizational ambidexterity literature by extending its empirical scope into the underexplored context of early growth-stage AI-startups. It aims to build an understanding of how ambidexterity unfolds at an AI-startup, which is interesting given the unique conditions of environmental uncertainty that such firms face (Aziz & Rahim, 2024; Lee et al., 2024; Schulte-Althoff et al., 2021). By adopting a qualitative case approach centred around semi-structured interviews with employees across such a company, the study aims to contribute through two primary ways. Theoretically, it aims to contribute by extending ambidexterity theory into the context of AI-startups, by analyzing how such a company pursues exploration and exploitation at the same time, and which mechanisms enable this to occur. Practically, this study aims to provide insights for AI-startup managers by identifying how they can promote more innovative practices when a tendency for efficiency-oriented routines dominate in scaling phases. These insights aim to inform strategic choices in managing the exploit-explore tensions while operating in fast-evolving AI markets.

1.4 Delimitations and Scope

This study limits its focus to a single AI-startup, selected because it was a young venture with a business model centred around AI-solutions, and that pursues exploration and exploitation. Therefore, other digital startups that merely use AI as a tool to enhance their business model or solutions were excluded for consideration. The single-case approach also limits the findings to one specific organization. While incorporating more perspectives from a greater sample of AI-startups could have enabled comparison and a wider range of findings, the single-case approach was deemed valuable as it could generate greater in-depth understanding of the phenomenon within a specific context. The data collection was also limited to a specific time period, and hence no longitudinal aspects are analyzed regarding the development of ambidexterity over time. Finally, given the presence of the authors in Sweden, the case company selection was limited geographically to facilitate in-person data collection.

1.5 Definitions

Term	Definition
Exploration	Experimentation with new alternatives, such as developing new products. (March, 1991; Schreuders & Legesse, 2012)
Exploitation	The refinement and extension of existing competences and technologies, such as customer support and sale of existing products. (March, 1991; Schreuders & Legesse, 2012)
Organizational Ambidexterity	Being able to pursue both exploration and exploitation effectively. (O'Reilly & Tushman, 2013)
AI-Startup	A digital startup having artificial intelligence (AI) as a core component of its business model, and that develops AI-solutions for product offerings (Lee et al., 2024; Schulte-Althoff et al., 2021)

2. Literature Review

The following section outlines previous studies within the topic. Section 2.1 introduces the tension between exploration and exploitation. Section 2.2 continues with the foundations of organizational ambidexterity. Section 2.3 provides an understanding of how ambidexterity has been studied in smaller organizations where challenges in balancing exploration and exploitation differ. Section 2.4 outlines research within AI-startups and existing connections to ambidexterity. Finally, it introduces the theoretical framework guiding this study.

2.1 The Exploit-Explore Trade-Off

A central premise within management literature is the tension between explorative and exploitative activities that a firm undertakes (Andriopoulos & Lewis, 2009; March, 1991). In March's (1991) seminal article, the concepts of exploration and exploitation were introduced, which has become a central concept in management and innovation literature since. Exploitation relates to activities focused on improving and developing existing organizational strengths (March, 1991). Exploration discovers new potential advantages for the firm, involving experimentation, flexibility, and innovation (March, 1991; Saleh et al., 2023). It is through exploration that new products are created, sometimes entailing radical innovation (Andriopoulos & Lewis, 2009) and through exploitation that existing products can be incrementally improved (Busold, 2024).

Exploitation and exploration are traditionally viewed as fundamentally different activities competing for the same scarce resources (March, 1991). An organization can continue to double-down on their current strengths and competencies, ensuring efficiency and incremental improvements to existing products and processes (Lubatkin et al., 2006; O'Reilly & Tushman 2013; Raisch & Birkinshaw, 2008). Alternatively, they can strive for new innovations which are less certain but can enable them to better adapt to changing environments and emergent customer demands (O'Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008). More resources allocated towards one activity entail fewer resources for the other (Gupta et al., 2006). A firm can find it difficult to balance both practices as organizations often experience them as competing activities (Tushman et al., 2011). Nonetheless, research points to the importance for organizations of doing both for long-term success (O'Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008; Simsek et al., 2009).

From this, organizational ambidexterity has been conceptualized as a way for organizations to appropriately balance the two competing exploration and exploitation logics (O'Reilly & Tushman 2013; Tushman & O'Reilly, 1996). Thus, ambidexterity theory posits that organizations must build capabilities to experiment and innovate, while also refining and enhancing the existing business to be successful (O'Reilly & Tushman 2013).

2.2 Foundations of Organizational Ambidexterity

Prior research has proposed three main ambidexterity methods: structural, sequential, and contextual ambidexterity (O'Reilly & Tushman, 2013). The original idea of organizational ambidexterity manifested through *structural ambidexterity*, where organizational units are separated between exploitative and exploratory activities (O'Reilly & Tushman, 2013). This allows the organization to pursue both in parallel, with each unit dedicated to a specific activity, while integrated through a common strategy at the firm level (Chen, 2017; Tushman & O'Reilly, 1996). This separation has been shown to lead to specialization with specific goals and processes dedicated across both activities (Benner & Tushman, 2003; Simsek et al., 2009; Tushman & O'Reilly, 1996), mitigating the exploit-explore trade-off, but resulting in potential coordination costs (Gibson & Birkinshaw, 2004).

Another form of organizational ambidexterity is *sequential ambidexterity*, where firms alternate between exploitation and exploration phases over time (Chen, 2017; Gupta et al., 2006; O'Reilly & Tushman, 2013). Sequential ambidexterity rests on the ability for firms to dedicate efforts towards either exploration or exploitation during different periods of time, usually through longer periods of exploitation followed by shorter windows of exploration, enabling ambidexterity in the long-run (Chen, 2017; Gupta et al., 2006). Therefore, it tends to be more useful in stable environments, but has also been described as an approach more feasible for smaller organizations that lack resources for structural ambidexterity who can instead shift between exploration and exploitation (Chen & Katila, 2008; Goossen et al., 2012; O'Reilly & Tushman, 2013; Wenke et al., 2021). However, Wenke et al. (2021) found that smaller firms may need to alternate more frequently between exploration and exploitation over time in response to market or product changes.

Lastly, *contextual ambidexterity* was introduced by Gibson & Birkinshaw (2004) as another alternative to achieving balance between exploitative and exploratory practices at a business-unit level. It highlights an individual employee's role in combining exploration with exploitation within the organization, emphasizing that individuals can divide their time between these two activities without the need for structural separation or sequential shifting (Gibson & Birkinshaw, 2004). It emerges from an organizational context where individuals can act on their own judgement in dividing time between alignment-oriented (exploitative) and adaptability-oriented (explorative) activities (Gibson & Birkinshaw, 2004). This organizational context builds on Ghoshal & Bartlett's (1994) behavior framing approaches where a performance management context and social context align individual ambidexterity with business unit expectations (Gibson & Birkinshaw, 2004; Raisch et al., 2009). Leadership becomes vital here in ensuring this organizational context is designed (Sinha, 2015).

The performance management context consists of *stretch* and *discipline* (Sinha, 2015). Stretch refers to creating collective identity and shared ambitions so that employees voluntarily aim for more ambitious objectives (Gibson & Birkinshaw, 2004). Discipline persuades individuals to meet organizational expectations through clear performance standards and rapid feedback. Alongside a performance management context, a social context is also needed, composed of elements of *trust* and *support* (Sinha, 2015). Through trust, individuals can rely on the commitments of others, while also promoting assistance lending across the organization through resource-sharing and leadership guidance which constitutes *support* (Gibson & Birkinshaw, 2004). All four components are required to achieve contextual ambidexterity, and are interrelated. Discipline and stretch push individuals to strive for ambitious goals, but require trust and support to ensure this can occur in a cooperative environment (Gibson & Birkinshaw, 2004).

Contextual ambidexterity is particularly relevant for this study, as it has been shown as a more viable alternative to other resource-intensive ambidexterity methods through which startups specifically can approach balancing exploitation and exploration (Fischer et al., 2022; Müller et al., 2019). How ambidexterity in smaller firms and startups is fostered is also gaining attention in academic literature.

2.3 Ambidexterity in Smaller Firms and Startups

Previous organizational ambidexterity research has predominantly analyzed larger organizations, where sufficient resources exist to separate exploration and exploitation activities. However, research on how small- and medium-sized enterprises (SMEs) and startups balance exploration and exploitation is increasing. Smaller firms face greater challenges in pursuing exploration and exploitation simultaneously, as insufficient human and financial resources hinder more traditional approaches, such as structuring separate organizational units (Lubatkin et al., 2006; Parmentier & Picq, 2016; Rippa et al., 2019). However, ambidexterity remains equally important for them (Hazarika, 2023), since companies at earlier development stages need to focus on balancing both short-term survival and long-term prosperity (Dai et al., 2017; Sinha, 2015).

Regarding how smaller firms strive for ambidexterity, a few research papers have started identifying relevant enabling mechanisms. For instance, Chang & Hughes (2012) found in their study that SMEs can achieve an appropriate balance of exploitative and explorative innovation through leaders who exhibit relevant traits, and are willing to take risks and adapt. This highlighted the importance in the role of leadership, which has also been iterated by other authors (Gibson & Birkinshaw, 2004; Lubatkin et al., 2006). Volery et al. (2013) explored how exploitation and exploration occurs in younger ventures by observing leadership, identifying patterns in their everyday behaviour that promoted ambidexterity within the organization as a whole. Additionally, Acevedo and Molina (2025) showed ambidexterity in startups are largely

driven by CEO-level competencies such as initiative-taking, perseverance and networking, rather than firm-level characteristics, emphasizing their individual capabilities to balance exploration and exploitation.

Beyond leaders' role in ambidexterity in smaller firms, other researchers have pointed to external mechanisms. Dai et al. (2017) showed that through product development alliances, partnerships help young, resource-constrained ventures pursue ambidexterity. They argue that through accessing external knowledge and capabilities, smaller firms can compensate for internal resources constraints, extending their ambidextrous capacity across organizational borders. Lin et al. (2007) similarly investigated the role of partnerships in achieving ambidexterity, and found positive performance benefits when a small firm engaged in either explorative or exploitative partnership orientations to avoid stretching already constrained resources. However, they also note that partnership formation for ambidexterity is heavily dependent on a firm's surroundings, with simultaneous exploration and exploitation potentially being required in uncertain environments (Lin et al., 2007). Overall, these findings describe a broader literature consensus that externalizing exploratory or exploitative processes enable firms to more effectively balance both activities (Kauppila, 2010; Lavie & Rosenkopf, 2006).

Interestingly, some research counters the assumption that smaller firms should aim to balance exploration and exploitation. Parida et al. (2016) suggest that startups should focus efforts towards either exploration or exploitation. In their study on young entrepreneurial firms, they found evidence for higher performance consistency when firms maintained a clear orientation towards one activity (Parida et al., 2016). Similarly, Wenke et al. (2021) found smaller firms' resource constraints means simultaneous exploration and exploitation has worse performance benefits than exclusively focusing towards either activity. Nonetheless, other authors establish the value of adopting an ambidextrous approach in startups and younger ventures. Kuckertz et al. (2010) support the claim that an ambidexterity strategy is positively associated with firm performance, drawing from a sample of technology oriented ventures. Their results indicate that both explorative and exploitative activities add to overall success of innovation projects. Similarly, Khursheed and Mustafa (2021) find that technology startups achieve higher performance through ambidexterity in innovation processes.

2.4 AI-Startups and Ambidexterity

Research on ambidexterity within startups is increasing, but specifically within the AI industry, there appears to be lacking empirical focus. Schulte-Althoff et al. (2021, p. 6517) define AI-startups as “a digital startup having AI as a core component of its business model”, distinguishing it from other startups that merely use AI for various work processes. Kaggwa et al. (2023) extend this view by characterizing AI-startups as firms that leverage AI-capabilities to

drastically alter organizational processes, value propositions and customer interactions. Therefore, the AI-startups constitute a distinct type of organization, with Aziz and Rahim (2024) also highlighting their specific use of AI-technologies for innovative processes and heightened potential for scalability. Schulte-Althoff et al. (2021) strengthen this claim by providing evidence showing AI-startups exhibit noticeable differences when scaling compared traditional or digital startups.

Another distinguishing factor of AI-startups from traditional technology ventures and other startups is the environment they operate in (Aziz & Rahim, 2024; Lee et al., 2024). Aziz and Rahim (2024) demonstrated that while technological advancements within machine learning and natural language processing have enabled the emergence of AI-startups, they have simultaneously lowered entry barriers for competitors. Additionally, they emphasize the uncertain market dynamics AI-ventures face through constantly evolving customer demands and unpredictable regulatory changes entails that they must maintain competitiveness by integrating increasingly complex AI-technologies for growth and stability. Kaggwa et al. (2023) equivalently find AI-startup environments to exhibit rapid technological change, sophisticated customer demands and an increasingly competitive landscape.

The distinctive use of AI for AI-startups separates them from other ventures in their innovation and operational efficiency (Aziz & Rahim, 2024). This also relates to other academic literature that point to AI's impact on an organization's ambidexterity in general, which has only recently begun to emerge. Li et al. (2025) and Li et al. (2026) both point to how AI can contribute to firms' ambidextrous innovation capabilities. This was also evident in Tiwari et al.'s (2026) study, where they argue that GenAI enables exploitation through efficiency improvements and standardization, as repetitive and knowledge-intensive tasks are automated, while simultaneously supporting exploration through experimentation and idea-generation. However, Liu (2025) developed the most advanced understanding of AI-enabled exploration and exploitation, where AI-powered systems can enable firms to pursue exploration and exploitation more harmoniously by supporting parallel experimentation, real-time feedback loops, and dynamic resource reallocation. Liu (2025, p. 25) also provides insight into potential downsides of ambidexterity on an AI-system level, where the risk for biased inputs or "black-box architectures that obscure the rationale behind recommendations" have negative implications for algorithmic ambidexterity.

Although significant literature exists on how AI-startups innovate, and findings exist on the impact of AI-tools on improving efficiency in internal processes, academic research remains scarce on actual ambidexterity practices of AI-startups. Regarding how ambidexterity has been connected to AI-startups in academic literature, only Aziz and Rahim (2024) conceptualize the ability for AI-startups to conduct ambidextrous innovation by listing activities that could constitute exploration and exploitation. They theorize that AI-ventures must simultaneously develop new AI-products, expand into new markets and apply AI to new domains to explore,

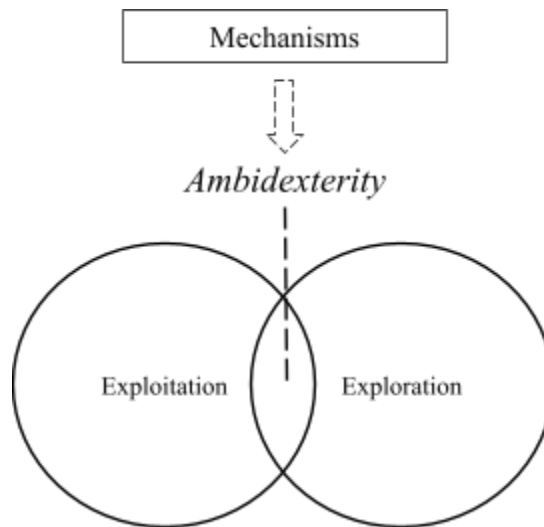
while exploiting through optimization of internal processes as well as commercializing and scaling existing AI-solutions. Coining these as "Ambidextrous AI-driven Tech Ventures", it describes firms that integrate AI-technologies in a strategic balance between exploring new opportunities and markets and exploiting existing resources and capabilities (Aziz & Rahim, 2024, p. 7638). However, they do not empirically analyze how simultaneous pursuit of exploitation and exploration occur in this context, and neither provide an indication of which mechanisms enable them to do so.

Overall, the academic field is beginning to fill research related to AI-startups, and one recent study has begun to conceptualize methods in which AI-ventures can explore or exploit (Aziz & Rahim, 2024). Therefore, this study builds on Aziz and Rahim's (2024) conceptualization by empirically analyzing how an AI-startup simultaneously pursues exploration and exploitation, identifies which mechanisms enable this, as well as the tensions inherent to this process in a new empirical setting.

2.5 Theoretical Framework

To guide the study in answering the research question, this section outlines the theoretical framework based on the concepts identified in the literature, used to interpret the empirical data from the interviews. The first part of the framework includes the concept of the exploitation and exploration trade-off, defined as two activities that compete for a company's scarce resources (March, 1991). Here, ambidexterity theory has been used to explain how an organization achieves the pursuit of both (Gibson & Birkinshaw, 2004; Lubatkin et al., 2006; O'Reilly & Tushman, 2013) and will therefore provide the theoretical lens of this study. In navigating this trade-off, previous theory has identified structural ambidexterity, sequential ambidexterity, and contextual ambidexterity (Gibson & Birkinshaw, 2004; Gupta et al., 2006; O'Reilly & Tushman, 2013). Lastly, in analysing how ambidexterity unfolds in an organization, previous research has identified the ability of various mechanisms to impact pursuit of both activities, providing another layer to the analysis (Acevedo & Molina, 2025; Dai et al., 2017; Li et al., 2025).

Figure 1: Theoretical Framework



3. Methodology

3.1 Research Philosophy and Logic

The research philosophy refers to the set of assumptions shaping how a study understands reality and how knowledge about that reality can be gained (Bell et al., 2019). Ontologically, the study adopts a constructionist perspective, asserting that organizational reality is socially constructed through human interactions and interpretations, rather than existing as an objective entity independent of the actors who produce and interpret it (Bell et al., 2019). This suits this study, as analyzing how a company pursues exploitation and exploration builds on observing a practice stemming from organizational members. Epistemologically, this study adopts an interpretivist perspective since it relies on understanding how individuals within an organization articulate their experiences related to the phenomenon of ambidexterity (Bell et al., 2019). Thus, knowledge about the subject is gained through interpreting members' accounts and understanding how organizational members experience it.

This paper also adheres to an abductive logic where the authors worked iteratively between the literature, the theoretical framework, and the empirical data (Bell et al., 2019). This method seemed most appropriate as the study could use previous research and concepts as a lens to interpret the data, and also be responsive to unexpected findings along the way (Bell et al., 2019). This is in contrast to both an exclusively deductive or inductive approach. With a deductive approach, Bell et al. (2019) state the goal is to test pre-defined hypotheses, which was not the goal of this study. Similarly, an inductive approach focuses on generating theory purely from empirical insights, which was also not relevant given the well-established literature on ambidexterity theory. Hence, the abductive research approach was selected (Bell et al., 2019), in order to combine strengths from both, where the primary objective is to develop new insights by integrating existing theory with new findings to produce novel theoretical contributions and extend prior literature.

3.2 Research Design

Seeing as this research aimed to explore ambidexterity within an AI-startup, a qualitative research design was selected (Bell et al., 2019). This choice is consistent with the view that qualitative methods are particularly suitable for investigating complex phenomena in its contextual setting (Bell et al., 2019; Yin, 2003). Quantitative approaches may struggle to capture the depth and contextual dynamics involved in such processes (Bell et al., 2019). In addition, quantitative research tends to reflect categories defined by the researcher, which may overlook aspects that were not anticipated in advance, whereas qualitative methods allow participants' perspectives to shape the insights generated (Bell et al., 2019). This also aligns with the study's

interpretivist philosophy, allowing the researchers to explore subjective perspectives within an organization.

To answer the research question, this study employs a single-case design using a semi-structured interview research approach (Bell et al., 2019; Eisenhardt, 1989), with the organization as the primary unit of analysis and using individuals as subjects of the study. Although a multiple-case study facilitates greater generalizability of findings by means of comparison, a single-case study provides the ability to dive deeper when exploring a complex phenomenon (Eisenhardt & Graebner, 2007; Siggelkow, 2007). This makes it appropriate for this study, as the authors sought to gain an in-depth understanding of an entire organization through the perspectives of multiple people that could better enable the authors to study intricate relationships and patterns related to the research question. Nonetheless, the issue of generalizability is a common criticism of the single-case study design, although this is also argued by Flyvbjerg (2006) to be a misconception. Case studies aim to contribute deep insights, not to fundamentally present statistically generalizable results (Bell et al., 2019). Therefore, while a multiple-case design could have produced more generalizable findings, the single-case approach enables the study to focus on depth rather than breadth in our research question.

3.3 Case Selection

The case study follows a company with the anonymous name “AIGo”, an AI-startup that offers AI-assistants for B2B customers through a subscription-based revenue model (see section 4.1.1 for an empirical introduction). AIGo was first identified through the research teams’ professional network. It was then purposefully sampled, based on two main criteria: 1) the organization aligns with the definition of an AI-startup, and 2) the firm actively engages with both exploitative and explorative activities.

AIGo constitutes an AI-startup as they are a young innovative company leveraging AI in their core business model, and have a small employee base of 20 individuals. An initial discussion with an executive manager at the company was held to provide more company context. This discussion confirmed that AIGo grapples with both activities, as it has currently entered a scaling phase where a dual focus is necessitated. Therefore, the company pursues exploitation through improving and scaling existing products, while also pursuing exploration through new innovation opportunities. This ensured that the case company could contribute to answering the study’s research question, and that it was relevant to investigate and analyze ambidexterity within this context. Given AIGo meeting the aforementioned criteria, it was deemed to be a typical case and representative for the study in exploring the research question (Farrugia, 2019; Yin, 2003). This increases the likelihood of generated insights being informative or transferable to similar settings (Yin, 2003). It should be noted that having access to an organization provides certain benefits

which aid the generation of interesting insights. However, pre-existing access also entails certain risks which are discussed in section 3.7.

3.4 Data Collection

3.4.1 Interview Sample

Given the case firm's smaller organizational nature, the authors found it advantageous to incorporate insights from individuals across the organization, which also enabled views from different roles regarding the pursuit of both explorative and exploitative activities. This aligns with Eisenhardt and Graebner (2007), who argue that interviewing different groups across an organization can generate richer insights to the phenomenon being studied. In contrast to theoretical sampling, the purpose of this study was not to reach theoretical saturation and build grounded theory (Glaser & Strauss, 1967). It was rather centred around providing rich insights from participants across the organization that could provide relevant perspectives on the phenomenon being studied. 18 interviews were completed in total, which ensured a near complete understanding of the organization as a whole. The commercial function was included due their role in identifying innovation opportunities, alongside commercializing existing products. Furthermore, the tech function's incorporation owed to their involvement in creating and improving the firm's products. Additionally, business analysts (BA's) were interviewed given their intersecting role between commercial and tech responsibilities. Finally, executive management and a board member were interviewed, providing a top-down perspective on the firm's ambidexterity ambitions. The participation of a wider range of roles was meant to generate a comprehensive understanding of the organization's ambidexterity by increasing the variety of perspectives.

3.4.2 Interview Design and Process

A semi-structured interview approach was conducted consisting of open-ended questions. This enabled participants to formulate their answers freely, and for the researchers to gain a deeper understanding of respondents' reasoning (Bell et al., 2019). This approach also facilitated follow-up questions and the ability to request participants to clarify their answers (Bell et al., 2019). An interview guide was created by the authors (*Appendix 2*) to ensure coverage of relevant concepts and topics related to the research question (Bell et al., 2019). In order to operationalize the concepts of exploration and exploitation to 1) avoid imposing academic language, and 2) allow for clear indicators to be determined from interview data, Table 1 was constructed. It draws inspiration from literature that has presented different ways that exploitation and exploration manifest in such firms (Aziz & Rahim, 2024; Volery et al., 2013).

Table 1: Exploration and exploitation conceptualized in AI-startups

Exploration	Exploitation
New products	Selling existing products
New customers	Existing customer focus
Experimentation	Product improvements
Acquiring knowledge of new technology	

The interviews began with a few minutes of small talk, attempting to make the interview feel like a conversation and establishing a sense of trust (Rubin & Rubin, 2012). After this, the authors presented the interview procedure, confidentiality measures, asked for consent to record the conversation, and introduced themselves and the research topic. This was followed by an introduction of the participant, and subsequently the main parts of the interview guide. Throughout some of the interviews, the interview guides were also adapted in real-time to align with the conversation's natural progression to explore follow up questions for deeper exploration of different statements, resulting in discussions occasionally taking different directions (Bell et al., 2019). This follows semi-structured praxis and exploratory research principles allowing the interviewers to take emerging themes into consideration (Eisenhardt, 1989). Each interview concluded with asking the participant whether they had anything else to add that had not been discussed yet, giving them an opportunity to contribute any further insights. From the initial interviews, interesting and unexpected themes were noted by researchers through discussion. The interview guide was then adjusted to incorporate newly surfaced themes to be addressed in subsequent interviews. This iteration practice aligns with both abductive logic and standard semi-structured qualitative studies (Bell et al., 2019; Eisenhardt, 1989). Finally, to ensure consistency in interviewing quality and subsequent insight generation, both researchers were present for all interviews.

The interviews were conducted both via digital video conferencing tools, Microsoft Teams and Google Meets, as well as in-person. The digital interviews were recorded through built in recording functions, and in-person interviews through a recording app. All interviews were transcribed using Klang (Klang, 2026) to ensure compliance with GDPR. Interviews were conducted either in English or Swedish, depending on the preferred language of the interviewee. To avoid translation and interpretation challenges when converted to English, the authors read through the new transcript with the original to ensure tonality, phrasing and appropriate translation had been captured. Ultimately, a total of 18 interviews were conducted (see *Table 2*).

Table 2: List of Interviewees

Part of Organization	Title	Date of Interview	Language of Interview	Length of interview	Interview medium
Board of Directors	Member of the Board	22/4/2026	Swedish	27 mins	Digital
Executive Management	Chief Executive Officer	7/4/2026	Swedish	44 mins	In-Person
Executive Management	Chief Strategy Officer	7/4/2026	Swedish	50 mins	In-Person
Commercial	Chief Commercial Officer	8/4/2026	Swedish	45 mins	In-Person
Commercial	Head of Sales	19/3/2026	Swedish	41 mins	Digital
Commercial	Sales 1	20/3/2026	Swedish	42 mins	Digital
Commercial	Marketing Analyst	27/3/2026	English	40 mins	In-Person
Tech	Chief Technology Officer	8/4/2026	Swedish	56 mins	In-Person
Tech	Head of Development	27/3/2026	Swedish	39 mins	In-Person
Tech	Developer 1	23/3/2026	English	54 mins	Digital
Tech	Developer 2	7/4/2026	Swedish	55 mins	Digital
Tech	Developer 3	1/4/2026	Swedish	46 mins	Digital
Tech	Developer 4	20/4/2026	English	48 mins	Digital
Tech	Developer 5	26/3/2026	Swedish	49 mins	Digital
Tech	Head of Operations	8/4/2026	Swedish	44 mins	Digital
BA	Business Analyst 1	18/4/2026	Swedish	33 mins	Digital
BA	Business Analyst 2	31/3/2026	Swedish	53 mins	In-Person
BA	Business Analyst 3	7/4/2026	Swedish	56 mins	Digital

3.5 Data Analysis

The analysis of the interview data was done via a thematic analysis approach, as outlined by Braun and Clarke (2006). Grounded theory was not applicable given the goal of the study not being to build novel theory from the empirical data (Glaser & Strauss, 1967). Instead, the study aimed to identify, describe, and analyze recurring themes related to organizational ambidexterity theory in an AI-startup. In this study, thematic analysis allowed for a more theoretically flexible

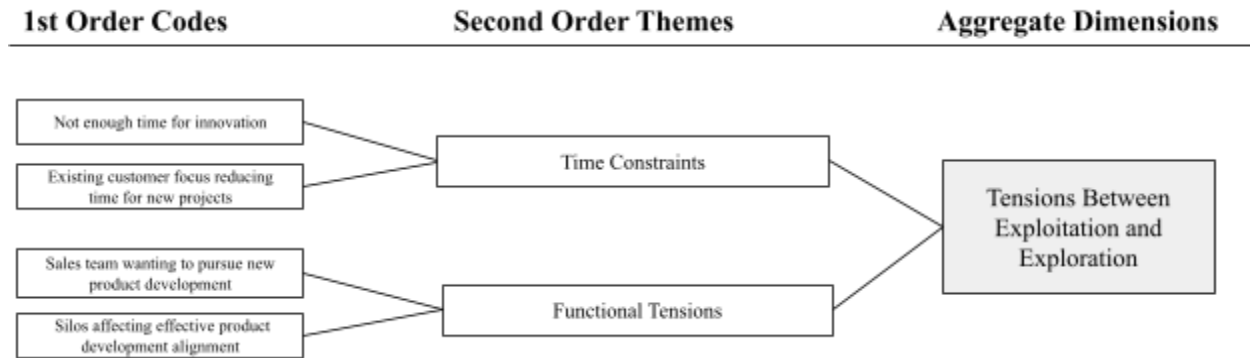
approach of coding, comparing and interpreting the empirical data from our interview transcripts, aligning more with the explorative nature of the study. It followed the six-step process highlighted by Braun and Clarke (2006): 1) familiarization with data, 2) initial code generation, 3) theme generation by clustering similar codes, 4) reviewing themes, 5) defining and naming final themes, and 6) producing an analytical narrative.

The authors began by individually reading through the interview transcripts and immersing themselves in the collected data, enabling an initial understanding of the responses provided by the interviewees and laying the foundations for identifying phrases that would produce first-order codes. This process included listening to the audio recordings to ensure that the transcriptions had captured accurate phrasing, reading through the transcripts first individually then jointly, and noting down initial ideas regarding how to interpret the data. This step was conducted immediately following the completion of each interview. In accordance with the second step, the authors separately coded the interviews by identifying segments and quotes that represented potentially interesting concepts to the research question before comparing them together. This process was done by highlighting excerpts from the transcripts, using a Google Sheets document to facilitate note-taking. A total of 35 first-order codes were generated. After the initial codes were generated, the authors reviewed them together, searching for patterns and eventually grouping them into overarching thematic categories. This process was iterative, as codes and themes were continuously reorganized, restructured in accordance with step 4 of Braun and Clarke's (2006) approach. The thematic categories were then finalized, generating 11 second order themes and 4 aggregate themes. Together, these themes organize the presentation of the findings in section 4. Given the study's abductive research approach, the authors went back and forth between our empirical data and the literature that guided the formation of the overarching themes. Finally, after themes were in place, a holistic analytical narrative was constructed that contributed to answering our research question.

Figure 2 illustrates an example of the coding structure derived through thematic analysis (see *Appendix 3* for the complete structure). Although we adhered to the thematic analysis approach as per Braun and Clarke (2006), inspiration was drawn from Gioia et al.'s (2013) method to conduct coding in a more structured manner and move from first-order codes, to second-order themes, to aggregate themes. First-order codes capture empirical phenomena directly from interview data (e.g., 'Not enough time for innovation', 'Existing customer focus reducing time for new projects'). For the study's coding process, the formation of first-order codes could be based on multiple transcript extracts, if several interviewees mentioned the same thing. Further, the first-order codes were then grouped into second-order themes representing similar patterns observed in the first-order codes (e.g., 'Time Constraints'). Finally, aggregate dimensions connected themes to more overarching concepts related to the literature (e.g., 'Tensions Between Exploitation and Exploration'). When coding disagreements arose, we resolved them through

joint review of transcript segments and discussion until consensus, documenting decisions in a shared coding memo.

Figure 2: Example of Coding Structure



3.6 Quality of Research

To ensure quality of the research, the researchers utilized Lincoln and Guba's (1985) criteria to assess trustworthiness in qualitative research: credibility, transferability, dependability, and confirmability.

Credibility addresses the fit between respondent's views and the researcher's accounts (Lincoln & Guba, 1985). The researchers sought to strengthen credibility by extensively engaging with the empirical material. This involved multiple rounds of reading, collaborative coding discussions, and peer debriefing in which emerging interpretations were critically examined. Additionally, given the semi-structured nature of the interviews, participants also had opportunities to clarify their statements during the conversation, which helped reduce the likelihood of misinterpretation and allow for immediate clarification. Before submitting the study, the researchers consulted with a representative from the company to ensure an accurate representation of the findings and reviewing the author's interpretations. However, given the study's limited timeframe, extensive post-interview respondent validation was not feasible. Credibility can also be strengthened through triangulation with other sources of information, which the authors argue was achieved by interviewing many different organizational members.

Transferability refers to the extent to which the findings can be applied to other contexts or settings (Lincoln & Guba, 1985). Ensuring transferability in qualitative research can be challenging as it tends to be more contextually oriented, focused on depth rather than breadth (Bell et al., 2019). Considering the single-case study approach, the issue of transferability is exacerbated. The authors have made an attempt to describe the research context in detail (see

section 4.1.1 for a thick description of the case company) in combination with a presentation of the empirical extracts. This enables others to judge the transferability of the findings in this study to other settings (Bell et al., 2019; Lincoln & Guba, 1985).

Dependability refers to the extent to which the research process is clearly documented, coherent, and transparent, allowing others to follow how the study progressed and how its conclusions were derived (Bell et al., 2019). To address this, each stage of the research process was documented, including the interview guide, interview procedure, empirical extracts, the coding process, and methodological design. Dependability was also supported by supervisory feedback to ensure that appropriate procedures were followed.

Confirmability concerns the extent to which the findings are derived from participants' accounts rather than shaped by researcher bias (Bell et al., 2019; Lincoln & Guba, 1985). First of all, no theoretical language was used in open-ended interview questions to avoid pre-emptively guiding the respondent's answers. Also, to avoid confirmation bias in the initial coding, each author first coded the interviews independently before comparing to reflect on assumptions and reconcile differences.

3.7 Ethics & Reflexivity

The research was conducted in accordance with ethical principles emphasized in Bell et al. (2019). The interview participants took part in the interviews voluntarily, and were asked for their consent in recording the conversations. The names of the interviewees and the company they represented were anonymised, which was also established to the interviewee upon outreach as well as in the beginning of the interviews. The authors also asserted that the interviewee could refrain from answering questions that they did not wish to, and no incentives were introduced to the participants. The recordings of the interviews and their transcripts were stored securely and only accessible to the authors of the study. Following the completion of the project, all recordings were deleted.

Further, acknowledging that the researchers had a pre-existing connection to the case company is also a way to ensure transparency in how the authors interacted with the subjects of the study and how data collection was facilitated. While the authors argue that the pre-existing connection was accompanied by numerous strengths including better interview access, which may arguably not have been possible by another researcher, and creating a more trusting interview environment which facilitated better conversations and subsequent insights, it is important to reflect over the limitations. Risks could include bias in data collection and interpretation, making reflexivity and continuous self-reflection important (Olmos-Vega et al., 2022). Therefore, at the beginning of each interview, the authors clearly stated their roles as researchers and emphasized confidentiality to avoid respondents conforming to social desirability bias (Lincoln & Guba,

1985). Furthermore, debriefs after each interview between the researchers allowed for discussions to challenge any potential interpretations of the data. Finally, discussions were held with the supervisor to determine the impact access could have, with an understanding being reached on appropriate measures that need to be taken to ensure transparency while maintaining anonymity for the case firm.

4. Empirical Data

This section begins by providing a more detailed company overview. Subsequently, interview findings are presented in accordance with aggregate themes identified in the coding process, laying the foundation for the analysis and discussion in section 5.

4.1 Introduction to the Case Company

4.1.1 The Case Company

AIGo is a startup providing B2B AI-solutions, helping companies automate administrative tasks through AI-assistants. They have achieved a viable product-market fit, and have entered a growth stage where the current emphasis is on achieving scalability.

The company's offerings consist of: 1) **customized AI-assistants**, and 2) **standardized AI-assistants**. Customized solutions, also referred to as "tailored solutions" or "new products", aim to meet new customer demands, often for specific customers within new industries. Standardized solutions, also referred to as "existing products", constitute the company's core product portfolio, and are solutions AIGo has scaled to numerous clients already. The distinction between both product types lays the foundation for choices between short-term efficiency and immediate revenue generation (by focusing on scaling standardized solutions), and innovation for future competitiveness (by creating more customized solutions).

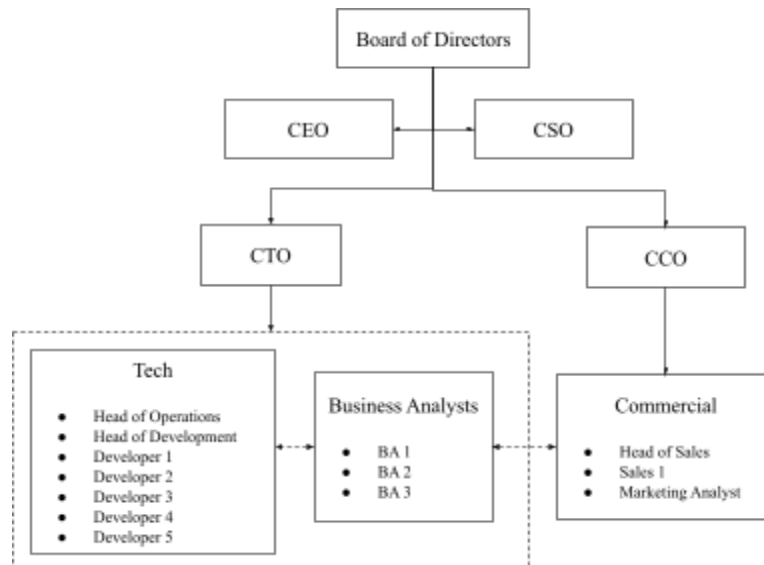
For additional context, all of AIGo's AI-assistants must be integrated into platforms their customers use. Examples of such platforms include enterprise resource planning (ERP), customer relationship management (CRM) and human resource management (HRM) systems. Integration of AIGo's solutions is possible without any prior relationship to the system providers, but typically takes longer to implement. To streamline this process for customers, AIGo actively pursues partnerships with these platform companies as well.

4.1.2 Organizational Structure

AIGo's organizational structure consists of three functions: 1) Commercial, 2) Tech, and 3) Business Analysts (BA's).

Commercial is responsible for customer acquisition, involving prospecting and communicating with potential customers. Tech is responsible for creating new and improving existing products. The BA's are primarily responsible for customer interactions after sign-on. This includes onboarding customers and customer lifecycle management. Finally, the management team consists of the Chief Executive Officer (CEO), Chief Strategy Officer (CSO), Chief Technical Officer (CTO), Chief Commercial Officer (CCO).

Figure 3: AIGo's Organizational Structure



4.2 Challenges of Operating in a Rapidly Changing Environment

A recurring interview theme was how AIGo operates in an intense competitive environment subject to rapid technological change and a competitive market, which several employees saw as difficult to keep up with. This was described as being a reason for the continued need for innovative thinking, necessitating more exploratory actions for the organization.

4.2.1 Technological Change

The unpredictability regarding the AI landscape's evolution was acknowledged by employees across functions, describing difficulty in predicting what the future of the technology entails. One employee called the current time “*a period of continuous disruptiveness*”, where current trajectories made the future increasingly uncertain for AIGo. This points to a more specific concern beneath the general uncertainty, namely the fear that larger and more established players in the AI domain could release products that overlap with, or outright replace, the foundations on which AIGo's business currently rests.

“We simply do not know if Anthropic will release a new product that could make our entire business irrelevant [...] So it is a very interesting time. We are heading a bit blind into the future in some way” - Developer 5

Several employees also stressed keeping up with technological developments as a basic condition for the company to remain relevant. However, the constantly changing technological landscape makes it increasingly difficult for managers to know what the next months will bring, resulting in the time horizon for planning becoming much shorter.

“It is extremely important, in the end, to keep up with developments in AI. If we do not, then we are done.” - Head of Development

The technological uncertainty was also described as a source of pressure particularly within the tech team, where the speed of technological change risked making previous knowledge and skills feel outdated almost as soon as they had been acquired. All developers therefore pointed towards the challenge of constantly seeking information on latest AI-technologies, and simultaneously applying this to work practices.

“Because things move so fast, you barely have time to learn anything before the next new thing comes along. It can become almost overwhelming” - Head of Development

4.2.2 Market Uncertainty

In addition to technological volatility, the market was described as increasingly difficult to interpret. The findings pointed towards customers having increasingly unique demands, placing added pressure to remain attentive to market changes to continue creating customized solutions. Additionally, the rapid proliferation of other AI-startups and presence of major platform providers was shown to make it hard to clearly define future competitive positions for AIGo. This uncertainty was linked to both the ease of entering the market and the speed at which new

actors and offerings emerge. Rather than competing within a stable set of known rivals, AIGo finds itself operating in an environment where competitors could appear unexpectedly, and the sheer volume of new entrants made analysing and mapping the competitive landscape nearly impossible.

“There are an insane number of AI companies popping up [...] what competitors are even out there? No idea. New companies appear every day. It makes the market very difficult to analyze in that way [...] Then it becomes tough, tight competition, and it is only going to get tighter going forward.” - Head of Sales

“I think what is challenging is that there is so much ‘noise’. There are so many companies being started. It is much easier to start a company today than it was two years ago.” - CEO

Uncertainty in the future of the AI market was also said to force AIGo to reconsider how it creates and captures value, as rapid technological change could entail that customers become increasingly able to develop and utilize AI-tools themselves. This was said to prompt the company to prepare for a more hybrid model. Specifically, where AIGo positions itself both as an AI-solution provider and a strategic partner, helping organizations navigate increasingly uncertain customer demands through more consultant-like advisory.

“What you might want is a partner to bounce ideas with ... and you need help within the organization to start working with AI in general [...] So maybe there will be more of those types of work going forward, that customers might be the ones who develop certain solutions and we come in more as experts in getting them to use it in their organization [...] So I think that will become much more relevant as well in the coming time, because it will move so damn fast.”

- Business Analyst 2

Interviewees therefore described a market characterized by a large number of new actors and a constant influx of new developments. This made it difficult for AIGo to get a clear overview of the market's direction, and who the main competitors are. As a result, the market was described as something that requires ongoing attention and continuous adjustment, and the need for continued explorative efforts to remain competitive.

4.3 Exploration and Exploitation Activities

Exploration at AIGo consisted of two parts. The first is new product idea creation, which constitutes market-facing exploration. Secondly, tech-driven exploration, which refers to experiment with new AI-tools and developing new products. Exploitation on the other hand, was reflected in the refinement, maintenance, and scaling of existing AI-assistants. The importance of dedicating effort towards both activities was also explicitly derived from the interviews.

4.3.1 New Product Development and Experimentation

From the findings, it was evident that AIGo's exploratory pursuits materialized in the form of experimentation, and in the pursuit and development of new AI-assistants. For new solutions, the decision to pursue new product ideas was explained to be highly demand-driven, meaning that product innovation stemmed from the commercial team identifying new customer demands, rather than ideas pushed by the tech team. However, tech is responsible for determining the feasibility of new developments. While new product development was said to help AIGo remain responsive to new market demands, it was also accompanied by numerous challenges, risks and uncertainties. As stated by respondents across BA and commercial, customer demands for AI-solutions are becoming increasingly unique. This means creating new, highly-customized products could potentially be more difficult to scale towards other customers, and also required more maintenance.

“Is it worth doing this as a tailored solution or not? We do not really want to lock ourselves into something highly customized. Those kinds of solutions often require a lot of support and maintenance, and very specific expertise, which makes it harder for others to manage. When you work in a very tailored way, you can easily end up boxing yourself into a corner.” - Head of Sales

To avoid stretching resources thinly across new developments, the commercial team stated that pursuing new innovation was influenced by the potential of the solution to become integrated into AIGo's core product portfolio. This implied that the company needs to be more selective, by considering the viability of scaling it to other customers before pursuing ideas. This is achieved through commercials' repeated customer interactions, enabling the identification of patterns across the market. Before pursuing ideas, commercial consult with BA's and tech to determine the feasibility of developing them.

“But as soon as things become more customized and complex [...] Is this something we can reuse over time? Is it scalable? Is there a broader need for this across other types of companies?” - Head of Sales

New product development was also shown to entail development risks, particularly if pressure is placed on developers to complete a project quickly rather than focusing on quality. Poor or rushed development was stated to result in additional and unnecessary maintenance in the long-run. Therefore, tech stressed the importance of taking additional time in the development phase. This frees up future capacity for new project onboarding and innovation. This was challenging for the tech function, as commercial's desires appeared to prioritize faster delivery to meet customer expectations.

“You have to build it properly from the start when you’re developing a new project...If you don’t, maintenance later on will be a nightmare and take way more time than it should. But if you do get it right from the start, maintenance becomes much easier [...] And when you’ve set it up well from the beginning, you can spend more time on new things coming in. But that also means you really have to respect the time it takes when building something new” - Head of Development

Exploration at AIGo was also identified to occur through experimentation with AI-tools, as a way to remain innovative and keep up to date with new technological developments. This was primarily done within the tech team, where digital testing environments are used to develop products. Given the newness of certain AI-tools to the tech team, this was shown to be important to learn about new ways to build AI-solutions.

“Experimentation is a necessary step, I would say, because sometimes you don't know exactly how in the development process necessarily how everything will play out. So you need to experiment a lot, like find the right path to the specific solution” - Developer 1

4.3.2 Existing Product Improvements and Focus

AIGo's exploitative efforts included refining and scaling existing AI-assistants, which are the standardized products that have been developed similarly on numerous occasions for previous customers and now constitute a part of their core product portfolio. These are products that can be sold to new customers without the need for the tech team to develop fundamentally new features or designs. This results in quicker onboarding processes, fewer resource investments, and less time needed from the tech team to deploy. For efficiency, the CEO stated that this made selling existing products a priority, both to decrease workload but also help the organization scale.

“Ideally, we should focus on selling the packaged AI-assistants we already have, that's the priority. Because it doesn't require much additional work from the tech team.” - CEO

Exploitation was also related to maintenance and improvement of existing products and support to customers. Examples of such activities ranged from fixing underperforming solutions, to adding incremental product features. The majority of tech's activities was found to be dedicated to this, owing to the large number of existing customers to take care of. According to the CSO, committing time towards support and improvement for existing customers was always a priority. Particularly, since existing customer stories are used to attract new customers, and therefore maintaining strong relationships with "ambassador customers" through optimal support achieved this.

"You find out how the (existing) customers are doing through support. That's how we get a sense of things, because our most important salespeople are our ambassador customers. So we pay close attention to how they're doing [...] maybe we'd want to ask them about the kinds of things they would like to build or improve." - CSO

4.3.3 Importance of Balancing Both

Regarding the focus on improving and delivering existing solutions alongside the pursuit of new innovation, it was described by a few employees as an ongoing balancing act, where neither side can be fully prioritized without consequences for the other.

"It is a constant balance between improving what we have and being aware of what the market wants" - Head of Sales

Existing products and customer commitments often take priority given their immediate importance for revenue and customer satisfaction. At the same time, there is recognition that focusing too heavily on current products can limit the organization's ability to innovate and develop new offerings, which was deemed highly relevant to remain ahead of competition and adapt to technological change. This was iterated precisely by one of the developers.

"You need to have a good amount of both. If you think too much about stability, then you won't do these innovative things. But if you only think about chasing every opportunity you see, then you won't be able to build the long-term stability either" - Developer 2

The difficulty in doing both at the same time was evident at AIGo, which is brought up in the next section, outlining the tensions between exploitation and exploration from perspectives across the organization.

4.4 Tensions between Exploitation and Exploration

Respondents consistently articulated that there were challenges in both pursuing new product ideas and focusing on existing product processes in the form of 1) resource allocation tensions, 2) time constraints, and 3) tensions between functions.

4.4.1 Resource Allocation Tensions

A central tension concerned the limited resources of a startup that constrained its ability to simultaneously pursue exploration and exploitation. For example, several respondents described how personnel scarcity requires AIGo to make continuous trade-offs regarding which projects to pursue and deprioritize. Particularly, between managing existing products and customers, and new solutions. With projects outnumbering staff, resources stretched across competing demands, particularly within the tech function. Here, the interviews noted how the individual developer needs to handle multiple types of projects, including maintenance, implementation, and new developments.

“As AIGo is a startup we do not have the luxury of expanding our resources such that you have a person that does only this, a person that does only that. It's not feasible at all because there are a lot of projects that need to be maintained.” - Developer 1

Tech's smaller team size also restricted the ability to dedicate focused efforts towards exploratory activities, as the uncertainty of exploratory outcomes could potentially lead to a waste of effort and resources. The CTO highlighted how company-wide pressure to deliver financial results incentivizes focus on exploitative activities, such as maintaining, incrementally improving and implementing existing products. Thus, there was shown to be a greater hesitance in allocating already constrained resources towards experimental initiatives with uncertain outcomes.

“[...] we cannot have someone spending a month developing something when we do not even know if it will lead to anything. We simply cannot afford that. It becomes a matter of trade-offs, where we are under constant pressure to deliver and bring in revenue in order to keep the business afloat.” - CTO

Two respondents also pointed to how AIGo's work environment is characterised by reactive mindsets, demonstrated by ad-hoc routines and constant resource re-allocation. Allocation decisions often occur on a case-by-case basis, depending on the availability of developers to commit to projects. The lacking structure results in reactive modes of working, where priorities frequently shift depending on immediate needs, particularly when multiple customers and projects compete for attention.

“There are no fixed routines, everything is ad hoc, as is typical in startups. That is something you have to learn when working in this way. [...] It can be difficult to prioritize between customers or decide who should receive the most focus at a given time.” - Business Analyst 3

4.4.2 Time Constraints

Lack of time to effectively balance both exploitative and exploratory activities was also a common theme reiterated by numerous employees, mainly from tech. A central issue was the continuous need to prioritize existing customer-related work, reducing the time available for other endeavors such as new projects. Several respondents described how new projects increase overall workload, while existing projects continue to demand attention through maintenance and support. Maintaining existing solutions, supporting customers, and addressing urgent issues often took priority, particularly when customer satisfaction or retention was at risk. This prioritization was stated to create a constant trade-off between managing existing commitments and working on new initiatives.

“We have many reasons as to why we don’t have as much time as we would like to analyze new projects. The more projects that come in, the more we also have to actively manage. This also takes a lot of time from the developers. And when you have both new projects and management of existing ones, it becomes really hard to balance” - Head of Development

However, the CEO also asserted that time spent on support and maintenance for existing customers is something they wish to reduce, in order to allocate more time towards new innovation and new customers. This was crucial given the nature of AIGo’s industry, which requires a constant innovative drive. The Head of Development noted how just two to three weeks in the AI-industry is “a lot of time”, making the balancing of new and old more difficult. Not dedicating sufficient time towards innovative activities was also said to risk the company falling behind competitors and customer demands.

“We need to keep being innovative, and that means we also need to have the time to do it. There is a risk that we get left behind if we do not manage to stay innovative in our solutions and in how we offer them. I would say there is a real risk that we are not innovative enough in what we do, simply because we do not have the time. That, for sure, is a risk.” - CCO

4.4.3 Functional Tensions

There was a central tension related to exploitation and exploration stemming from each function’s inherent orientations, specifically between the commercial and tech teams.

Respondents from both teams emphasized commercial's desire to sell more innovative solutions to meet wider demand, and therefore distinguish themselves from competitors. The tech team, who are responsible for turning customer demands into tangible solutions, had a greater orientation towards exploitative projects by preferring working on existing solutions for efficiency. These two orientations were described as being a constant challenge for the company.

“I think on the sales side we can be a bit, so to speak, ambitious, sometimes overly ambitious, thinking ‘go, go, go, this is something we should be able to solve.’ And then there is the tech side, the anchor, that slows things down and says we need to take this carefully, because this is what we actually have the capacity to do right now. So it becomes a balance between willingness and caution” - Sales 1

“There are classic tensions between tech and commercial that exist at all companies. On the developer side we have a sense of craftsmanship. We want to craft well, and build things in a good way. Commercial doesn't share this, they want to sell and bring in the money” - CTO

This tension was also said to stem from an uncoordinated workflow between the two functions. The first interaction between the commercial team and a potential customer typically lacks direct oversight from tech, limiting early-stage technical input. This in turn constrains the feasibility assessments of new product development, as non-technical roles may underestimate the complexity of creating new solutions. Navigating the tensions between these two functions was considered an important priority as well.

“I think that if developers can be there from the start, or earlier in the process, we also estimate better and perhaps make better recommendations already in an early stage. Today we see that gap loud and clear” - Head of Development

4.5 Enablers of Balancing Exploitation and Exploration

Despite the tensions presented in the previous section, whereby it was clear that the organization gravitated towards exploitative practices, the interviewees pointed to efforts undertaken to increase the organization's exploratory activities and navigate tensions between both activities. Respondents identified the role of leadership, utilization of AI-tools, and their partnership ecosystem as key factors.

4.5.1 Role of Leadership in Creating an Innovative Culture

Interviewees noted the vital role leadership plays in fostering a culture where experimentation, risk-taking and failure is tolerated. For example, when experimenting with new products, testing

new prototypes, or utilizing new AI-technologies in work processes. Particularly, by framing any experimental failures as opportunities for learning, which was iterated by all executive managers. This was shown to encourage more exploratory initiatives, which was deemed important to foster innovation.

“The other thing is feeling like it’s okay to fail. That there’s enough trust to allow that. Because you won’t dare to try things if you feel like everything you do has to be right all the time. [...] Once is fine, you try, you learn, and then you adjust and do it a bit better the next time.” - Chief Strategy Officer

Interviewees from all functions also highlighted the flexibility granted to them in designing their workdays. The commercial team emphasised that they are given significant leeway in deciding whether to divide their outreach efforts towards existing products or collecting information for potential new products. Similarly, tech articulated that they are allowed autonomy over which AI-tools to utilize in product development. This was shown to be vital for the tech team, as they were required to maintain a close understanding of the latest tools and models. However, the interviews showed that even with autonomy, understanding how to apply AI-tools was a challenging task. Here, the CEO, and numerous developers, described the CTO to be instrumental in guiding the organization towards a better understanding of how to apply these technologies. By communicating the latest findings from the AI-world, and showcasing how it has been used in their work practices, the CTO provided inspiration and motivation for the rest of AIGo to apply the technology in new ways.

“But our CTO is very good at this mindset of just leaning into the AI wave [...] I think all of it is pretty intimidating. And he’s just like, yeah, it’s supposed to feel intimidating. You just have to lean into it. And dare to ride the wave. If it goes wrong, it goes wrong. Then you learn from it.” - Developer 5

Another way leaders were shown to guide explorative and exploitative activities was by establishing stronger collaboration across teams. Here, executive management sets Objectives and Key Results (OKRs), and were described as facilitating how focus should be allocated between exploitative and explorative activities across functions. Specifically, by having functions set goals designed to meet a larger organizational goal on a quarterly basis. The goals were shown to be set in response to current and anticipated market trends. For example, the CEO pointed towards preparing the firm for a higher innovative capacity by focusing on streamlining maintenance and support processes. Being renewed quarterly, it enables AIGo to react quickly to external pressures, making the organization more responsive in a dynamic industry.

“What we’re focused on right now is trying to free up as much time as possible from support and maintenance work, basically our old processes, so we can focus more on building new things and

driving innovation forward. That's something we've been working on as part of our OKRs over the past quarter, reducing that time. Because it frees us up to focus more on what's ahead." - CEO

Finally, leaders were shown to be instrumental in ensuring that AIGo occasionally dedicated time towards exploration. Organized and managed by the CTO, hackathons acted as time slots for tech and BA's to experiment together, for example by creating prototypes of new product features. The output generated from these sessions often end up being implemented in future product developments. Additionally, the CTO noted the ability for these hackathons to "*show ourselves what we are capable of*" as a collective.

"We remove all the usual distractions and focus on one thing as a full team [...] But it's also a great way to generate strong ideas for how we can keep moving forward. The ideas we come up with can then be picked up and developed further into new features, so that innovation actually makes its way all the way into the product." - CTO

4.5.2 Role of AI in Product Development and Process Improvements

A recurring interview theme was also how AI-tools enabled employees to manage both new product development and process improvements. Regarding process improvements, the various functions were shown to utilize AI for different purposes to decrease manual work in numerous activities that previously required significant time commitments. BA's shared that AI-tools increasingly automate product-specification documents following customer meetings. They described that meeting recordings could now be uploaded straight into an AI model, helping to produce this documentation instantaneously. For developers, AI-tools helped in product maintenance, such as fixing bugs or rewriting codes, which previously required significant manual work, and improved product functionality. Exploratively, several developers highlighted the advantages of AI in accelerating Proof-of-Concept (POC) generation for new products to show customers.

"It's honestly insane how fast you can build a proof of concept. Like, in a customer meeting where they say, 'We'd love a [Product Idea]' or 'a [Another Product Idea]'. Taking that from basically zero to 70% done usually takes a day. I mean, it's basically no time at all. It's honestly kind of absurd. Before, that would've taken at least two to three weeks." - Developer 5

Another important implication of AI for the company was how it empowered non-technical roles to engage in more exploratory activities. Previously, tech were responsible for managing the entire development process regarding both new products as well as incremental feature additions to existing products. With the help of AI tools, BA's could now initiate the experimentation process to determine the feasibility of pursuing such ideas. The transferring of experimental

powers to BA's therefore offloads work from developers, freeing up time for them. Additionally, as BA's relay their experimental findings to tech, Developer 3 stated that this streamlines subsequent developments.

“Let's say I'm going to build something new, then I'll need a bit more time. And if I'm using new technologies, I'll need a bit of a head start. For example, I might talk to our BA and say, 'If this customer is thinking about something like this, could you start experimenting a bit with it?', before I actually begin the real development. [...] You get some time to explore and test things before the actual development phase begins.” - Developer 3

It also surfaced from the interviews that developers saw risks in the overreliance on AI, especially when developing new products. The inability to properly understand how a product was coded by an AI tool, it could lead to “*cognitive debt*” and knowledge gaps, affecting knowledge sharing of these developments between teams. Numerous developers noted challenges in remaining attentive to AI-generated outputs, as the constant utilization of these tools in their work inadvertently resulted in trusting them “*blindly*”. Therefore, new product idea development still requires substantial human oversight, which senior managers showed responsibility for ensuring.

“Let's say that that person doesn't really understand the code [...] They might be able to understand some parts, but they don't fully, fully understand what every single instruction of code does. Then you create some, let's say, cognitive debt because you know what it does but you don't know specifically how it does it and if you pile this on and on and on it would be like a huge cognitive debt of not knowing how things work and it would be hard explaining and detailing and informing other people [...] that might be a big issue when working with production information and production data” - Developer 1

4.5.3 Role of Partnership Ecosystem in Distribution and Innovation

Partnerships were also shown to help AIGo with both exploitation and exploration. Through partnerships with platform providers (*see section 4.1 for explanation*), their products can be deployed and integrated faster as opposed to selling them to individual customers. Interviewees pointed to efficiency gains enabled through these relationships. For example, Developer 3 stated onboarding times for new customers can be reduced to from three weeks down to one, significantly decreasing the time spent implementing solutions. The wider distribution and rapid scaling of products enabled through partnerships was stated to prompt AIGo to become increasingly oriented towards establishing more relationships with such platform providers.

“It’s really about exponential growth through partnerships, that’s the whole point. If you can get someone else to sell your product, they can move it way faster than you ever could on your own.

Or distribute it, basically [...] Instead of having ten sales reps each selling ten [Product] solutions, you could have one partner selling a hundred. That’s the whole idea. Scale it up.”

- Business Analyst 3

Furthermore, it was also derived from the interviews that AIGo collaborates with other types of partners in the co-creation of certain solutions. According to the CCO, these partnerships are initiated when AIGo lacks competencies or expertise in certain application fields, and seek to outsource parts of product development to others. This allows AIGo to invest fewer resources in generating entirely new solutions themselves, and also minimizing the risk of potential product failure.

“We’re talking, for example, to someone [an external partner] working on [a specific novel product][...] If they can integrate with us it would facilitate for us in that we don’t have to build everything ourselves. [...] We connect the pieces, bam, it comes together. And the downside is pretty limited” - Business Analyst 3

However, there were also challenges identified from the interviews related to partnerships, specifically with selling existing products through platform providers. Since AIGo’s solutions aim to fill a specific function in their partners' platforms, the CEO noted the potential risk of inspiring these partners to replicate AIGo’s offerings themselves. However, an awareness exists that these products may regardless be outdated or obsolete in the near future given the pace of technological change. Therefore, the CEO stated that partnering with platform providers to scale existing products are calculated risks they take, as they must regardless continue to pursue new innovation ideas.

“There’s a risk in that, that they see what we can do and eventually maybe they’ll develop it themselves” - CEO

5. Analysis & Discussion

This section analyses the empirical data, guided by the theoretical framework presented in section 2.5, and discusses the results in relation to the relevant literature presented in the literature review.

5.1 The Exploration and Exploitation Trade-Off

The findings showed how AIGo struggled in distributing time and resources between short-term operations and innovative pursuits. This represents March's (1991) classic theoretical proposition, whereby organisations face a constant trade-off between exploration and exploitation. Both activities compete for limited resources, which is exacerbated in the context of a resource-constrained startup. For AIGo, the findings identified resource allocation tensions, time constraints and tensions between functions all impacting the extent to which exploitative and explorative projects are prioritized. AIGo's exploratory actions centered around identifying and creating new products meant for new customer segments. These were pursuits accompanied by a degree of risk and uncertainty, but that were necessary to keep up with changes in the market. This corresponds to March's (1991) proposition of exploration as activities that involve risk-taking, flexibility and innovation.

At AIGo, the commercial function leans towards exploration by pushing for new innovative product development. This orientation was a direct result of constantly changing and unique customer demands, which previous research conceptualized to be inherent to AI-startups (Aziz & Rahim, 2024). However, it was unearthed that exploitative activities in the form of refining and selling existing products often crowded out explorative efforts, which appeared particularly in the tech function. This was mainly due to the pressure coming from existing customers in support, and the ability to scale existing solutions given their more straightforward development processes and immediate returns. This trade-off was particularly interesting as new AI-assistants did not appear to be radically distinct from existing products, as all were versions of AI-assistants. Andriopoulos and Lewis (2009) regard exploration as radical or disruptive innovation, which AIGo did not seem to portray. Nonetheless, the findings confirmed that new AI-assistants were a way for AIGo to keep up with changes in the market and remain competitive, constituting exploration, which required shifting focus and resources away from existing processes.

An interesting observation was also related to the AI industry specifically, characterised by rapid technological change, low entry barriers, and intense competition. Although AIGo dedicates time and resources to maintaining and developing existing products, the rapidly evolving technological landscape creates a real risk of sudden obsolescence. This could suggest that the time period where exploitation can reliably generate short-term returns is more compressed, inhibiting AIGo from focusing purely on exploitation. Heightened pressure is therefore placed on

the company to remain innovative, track emerging trends, and explore new AI-product configurations. It was even argued by customer-facing functions that AIGo may eventually need to reconfigure its entire business model to include consulting services, as technological developments can enable customers to create AI-solutions themselves. Hence, while the main tension for AIGo was related to creating new AI-assistants and scaling existing ones, environmental changes force the firm to consider switching to entirely new revenue-models as opposed to incrementally improving or innovating AI-solutions.

Despite the dynamic environment pushing a need to remain innovative, an exploitative logic still dominated within the firm. While the CEO expressed a desire to shift attention toward new product innovation by reducing time spent on maintenance and support, scaling existing products remained central to the company's growth ambitions. The dominantly exploitative approach could be seen as partially aligned with literature suggesting smaller firms benefit from concentrating focus on one activity (Parida et al., 2016; Wenke et al., 2021), which could stem from AIGo's desire to scale. Nonetheless, the findings showed that balancing was necessary for AIGo. Exploitation helped expand existing offerings, and exploration needed to be done to meet new customer demand and remain competitive. This therefore aligns more with research suggesting that resource-constrained firms, and particularly digital firms, must strive to balance exploration and exploitation to a certain extent (Khursheed & Mustafa, 2021; Kuckertz et al., 2010).

While the tensions identified in the findings constrained certain exploratory activities, AIGo nonetheless demonstrated a form of ambidexterity by pursuing both simultaneously, albeit with a greater tendency for exploitation. How the company organised itself to mitigate these tensions, and the enablers that supported this identified through the findings, are analysed in the following section.

5.2 Approach to Ambidexterity

5.2.1 Contextual Ambidexterity

Ambidexterity is the organization's capability to simultaneously pursue exploration and exploitation (O'Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008). The empirical findings point towards an imbalanced version of contextual ambidexterity as the overarching approach by which AIGo pursued both activities, with a tendency for exploitation to dominate. The organization did not structurally separate these activities, nor shift exclusively between modes over time, which aligns with the concept of contextual ambidexterity, and the emphasis it places on employees to manage both exploitation and exploration (Gibson & Birkinshaw, 2004). As a result, the individuals within the organization carried the responsibility of balancing exploitation

and exploration, which is linked to the culture and work environment enabling employees to pursue both, by giving them flexibility in allocating their time to either (Gibson & Birkinshaw, 2004). At AIGo, the tech and commercial teams were responsible for handling both new product pursuits, while also focusing on existing products. Therefore, the following mechanisms identified from the findings sought to reduce the imbalance, and enable simultaneous exploration and exploitation.

Similarly to previous literature (Acevedo & Molina, 2025; Chang & Hughes, 2012; Volery et al., 2013), it was evident for AIGo that the role of leadership was key in navigating exploration and exploitation tensions. For instance, the use of quarterly OKRs, which is set by management, was found to act as an organizational control mechanism shaping the relative emphasis on exploratory and exploitative activities across functions. Furthermore, it provided a direct response to environmental pressures by re-weighting focus between both activities. For example, the CEO described how the current OKR cycle aimed to free up capacity from maintenance, to prepare for new product development in anticipation of market changes. For AIGo, this was a clear planning mechanism aligning each function towards a unified organizational goal. This indicates AIGo's use of *discipline*, through performance targets (Gibson & Birkinshaw, 2004), to steer individuals to allocate effort across competing demands. This planning mechanism provides a temporal dimension to AIGo's contextual ambidexterity. It may initially be interpreted as a form of sequential ambidexterity, whereby firms alternate between distinct phases of exploration and exploitation over time (Gupta et al., 2006; O'Reilly & Tushman, 2013). However, even as OKRs shift focus more towards exploration or exploitation across quarters, both activities still occur within the organization simultaneously. This partially aligns with Wenke et al.'s (2021) view that market and product changes can necessitate smaller firms to shift between exploration and exploitation over time, but for AIGo this did not require completely dropping one activity over the other.

Leadership also facilitated ambidexterity through cultivating an environment where employees were encouraged to move beyond routine exploitation towards more ambitious exploration. Particularly for BA's and tech in adopting new AI-technologies in various work processes such as product development and experimentation. However, statements throughout the tech function echoed an occasional hesitancy to integrate new AI-tools, owing to lacking confidence and knowledge in its application. Related to previous findings on leadership capabilities and behaviors driving ambidexterity (Acevedo & Molina, 2025; Volery et al., 2013), AIGo's employees relied heavily on the CTO's knowledge and skills to help adopt AI-technologies. Specifically, receiving the motivational support and knowledge required to embrace the uncertainty in applying and experimenting with new AI-technologies. This enables the company to continuously engage in more exploration. Aligning with the *support* component of Gibson & Birkinshaw's (2004) social context, senior leadership guidance enables organizational members to reach for more ambitious objectives. Coupled with this was leadership's direct involvement in

establishing an organizational culture where experimentation and failure is tolerated. This culture extends itself through the expectation within the tech function that each experimental failure with AI-tools is a way to learn, as well as the commercial team having leeway in pursuing new product ideas with minimal oversight from leadership. This enables the establishment of *trust* within the organization which empowers individuals to act on their own judgement in ambidextrous pursuits without fear of repercussions (Gibson & Birkinshaw, 2004).

However, leadership simply providing *support* and *trust* was arguably insufficient for simultaneous pursuit of exploration as tech and BA's still grappled with significant time constraints stemming from the dominating exploitative focus. Thus, AIGo relies on a recurring organizational routine of hackathons to navigate this tension. These were temporally isolated periods dedicated purely towards exploration. Here, the CTO grants space for BA's and tech to focus on experimental work aimed towards generating novel product features and prototypes that become part of the firm's product development. With such temporary exploratory separation, it appeared to provide the benefit of enabling these functions to improve their exploratory capacity through specific goals and processes, otherwise accompanied with structural separation (Benner & Tushman, 2003; Simsek et al., 2009; Tushman & O'Reilly, 1996). Hackathons could therefore be a configuration that may be particularly suited to AI-startups lacking the resources to maintain entire units dedicated for exploration (Lubatkin et al., 2006; Parmentier & Picq, 2016; Rippa et al., 2019). Additionally, since both BA's and tech collaborated in hackathons, beyond enhancing cross-functional knowledge sharing, this mechanism enables the organization to reinforce a collective identity across teams through a shared ambition, which motivates predominantly exploitation oriented functions to *stretch* towards more ambitious explorative objectives (Gibson & Birkinshaw, 2004).

5.2.2 AI-Driven Contextual Ambidexterity

Beyond the role of leadership in enabling contextual ambidexterity to occur, a core finding was how AI-tools enhanced exploitative and exploratory practices for individuals across all functions. Mirroring Tiwari et al.'s (2026) findings which highlighted that GenAI acts as a dual enabler that facilitates both exploitation and exploration, employees in AIGo used it both for efficiency improvements and in innovative projects. From an exploitative perspective, BA's could automate customer implementation processes, and tech could rapidly rewrite codes behind products to improve product functionality. In exploratory pursuits, AI-tools speed up experimentation processes through rapid POC generation for new products, and increase the possibility to satisfy a wider variety of demands. Consequently, this can arguably be the reason commercial has greater ability to initiate identification of new product ideas, as the limitations on which products AIGo can actually develop is lower. Thus, the incorporation of AI-tools into innovative

processes appear to align with previous literature noting the potential for increased explorative capacity (Li et al., 2025; Li et al., 2026).

However, AIGo also had challenges with utilizing AI-tools in exploration that has received insufficient attention in previous ambidexterity literature. Although Tiwari et al. (2026) establish the ability for AI to facilitate ambidextrous processes, the findings showed if AI-tools are overutilized in early stages of new product development, a “cognitive debt” or knowledge gap can be generated whereby a developer relies on AI to create a product without a clear understanding of how the input led to the output. This finding provides empirical support for Liu’s (2025) conceptual argument for AI-based systems to potentially undermine ambidexterity if obscurity behind AI-recommendations prevents organizational understanding. However, Liu’s (2025) study analyzed obscurity in AI-outputs from a system-level. This study instead found the process to be as a result of human interaction with an AI-tool, whereby insufficient understanding of how AI-tools assist in generating new products inhibits an individual from being able to comprehend and share their findings with others. This could potentially extend to the organizational level if it prevents the ability to construct a shared understanding amongst teams of how new products were developed. In such scenarios, it could therefore be difficult for the firm to improve new products, commercialize and scale them if the underlying knowledge required cannot be transferred. Seeing as simultaneous exploration and exploitation is vital for younger firms for short-term survival and long-term prosperity (Dai et al., 2017; Sinha, 2015), eroding the knowledge development required for new product exploration hinders the ability for an AI-startup to eventually exploit this innovation as well.

Beyond aiding in explorative and exploitative activities, a core finding of this study was how AI-tools appear to open up explorative processes at AIGo to incorporate a wider range of roles. BA’s increased involvement in experimenting with product development and improvements through AI-tools expands their capabilities from a traditionally exploitative role of optimizing customer onboarding. This points to how through AI-tools, certain activities that previously required deeper technical expertise can now be done by traditionally non-technical roles. The role expansions through AI, as exemplified by BA’s at AIGo, therefore enabled increased assistance to a more resource-constrained tech function in explorative actions. As a result, by enabling collaboration, this implies that the social context (Gibson & Birkinshaw, 2004) is enhanced through AI-tools. Specifically, the *support* mechanism of contextual ambidexterity now may incorporate AI given its ability to allow functions across an organization to lend assistance to each other. Namely, with BA’s increasing ability to engage in AI-driven experimentation with new customer requests, the time constraints previously imposed on tech is partially alleviated. As a result, tech can allocate greater time towards alternative activities, such as improving existing products or developing new solutions. Beyond shifting how individuals can allocate focus between explorative and exploitative activities, the role expansion indicates an organizational change where responsibilities across ambidextrous activities has been partially

reallocated across functions. This is distinct from previous studies on AI's role in ambidexterity that have mainly highlighted AI's role in improving effectiveness, quality or speed in explorative or exploitative tasks and knowledge management (Li et al., 2025; Li et al., 2026; Tiwari et al., 2026). Interestingly, this allows BA's to play an intermediary role in mitigating the structural tensions between tech and commercial, by providing tech greater capacity to adapt to the explorative orientation of the commercial team.

5.2.3 Partnerships as a Further Mechanism for Ambidexterity

The findings also underscored the external mechanism of partnerships in overcoming resource constraints, which was shown to play a critical role in providing an alternative avenue for exploitative and exploratory pursuits. AIGo's partnership constellations concur with previous literature, framing them as ambidexterity-enhancing mechanisms for smaller, resource-constrained firms (Dai et al., 2017; Lin et al., 2007). For AIGo, collaborating with platform partners enhances their exploitative capacity, by enabling more efficient scaling of existing products and decreasing onboarding times for customers. Additionally, AIGo occasionally engages with other companies that have other capabilities and resources, to co-create products. Notable with co-creating solutions with partnerships was how it appeared to reduce risks typically associated with meeting new customer demands through less certain exploration (O'Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008).

Moreover, in their ambidexterity pursuit, AIGo deployed a partnership strategy relatively aligned with Lin et al.'s (2007) view that smaller firms should be restrictive through focused partnerships on either exploration or exploitation efforts. For AIGo, this consisted primarily of collaborating with larger partner platforms the firm could leverage to scale, which constitutes exploitation. However, to remain competitive in an uncertain environment, AIGo occasionally collaborated with others for co-creating innovative solutions. Therefore, it can be suggested that for an AI-startup to navigate exploration and exploitation, focusing efforts towards one activity is beneficial to avoid straining resources as it requires commitment of internal resources. However, maintaining a certain degree of connection with partnerships oriented towards the other activity can be beneficial in an uncertain environment.

This study also exposes an underexplored tension previously overlooked by ambidexterity literature. Although the findings indicate that AIGo could gain access to vital resources, knowledge and capabilities through partnerships which facilitates ambidexterity under resource constraints, previously identified in the literature (Dai et al., 2017; Kauppila, 2010; Lavie & Rosenkopf, 2006; Lin et al., 2007), the findings showed that these partnerships could equally obtain information which risks obsoleting AIGo's exploitation capabilities. Specifically, since successful exploitation for AIGo includes integrating their products on partner platforms, this

risks inspiring partners to replicate these solutions. This leads to a potential scenario where AIGo's products become obsolete, forcing AIGo to reconsider the products they develop and commercialize. Successful exploitation together with external actors may therefore inadvertently erode the competitive advantage the product was intended to fulfill for the firm, pushing the firm to continue exploring new solutions. Therefore, Dai et al.'s (2017) framing of partnerships as ambidexterity-enhancing for smaller firms is incomplete for AI-startups, where the potential for partners to replicate products places added tension on exploration-exploitation balancing.

6. Conclusion

This section outlines 1) the conclusion, where the research question is answered, 2) the theoretical contributions, 3) managerial implications, and 4) limitations and future research suggestions.

This study aimed to address the research question: “*How does an AI-startup pursue exploration and exploitation simultaneously, and what mechanisms support this?*”

Through a qualitative case study of the AI-startup “AIGo”, the findings demonstrate that focus between exploration and exploitation is shaped by an inherent tension between the pursuit of new product innovation and the refinement and scaling of existing solutions. Resource allocation constraints, time pressures, and differing orientations between the commercial and tech functions caused exploitation to dominate in practice, despite the recognized need for continuous exploration to remain competitive in an industry characterized by rapid technological change and a hyper-competitive market. Nonetheless, AIGo was shown to exhibit a degree of organizational ambidexterity since both exploitation and exploration was pursued. In terms of *how* the organization pursues both activities at the same time, it was identified that AIGo adopts an imbalanced contextual ambidexterity approach, whereby individuals across functions carry the responsibility of conducting both activities. Further, three main mechanisms were found to enable the company to better pursue both exploration and exploitation. First, leadership cultivated a culture tolerant of experimentation, set quarterly OKRs to reweight focus between exploration and exploitation in response to changing priorities, and managed sessions focused on exploratory activities via hackathons. Second, AI-tools acted to enhance the support mechanism of contextual ambidexterity, by enabling non-technical roles to engage in experimentation which provides assistance to overconstrained technical functions. Third, partnerships provided an external avenue for scaling existing products and co-creating new ones. However, there were also certain risks identified with these ambidexterity-enhancing mechanisms, such as AI-tools introducing knowledge gaps in the development of new products, and partnerships potentially replicating the company’s product offerings.

6.1 Theoretical Contributions

The AI-startup is an empirically under-studied context in the ambidexterity literature. Thus, this study builds on Aziz and Rahim's (2024) work and contributes to this theoretical domain by enhancing the understanding of how such a firm experiences specific tensions in the pursuit of exploration and exploitation, and which mechanisms support both to occur. Beyond addressing the literature gap, the generation of two new theoretical contributions are outlined below.

First, previous literature primarily points towards the positive attributes of incorporating AI into ambidexterity processes (Li et al., 2025; Li et al., 2026; Tiwari et al., 2026), such as automating repetitive processes and aiding experimentation and idea-generation. The emergence of knowledge gaps emerging from interactions with AI-driven output discusses a previously overlooked risk with overutilizing AI in ambidexterity processes, particularly exploration, and provides support for Liu's (2025) black-box conceptualization. However, Liu (2025) discusses this as a system-level risk. Therefore, this study extends this claim from a system-level, by showing that such knowledge gaps stemming from AI-driven exploration can erode the knowledge development required for individuals and teams to sustain exploration, and therefore even potentially impede ambidexterity. By not being able to replicate new product development across individuals and teams, it can be suggested to inhibit the ability for an AI-startup to build knowledge required to commercialize, maintain and ultimately scale these products. This presents a trade-off that is particularly relevant for AI-startups that rely on AI-tools to develop solutions they build their competitive advantages on. Specifically, AI-tools can accelerate exploration, but risk hindering long-term exploitation if the organization loses the ability to replicate and commercialize new AI-solutions.

Second, previous literature has investigated the ability for AI to enhance ambidextrous capabilities (Li et al., 2025; Li et al., 2026; Tiwari et al., 2026). This study extends these perspectives by suggesting that AI-tools can enable the redistribution of primarily explorative tasks throughout the organization towards more non-technical roles. In doing so, previously non-technical functions could provide greater assistance to otherwise heavily constrained technical functions. As a result, we contribute to the understanding of contextual ambidexterity by highlighting AI as an organizational factor allowing reconfigurations to how the *support* dimension is constructed. The original framing of *support* points towards the roles of individuals and managers as contextual support mechanisms (Gibson & Birkinshaw, 2004). The findings showed that although these factors still remain equally important in enabling *support*, AI can expand the roles of members across an organization to lend assistance in previously inaccessible ways. This finding is particularly relevant for resource-constrained firms, such as an AI-startup, where contextual ambidexterity is more feasible than alternative approaches (Fischer et al., 2022; Müller et al., 2019), as AI-tools can alleviate tensions from over-constrained technical roles, which enhances an organization's ability to conduct contextual ambidexterity.

6.2 Managerial Implications

From a practical perspective, this study can provide insights into how managers of AI-startups in the scaling phase can address tensions inherent in pursuing both explorative and exploitative activities. Specifically, how to ensure innovative activities are encouraged despite increasing focus on scaling core offerings.

One consideration for managers in AI-startups is to consider using short-term goal-setting mechanisms, such as OKRs, to balance explorative and exploitative efforts in response to rapidly changing environments. Particularly, setting quarterly objectives would allow managers to adjust the organization's focus towards whichever activity warrants greater attention. For example, one quarter may require a greater focus on refining underperforming products, whereas the next might warrant exploring new products and capabilities to address shifts in the technological environment and market. This was also shown to be a way to better coordinate functions that may differ in their exploration or exploitation preferences, by aligning them towards shared organizational objectives.

Additionally, seeing as it was found that AIGo must continue experimenting with the latest AI-technologies to remain competitive, managers in other AI-startups should provide space necessary for employees to engage in more creative and exploratory activities. One method that was identified in this study and that can be recommended is by organizing recurring hackathons. By establishing such practices into an organizational routine, managers can foster exploratory ideas to continuously surface, which can be tested and converted into actual product developments or improvements.

Finally, managers should note the value of establishing partnerships in order to overcome internal resource constraints in managing both exploration and exploitation simultaneously. Specifically, managers in AI-startups could strive to create alliances with external organizations that can provide distinct knowledge, resources, or capabilities that their own firm requires. Furthermore, since establishing partnerships itself requires a certain commitment of internal resources, it can be argued that engaging in a focused approach towards either explorative or exploitative partnership practices can be most beneficial to avoid further straining resources.

6.3 Limitations of the Study and Future Research

Although relevant contributions to ambidexterity theory were provided, this study is not without certain limitations regarding the methodological approach and research design. First, the scope of the study included a singular AI-firm, based on a limited number of interviews with individuals employed within or associated with the company. Although this provided valuable and interesting insights into an underexplored empirical context, and contributed to an in-depth understanding of this particular firm, it can constrain the transferability and generalizability to other AI-startups. There are also many different types of AI-startups, with specific business models, customer segments, product categories, organizational designs, and growth stages. This could warrant future research to incorporate a multiple-case design that incorporates insights from a variety of AI-startups to enable cross-case comparison.

Another limitation is that the data collection was limited to a single point in time. While this was appropriate given the thesis' limited time frame, previous studies on ambidexterity within organizations have been conducted over longer periods of time. Given the speed at which the AI industry is developing and the rapid growth trajectories of startups in this space, longitudinal research could be particularly valuable to examine how the balance between exploration and exploitation evolves as AI-startups grow. This would provide a more comprehensive understanding of how simultaneously pursuing both activities occurs in a single firm, as comparisons can be made across different points in time.

Finally, this study bases its conclusions on qualitative data analysed through the thematic coding of interview transcripts. It did not attempt to evaluate or measure the performance effects that the firm's current approach to ambidexterity results in. Seeing as certain authors point towards focused efforts having more positive performance benefits on smaller firms (Parida et al., 2016; Wenke et al., 2021) and others highlight an ambidextrous approach as more beneficial (Dai et al., 2017; Sinha, 2015), it would be useful to conduct a quantitative study on the relationship between ambidexterity orientation and performance. For example, analyzing the effect of a dominating exploration or exploitation orientation on an AI-startup's performance over a certain period of time would help contribute to the underexplored domain of ambidexterity in this setting.

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Appendices

Appendix 1: AI Disclosure Note

AI-tools were used carefully and responsibly during different stages of this thesis. AI-tools were not used for generating text that was included in the final report, such as constructing literature reviews, analyzing empirical material, or developing conclusions. They were used as support tools, with their usages, risks and risk-mitigation methods explained below. The authors remain responsible for all accuracy, interpretation, and final written content of this thesis.

Writing Aid

For certain passages of the thesis, we used ChatGPT (5.5) and Claude (Opus 4.7) as writing support tools. This was to get feedback on the coherence of draft passages by ensuring correct grammar, sentence structure, and academic language. Additionally, these tools were used to provide guidance on where to shorten word-count, by asking them to highlight repetition or unnecessarily long sentences. All AI-generated suggestions were critically reviewed before inclusion in the thesis. The tools were not used to generate full passages, nor substitute the researcher's role in producing text themselves.

Example prompt: *“Review the following paragraph for academic language, clarity, grammar, and structure. Do not change the meaning or add new sources. Suggest improvements to readability and coherence”*

Research Aid

Perplexity was used to help during the literature search process. The tool was primarily used to identify relevant academic articles related to the thesis subject, acting as a starting point for browsing in traditional academic databases. This helped to quickly identify articles that may have been overlooked by the authors. To avoid the risk of fabricated references, all suggestions by the tool were manually verified through original academic sources and databases.

Example prompt: *“Search for scholarly, peer-reviewed academic articles published in well-known journals on [topic]”*

Transcription

For transcription of interview recordings, we used Klang. Klang is a Swedish company within the EU, and thus adheres to GDPR standards, ensuring that data protection is built into their service model. Klang helped us to quickly turn interview audio recordings into text during the empirical data collection phase of the thesis. This tool reduced the time required for manual transcription, saving valuable time for the researchers. It also reduced the risk of missing important statements that may occur when relying only on manual note-taking during interviews.

A risk with using an AI to convert audio into text is that it may misinterpret words, accents, technical terminology, or overlapping speech. This is also something the authors noticed in certain instances when reading through the transcripts. Therefore, the authors made sure to listen to the audio recordings while reading through the generated transcript to ensure that no information had been omitted or transcribed incorrectly. Klang also provides translation services, which was utilized after relevant quotes were selected in the language that the interviews had been conducted in. The researchers made sure to read through the initial quote and the translations to ensure the integrity of the speaker's insights remained intact.

Ethical considerations

The researchers did not input any company information into any AI-models to ensure confidentiality measures. We also acknowledge that suggestions taken from AI-tools can be misleading, hallucinated or plain wrong. Therefore, human oversight was always enacted if integrating any suggestions from the AI to protect the integrity of the report.

Learning outcomes

AI can act as a great sparring partner as it provides an alternative channel to question one's own thinking that might otherwise have been overlooked. But it becomes a way to more deeply engage in one's own work, since one always needs to critically examine any AI suggestions.

AI Sources

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Appendix 2: Interview Guide

Introduction

** Introduce the authors, the research topic, confidentiality measures, consent for recording and transcribing**

Background

- Could you briefly introduce yourself, your role at the firm, and what your work involves on a day-to-day basis?
- How would you describe what the firm does?

Exploration

- How would you describe innovation at your company, and where do new ideas tend to come from?
- How important is experimentation at your company, and what does it typically look like in practice?
- How are new customer requests handled?

Exploitation

- How does your work with existing products currently look like?

Tensions and Ambidexterity

- How are time and resources prioritized between maintaining and improving existing products versus pursuing new opportunities?
 - To what extent do challenges arise in this process?
 - Is there anything, in your view, that helps alleviate these challenges?
 - How much freedom does the individual employee have in allocating time towards different projects?
- What do you think the focus for your company should lie between improving what exists and seeking new innovation opportunities?
- How would you describe the relationship between different functions in the innovation process?

External Environment (AI Landscape)

- What is your view on the developments within the AI landscape at the current time?
 - How do you keep up to date with changes?

Closing question

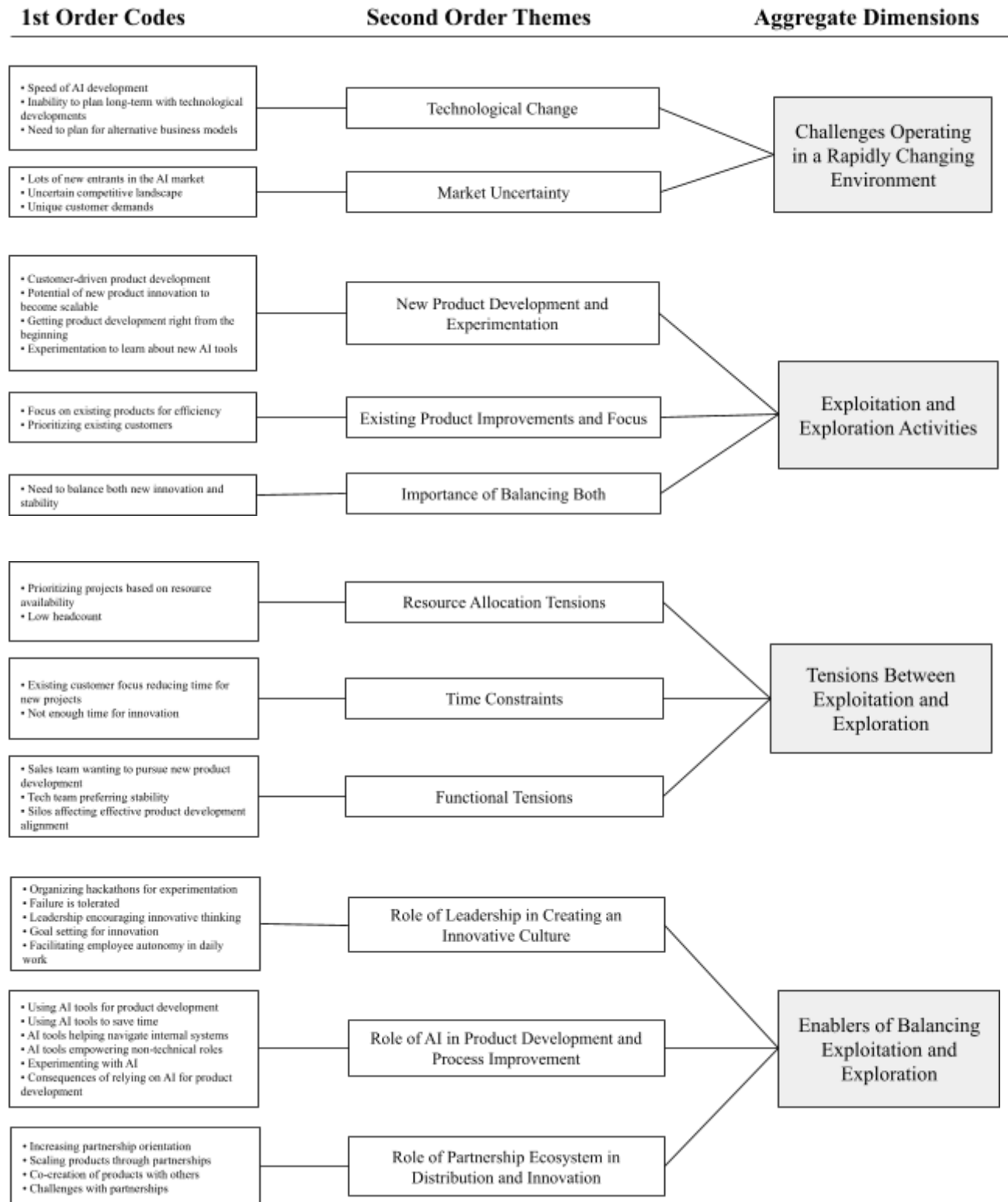
- Is there anything you have been thinking about during this conversation that you would like to add?

QUESTIONS THAT WERE INTEGRATED INTO THE INTERVIEW GUIDE AFTER A FEW ROUNDS OF INTERVIEWS

Ambidexterity Enablers

- How do you utilize AI in your daily work?
 - What role does AI play in enhancing routine tasks?
 - What role does AI play in innovation processes?
- What role do partnerships play for your company?
 - How do you work with partnerships for existing products? New products?
- What role do managers / leaders play in fostering an innovative culture?

Appendix 3: Coding Structure Overview



Appendix 4: Examples of Interview Excerpts that Generated First Order Codes (organized within the Second-Order Themes)

1. Challenges of Operating in a Rapidly Changing Environment

Technological Change

“These big companies, Microsoft, Google, and all those. They release new stuff all the time. New features and blah blah blah. It's hard to keep up almost. Because it's moving so incredibly fast. So you barely have time to learn anything before the next new thing comes along. And it can become very, like, almost overwhelming. [...] You just can't keep up, because it goes so incredibly fast. That can get tough sometimes when you're sitting here in these meetings and it's just, like, new things, boom, boom, boom. Where do you even start?”

- Head of Development

“We have planning meetings every week. We have a one-week sprint because we are so bad at planning. We can't set the timeline much longer than that. We try to make a plan that is longer, but we need a week because things are constantly changing.”

- Head of Operations

“You can't really predict like one year from now what's going to happen or five years from now because [...] the three main companies that work on this which is Google, OpenAI and Anthropic, they always bring new things. You can't really have a foresight. We are in a period of continuous disruptiveness, I would say, where everything is changing day by day. And what that does, that creates, I think, from my perspective, instability.” - Developer 1

“You can barely look one month ahead”

- CEO

“It's constantly the case that what you did yesterday is no longer relevant. You're working on something, and then suddenly you have to rethink it completely, scrap it, and start over again. And that's obviously challenging — not everyone enjoys working that way.”

- Business Analyst 1

“So the AI development for AIGo I see it as, it's hopefully positive for AIGo that things are developing the way they are. [...] But of course it can both create stress and there are certain roles and expertise that will get outcompeted, because AI will be able to do that. [...] it's a bit of "survival of the fittest," I'd say. [...] make sure you jump on the AI train. That you work at a company that's riding the wave, because otherwise you'll be outcompeted. So I'm positive, but it. It also puts some pressure on people, I'd say.”

- Member of the Board

“But for me, the, the basic feeling is I still feel uncomfortable with this way of working, using AI to develop and test, implementing and even designing the product plan for everything. Because I want to know more details, that if something happens, that we know how to solve the problem, where we can find the issue. But now with cloud code everything is controlled by Claude code.”

- Developer 4

“No, but if we think about AIGo, we never plan. We plan, we have an idea and a thought about what we'll be in 3 or 5 years. But you change all the time anyway based on the conditions that exist.”

- CSO

“Yeah, if I compare now and before. Now we don't plan that far ahead. When it comes to these new technologies and how we should develop [...] When we develop, that we plan on six months, I think. I think it's hard to plan a year, because a lot can happen during a year. And then we'd have to replan. But when it comes to development then it's like in six months, I'd say, it feels like [...] When it comes to new technology and new development and so on.”

- Developer 3

Market Uncertainty

“It's so important for us to keep track of technological developments. But also to stay attentive to customers and look at what we were offering yesterday, is it still relevant today? Or do we need to move in a different direction? And that's a balancing act that we're constantly navigating.”

- CEO

“It becomes some kind of conditioning then. Because then (customers) also get to realize that it may not be so feasible at the moment, with the models that exist, to solve the problems they have. But instead you get them to realize that it's a marathon and not a sprint. Because many are very ambitious [...] If we put it this way, there is AI usage, how much AI one uses, and then there is AI climate, how willing and how ready the company is to implement these processes. They have to match. And many customers have an AI climate that says “Run, run, run, go, go, go”. But as for the AI components, there are no processes that match that climate yet. So then you have to get them to lower their AI climate and their hype around AI a little so that it matches the current processes.”

- Sales 1

“right now it's very much tailored for each customer. Every customer has their own requirements for how they want something to work. [...] So custom things always come up, we've noticed, for every customer. Which makes it a little more complicated.”

- Head of Development

“If you look in the long horizon, they (big competitors) can improve so well that they can do automations and everything by themselves. And yeah, then you'll be out of business. But of course, during this period of time, you need to watch out exactly what you're trying to solve. [...] And to look in the future, we need to every single month see, okay, what's new? So we always have to be on top.”

- Developer 1

“But the tailored automation, it's like, it's based purely on understanding the customer's unique and specific needs and like developing an automation based on that. [...] We're constantly monitoring the landscape and then we can pretty easily bring in what we've built, but also new technologies if needed too, to like automate as well as possible for the customer.”

- Head of Sales

“So I think that the more disruptive and aggressive technological development moves and reshapes society. The greater the need there will probably be for companies to have an AI partner. And then do you want Capgemini, or EY or McKinsey, or do you want a small company like AIGo.”

- Developer 5

“But I also think there are risks in it over the long term. Because, clearly, if AI becomes so capable that every person can sit at their own computer and do whatever they need to do themselves, then what’s the point of us sitting there doing things for our customers? So I think there are very significant risks in the long run.”

- Business Analyst 1

2. Exploration and Exploitation Activities

New Product Development and Experimentation

“We look at what we believe the demand will be for this project. Do we see potential here that this is something other companies also surely want? Then we immediately see that this is an opportunity to product-ize this. And then it's important already at the beginning, I would say, to just think like this, well, scalability. [...] It's always like that. [...] how can we build this in a way that means that the next customer we bring on, we can onboard them in a very smooth and simple way.”

- Head of Development

“But when you're developing, you need to have time to sit down and just think [...] So the key is really not to underestimate how long something can actually take. [...] And not rush it then. If you rush the development, it will turn out badly in the end.”

- Head of Development

“In Sweden, basically, there's no other company providing this type of product”

- Developer 4

“So it’s always been about being the kind of people who are willing to try new technology, dare to lean forward, with no bureaucracy and no limitations [...] But for me, with innovation at AIGo, it’s about constantly trying the newest, the latest, and embedding it into the way we work.”

- Business Analyst 1

“So a fear for me could be if we only had (existing) products. How do we ensure that the products we develop will be competitive in five years? [...] That's also why we have tailored (products) because there we can ensure [...] that we can build what's in demand, which means that then we know that we, if we were to say our (standardized product)-solution. I don't know if they aren't going to be competitive in five years or three years, then it's always because something else comes along. But then we still have tailored products to sell.”

- Member of the Board

“One thing we also often do is that, during these kickoff meetings with customers at the beginning, we usually go through pretty much all of the processes they have within the company. And afterwards, we always review those processes together with the sales team and the product team as well, to identify where we might find products that we could scale.”

- Business Analyst 2

Existing Product Improvements and Focus

“If it's a standardized solution, then it's much easier to basically just push and sell it. Because they are already established, they are inexpensive, we have case studies [...] There you notice very early on whether it's possible to land a deal with the customers there.”

- Sales 1

“I would say that it is primarily because we as a company have decided that that is where the focus should lie.

Instead of sales selling customized solutions. So the focus has instead been more on scaling the existing products that we have. Also, we do not want to spend that time in development on these new tailored processes. The idea is that you should be able to onboard a customer in a day, or really in a few hours.”

- **Business Analyst 2**

“we would definitely prefer the customer whose needs are connected to something we’ve already done. We’ll always do that. [...] A custom solution also costs more for the customer. We might make more money from doing something like that. And if we see that we can deliver it fairly smoothly and easily, then it could still be a very good option. But overall, we always try to steer things toward the (existing) products.”

- **Business Analyst 1**

“[...] it feels like maybe a year ago we placed more weight on this innovative stuff. Doing new things. And that now maybe we have [...] That we maybe now have more of a mindset of stabilizing them as well. Not just think about the new things.”

- **Developer 2**

“Historically, we’ve relied a lot on gut feeling, where you sort of piece together the different components based on intuition. That worked really well when we had a smaller team and a smaller customer base. But it becomes incredibly much harder once you have multiple customers, multiple products [...] So right now, we’re trying to develop some kind of prioritization framework. [...] And the first thing you would prioritize is the (existing) customer base.”

- **Head of Operations**

Importance of Balancing on Both

“At that point, AIGo had moved toward [...] basically working only with products. But when we came in, we said that we needed to rethink that approach and instead operate as more of a hybrid model. Meaning that we both continue working with our products while also keeping the tailored side of the business.”

- **Member of the Board**

“And then I know that we’ve looked at it, now I can’t remember, but there was no other player that, if you look at our (existing) product side, that came close. I remember we did the work. At the time I didn’t really see any competitor that came close. We’re a bit alone in that lane. Often it’s someone who only focuses on one product. [...] And then that company only focuses on that. I haven’t seen the breadth [...] So that’s where the strength is, that we have both parts.”

- **Member of the Board**

“That’s where we are, I’d say, very unique. [...] That we can do both things. [...] Because (customers) figure we can help them with everything. Now whether we should do it is another question. But we can do everything because we dare to try.”

- **Business Analyst 2**

“You’ve got both new sales (tailored products), you want more revenue to cover things. But you still have to keep your sights on retaining the customer by improving the product and implementing both features and improvements that they’re asking for.”

- **Head of Operations**

3. Tensions between Exploitation and Exploration

Resource Allocation Tensions

“okay, of those who can do it, who is it that [...] isn’t tied up in a bunch of other things? So it’s just prioritization

based on what workload and client projects look like. No more structured than that.”

- CTO

“We have so much to do, and we’re so few people, yet we want to do so many different things. It’s very spread out. We want to push forward across all channels, in all kinds of areas and industries, and that means it doesn’t always result in the product feeling super modern or having the very latest innovation, just because we’re ready to test the newest things.”

- Business Analyst 1

“Then if something comes along that’s worth trying, you have to choose a customer you can test it on. [...] We can’t pause a developer for three months to test something fun, you have to have a customer case where you can do it. And sometimes it goes well, sometimes it goes less well.”

- Head of Operations

“And if you have more work, you need to usually hire more people. But yeah, or find better ways to optimize the workflow or create better systems that optimize everything else that makes it easier for people to work. [...] People equals time equals constraint in the long run, which is blocked by maintenance or other issues.”

- Developer 1

“Well, it’s some kind of orchestrated chaos, I suppose I’d describe it as. And that’s not so surprising when it’s a startup. But it’s very much, like. Yeah, just running around in reactive mode. [...] Right now this product isn’t working very well, this customer is dissatisfied and might churn, end their contract with us or something like that. Or here we have a very important customer. We have to prioritize getting that in and so on. You are in some kind of reactive mode and it’s hard to have a very long planning horizon. [...] There will always, like, be new new shifts in priorities because there’s something on fire here and something on fire there. It’s kind of like a little meandering forward.”

- Developer 5

“It’s very ad hoc and reactive, not especially planned. I think that’s just because of the phase we’re in right now.”

- Business Analyst 1

Time Constraints

“The problem is, though, it’s the same for all the customers we work with and help. It’s that you simply don’t have time yourself to tackle becoming more efficient because you have your day-to-day work that you have to take care of. And then you don’t have time to absorb it. That’s the paradox. It’s exactly the same for us. We don’t have time to tackle it because we simply have too much to do. But somehow you have to make the time to do it. Or of course you need more people so that you can ease the workload and get the time to do it. But I would say that it’s a combination of both. It may be worth investing time now to save time in the long term.”

- CCO

“Maybe, like, one’s time horizon is quite short. And that has its explanations. But it does mean that certain bits like that, that would have freed up time in the future might not manage to be prioritized. [...] But it is something that will be a challenge for AIGo to try to establish good practices. So that you can then free up time so that people can spend more time on exploration and innovation and product improvement. Because right now it’s a lot [...] just sitting there patching together what’s broken. And then because maybe you haven’t had the time to do things thoroughly, then things are kind of half-done [...]. “

- Developer 5

“Then it can, as I have said many times, the customer prioritization that creates a lot of frustration sometimes. Here we have this internal project that I’m passionate about and that I want to do. But then a customer project comes along, and it always gets priority.”

- CTO

"I'd say we're a bit in firefighting mode. We run to wherever it's burning. If we get a new potential customer who wants something, that's where we go. If we can see a way to make money from it, that's what we spend time on, because it could turn into something big [...] Right now, it's more about proving that we can make this company profitable. And unfortunately, that creates a bit of a short-term mindset. You just run to wherever the immediate need is. You don't always see the long-term perspective in everything."

- Business Analyst 1

"This product, for example, might really need us to sit down and improve it significantly right now. But then another customer is paying us to do something completely different, something unrelated to that product, and so we choose to do that instead. So it's not like we have this structure where I spend 50 percent of my time improving products. I wish, that would be amazing. Instead, it's more that we improve the product if we feel a customer is about to leave because they're not getting a new feature."

- Business Analyst 1

"Yeah but it's always a balancing act and a challenge to set aside time for the innovation part."

- CEO

Functional Tensions

"If there are too many silos between departments, you only see your own part and you don't really understand what challenges the other part has. And then you just think, why are they doing it like this? They must be idiots."

- CTO

"As a salesperson, you're in a bit of a tough position because you talk to the customer directly. And maybe somewhere along the line you've promised something [...] If it doesn't happen, then of course it becomes a source of stress for you as a salesperson, for example, right? And then it becomes very easy for a salesperson to maybe go to development and just be like: *'what's happening, why aren't we getting anything out here?'* And then, of course, tensions can easily arise there as well, between the salesperson and the developer, for example. So the key is really not to underestimate how long something can actually take. Because once again, you have to give the development an opportunity and a chance to just sit with something. And not rush it then. If you rush the development, it will turn out badly in the end."

- Head of Development

"[...] I think that among the developers, we've probably advocated, like, this idea of working on stability. [...] Because the person sitting there as a country manager or doing sales or whatever is focused on the business and on selling, like, have a different mindset that kind of, well, this seems to be running, great, then everything is fine, like. But it could be that it's running with the help of duct tape and good thoughts"

- Developer 2

"You get something from sales where, like, yeah maybe the salesperson says something like, we want to send out a quote to a customer. [...] We have to figure out how long this will take to build. So the BA says, okay then I'll find out and talk to the developer, and then you ask the developer how long does this take to build? Can't we just go off what we have now? [...] the salesperson, gets stressed because he wants to send out the contract. The developer might feel like, I can do this next week. But the salesperson says, this contract had to go out yesterday. So we need to do this in fifteen minutes. That's where I'd say it gets, that's where it's maybe hardest to get into a flow. Because you have two slightly different agendas."

- Business Analyst 1

"Right now we're in some kind of, we want to expand exceptionally upward, but at the same time we want stability, so right now the culture is a little roughed up you could call it. And that's precisely because we have a hard time to prioritize new innovation. We have to sell, we want to become profitable, we want many goals at the

same time we have problems in our existing things [...]"

- **Head of Operations**

"The reason is that right now we don't have a shared view of what should be prioritized. We're looking at things from different perspectives."

- **Head of Operations**

4. Enablers of Balancing Exploitation and Exploration

Role of AI in Product Development and Process Improvements

"it has, you know, made it possible for us to offer faster solutions, I think, or faster onboarding as well. But also that we can develop new ideas, new products, new integrations faster. Which we can offer our customers. It has enabled us to do everything much faster. It has changed the picture for the better."

- **Developer 3**

"You can explore and test ideas faster. So you can do the hypothesis testing much faster. I come up with ten different ideas for how to verify different things. And then boom, boom, boom, I can set up ten tests. [...] It makes the innovation iterations faster, but not the ideas themselves."

- **Developer 5**

"due to LLMs, you can query it way faster, query the information, create the information, use transcripts, which combined with LLMs can transform your specific documentation from a text into an actual design document for business requirements."

- **Developer 1**

"the business analyst can sit there themselves and, okay, our customer is complaining that [feature doesn't work] [...] *Can I write a custom prompt that we add for this customer that tries to solve it.* And they can test and iterate on their own. To a fairly high degree and be self-sufficient in the AI development part. And not be completely dependent on, like, some tech guy who is going to develop a prompt. [...] being able to develop code may perhaps not be really unique a skill going forward, but perhaps more and more business people will also be able to do it."

- **Developer 5**

"I've started to come to that realization, like what I can actually do with this and how it could be used. We're basically at the point where, if we set this up the right way, you can get 80–90% of a product specification at the push of a button. Something like that. Right now it's still a bit clunky, [...] But 80 percent of what it produces is basically good, pretty much the way you'd want it to be. So this is going to affect us even more than it already has."

- **Business Analyst 1**

"I started a small initiative to upskill our Business Analysts in how they can use Claude. [...] there's quite a lot they can do with it. So we first did a short introduction, and then I wanted to give them some small projects to set up and work on involving automated workflows."

- **Developer 5**

"There's also a fear that the more I rely on AI to, for example, code or solve difficult problems [...] But I kind of haven't engaged on any deeper level and I think that many people have a concern that you might lose the ability both to write code but perhaps also critical-thinking in general."

- **Developer 5**

"It can definitely be a challenge, because I might build something that another colleague says isn't how we want

to build it. [...] I'd say that's the main challenge. You don't really know what's right or wrong. You end up relying a bit too blindly on the LLM."

- Developer 3

"Then you actually have to sit down and figure out, okay, what was done here and how does this even fit together? And that's a completely different kind of logic. It's more like cognitive debt instead of technical debt. The understanding gap is becoming much bigger these days"

- Developer 5

Role of Leadership in Creating an Innovative Culture

"Creating a culture where, [...] fail fast, that you are allowed to try and you can fail. But then you should learn from it [...] Why did it go well? Can we learn to bring that with us? But also when things don't go so well, to pause, reflect, and try to evaluate as well. Why didn't it go well this time? What can we do better next time? It's part of the culture, I would say. Dare to be transparent and that we try to build, or I try to build a culture of trust where you feel a psychological safety but also that you actually feel engaged and want to move forward. I think that is important precisely for innovation and for being able to move forward."

- CEO

"Our CTO is the one who does the most scouting when it comes to technology. What's happening now? What's coming next? And then it's about creating a company culture that encourages that kind of curiosity, where people are allowed to run hackathons and continuously experiment with and use the new things that emerge."

- CEO

"Experimentation is what it's all about. To innovate. You have to experiment. Ten times, you might not succeed at all. You just have to make sure you minimize the risk you have [...] But to try things quickly and see, is there anything here? Then you can see whether if you take another step and so on."

- CTO

"But our CTO is very good at saying that you just have to lean into the AI wave. [...] Now with this integration project that I've been working on. I have no grasp of the codebase or the domain or anything. I find it all pretty scary. And he's just like, yeah, but it's supposed to be scary. You just have to lean into it. And lean into the wave. If it goes wrong, it goes wrong. Then you learn. We just kind of have to be aggressive and lean forward somehow. So it's a bit like being on a water tower and having to jump, and you know it will probably go fine. But you just have to jump, otherwise you won't get down."

- Developer 5

"But it feels like, I guess my experience is that we as an organization are sort of [...] eager for new, think of new things and. And I feel that you can get inspired when, for example, (Head of Operations) really embraces it. What can you do with Claude, for example? To try putting everything in. And it's, I feel like I get kind of an energy boost from the fact that I came up with this, that you can do that. And talking about it, it feels like it's welcomed to try things, and if you come up with something smart, tell the others about it."

- Developer 2

"But then we have the management team as a forum where the managers from each respective (function) are involved. [...] in my experience you can never communicate too much or talk too much [...] And then that you are also transparent about these OKRs. Because we set OKRs at the company level and then at the team level. And that we also share that information with everyone. So that everyone is on the same page about what this team is working on this quarter. Compared to the other team. So trying to be as transparent as possible. I think that is the key."

- CEO

“First, we set company OKRs, and then each team has its own team OKRs. You start by defining them within your own team, and then we have cross-team discussions so that everyone can also give input to the other teams. Before the OKRs are finalized, each team gets feedback from the other teams. The whole point is to make sure we’re not all running in different directions, but instead staying closely aligned and well synced throughout the process.”

- CEO

Role of Partnership Ecosystem in Distribution and Innovation

“We are [...] a partner with several (platform providers). And that also, in turn, they in turn have a heck of a lot of customers, and then we want them to kind of start selling our product. And then the sales volumes can, in turn, increase a lot. So partnerships are super important in that respect. And then there's also this thing with partnerships where you might combine different technologies. Sometimes you join forces with competitors or with companies that are partly competitors. They do certain things, and they may do them better. Then you can look at whether we can combine this to strengthen our offering as well. So there are a few different tracks and perspectives on partnerships as well. But it is super important, especially when you're on a growth journey and want to grow in the long term. I mean, then it's very vital.”

- Head of Sales

“right now we're quite small, but that's an advantage because then we are also quite fast, and to draw a parallel to partnerships, that is also where, we can build a great deal ourselves, but it is not always the smartest thing to build ourselves [...] you do not need to be the best at everything, rather it is better that what we are very good at is being able to understand and talk to the customers and understand what can be done and what the customers want help with. And then in some cases we are best suited to come up with that solution. In some cases there are other partners who can help us with that.”

- CCO

“I would say, above all, as you say, it's about getting more customers to the existing solutions we have. But then also, many of those partnerships we have, have incredibly large systems, so we might handle, say 5% of their system, we have a solution in (today). There is just so much more potential as well to kind of gain access to other parts within those (platform provider) systems [...] They are still fairly big names within the various industries. So that both being able to say to a customer that we are a partner with (platform provider). That is quite strong and shows that we still have a good solution. That works because we have this big partner that has trusted us. So I would also say that it builds trust.”

- Business Analyst 2

“I'd say the partnerships are probably mainly for increased sales. It's probably mainly to be able to get more customers within an existing system. system or through some existing channel. [...] it's more about getting a channel where we can sell things and where they can get a kickback.”

- Business Analyst 1