

FROM SYSTEMS OF RECORD TO SYSTEMS OF ACTION



AI at CHAPTERS
Group AG.
A Conversation
with our CTO
Dr. Tobias Pook.

As artificial intelligence becomes a defining force in software markets, CHAPTERS Group is not only embedding AI across its portfolio but also experimenting with it in how we think and communicate.

The questions were generated and structured using AI, based on our strategic positioning and various CHAPTERS AI frameworks and initiatives.

**THE GOAL WAS SIMPLE:
ASK BETTER QUESTIONS.
THE ANSWERS REMAIN
FULLY HUMAN.**



If AI Is So Powerful, Why Won't It Disrupt Us?

I would argue that it is already disrupting us to some degree. However, a disruption is not necessarily a bad thing, but a change of the underlying paradigms of a sector. How we as a company are affected by this depends on how fast we understand the environment and how well we can adapt to the new situation. If executed right, we believe to be among the winners from this change, as our core business model remains intact and AI offers the option to extend our legacy businesses with completely new possibilities that leverage their existing customer base and often decades of data about their mission critical processes.

If AI startups can build products faster and cheaper than ever before, why are you confident that entrenched VMS businesses remain defensible?

CHAPTERS has always focused on mission critical software. Our customers and in many cases we as a society depend on our systems to work, every day, 365 days of the year.

When our customers choose the right partner for the core of their business, our ability to produce code fast is not among the most important factors.

We add value for our customers based on decades of built trust, domain specific knowledge and a deep understanding of their workflows, challenges and regulatory environment.

Nobody in their right mind replaces such systems without a clear business case and a thorough assessment of the associated risks.

Are procurement friction and trust really enough or is speed now more important than incumbency?

The moats we have do not protect us forever. We have to move fast and adapt to the rapidly changing requirements of our customers. This goes beyond the need for some new features and a chat bot here and there. We are preparing a fundamental shift from offering systems of record to systems of action, where agents support our customers in every aspect of their work: Identify open tasks, automate complex workflows and offer a secure, transparent and reliable handling of our customers often highly sensitive data. This is a tremendous opportunity for us, to be the partner that takes our customers by their hand and unlock the full power of AI for them.

You have described AI's impact on CHAPTERS as both "YES and NO." Why does AI not invalidate our core acquisition thesis of buying highly specialized, low-churn VMS businesses and where does it materially increase their intrinsic value?

Low churn was always a proxy for other underlying properties of the assets ranging from high quality, proprietary niche specific solutions, but sometimes simply millions of lines of code base that was often not worth replicating for any newcomer, given the limited addressable market for many specialized systems.

The "NO" part: Domain expertise, customer trust and decades of structured data remain strong moats. These are not invalidated by AI. The "YES" part: A large code base alone is no longer a protection in a world of agentic development.


That's why one of my first tasks as the new CTO of CHAPTERS was to revise our M+A guardrails and extend them by new criteria to reflect this new environment. We identified both indications for stable moats and moats that are under attack, even if they served as a strong protection in the past.

Quality of the software and documentation has gained importance in our considerations. Reasonably modern frameworks, a good test coverage and a modern development tooling is a prerequisite to make new AI driven features available to our customers – while in the past, it was reasonable to argue that replacing existing legacy software frameworks brings mainly aesthetic improvement, but only little added value for our customer.

We often say competitors can copy features, but not 10–30 years of structured, domain-specific customer data. How real is this advantage in the age of large language models (LLMs) and do you see a limited first-mover window to turn that data into defensible AI-enabled product offerings?

Our solutions collect and store data for our customers over decades. We see tremendous potential in the use of this data by the customer. To be honest, many of these chances to derive valuable insights for our customers were there before, but AI has opened up and accelerated new ways to make it available.

To accelerate this, we started the CHAPTERS Momentum Initiative in February 2026. We invited all our OpCos to think about their customer workflows, and their most time-consuming tasks and pain points.



Based on that we asked them to submit proposals for AI driven tools that can, based on the data that our systems of record hold, produce significant savings or quality improvements for our customers. This approach is crucial for us, as we believe that AI has great potential, but there is also a considerable risk to chase white elephants; Features that feel flashy and modern but deliver only little value to the customer.

The submissions were used as the input for a CHAPTERS-wide competition to find the three most promising use cases and substantiate them with clear customer commitments.

These high potential cases are currently built by dedicated external teams in collaboration with the CTO office and the OpCos. The funding for this is provided by the holding on top of the organic R&D budget of the OpCos.

We consider CHAPTERS Momentum a great success as it has unleashed a lot of thoughts, energy and excitement around AI driven features in the portfolio. We were certain that there have to be some good cases, but the extent and number of high-quality submissions was a surprise for us.

Since then we have extended this one-time competition into a permanent program that allows companies to submit high quality use cases together with detailed business plans and a group of anchor customers that co-invest to receive implementation support and funding for projects that are expected to generate substantial ARR in the existing customer base.

In essence, Momentum is a stage-gate innovation framework that de-risks AI product development by validating customer demand and securing financial commitments progressively. This ensures that by the time real development begins, there is already a proven market and shared funding in place.

How do CHAPTERS mechanisms ensure that AI adoption is not isolated experimentation but portfolio-wide transformation?

This is one of the biggest challenges we have in front of us. We observe that many players in the software industry acknowledge that they have to do something with AI, but many do not understand the seismic shift that is happening at the moment. We don't want to build a couple of lighthouse projects and continue the rest of our business as it is.

From our point of view the goal is a transition of our companies towards hybrid organizations, where humans and AI work together in a highly automated environment. This goes beyond the software development and includes all departments of our companies. For General & Admin, Support, Professional Services and Sales & Marketing and all other back-office operations, we expect our OpCos to rethink and transform the way they operate.

Our guiding principles are condensed into the CHAPTERS AI Flywheel. We believe that we have to develop AI muscles fast, use AI to gain efficiency in our internal operations and identify high value use cases within our products, as demonstrated in the CHAPTERS Momentum initiative.

The flywheel is further formalized in the CHAPTERS AI Maturity Framework, which identifies work streams in all departments and lays out concrete development paths that guide the companies from a beginner to an AI assisted, enabled and finally transformed level.

This framework offers the OpCos a unified way to develop their own individual AI strategy and gives

the Holding a chance to monitor and assess the progress of this transformation. Our target for 2026 is to bring all companies to at least the AI Assisted level in their foundational and R&D capabilities and to have three functional development lanes at the Assisted stage.

We support our companies through this transition with dedicated AI Practices for each department, where AI enthusiasts from all companies meet and exchange use cases and experiences. These use cases are further generalized and shared as blueprints as part of our knowledge management system.

Starting in February 2026 we also began with the roll-out of our CHAPTERS AI Hub solution. This technical offer, based on open-source software, allows our companies to use the latest AI models in a safe and compliant environment that ensures that data remains in our internal networks and cloud environments, handles PII filtering and offers user friendly ways to create custom knowledge bases and agents.

The AI Hub is a central part of our scaling approach, as it allows us to build valuable use cases once and share them CHAPTERS-wide in a transparent process and without re-implementation effort in each of our companies. We are currently deploying the AI Hub at a pace of two to three companies per week and aim to reach 50% coverage by mid-2026 and full coverage by the end of the year.

How do you ensure that AI investments meet our return discipline and do not become technology enthusiasm without economic substance?

This is an important question and something we care deeply about. The same rigor that has guided our growth to a Group of over 60 companies is applied here. One important aspect is to approach our projects with the right mindset, both from a commercial and from a development perspective.

For the latter I have often used the quote: "We are VMS vendors and in the past our work mainly revolved around the Development in R&D. This situation is different with AI projects, that often need to be approached as Research". So far, our software companies have built systems based on tried patterns and technologies. The challenge was to choose the right solutions and be efficient in the creation of a product from the chosen approach. For AI we need to rethink our workflows. What are the required quality levels, what is our tolerance for errors or ambiguities? At the same time, we implement stop conditions into the implementation plans that assess the success at predefined points. AI projects can fail or not deliver the expected outcome. While this has been rare so far, we are very aware of the risk of complexity traps.

For the commercial side we rely on clear and substantiated interest from several customers. CHAPTERS is no venture fund, and we do not intend to become one. At the same time, we want to act fast and help our customers to participate in the AI revolution.

We have also considered the scenario where AI development turns out to be slower than expected. Even then, our accelerated investment approach survives: At worst, we have overpaid for speed. We view that as a reasonable insurance premium against the catastrophic scenario of falling behind. In contrast, a "wait and see" approach only works if the pace truly turns out to be slower. In every other scenario, it puts our business model at serious risk. For us, going full steam ahead is the rational, not the aggressive, choice.

Are We Moving Fast Enough?

That is a tough question because the development of the technology is so fast, that even AI natives who exclusively work on the topic often feel like they struggle to keep up with the pace.

Research (e.g. from METR institute) shows that AI capabilities have been doubling roughly every seven months. The challenge is that our human intuition is wired to think linearly and we systematically underestimate exponential change. This is what we call the exponential blind spot, and it is the reason we approach this transformation with a data-driven sense of urgency rather than relying on gut feeling.

That being said, we believe that we are following the development really closely and try not to get driven by daily news about new models and tools, but to identify long term shifts and paradigm changes and adjust our long-term vision and strategy accordingly.

You mentioned a 12-24 month first-mover window in certain verticals. Given our decentralized structure, how do you prevent speed disadvantages compared to AI-native companies?

Almost all of our solutions rely on domain specific knowledge of our customers' challenges and specific requirements, something that AI-native startups cannot easily provide from the get-go. In addition, as I laid out in the beginning of this interview trust and proven reliability are often more important than being the first to offer a MCP interface on the market.

Given these AI stable moats of our businesses, we believe that we have to move fast but will be able to stay ahead of any new competition.

Is AI an Efficiency Story or a Growth Story?

Is the bigger value driver:

- **Cost reduction?**
- **Price increases?**
- **New product modules?**
- **Or entirely new revenue pools?**

Which one moves the needle most for CHAPTERS?

A combination of two of the choices: the reduction in costs will free the capacity needed to build many new value-adding products for our customers. We believe that the observed increase in development velocity allows us to finally solve many of the long-standing issues of our existing companies: Finding and training enough competent personnel to serve all of our customers' needs while maintaining a high margin. There is a significant lack of digitization in most of the sectors we serve and the consequences of this become more severe now that the baby boomers retire without sufficiently



trained replacements. The number of features we can deliver will rise dramatically if the implementation costs are reduced while the added value remains the same.

Many VMS companies operate with lean R&D teams and legacy systems. Are we at risk of layering AI on top of technical debt instead of solving the core architecture challenge?

This has been among the use cases we started to explore early on: “How can we use AI to modernize legacy stacks?”. We see promising progress in these projects. In many cases the code to transfer is repetitive in VMS solutions, e.g. a software might have 1000+ forms to handle different parts of the customers workflows and behind this are millions of lines of code. We see that AI becomes really efficient to derive test cases from existing systems, and transfer tested code into a new software stack in a short time frame. This is a tremendous opportunity for many of our businesses that have built complex solutions in legacy frameworks and would not be able to migrate the technology with their internal R&D capacities.

By sponsoring external AI builds rather than relying solely on OpCo R&D, are we signaling that speed now outweighs traditional decentralization?

I believe that it is good to have a clear strategic framework how to manage the portfolio and a strict decentralization is a strategic decision that made sense in the past. Our companies bring decades of experience in their niche, there is nothing worse than a team of detached consultants or portfolio heads that believe they understand their

business better. However, AI has shifted our view on this to some degree, because the underlying assumption was disrupted. The opportunities from AI are new to all our OpCos and many of the potential use cases are also shared among them. In this environment it is most effective to build central capacities that actively support the introduction of the new technology into our OpCos. Given the unprecedented acceleration of AI capabilities we also actively communicate a sense of urgency into our management teams. Time is of the essence now, we can be an AI winner in many of our sectors if we act now, but we are also aware that it can be a threat if we do not move now and start to fundamentally transform the way we run our businesses.

Is this a temporary acceleration mechanism or a structural shift in how CHAPTERS innovates?

AI is here to stay. We are a group of software vendors and the way software can be created has fundamentally changed.

We have built a dedicated center of excellence for AI as part of the CTO office. The team we are building up at the moment has a clear long-term focus to drive AI & automation into the companies. We are not only relying on external help but build up real AI muscle, starting from the CHAPTERS board all the way down to the support team member in our individual OpCos.

The Momentum Initiative has become a permanent mechanism to receive funding for external implementation of high value use cases with strong customer commitment in the OpCos.

When Will AI Show Up in the Numbers?

AI already contributes to ARR in frontrunners in our portfolio like Icomedias with AI solutions for the German police or HUP with AI enabled solutions for the publishing industry.

Given the business cases we see in the Momentum Initiative we are confident to see first tangible ARR effect from new AI features in our products in 2027. On the efficiency side we see an acceleration of automation and are confident that this will free capacities for more customer-facing, value adding tasks or sometimes a reduction of the headcount. We expect the first effects of this increased efficiency to become visible in 2027.

What tangible KPIs are you tracking to determine whether your AI strategy is truly working?

1. The progress of our companies through the stages of the AI maturity framework
2. The number of AI use cases that have moved into production
3. The additional ARR generated by AI features across the portfolio
4. The coverage of our AI Hub infrastructure.

We believe these four indicators together give a reliable picture of whether we are making real progress or just talking about it.

Closing Perspective

At its core, AI does not change who we are. We buy highly specialized, mission critical software businesses and we help them grow. What has changed is the speed at which we can do this and the range of what becomes possible for our customers. I am convinced that we have the right framework in

place – from the AI Hub and the Momentum Initiative to our AI Maturity Framework and the dedicated teams we are building. But I also want to be honest: this transformation is far from complete. We are early in a journey that will take years and will require our full attention and commitment.

If we execute well, AI will make our people more productive and our products significantly more valuable. That is what we are working towards, every day.

