Sam Altman is starting to panic

8 MIN · YOUTUBE · HTTPS://WWW.YOUTUBE.COM/WATCH?V=LWJVJD3OQJG
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SUMMARY

The discussion critiques the current state of AI adoption in companies like Uber, highlighting the absurdities and inefficiencies that come with it. It illustrates how executives, driven by fear of being perceived as outdated, are overspending on AI technologies without tangible benefits, leading to unsustainable practices and financial losses.

- *Uber's CTO demonstrated AI technology for two hours, costing the company $1,200 in tokens, more than the savings promised.*
- *The company blew its entire AI budget for 2026 within four months without significant advancements or features.*
- *Internal metrics incentivized teams to spend more on AI, leading to a culture of waste rather than efficiency.*
- *Generative AI is described as structurally inefficient, akin to a slot machine that provides intermittent rewards but often produces irrelevant or nonsensical outputs.*
- *Other companies, like Walmart and Microsoft, have faced similar issues with AI spending and are reevaluating their approaches.*
- *OpenAI is losing money and is under pressure to IPO despite its unsustainable business model.*
- *The narrative suggests that AI will likely remain useful in narrow applications but is not a transformative solution for broader challenges.*
- *The overall sentiment is one of skepticism regarding the long-term viability and profitability of AI technologies in their current form.*

So, the CTO of Uber, who you know, picture a guy in his early 50s trying to look hip, terrified of getting left behind, and he's [__] bricks because if he doesn't suck AI silicon dick on stage today, some 26-year-old with a man bun and a trust fund is going to tweet, "Okay, boomer," and end his bloodline. Cuz if he starts smashing AI right now while everyone else is calling it the next printing press, he's going to look like a boomer. So all the old dudes right now, the industry staples, DHH, Uncle Bob, all of them, they're out there going, "Hey, this AI thing is pretty cool. Look at me adopting new technology. You didn't expect that from this old guy, did you?" And so the Uber CTO, he gets up in front of the company and does a demo. 2 hours long. It's 2 hours of this guy jerking off an LLM in front of the entire seauite, showing everyone how useful and powerful AI is, how this is the future. And the entire seauite is sitting there in the first row moaning like it's their first threesome with the babysitter. And after the small demo is over, the bill comes in and that two-hour demo costs $1,200 in tokens. The demo was him showing them how it will save money. And the mere act of showing them of demoing this technology ended up costing more than the thing it was supposed to replace.

It's like holding a press conference about your vow of silence. Meanwhile, they've got an internal dashboard tracking how many tokens each team burns. And the team incinerating money the fastest is ranked number one. They're getting applause and a standing ovation and [__] Pats on the back. Talk of the town, which you know, it's like ranking your chefs by how much electricity the kitchen used. The guy who left every burner on all night and cooked nothing. Employee of the month.

And so this demo actually becomes a wakeup moment for Uber because the COO when he sees the number calls it a head exploding moment. Now it gets worse. Believe it or not, Uber had actually set an AI budget for all of 2026. And they're like, you know, we're going to be smart about this. We don't want runaway costs. And they blew the entire annual budget in four months by April to do what? Did they ship more features?

Did they expand into new markets? No. Nothing. They summarized some emails. They wrote a couple specs. They wrote one spec so long it gained sentience and deleted itself as a final act of mercy to mankind. Overall, just hundreds of billions of words generated with generative AI, 90% of which will never be read. And now Uber's like, you know what? Flip the [__] leaderboard. Invert that [__] Now, whoever spends the least wins. It's no longer about who can burn the most. Now, it's who can edge the machine the longest without blowing their load. They've capped each engineer at $1,500 per month. And when you've got 5,000 engineers or so, that's still a small fortune each month, by the way. And look, I'll be honest at early on, I couldn't really say definitively that this was a bubble. I figured they'd figure out the economics. You know, tech companies, they lose money early. They go into the red to grow and then hopefully it gets cheap. They figure it out. But the more I think about it, I don't know. This algorithm, the LLM auto reggressive thing, for every single word it generates, it has to reread the entire conversation from the start for every word. It's just structurally inefficient at the deepest level. And what this thing actually is, and look, I'm done pretending that this is a clever little analogy. I'm being literal. It's a slot machine. You pull the lever. Sometimes it gives you a little dopamine tingle. Oh, look. It road code that works. And you're hooked.

But 80% of the time you're like listening to confident nonsense that sounds like a stoner explaining quantum physics. But hey, that 20% beautiful. And see, that's the trap. That's the mechanism. It's you late at night going, "Should I just write this myself?" And going, "No." Pull the lever one more time, king. The big win's coming. Just like last time and the time before that, intermittent rewards, the most addictive design ever discovered, dropped into your enterprise engineering team with a leaderboard bolted on top.

And the whole industry is having this Uber style psychosis episode. Walmart saw this and they're like, "Hold my beer." They built an internal agent called Code Puppy. Code Puppy sounds like the rejected mascot for a furry convention that got meed into oblivion. And so Walmart executives were like, "Here boys, unlimited tokens for everyone." And then the bill came and Code Puppy was sent up to a farm to live out the rest of his life. They neutered the program. And Microsoft, which owns like a quarter of OpenAI, is cancelling its own cloud licenses for the same reason. GitHub Copilot moved all of its customers as well to tokenbased billing rather than a subscription model. And some customers saw their price jump a 100fold. That's 100x, not 100%. And the truth is, no one is raving about AI at these companies because it works or makes the entire company a welloiled co-chipping machine. At best, it solves some problems but creates a whole bunch of new ones. It's hard to make it work well and it has never been profitable for anyone ever. And so, everyone is sobering up right now. And this is really, really bad news for Sam Alman because Sammy here needs to IPO and soon he's out there doing the enterprise road show right now. His voice crackling like a youth pastor who just discovered Pornhub. And towards the end of this presentation, he goes, "Companies are starting to complain about pricing, saying that it's a huge issue and that this never came up before." And you know, he says it in passing, but really you could tell that this is highly existential for him. I mean, that's the whole bubble crinkling right now. And he's like, "Guys, we're trying to IPO.

Can you guys not do this right now?" And you know, he doesn't say cost has become a huge issue, but don't worry, we have a plan to get this under control. He just moves on. He just sounds surprised. And by the way, the casino's broke, too. Open AAI loses $1.22 for every dollar it makes. And they've slurped up all the money. It's from Soft Bank, the Saudi money. It's all gone. The only place left to get more is from you. That's what the IPO is. And you might think, wait, if it's all so unsustainable, if it's all a sham, why IPO and accelerate your own demise? Two reasons. One is that they don't have a choice. Two is that the market doesn't care about a loss. The market actually loves a loss as long as you've got a vision or growth story. And this is AI, baby. It's the birth of a new species. Of course, it's going to be ugly and bloody. And when the stock starts to wobble, Daario is gonna get up on stage and go, "You're trying to short a conscious being. How [__] dare you. This is morally unacceptable." And Claude is beside herself right now. And he's such a masterful storyteller that it'll actually work. The public will buy it the same way they're buying it right now. And look, if I had to make a prediction, I would say that AI ends up being something that is, you know, real and useful, but very narrow. like great for coding and other verifiable tasks, but only if you hover over it like a disappointed Asian dad. For everything else, it's just a very expensive way to be confidently wrong with a reinforcement loop that keeps you hooked enough to keep your hand on the lever.

And the proof is in how it works. Generative AI doesn't change things. There's no such thing as the AI editing. Every time you ask for a tiny change, it regenerates the entire [__] universe. Like if you ask it to tweak an image, it doesn't like move pixels or something. It just rebuilds the whole thing from scratch. It only knows how to generate, generate, generate at a volume so insane that no human can keep up. And now we're surprised that the bill matches the volume. And all this so old dudes don't have to hear, "Okay, boomer in the company chat." So go ahead, pull the lever one more time, king. The big win's coming. Just like last time and the time before that. Now, somebody please go tell the Uber CTO that his demo was mid.

Thanks for watching.