# Venture capital firms are adopting AI roll-up strategies to accelerate business consolidation



In recent months, a growing number of venture capital-backed startups have begun adopting what is being dubbed the "AI roll-up" strategy, a fresh approach to driving value through artificial intelligence. This business model involves acquiring underperforming or mature companies and then boosting their profitability and operational efficiency by integrating AI technologies. Essentially, it is an evolution of the private equity roll-up strategy, tailored for the AI era and increasingly embraced by prominent VC firms such as General Catalyst, Thrive Capital, Khosla Ventures, and Bessemer Venture Partners.

The appeal of AI roll-ups lies in combining established customer bases and operational infrastructure with advanced AI capabilities to streamline processes and enhance service offerings. General Catalyst, for instance, has committed roughly $750 million to this approach across sectors including call centres, legal services, and property rentals. Their portfolio includes seven companies following this model, for example Long Lake, a firm dedicated to homeowners association management that employs AI to simplify administration and cut down lengthy sales cycles that traditionally challenge startups targeting similar markets.

Founders directly involved in deploying AI roll-ups emphasise both the promise and the initial hurdles of the strategy. Din Bisevac of property startup Buena, Constantin Schröder of short-term rental company Arbio, and Dan Lifshits from property management firm Dwelly shared their perspectives in a recent podcast hosted by Tech.eu. Schröder noted that rental management is particularly well-positioned for AI application due to the sector's inherent complexity and extensive communication needs between property owners, guests, and service providers. AI, he explained, helps orchestrate these relationships more efficiently, improving service delivery.

However, the integration of acquired firms is not without challenges. Bisevac recounted early struggles with employee scepticism about new ownership and resistance to adopting AI-driven tools. Customer wariness toward ownership changes also posed difficulties. Yet, he observed that these issues dissipated when the focus remained steadfast on developing products that tangibly improve customer experiences, highlighting the importance of service quality as the linchpin for successful integration.

This approach is also making inroads beyond property and rental management. VC-backed roll-ups are active in sectors such as accounting and tax firms, where AI tools automate workflows and enable firms to handle multiple times the client volume without reducing staff numbers. Companies like Accrual, which raised $16 million to execute AI-led roll-ups in accounting, exemplify this trend. Marc Bhargava of General Catalyst stated the aim is not job cuts but capacity expansion, reinforcing AI as an augmentative force rather than a purely disruptive one.

The broader venture capital community is closely watching these developments, given the potential AI roll-ups have to redefine traditional investment and operational models. By acquiring cash-flow positive, if underperforming, businesses and overlaying AI-driven efficiencies, investors hope to shorten path-to-profit and mitigate risks associated with greenfield startups. However, sustained success will likely depend on effective cultural integration, product innovation, and the ability to maintain or improve service standards post-acquisition.

Ultimately, the AI roll-up strategy may represent a hybrid model synthesising venture capital’s appetite for innovation with private equity’s operational rigor, powered by the transformative capabilities of AI. As more VC firms allocate significant capital towards these ventures, the impact on industries resistant to digital transformation could be profound—ushering in a new era of AI-driven business consolidation and growth.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://tech.eu/2025/10/15/startups-embracing-ai-roll-up-strategies/), [[2]](https://tech.eu/2025/10/15/startups-embracing-ai-roll-up-strategies/), [[3]](https://techcrunch.com/2025/05/23/khosla-ventures-among-vcs-experimenting-with-ai-infused-roll-ups-of-mature-companies/), [[4]](https://benchmarkbeat.com/tech/high-tech-ventures-deploy-private-equity-roll-up-strategies/)
* Paragraph 2 – [[3]](https://techcrunch.com/2025/05/23/khosla-ventures-among-vcs-experimenting-with-ai-infused-roll-ups-of-mature-companies/), [[4]](https://benchmarkbeat.com/tech/high-tech-ventures-deploy-private-equity-roll-up-strategies/), [[5]](https://vcbreakfastclub.com/p/will-ai-kill-the-venture-capitalist-6eae507f806ff64d)
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* Paragraph 4 – [[1]](https://tech.eu/2025/10/15/startups-embracing-ai-roll-up-strategies/), [[3]](https://techcrunch.com/2025/05/23/khosla-ventures-among-vcs-experimenting-with-ai-infused-roll-ups-of-mature-companies/)
* Paragraph 5 – [[6]](https://thefinancestory.com/vc-backing-ai-led-accounting-firm-rollups)
* Paragraph 6 – [[3]](https://techcrunch.com/2025/05/23/khosla-ventures-among-vcs-experimenting-with-ai-infused-roll-ups-of-mature-companies/), [[4]](https://benchmarkbeat.com/tech/high-tech-ventures-deploy-private-equity-roll-up-strategies/), [[5]](https://vcbreakfastclub.com/p/will-ai-kill-the-venture-capitalist-6eae507f806ff64d)

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## Bibliography

1. <https://tech.eu/2025/10/15/startups-embracing-ai-roll-up-strategies/> - Please view link - unable to able to access data
2. <https://tech.eu/2025/10/15/startups-embracing-ai-roll-up-strategies/> - This article discusses the emerging 'AI roll-up' strategy, where venture capital-backed startups acquire underperforming companies to enhance their profitability through artificial intelligence. The approach is gaining traction among venture capital firms such as General Catalyst, Thrive Capital, Khosla Ventures, and Bessemer Venture Partners. The piece features insights from founders deploying this strategy, including Din Bisevac of Buena, Constantin Schröder of Arbio, and Dan Lifshits of Dwelly, who share their experiences and the challenges faced in integrating acquired businesses.
3. <https://techcrunch.com/2025/05/23/khosla-ventures-among-vcs-experimenting-with-ai-infused-roll-ups-of-mature-companies/> - Venture capitalists are shifting their investment strategies by acquiring mature businesses and optimizing them with artificial intelligence, rather than solely funding startups. This approach, similar to private equity roll-ups, is being adopted by firms like General Catalyst, Thrive Capital, and Elad Gil. General Catalyst has already invested in seven companies, including Long Lake, which focuses on streamlining homeowners association management. This strategy provides AI startups with instant access to established clients, addressing challenges such as long sales cycles and customer acquisition difficulties.
4. <https://benchmarkbeat.com/tech/high-tech-ventures-deploy-private-equity-roll-up-strategies/> - Venture capital firms are increasingly adopting private equity 'roll-up' strategies, acquiring small advisory companies and integrating artificial intelligence to enhance operations. General Catalyst has allocated approximately $750 million to pursue roll-ups in areas such as call centres, legal services, and real estate rentals. Other firms, including Khosla Ventures, Bessemer Venture Partners, and 8VC, are also exploring this approach, aiming to centralize small businesses and reduce operating costs, thereby creating new avenues for liquidity in their portfolios.
5. <https://vcbreakfastclub.com/p/will-ai-kill-the-venture-capitalist-6eae507f806ff64d> - Venture capital firms like Khosla Ventures, General Catalyst, and peers are actively acquiring established businesses such as call centres, accounting, and property management firms, integrating AI tools to streamline operations. One such venture, Long Lake Management Holdings, has raised roughly $670 million since late 2023 to acquire homeowners’ association firms and apply AI for administrative automation. General Catalyst alone has backed seven AI roll-up companies, funneling $750 million into this strategy spanning legal services, real estate lettings, call centres, and more.
6. <https://thefinancestory.com/vc-backing-ai-led-accounting-firm-rollups> - Venture capital firms are increasingly targeting accounting and tax firms for AI-led roll-ups, aiming to modernise operations and boost margins. General Catalyst has backed seven such roll-up companies, including Accrual, which raised $16 million to acquire and modernise accounting firms via AI automation. Marc Bhargava of General Catalyst states the goal is to enable firms to take on 2–3 times more clients using AI, not to reduce staff. Other firms, such as Lightspeed and Ribbit Capital, are also investing in similar strategies.
7. <https://techstartups.com/2025/10/03/top-startup-and-tech-funding-news-roundup-week-ending-october-3-2025/> - DualEntry, a New York-based enterprise software startup, secured $90 million in a Series A round to advance its AI-driven ERP migration platform. Lightspeed Venture Partners and Khosla Ventures co-led the financing, with Google’s GV also participating, valuing the 18-month-old company at $415 million. DualEntry’s solution automates the process of transferring and reconciling financial data from legacy systems to modern platforms, aiming to cut migration times from months to hours.