EMERSON IS WELL POSITIONED WITH DEFENSIVE MOATS AGAINST KEY AI THREATS

EMERSON

EMERSON SOFTWARE | 2025 PROFILE

$2.5B
Software Sales

14%
Software % of Emerson Sales

$1.56B
Annual Contract Value (ACV)

DELTAV   **OVATION**

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AI THREATS AND EMERSON POSITION

AI THREATS	THREAT ASSESSMENT	EMERSON POSITION
AI Agents automate workflows	●●● LOW	• Embedded in mission-critical workflows used for low latency real-time execution including direct connection to hardware layer • High regulatory / compliance, governance and security requirements
UI and Analytics layers commoditize	●●● MEDIUM	• Proprietary data access driven optimization built on deterministic solutions drives defensibility • Agent driven wrappers and visualization tools could replicate UI but cannot replicate domain expertise without our models
Data ownership is essential to compete in an AI-driven world	●●● LOW	• Ownership of data pathways, hardware connection, and access to long-term customer operational data • Domain expertise in critical industries with decades of customer proprietary data
Point solutions may be absorbed by platforms	●●● LOW	• Anchored in first principles coupled with proprietary domain knowledge • Deep moats and customized workflows position Emerson as platform player and AI-enabler
Emergence of AI-native competitors	●●● LOW	• High trust and domain expertise in mission-critical industries make Emerson well positioned to be an AI-enabler • Mission-critical applications with deterministic solutions inbuilt with decades of machine learning insulate us against black box models
Seat-count & pricing model evolution	●●● LOW	• Key product suites in Emerson already available on tokenized models and value-based pricing

ACROSS EMERSON SOFTWARE, AI IS LARGELY AN OPPORTUNITY –
Domain Specialization and Operational Tie-ins Drive Higher Defensibility

EMERSON SOFTWARE MOATS

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- ✓ **Deep, first-principle based domain expertise in critical industries** like energy, power and grid with four decades **of customer proprietary data**
- ✓ **Deterministic solutions for complex and mission-critical processes** as opposed to inferential, black-box solutions
- ✓ Underpinned by **AI and deep learning** for two decades and generative AI is a **force multiplier to drive optimization**
- ✓ **Connectivity to hardware** enables physical AI in low latency critical applications
- ✓ **AI enablers** from incumbents **critical for safety, security, availability and trust**

DELTAV   OVATION

- ✓ Deterministic system with **deep domain expertise with real-time execution capabilities for mission-critical industries** like life sciences, energy and power
- ✓ Encodes **decades of domain specific process dynamics, know-how and proven logic** refined through decades of **proprietary customer data**
- ✓ **Fully-integrated hardware for millisecond-level closed loop control** for production in low latency critical application
- ✓ **Governance, security, availability** factors favor AI enablers from incumbents
- ✓ **Real-time, fully redundant execution operating on customer proprietary data** with high certainty and reliability

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- ✓ **Software interacts with physical hardware** with connections to 10K+ instruments
- ✓ Software embedded with **domain-specific IP** in engineering and measurement
- ✓ Application is **high-quality / mission-critical industries** like aerospace, defense and semiconductors
- ✓ Code customized and configured for **bespoke customer frameworks**
- ✓ **Software operates real-time** and needs **system-level context** for high integrity critical applications

EMERSON

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