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OneDigital (A): The Threat and Opportunity of AI

We bring curiosity and openness to everything we do. Innovation and adaptability are part of how we lead—whether we're solving problems for clients or continuously improving the way we work. We adapt quickly, bring diverse perspectives to the table, and seek better ways forward. In our culture, we embrace change, welcome bold questions, and stay open to new voices.

— OneDigital, Company Documents

AI can supercharge the core value that we provide to our clients – our people.

— Vinay Gidwaney, Chief Product Officer, OneDigital[1]

Introduction

In early 2025, Vinay Gidwaney, Chief Product Officer of One Digital reviewed the materials he had prepared for the next day's meeting with the CEO. Over two years had passed since ChatGPT's release, and the business world had lurched from skepticism to panic to experimentation. Major competitors were announcing AI initiatives: Goldman Sachs had deployed a generative AI (GenAI) assistant for its bankers, traders and asset managers, while JPMorgan Chase was rolling out AI assistants to tens of thousands of employees. Industry analysts were predicting massive productivity gains and equally massive workforce disruptions. The CEO wanted a recommendation: How aggressively should OneDigital pursue AI?

As Gidwaney worked through strategic implications, he confronted a series of contradictions that resisted easy resolution. OneDigital was a $1.6 billion national insurance brokerage that helped employers navigate the complexity of benefits, insurance and retirement planning through its network of producers and consultants. The company was a strong advocate for the health, success and financial security of its clients, and had built its business model on human expertise and trusted relationships. Clients came to OneDigital because they valued the judgment that came from years of

[1] All quotes from Vinay Gidwaney are sourced from casewriters' interviews with him in January 2026.

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experience, trust built through longstanding relationships and accountability from dealing with people they knew. Could AI replicate that?

The immediate appeal was obvious: GenAI was capable of ingesting and understanding large sets of unstructured data and using that data to provide insights and analysis. At OneDigital, AI could synthesize regulatory information, analyze client data, draft proposals and generate recommendations. This could be done at scale—in any medium and format. Moreover, AI cost a fraction of a human consultant and could work around the clock, providing unlimited cognitive assistance to teams. A single model could incorporate the expertise of OneDigital's best producers and make that expertise available to every client. From a pure productivity standpoint, the calculus was compelling: AI could make OneDigital's consultants faster and more effective, allowing the company to serve more clients with fewer people.

However, Gidwaney saw risks that extended beyond obvious workforce concerns. OneDigital's primary growth engine was acquisition. The company had completed 126 deals since 2021, bringing smaller insurance agencies and benefits firms into its platform. These acquisitions worked because OneDigital narrated a powerful story: "join our platform, serve your clients, and benefit from our scale and expertise." The company had spent 25 years creating a culture that made its acquisition strategy possible: employees felt valued, acquisitions integrated smoothly because people wanted to join the platform, and clients remained loyal because they trusted the individuals serving them. What would happen to that story if OneDigital became known as a company that aggressively replaced cognitive labor with AI?

As Gidwaney prepared for the meeting, he needed to make a clear recommendation. The challenge was not whether to adopt AI —but how to adopt it in a way that strengthened rather than undermined what made OneDigital valuable.

Background

Vinay Gidwaney

Raised in Alberta, Canada, Gidwaney gravitated toward computers and entrepreneurship early, discovering programming in the mid-1990s. He began building software while in high school. As a teenager, he created a company selling classroom monitoring software to schools. He ended up fielding support calls during the school day. He recalled, "I was one of those kids who had a big block cell phone in my bag because I would get calls from teachers for tech support. I didn't attend a lot of classes in high school." Providing remote support was the logical next step. This idea gained early validation when Gidwaney and his older brother entered an Ivy Business School business plan competition and won. Instead of pursuing formal higher education, Gidwaney committed to building companies with his brother, who would remain his co-founder across multiple ventures. "My brother was always the businessperson, and I was the tech person. We overlapped a lot." His physician father (from a community in India known for its business acumen) quietly supported the entrepreneurial route, while their mother remained apprehensive.

Their first venture, a remote technical support company launched around 2000, was challenging for both personal and professional reasons. A year into the company, Gidwaney's father died suddenly of a heart attack, leaving them at a crossroads on whether to abandon the business. They chose to continue, navigating the post-bubble downturn quarter by quarter before selling the company to Computer Associates in 2006. Although the exit was modest, the experience proved formative. At the time, Gidwaney became increasingly interested in neuroscience and started working with a professor at the University of Calgary, exploring early ideas at the intersection of brain science and technology. An investor/mentor challenged Gidwaney to clarify his ambitions, "Do you want to be a restaurant owner or a chef?"

Gidwaney sought intellectual reinvention, and convinced a professor at the MIT Media Lab to hire him despite lacking formal degrees. He initially moonlighted at the lab and later worked full-time for a few years in optogenetics. "I knew quickly I was not going to be an academic. I just didn't have the patience for it, but I wanted to challenge myself. That got me really interested in health and the power of technology to make a difference in people's lives." Over the next decade, Gidwaney co-founded and led multiple ventures at the intersection of technology, behavior change and health. These included early experiments in affective computing; DailyFeats, a behavior-based rewards platform; and eventually Maxwell Health, a B2B SaaS company focused on benefits administration for insurance brokers. Each effort involved pivots, capital constraints and exposure to regulated, service-heavy industries. "Very typical," he said of these ventures, "we ran out of money, ran on credit cards for a little while and then pivoted."

What began as an attempt to simplify selling health insurance online evolved into a platform that helped employees make better decisions during open enrollment, particularly around complex, high-margin products such as life, disability and critical illness insurance. Maxwell Health was acquired by Sun Life in 2018, after which Gidwaney spent a brief period inside a large insurer. During the pandemic, he worked on public-sector technology initiatives including digital contact tracing and large-scale vaccine operations. At that point, his wife suggested taking time off. Gidwaney received a cold call about OneDigital in late 2021. Initially reluctant to re-enter the employee benefits space, he was intrigued by the firm's complexity and people-centric culture. Concluding that the challenge was fundamentally different from his prior ventures, Gidwaney accepted the role of Chief Product Officer.

OneDigital

History of Growth

In 2000, founders Adam Bruckman and Mike Sullivan initially established a small business, outsourcing solutions that were focused on employee benefits administration. For the company's first decade, growth was primarily organic. They concentrated on building technology infrastructure and establishing operational processes before making their first acquisition. The period from 2010-20 marked OneDigital's transformation into a national employee benefits brokerage firm. The company executed dozens of acquisitions, consistently integrating new businesses into a single operating platform rather than running them as separate entities. This approach was deliberate: the founders believed that a unified company with shared systems, aligned incentives and a common culture would ultimately deliver better results for clients than a loose federation of autonomous agencies.

OneDigital established itself as a top-ten employee benefits platform in the U.S. by 2020. Beginning in 2018, the company's ambitions extended beyond its core business and added new capabilities that complemented its employee benefits practice (See **Exhibit 1:** Practice Areas) The company acquired Centro, adding wholesale ancillary benefits distribution to its repertoire. It entered the wealth management and retirement advisory business, recognizing that the executives and business owners also needed help with personal financial planning and company retirement plans. In subsequent years, OneDigital expanded into property and casualty insurance; launched a professional employer organization (PEO) to serve smaller businesses; and entered the Medicare Advantage market through its Advanced Health practice. Each of these decisions was designed to serve the same clients, but at different points of contact or stages of need.

Nature of Business

OneDigital's business was fundamentally built on consulting and specialized knowledge. The company employed over 4,750 people, including more than 1,100 producers who worked directly with clients. These professionals provided advice and support to 90,000 employers and served more than 13 million individuals across the U.S. Of the four business lines (Employee Benefits & HR Services, Property & Casualty, Wealth & Retirement and Advanced Health), Employee Benefits & HR Services represented an estimated 60% of its $1.6 billion revenue in 2025 (See **Exhibit 2:** Key Data). This business helped employers design and manage their benefits programs, handle HR challenges as well as navigate complex regulations. OneDigital also operated specialized Centers of Excellence in areas like pharmacy consulting, global solutions, captive insurance etc. where deep technical knowledge commanded premium fees.

Consistent Profitability and Strong Margins

Throughout its 25-year history, OneDigital maintained consistent profitability. Between 2020 and 2025, OneDigital's revenue grew from $530 million to approximately $1.6 billion, representing a compound annual growth rate of 22%, driven from both acquisitions and organic expansion. The company's EBITDA increased from $159 million to an estimated $471 million over the same period. The company's adjusted EBITDA margin stood at approximately 30% in 2025, reflecting the inherent economics of the insurance and financial services distribution business along with the operational efficiencies OneDigital had built into its platform.

The company's financial model was fundamentally a commission-based business. When OneDigital helped a client select and implement an insurance plan, carriers paid a commission, typically calculated as a percentage of the premium. OneDigital often charged fees directly to clients for consulting work and specialized services. The wealth management business operated on assets under management (AUM), while the PEO business earned a per-employee fee for the bundled services it provided. OneDigital generated organic growth (new revenue from existing operations) at 8.7%—above industry averages in 2024. This was driven by several factors: its producers won new clients; existing clients expanded their businesses (increasing premiums and fees); and clients purchased additional services from OneDigital beyond what they initially bought. This last phenomenon of "convergence" had become an increasingly important growth driver. The company's profitability also benefited from its scale and technology investments. As OneDigital grew larger, it gained negotiating leverage with software vendors and service providers. The company's technology platforms automated routine tasks that competitors still handled manually. Operating as a single integrated company allowed OneDigital to share resources with thousands of producers.

Growth Through Acquisition

Acquisitions had been central to OneDigital's expansion particularly after 2010. Between 2021 and early 2025, the company had completed 126 acquisitions, ranging from small firms with a handful of employees to businesses generating tens of millions in revenue. OneDigital's approach to acquisitions was distinctive. More than 85% of deals came from proprietary sourcing rather than competitive auctions. While transactions included upfront cash payments, they also included meaningful equity stakes in OneDigital and earnout payments tied to future performance. Within 90 days of closing the deal, the acquired firm transitioned to OneDigital's technology systems, using its branding and connected to its broader platform. This rapid integration, enabled by well-documented playbooks and resolute integration teams, allowed the acquired business to begin realizing the benefits of the platform quickly.

Technology as an Enabler

While OneDigital was fundamentally a people and expertise-driven business, technology played a crucial supporting role. The company had invested heavily in its digital capabilities over more than two decades, viewing technology not as a replacement for human expertise but as a tool that made its producers more effective. One of the company's key technological innovations was Centro, an API-powered platform that automated the quoting and enrollment processes for ancillary benefits like dental, vision and disability insurance. What started as a service to other insurance brokers had become a competitive advantage within the company's own operations, reducing administrative work and allowing producers to focus on client relationships and strategic advice.

The company also developed Impact Studio, which aggregated data across all the service lines to provide clients with real-time analytics and insights. For a client working with OneDigital in multiple areas—employee benefits, retirement plans and property insurance—Impact Studio created a unified view that helped business owners make better decisions. (See **Exhibit 3:** Centro and Impact Studio). More recently, OneDigital had developed specialized AI tools designed to handle routine tasks and surface relevant information for its consultants. By 2025, thousands of OneDigital employees were using these tools weekly, contributing to measurable productivity gains across revenue-generating roles.

Building effective AI systems in this industry would require two data sources. Internal data would capture institutional knowledge: how top consultants analyzed client situations, structured recommendations and navigated complex conversations. Sales methodologies, coaching frameworks and RFP responses—expertise that previously existed only in employees' heads—became potential training material for AI systems. External data would include regulatory information (IRS retirement plan rules, DOL ERISA requirements, state insurance regulations), carrier data (plan designs, pricing, networks), industry benchmarks and claims analytics. This data was publicly available or commercially licensed, but required significant effort to organize into usable knowledge bases. The challenge was to integrate both sources to augment and not replace human consultants.

The Challenge of Generative AI

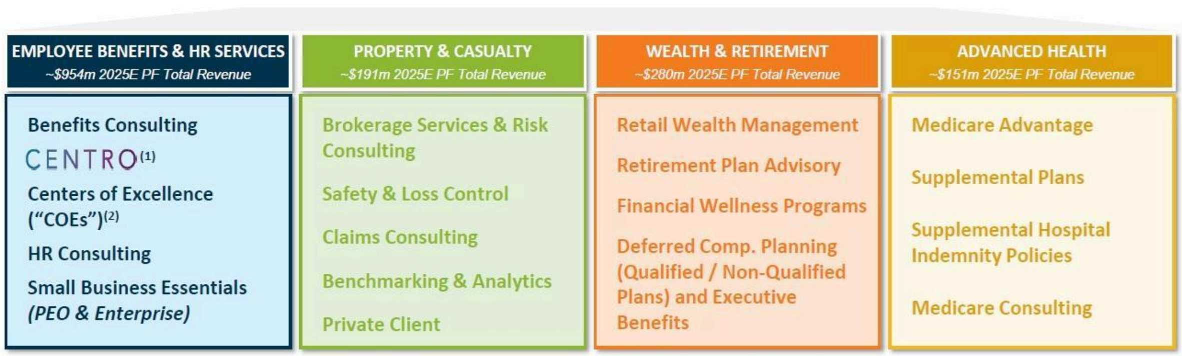
The release of ChatGPT in November 2022 had demonstrated that artificial intelligence would soon be able to perform tasks that were at the core of OneDigital's business model: synthesizing complex information; answering detailed questions about regulations and benefits; and providing coherent advice on technical subjects. Gidwaney observed that the company's value proposition rested on a relatively simple foundation. "We're in the advice-giving business. We listen to people's problems and use our expertise, data and network to tell them how to improve their operations." Whether the subject was health insurance design, retirement plan compliance or small business liability coverage, OneDigital's consultants were paid to understand complex situations and recommend solutions.

Generative AI was demonstrating impressive capabilities in these areas and was improving rapidly. Industry observers were describing a shift from "Software-as-a-Service" to "Cognition-as-a-Service:" the ability to purchase thinking capacity rather than just computing power. For OneDigital, this development posed both a threat and an opportunity. If AI could provide insurance and benefits advice effectively, clients might not need expensive human consultants. At the same time, if OneDigital's consultants could leverage AI to work faster and provide better recommendations, the company could deliver more value and potentially serve more clients with the same headcount.

There was also the private equity consideration. OneDigital expected to bring in financial partners in the next 12 to 18 months. The company's five-year forecast targeted $3.8 billion in revenue by 2030, requiring 7-8% organic growth annually. Achieving 10% organic growth—which would transform the company's valuation multiple—would require AI, technology, and scale. PE firms would evaluate the business through a specific lens: margin expansion and EBITDA growth. From their perspective, the optimal AI strategy was straightforward: aggressive automation paired with substantial headcount reduction. The operating leverage would be immediate and substantial. AI had fundamentally altered the traditional relationship between productivity and headcount—cognitive work could now scale without proportional increases in employees. Could OneDigital deliver the financial returns PE investors expected while maintaining the human-centered culture that made the business work?

As he reviewed his materials, Gidwaney kept returning to a slew of questions: How aggressively should OneDigital move to incorporate AI into its core operations? How will it transfer the knowledge of its workforce and organizational know-how into tangible AI assets? How should HR and R&D functions change, and who should be in charge? What should be the goals of OneDigital's AI initiative for the next 2-4 years?

Exhibit 1 Key Practice Areas

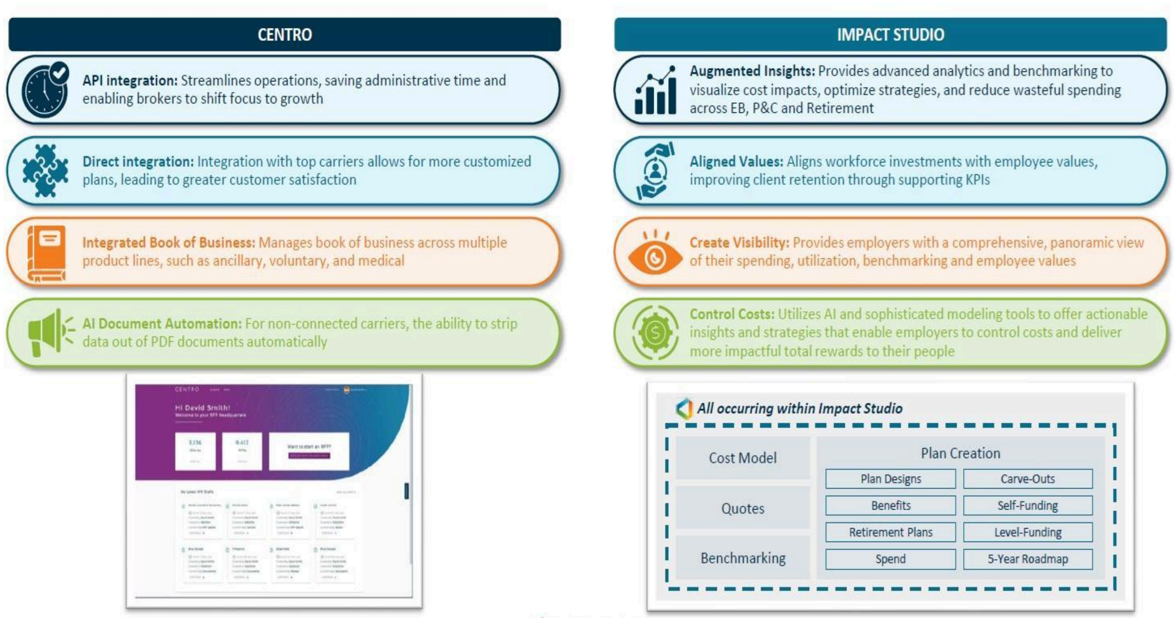


Source: Company Documents

Exhibit 2 Key Data (2025)

Source: Company Documents

Exhibit 3 Centro and Impact Studio



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