

The Biggest Risk to the AI Boom

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SUMMARY

The discussion revolves around the potential impact of more efficient AI models on pricing and spending. While one participant believes that breakthroughs in AI could lead to reduced costs and increased adoption, the other argues that advancements typically result in higher overall spending rather than lower prices.

- *A seismic shift in AI pricing is anticipated due to more efficient models using fewer resources.*
- *One perspective suggests that increased efficiency will lead to reduced costs and greater adoption of open weight models.*
- *The counterargument posits that advancements in AI often lead to increased spending rather than decreased costs.*
- *Historical examples, like the rise of Linux over Microsoft, illustrate how more efficient alternatives can disrupt existing markets.*
- *The conversation highlights uncertainty in predicting the future of AI pricing and adoption.*
- *Both participants acknowledge the complexity and expense involved in training advanced AI models.*
- *The debate underscores the tension between innovation and cost management in technology.*

Lower the volume so people think nightmare. >> This is very very serious. >> A seismic shift in the pricing of AI due to more efficient models that rely on less token use and less memory. >> No. >> What do you mean no? >> No. >> Why not? >> Because with every step function increase in the efficiency and whatever these models are able to do, people are spending way more not less. So this idea that all of a sudden there's some seismic breakthrough that pulls the cost down seems highly unlikely. I'm not a scientist but >> There already has been a breakthrough.

It's the adoption of it that's that's still in question but >> But it is it is only increasing the overall spend. >> I think it's increasing the overall use >> and spend. >> But what I what I'm describing is different. An open weight model catches fire. We've seen this happen before. Linux is a great example. Everybody thought they were married to Microsoft for life and all of a sudden Linux came along and a lot of developers just moved over to that because it was more efficient to build things. If they decide if they decide that they're going to use these open weight models for 95% of the workflows and then only send the most critical 5% to the more expensive frontier models like LLM and Anthropic if they decide hey you know what we actually don't need the best model we just need something that we can repeatedly do >> Okay fine.

>> a fifth of the cost. That but that changes all of a sudden the earnings expectations >> Could happen. It's It's a long shot. >> Imagine if it does. >> I will kiss your feet. >> Well no I don't want I don't want it to happen. >> that happens I will regrow my hair. How about that? >> Well isn't that the history of tech that eventually cheaper

more efficient ways of doing things come along and that puts pressure on pricing? Isn't that what always, literally always happens?

>> Yes, and I am out of my lane here, but this These are like very expensive models to train. Now, I don't know how much deep seek raise or whatever, but like that somebody's just going to spin this up. I just It seems very far-fetched. >> Okay. I I think it sort of already exists and Well, listen. It's too early. Nobody can know definitively. We'll We'll leave it at that. >>