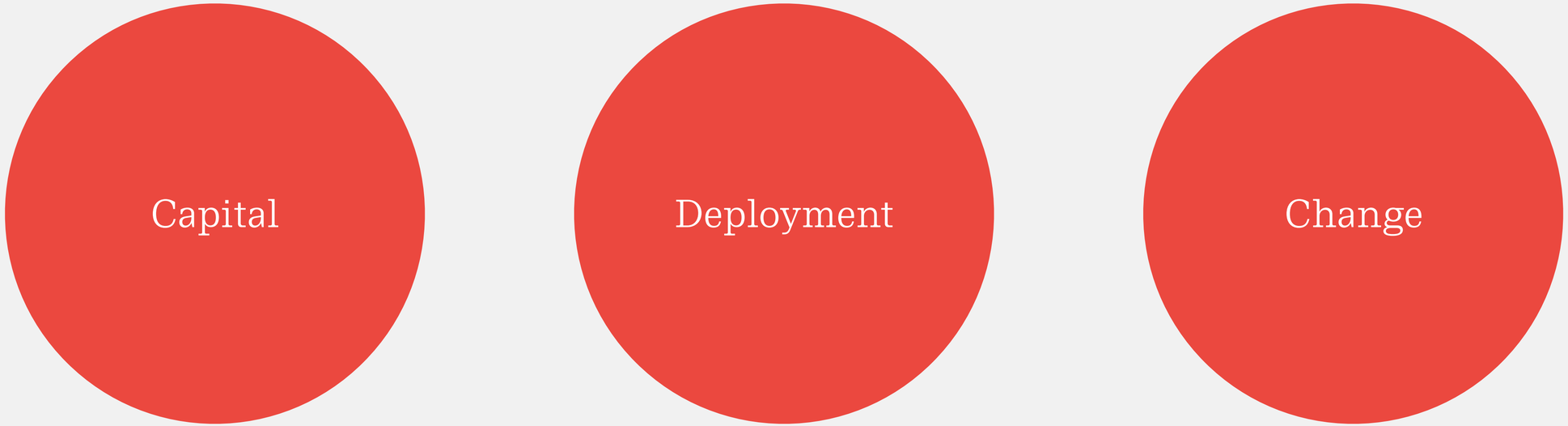
AI eats the world

Benedict Evans

May 2026

www.ben-evans.com

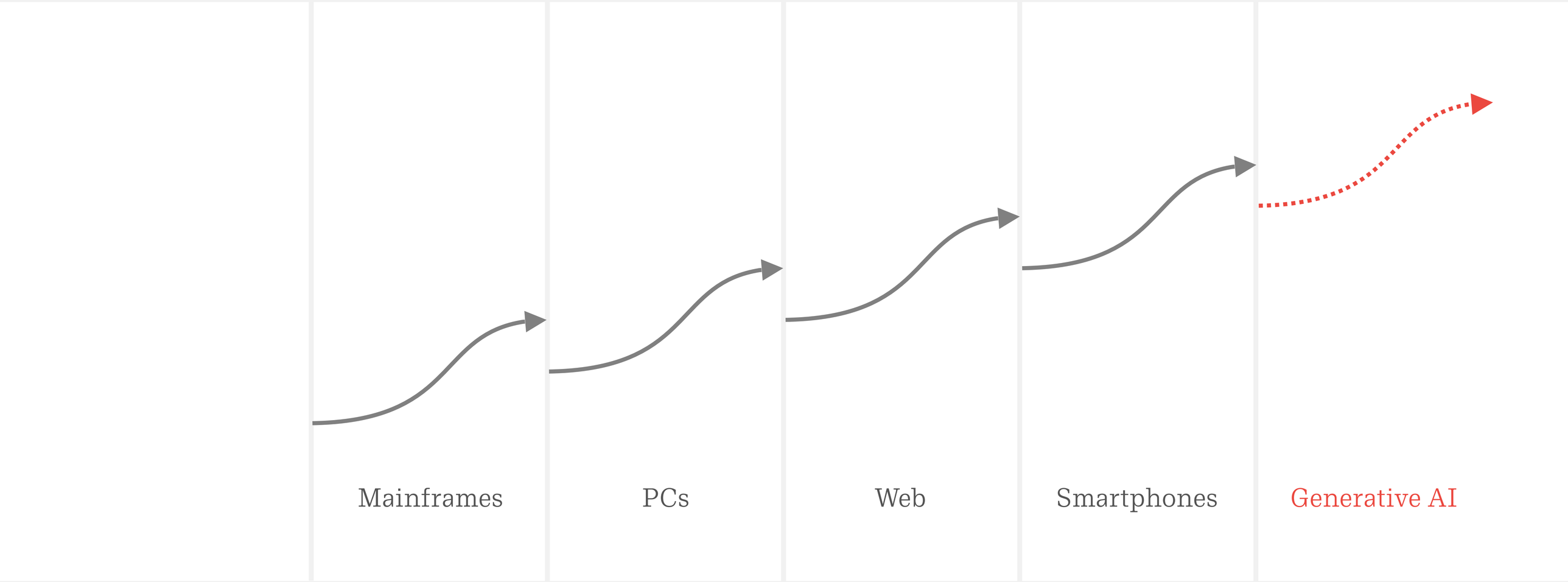
AI eats the world



Capital

Tech moves in platforms shifts

Every 10-15 years, a platform shift reshapes technology



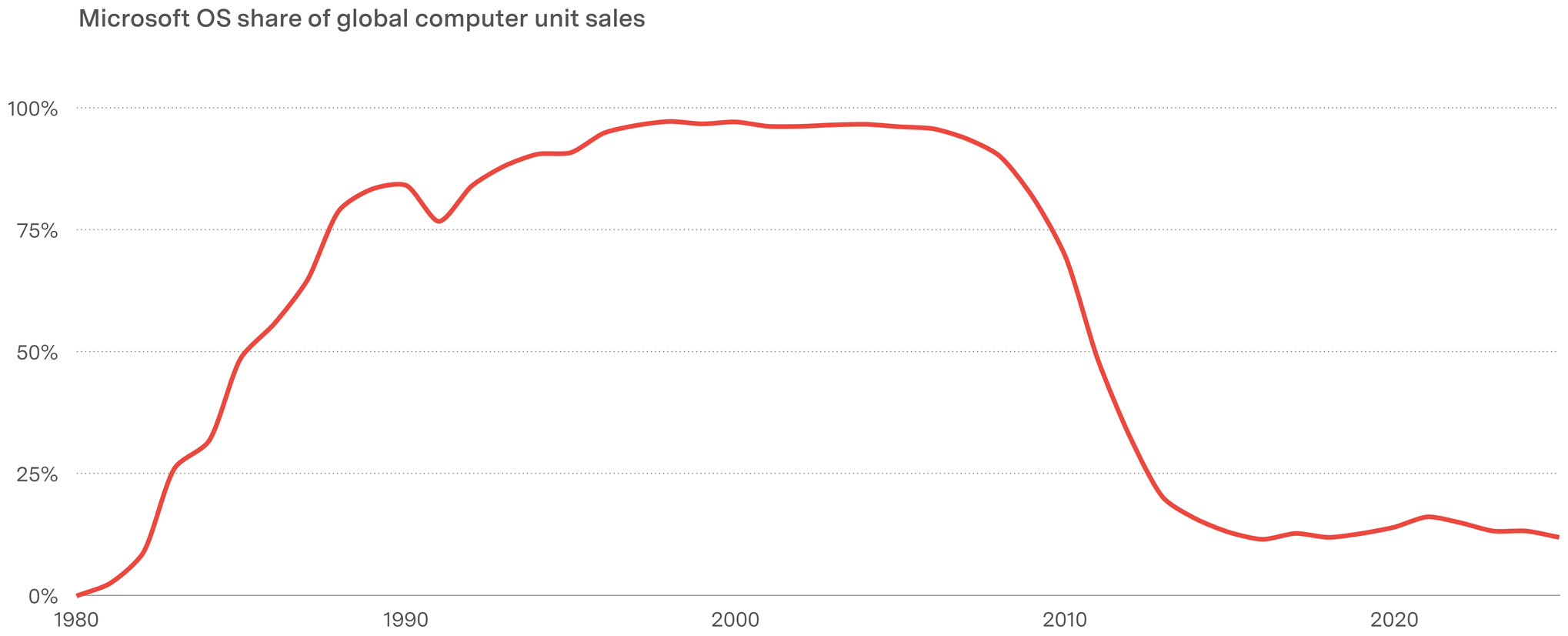
What happens in a platform shift?

Who is affected, and how much?



Platform shifts reset the tech industry

Microsoft dominated the PC era, but then smartphones made it irrelevant



Source: Apple, Google, Gartner

“The risk of under-investing is significantly greater than the risk of over-investing”

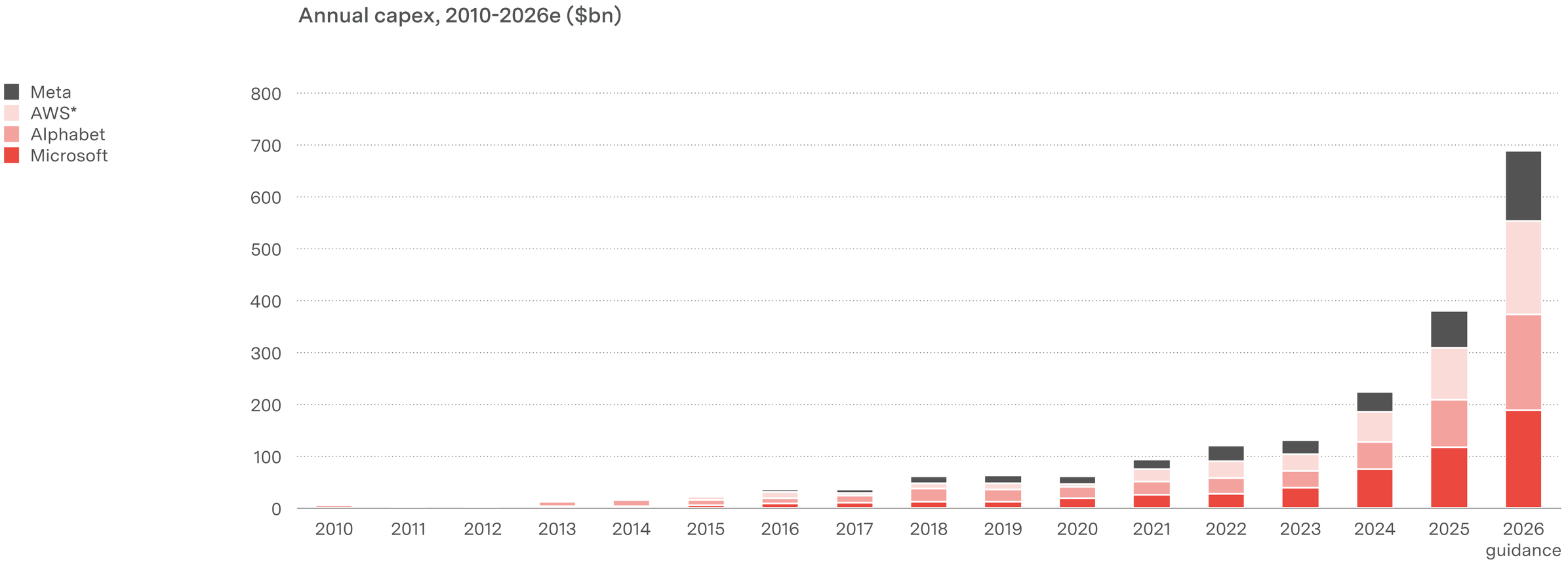
Sundar Pichai

“The very worst case would be that we have just pre-built for a couple of years”

Mark Zuckerberg

A capex explosion

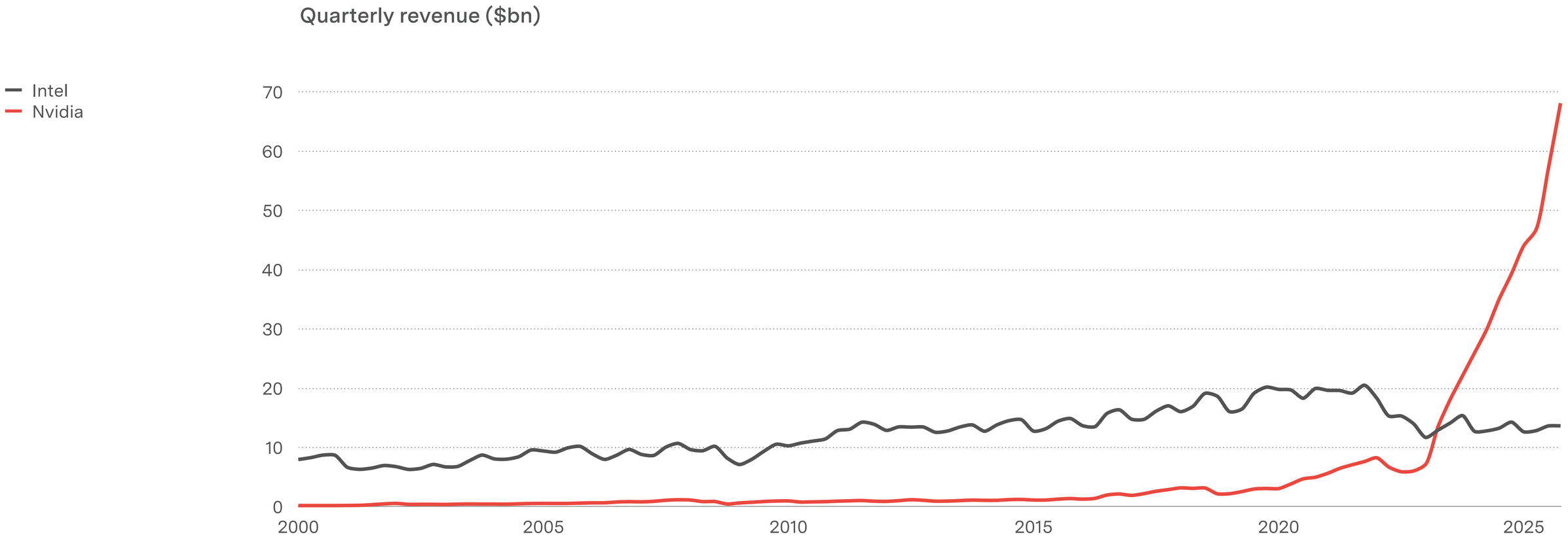
$700bn planned in 2026 for the big four (for comparison, global Telecoms is ~$300bn and Oil & Gas is ~$1tr)



Source: Companies, company guidance. Includes capital leases
* Amazon does not break out AWS capex directly but reports it as the vast majority

Nvidia can’t keep up

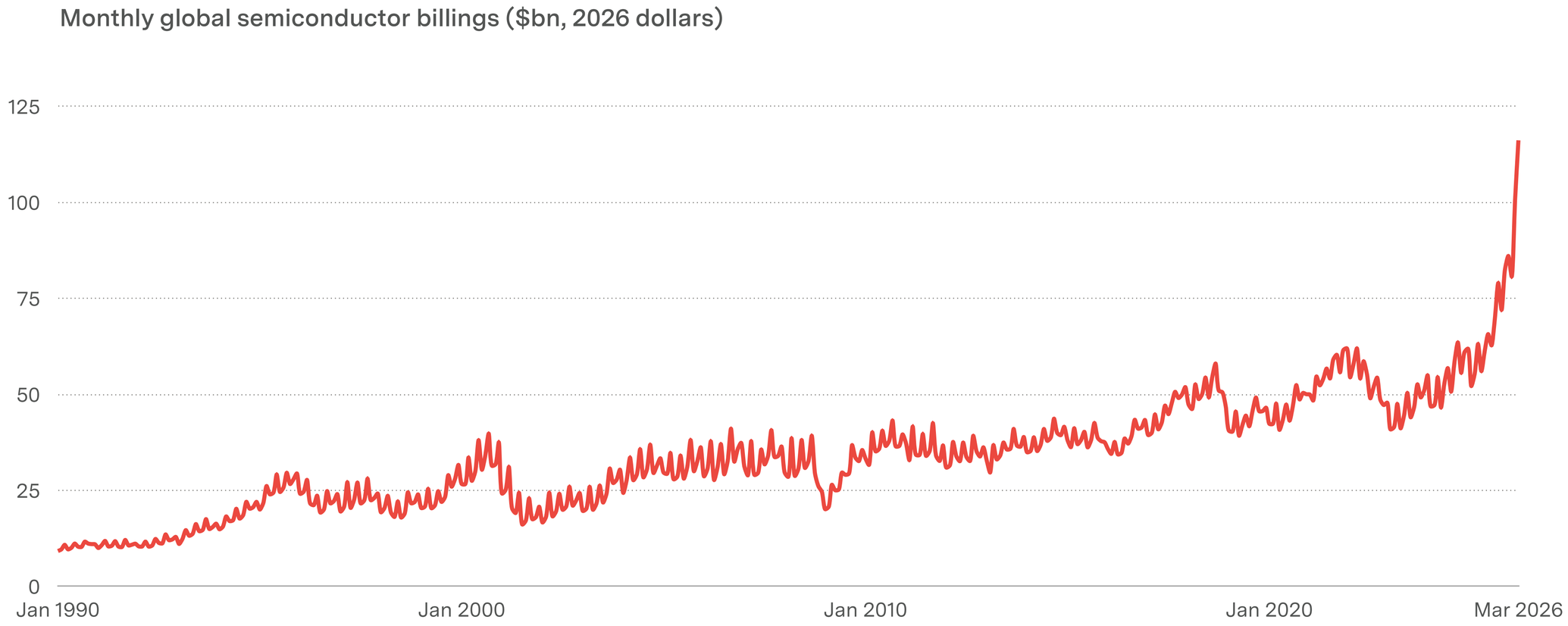
(And can’t get TSMC to increase capacity fast enough)



Source: Companies

A new semiconductor investment cycle?

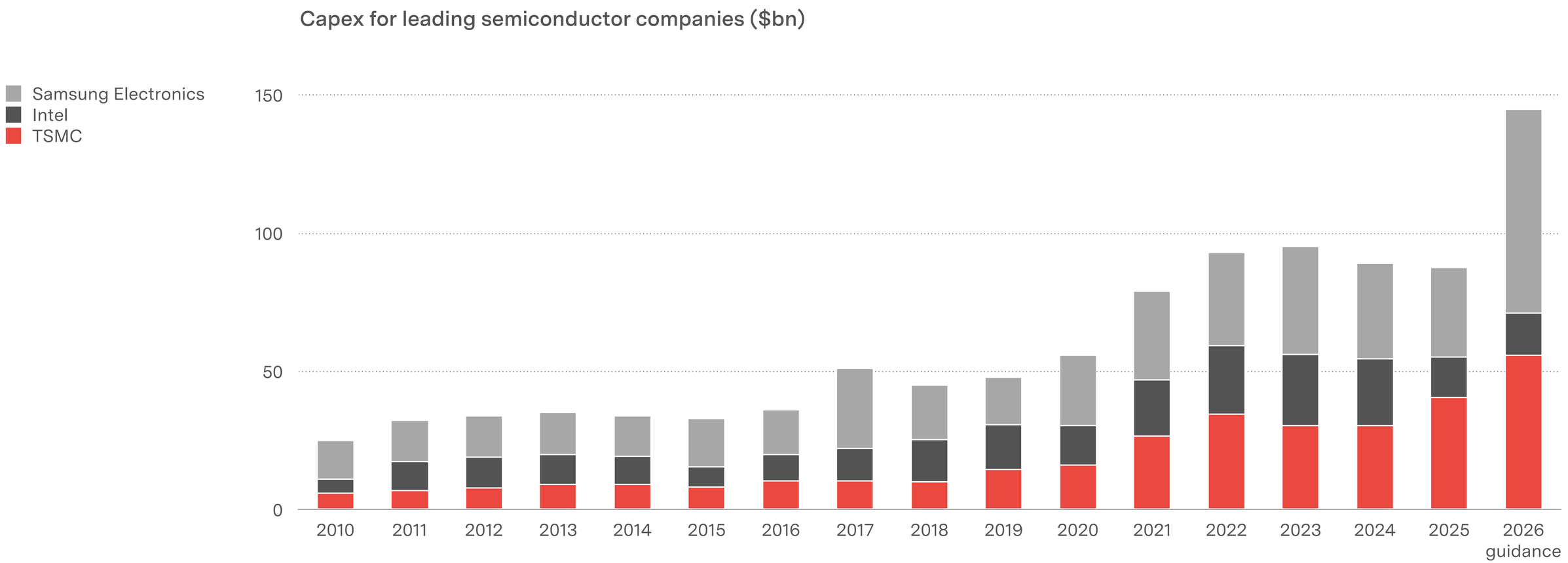
Unprecedented surge in chip demand (but semis have always been a cyclical industry)



Source: WSTS, US Census

Driving yet more investment

Semiconductor capex is surging to meet (though not as much as the customers might like)



Source: Companies

Overtaking the office cycle

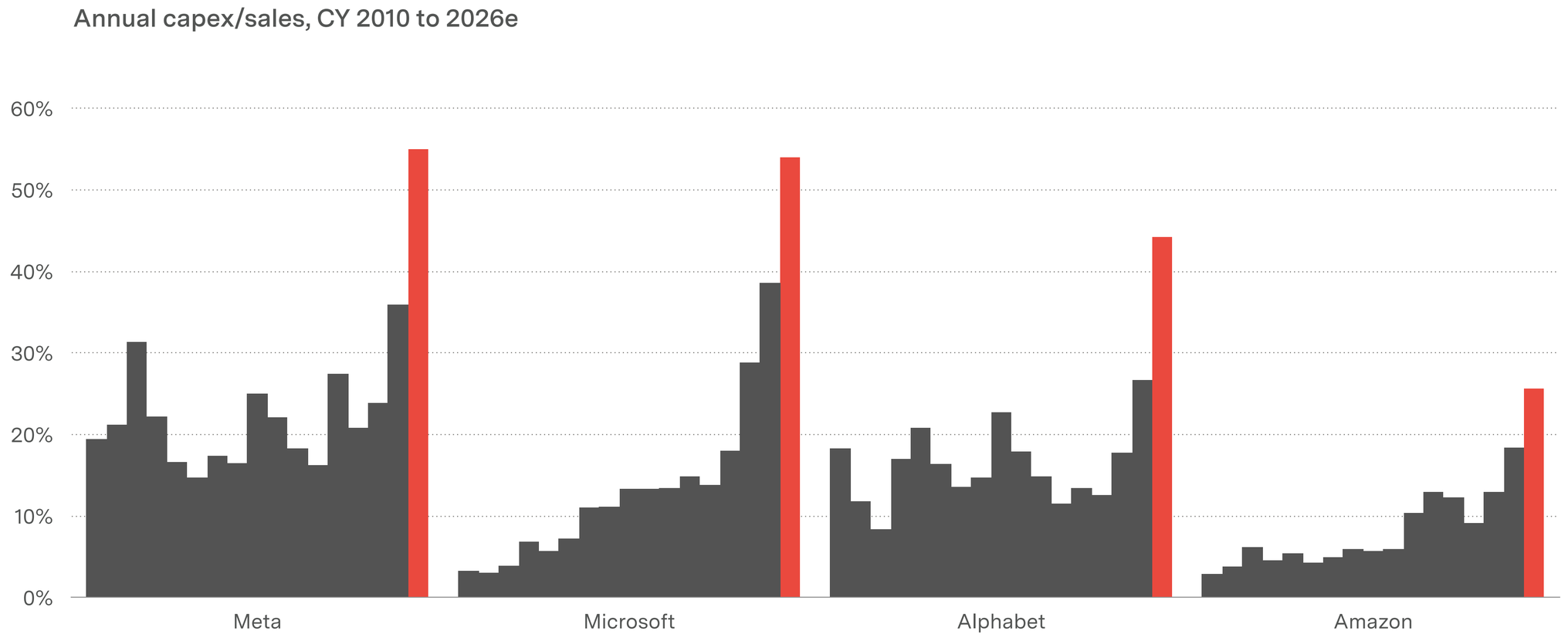
US data centre construction spending (not including the compute!) is now overtaking office construction



Source: US Census.* Excludes compute

Challenging financial gravity

These were asset-light businesses that funded capex from free cashflow - not any more



Source: Companies, consensus estimates

Here comes the ‘structure’

As spending surges, companies scramble to manage the balance sheet

CNBC

LIVESTREAM SIG

TECH

Meta partners with Blue Owl Capital or $27 billion AI data center project

PUBLISHED TUE, OCT 21 2025•5:36 PM EDT

Jonathan Vanian
@IN/JONATHAN-VANIAN-B704432/

WATCH LIVE

KEY POINTS

- Meta said Tuesday that it formed a joint venture agreement with Blue Owl Capital in a deal worth $27 billion to fund and develop the massive Hyperion data center in rural Louisiana.
- The asset management firm will own 80% in the joint venture, while Meta will retain a 20% stake and oversee the construction and property management services of the data center.
- Meta has been spending heavily on AI amid a broader race with other tech giants like Alphabet and ChatGPT-maker OpenAI, which are also developing gigantic data centers to power future AI models.

Bloomberg

Oracle: Shares Tumble | Oracle's $300 Billion AI Bet | AI-Fueled Rent Spree | L

Markets

Oracle Debt Trades Like Junk as Bond, CDS Spreads Flare

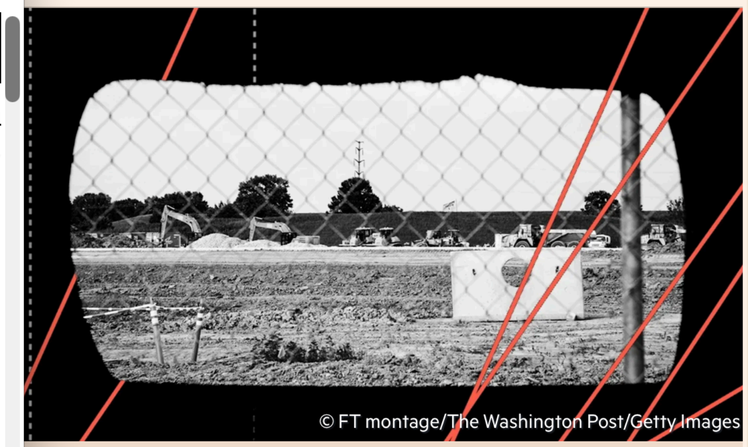
By Caleb Mutua
December 12, 2025 at 3:03 PM EST
Updated on December 12, 2025 at 4:09 PM EST

Save | Translate | 3:05

Takeaways by Bloomberg AI

- Oracle Corp.'s new investment-grade notes are now trading more like junk bonds due to delays in data center completion dates and fears about profits from artificial intelligence investments.
- The premium on Oracle's 5.2% notes maturing in 2035 has widened to 1.71 percentage points, and the yield on the notes has reached 5.9%, higher than the average for a basket of bonds in the highest tier of junk territory.
- The cost of protecting Oracle's debt against default has risen, and some investors are hedging their exposure, with one investor saying that funding speculation in the tech market "isn't a recipe for success".

FINANCIAL TIMES



ig Tech + Add to myFT

Absolutely immense’: the companies on the hook for the $3tn AI building boom

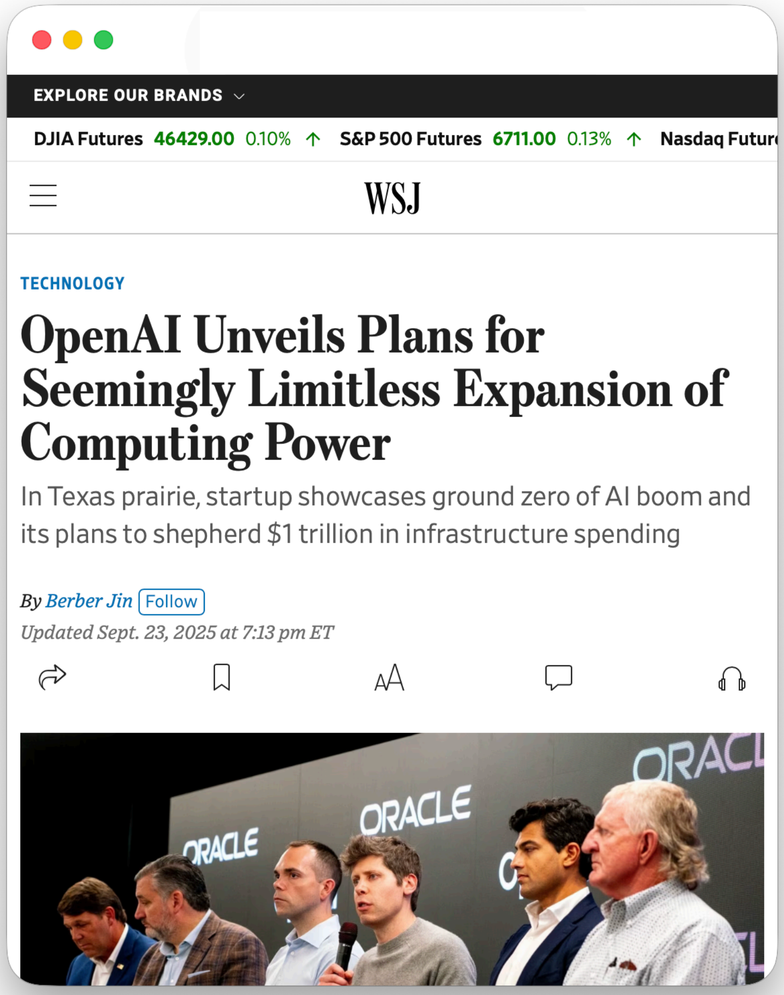
rivate capital joins Big Tech in seeking to capture rewards from istoric expansion of data centres

OpenAI tries to join the club

Deals to build 30GW+ of capacity at $1.4tr? Or $600bn by 2030?

Aspiration for 1GW/week of new construction at $20bn/GW = ~$1tr annually?

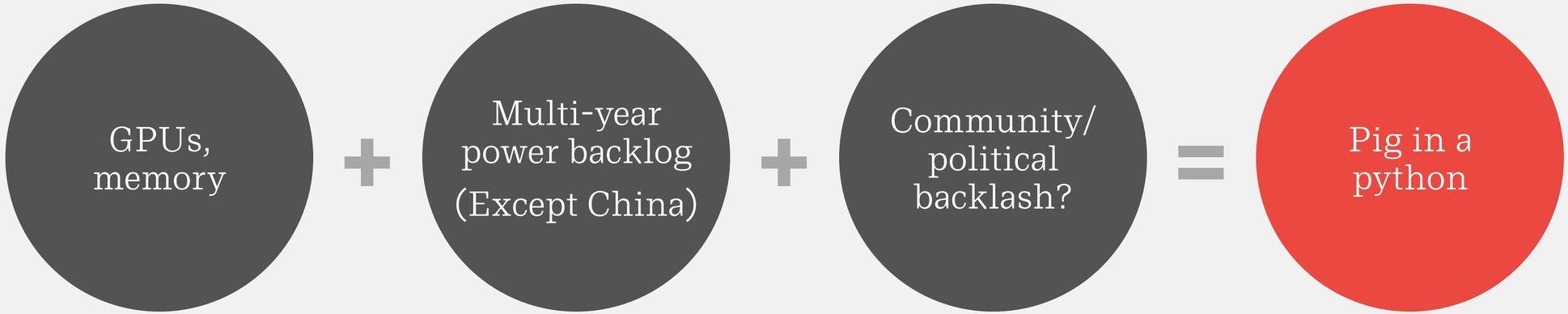
Other People's Balance Sheets, circular revenue and a lot of plate-spinning



Source: OpenAI

Deployment hits bottlenecks everywhere

Broader supply chains cannot keep up with sudden demand for capital deployment

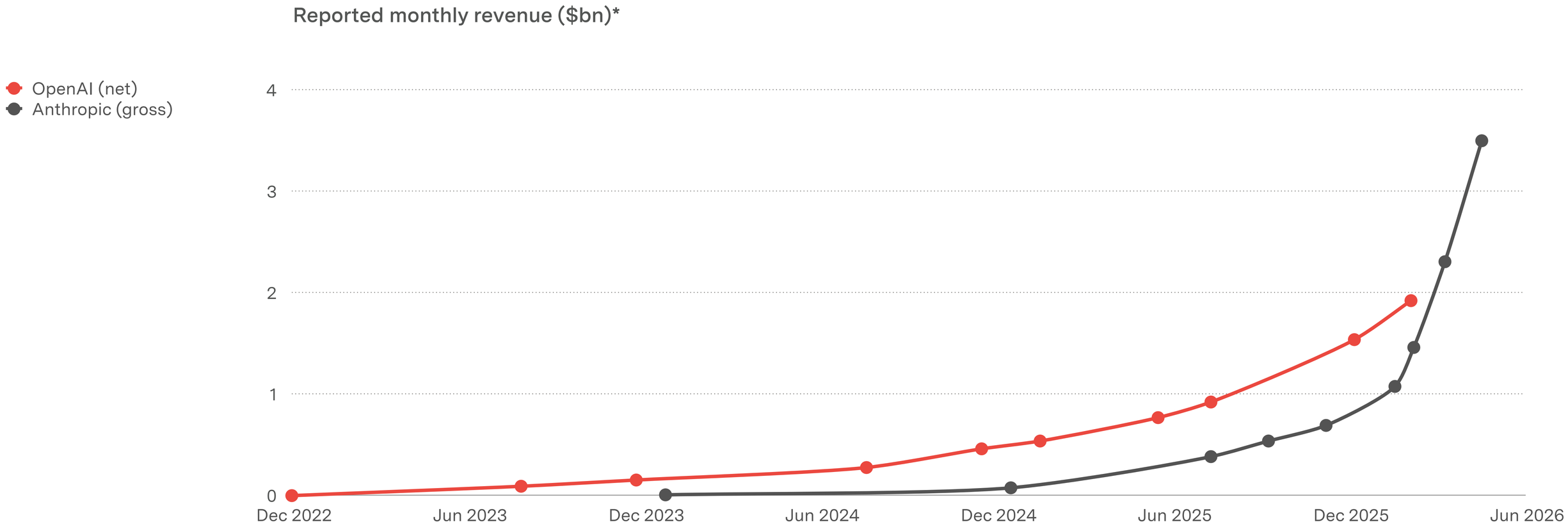


“It’s been almost impossible to build capacity fast enough since ChatGPT launched”

Kevin Scott, Microsoft CTO

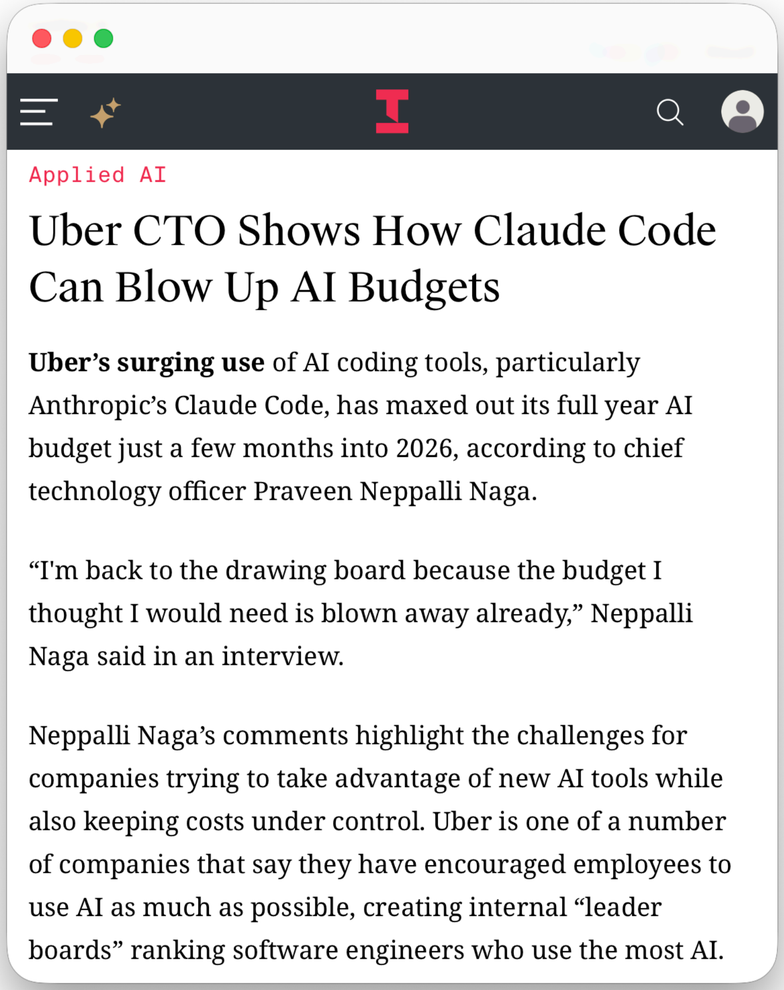
Meanwhile - unprecedented growth

Explosive growth, with demand far ahead of supply (though business models are nowhere near equilibrium)



Source: Companies, press reports. NB: round numbers reported without precise dates
* Companies report ‘annualised’ revenue, defined as sum of previous 4 weeks multiplied by 13

“Wait, how much did we spend?!”



Applied AI

Uber CTO Shows How Claude Code Can Blow Up AI Budgets

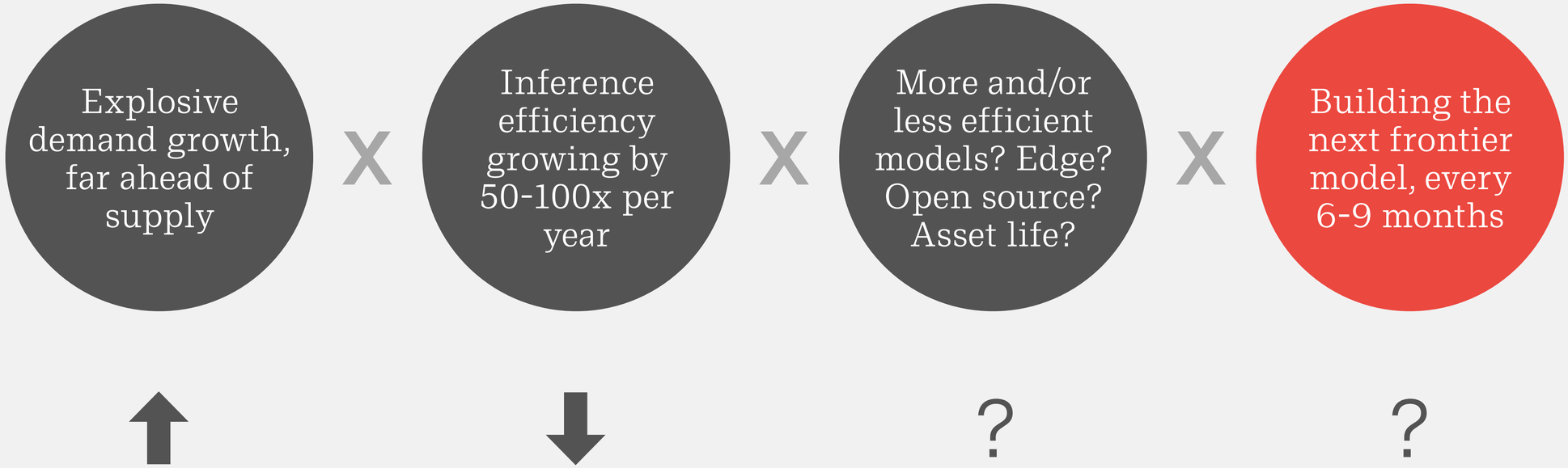
Uber’s surging use of AI coding tools, particularly Anthropic’s Claude Code, has maxed out its full year AI budget just a few months into 2026, according to chief technology officer Praveen Neppalli Naga.

“I'm back to the drawing board because the budget I thought I would need is blown away already,” Neppalli Naga said in an interview.

Neppalli Naga’s comments highlight the challenges for companies trying to take advantage of new AI tools while also keeping costs under control. Uber is one of a number of companies that say they have encouraged employees to use AI as much as possible, creating internal “leader boards” ranking software engineers who use the most AI.

Price, use and capex are out of equilibrium

How long does usage growth outpace efficiency gains? How much do we spend to chase the frontier?



History doesn’t repeat, but it rhymes

Press reports: “Usage surge from a new application overwhelms infrastructure and drives new pricing models”

The New York Times

GIVE THE TIMES

Heaviest Users of Phone Data Will Pay More

Share full article

By Matt Richtel

June 2, 2010

They spend hours watching video on their phones, downloading songs, browsing the Web, sending photos to friends and generally using mobile devices as full-fledged computers. They are the data hogs.

On Wednesday, AT&T pulled away the trough. And other wireless carriers could do the same.

AT&T said it would no longer offer an unlimited data plan to new users of iPhones and other smartphones. The decision, industry analysts said, could signal a shift away from an era in which American wireless carriers sought to attract customers with simple, all-you-can-eat pricing plans for data.

The trouble for AT&T was that a fraction of users fewer than 2

The Information

In-depth insights in seconds. Ask Deep Research.

Exclusive

Anthropic Changes Pricing to Bill Firms Based on AI Use as Demand Jumps



Art by Mike Sullivan.

Mobile networks in 2010 = LLMs in 2026?

How do you manage explosive demand with marginal cost and limited capacity? And then what?

Bits = tokens

Marginal cost

Opaque & poorly aligned with use cases or value

Equilibrium

Flat-rate capped bundles align price, usage & capacity growth

Wifi/Edge

Now v. next

Supply/demand imbalance today lets labs price at ROI

But long-term pricing power is unlikely

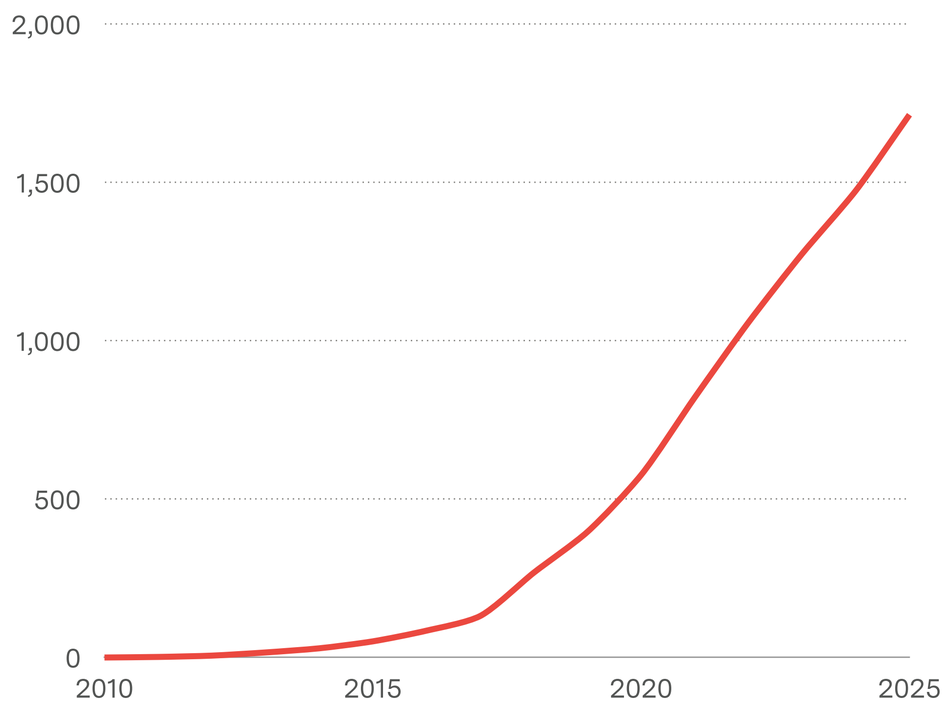
"We see a future where intelligence is a utility like electricity or water and people buy it from us on a meter”

Sam Altman

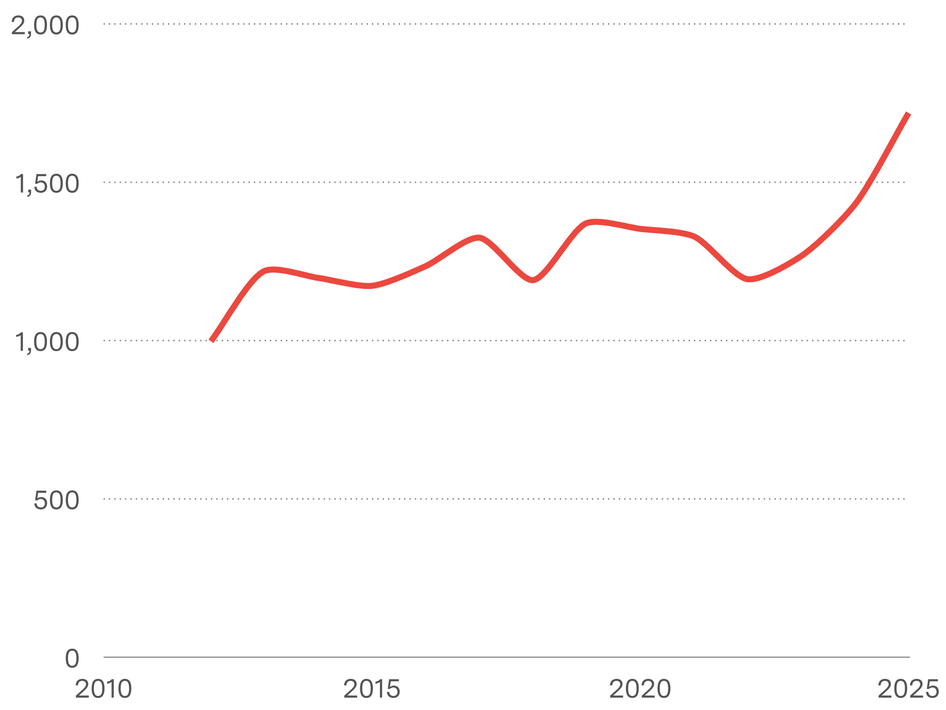
Commodity infra rarely captures value up the stack

Mobile networks are a trillion dollar industry, but all the use-cases and value-capture are built by other people

Global mobile data traffic (EB)



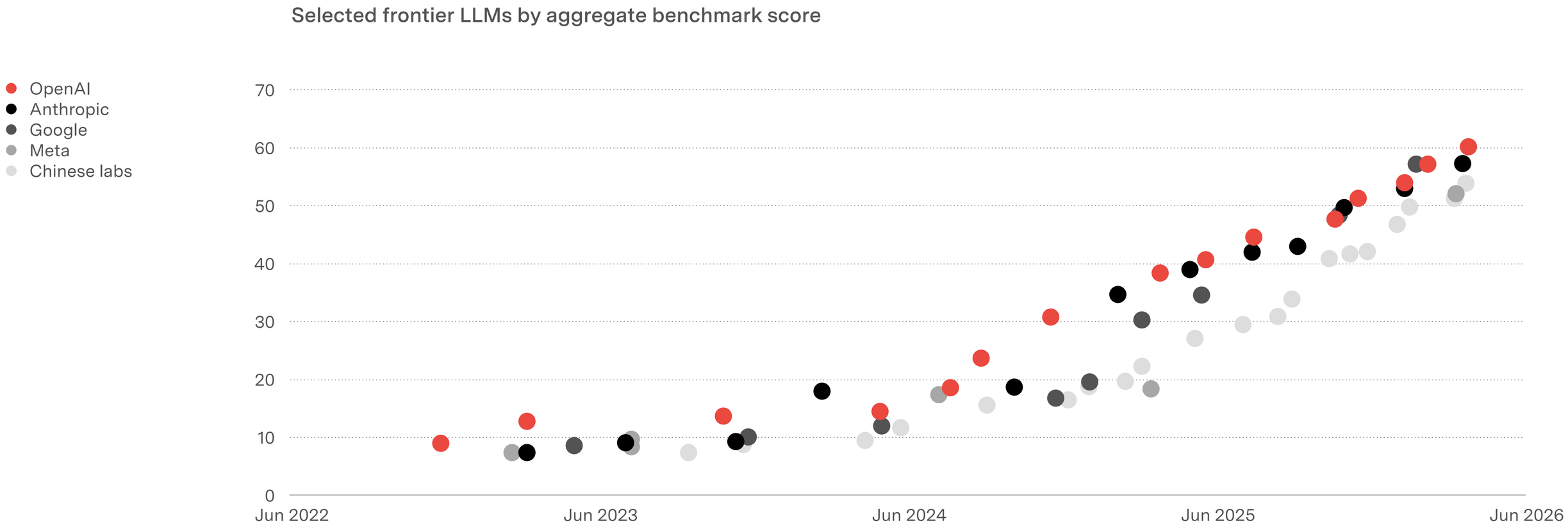
Global telco stocks (MSCI index)



Source: Ericsson, MSCI

And so far, models do seem to be commodities

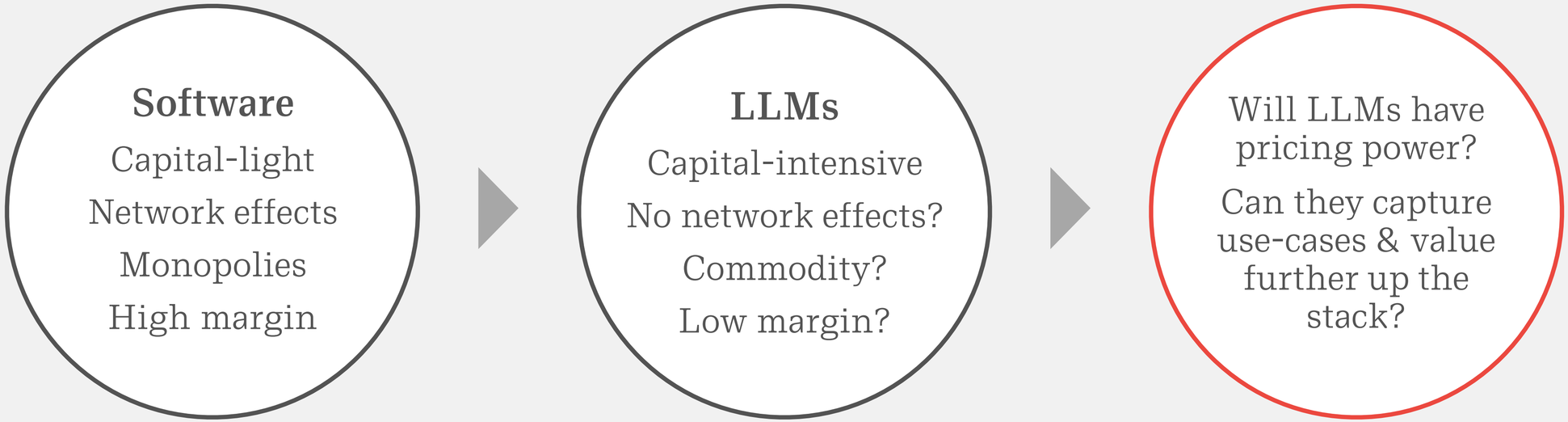
For most general and consumer use, models are very similar, and crucially there are no network effects



Source: ArtificialAnalysis

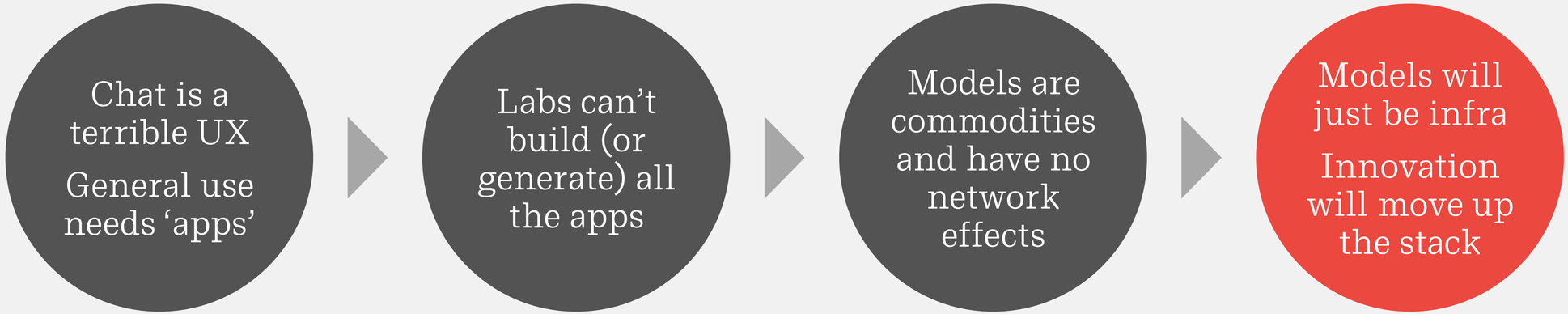
What will equilibrium look like?

What will you get if you win the capex war?



A provisional thesis

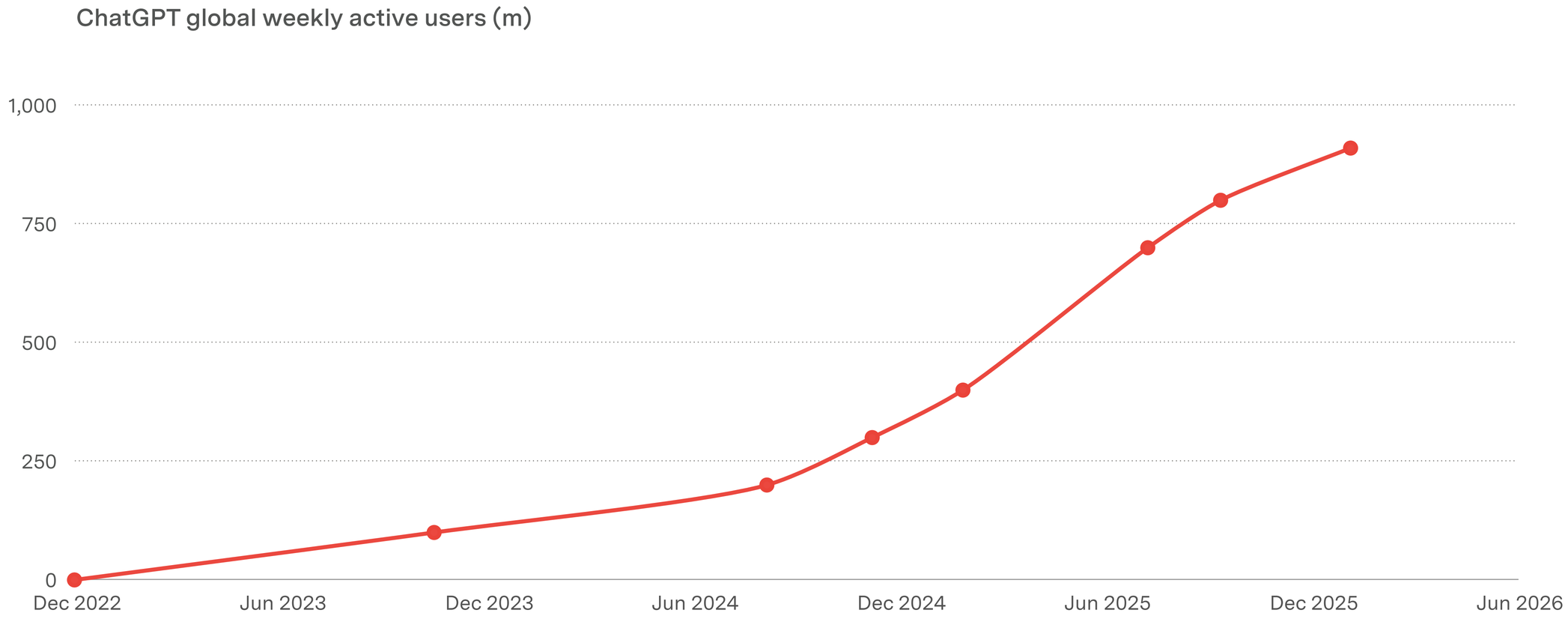
This is all very early, and these might be the wrong answers, but hopefully they're the right questions



Deployment

“Everyone is already using this!”

OpenAI reports 900m+ weekly users (but only 5% are paying)

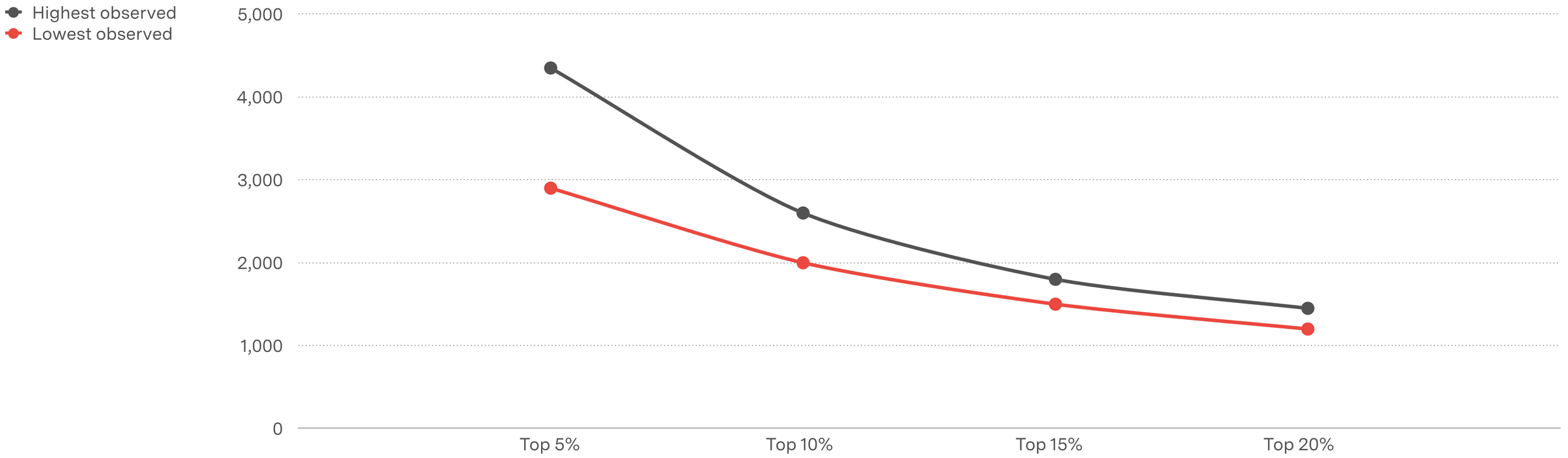


Source: OpenAI. NB: round numbers reported without precise dates

Consumer use is a mile wide and an inch deep

Less than 1,000 prompts in a year means it isn't a daily essential for at least 80% of users, so far

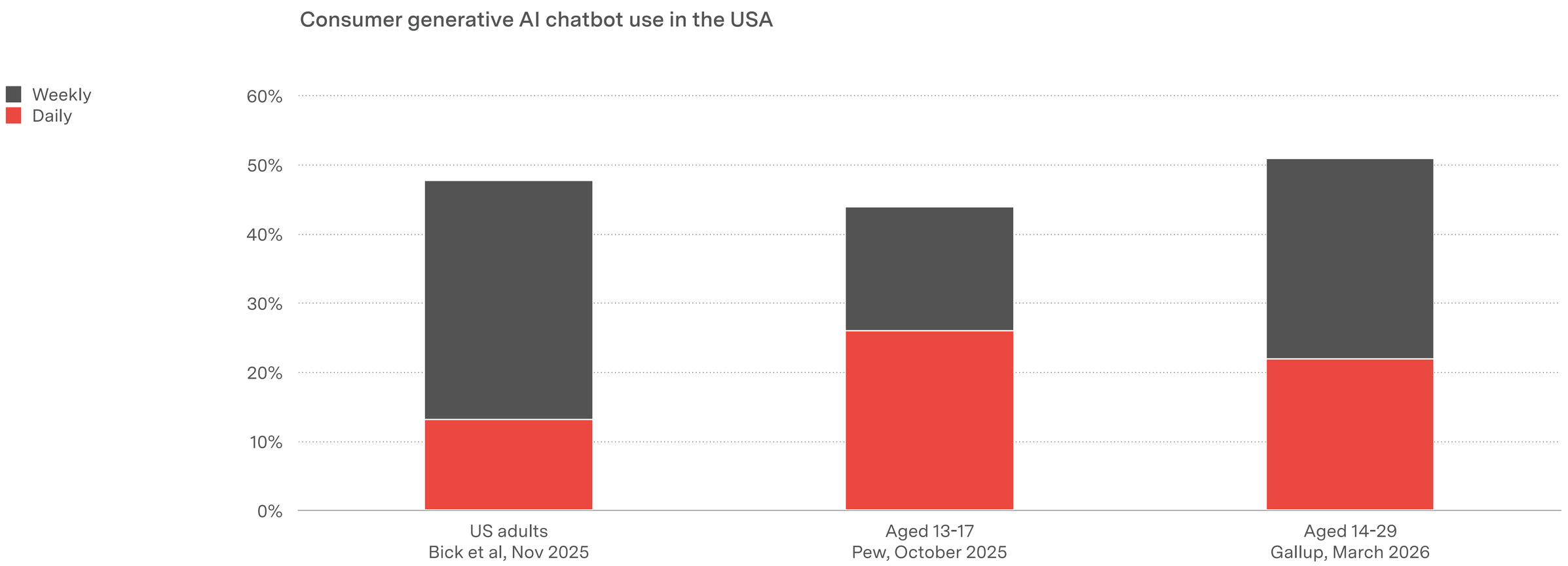
Range of user-reported total ChatGPT messages sent in 2025, by cohort



Source: OpenAI 'Wrapped'

Experimentation versus daily use

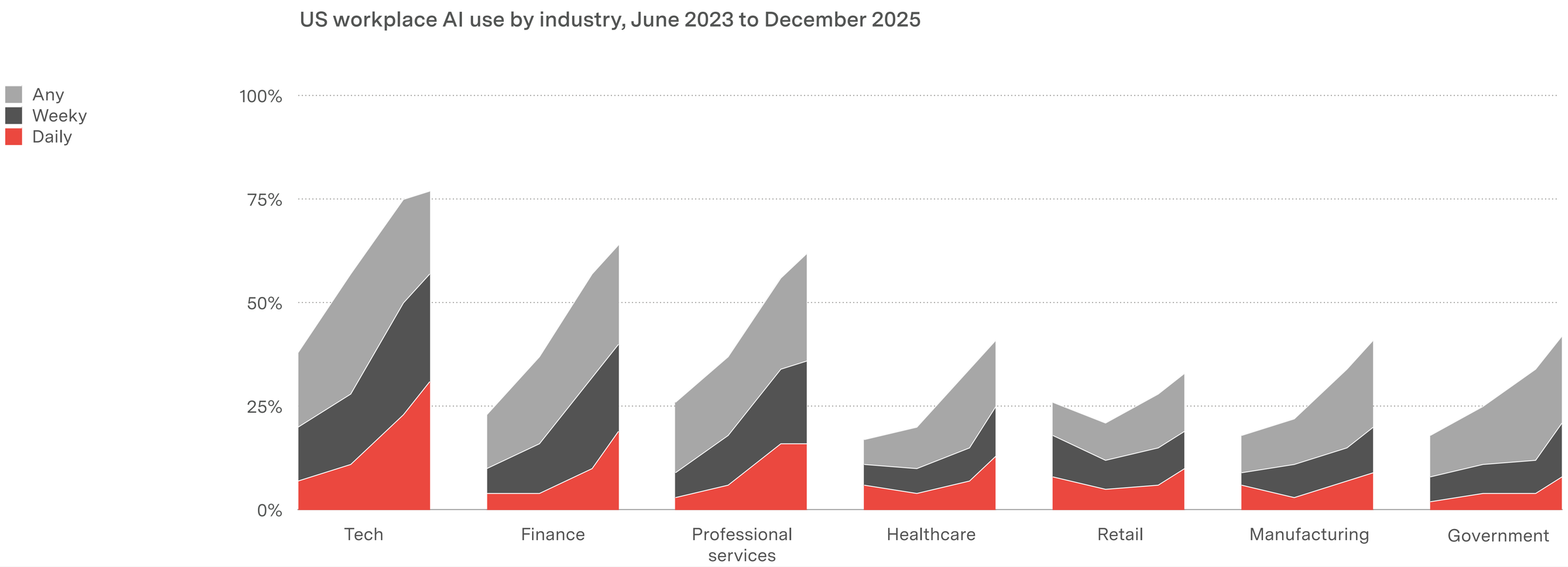
Glass half-empty/half-full - lots of people using this sometimes, but fewer make it a daily habit



Source: Companies. Dates indicate when research was conducted

The ‘capacity gap’ - usage versus potential

The same for work - rapid growth, but how do we go from ‘I used it last week’ to daily essential?



Source: Gallup

Imagine you were an accountant seeing the first software spreadsheets

Now imagine you were a lawyer: “very cool, but…”



Source: Computer History Museum

“What’s this for?” Well, what’s the pattern?

How do we *always* deploy new technologies?



What works first?

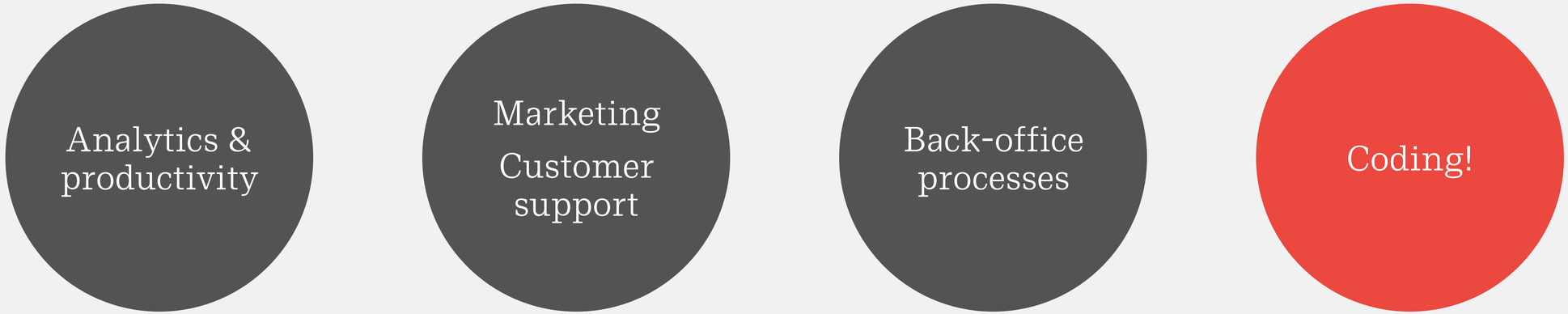
First, automate the obvious use cases - innovation takes longer



Source: Atlanta Fed: Baslandze et al

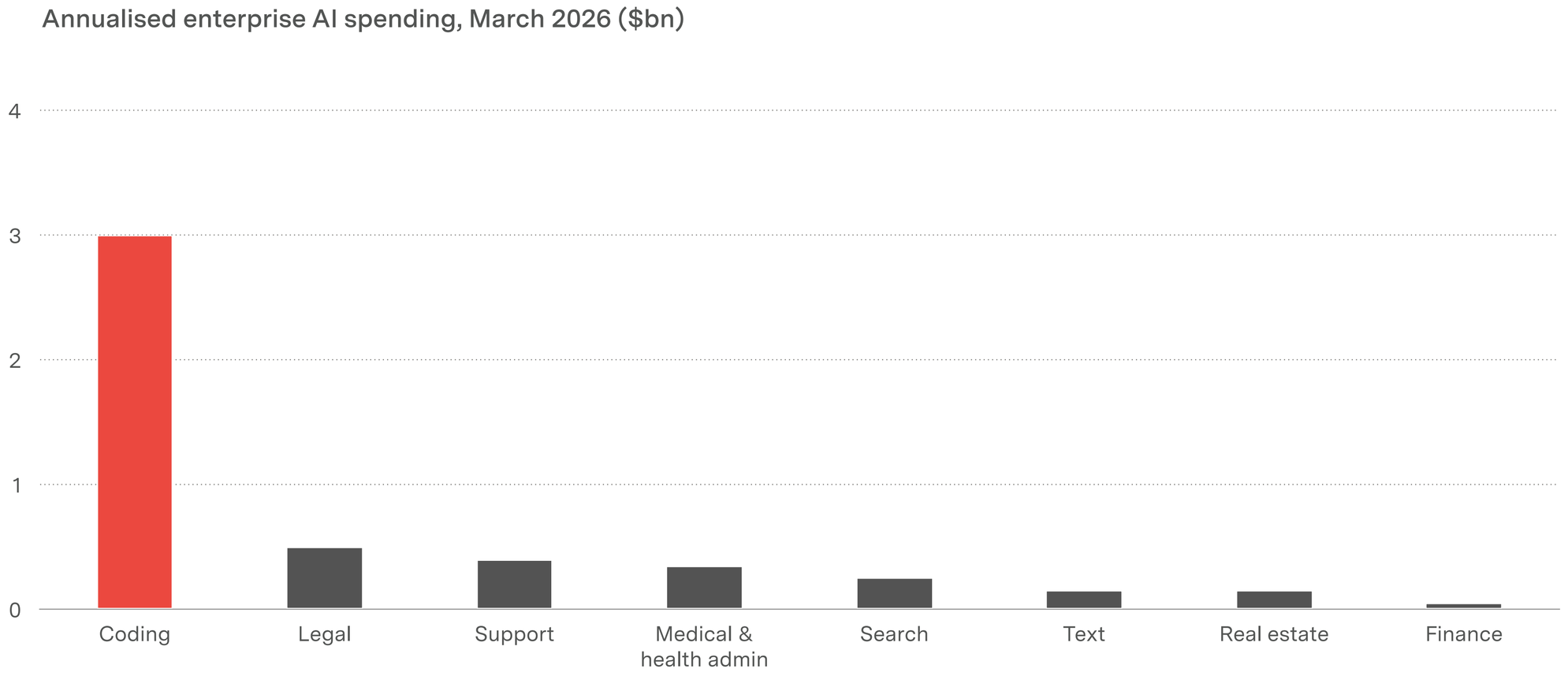
What’s working first?

Where is it easy and obvious to use generative AI?



“ChatGPT, make me a chart of product-market fit”

A generational change in software development



Source: a16z

“We’re seeing more and more examples where one or two people are building something in a week that would have previously taken dozens of people months”

Mark Zuckerberg

Create screens like this in minutes . . .





and Screen Sculptor™ writes the program!

In Basic and Turbo Pascal

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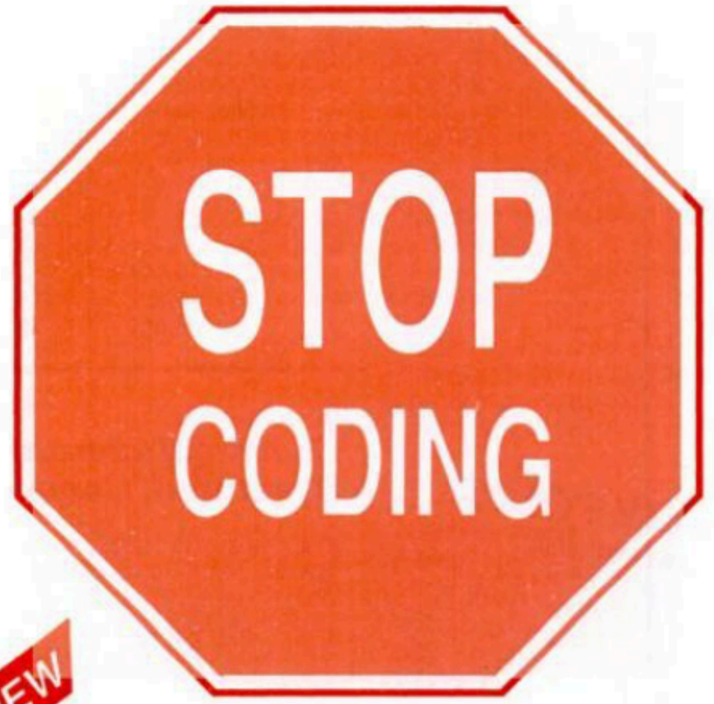
Move pieces of the screen around, select from a menu, draw lines

And more!—Specify variable names, data types, acceptable data ranges, pictures for edit checking, etc.

Screen Sculptor then generates actual program source code based on your screen design. Use it as is or modify it.

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Requires an IBM PC, XT, PCjr, PC AT or 100% compatible, 128K, DOS, one 320K disk drive and any 80 column display.



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Writing code isn’t the hard part

What should the code be doing, and where does it fit into the market? What gets bundled and unbundled?



“For half of my jobs I tell clients who use Excel to switch to a database, and the other half are the other way around”

Anon

What does AI do to software? More! But then what?

The best answer to this question might be “BREATHE”

Coding is much faster & cheaper

New margin structures & competitive threats

Chatbots unbundle some use-cases

Do models replace software?

Or make more software?

“People don’t know what they want until you show it to them”

“You’ve got to start with the experience and work backwards to the technology”

Steve Jobs

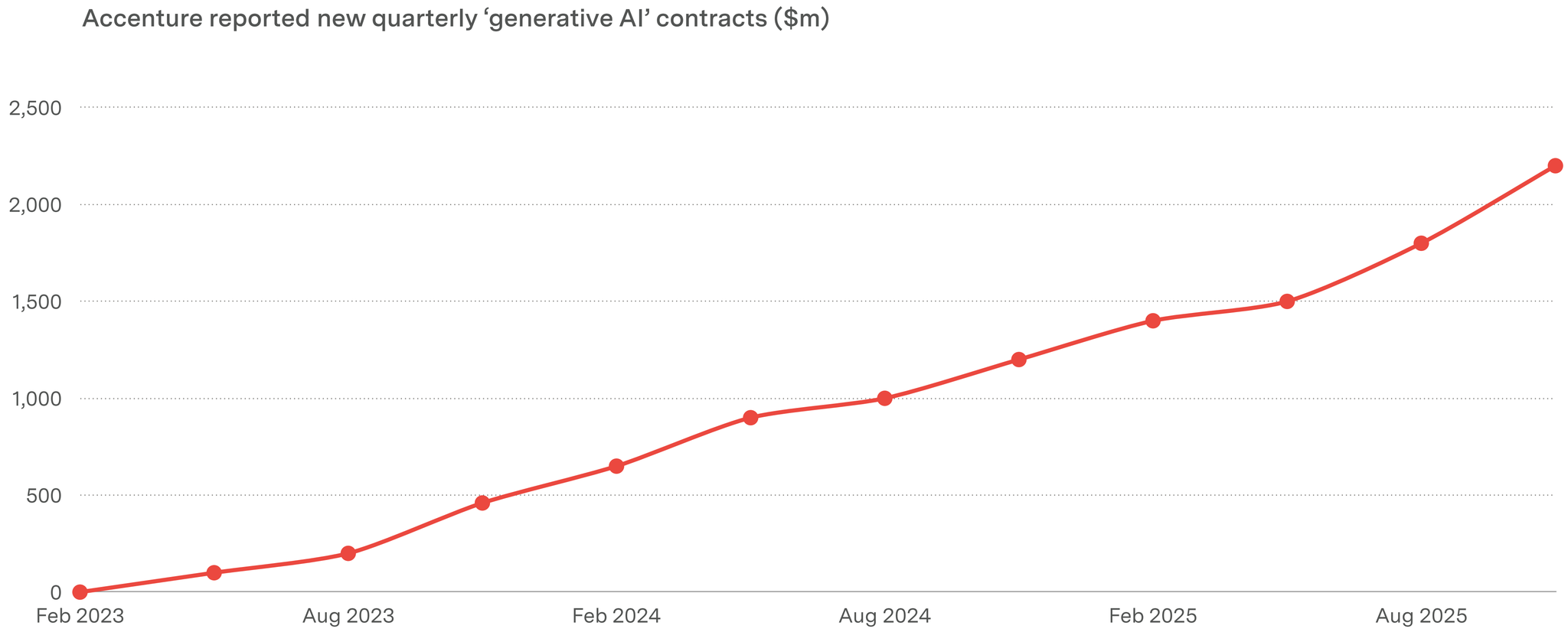
How do you build ‘AI software’?

How do you turn an amazing raw technology into something people can use?



How do you know what to automate?

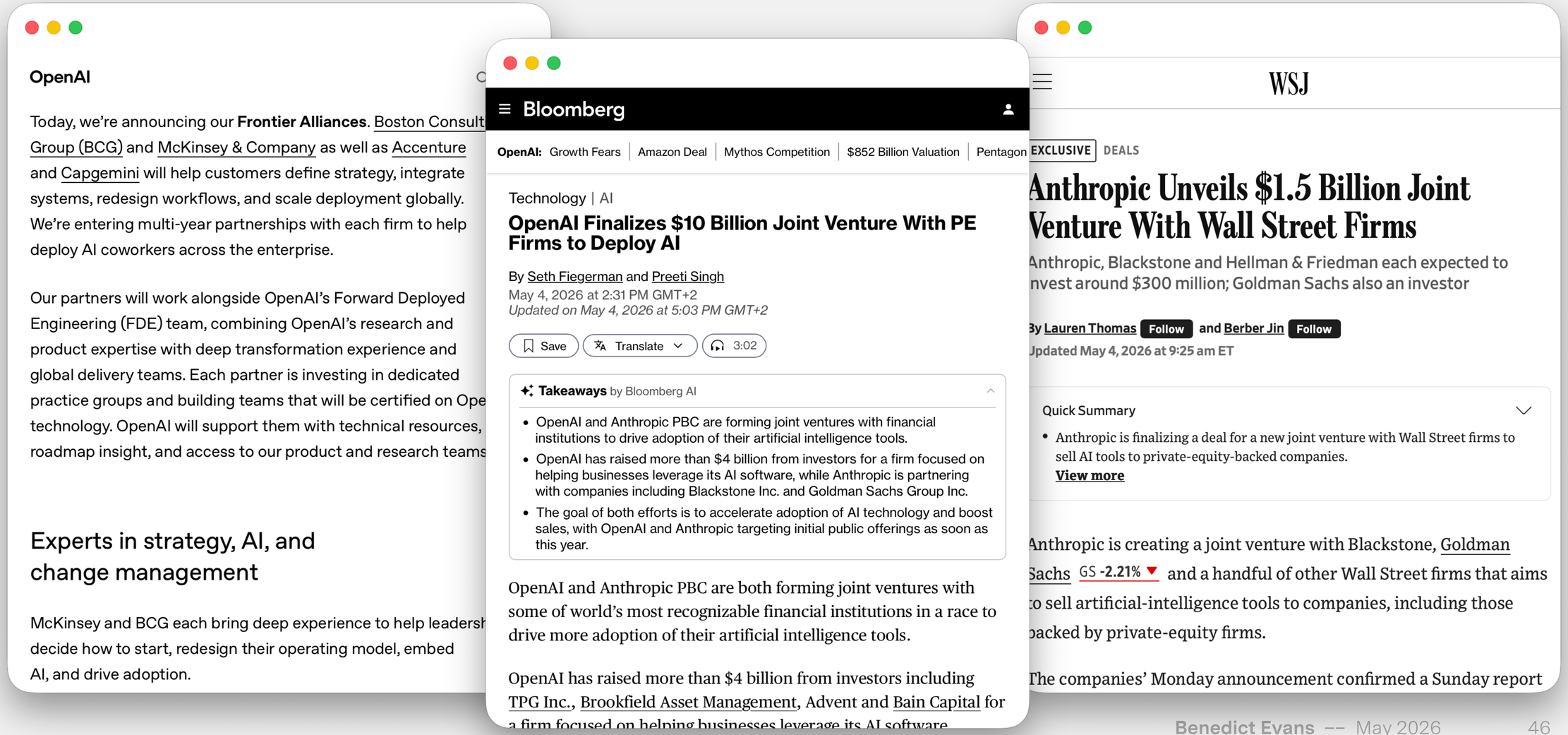
Step one: ask your systems integrator



Source: Accenture

Automation takes a lot of manual labour

PE roll-ups and GTM partnerships with outsourcers and strategy consultants



OpenAI

Today, we're announcing our **Frontier Alliances**. Boston Consult Group (BCG) and McKinsey & Company as well as Accenture and Capgemini will help customers define strategy, integrate systems, redesign workflows, and scale deployment globally. We're entering multi-year partnerships with each firm to help deploy AI coworkers across the enterprise.

Our partners will work alongside OpenAI's Forward Deployed Engineering (FDE) team, combining OpenAI's research and product expertise with deep transformation experience and global delivery teams. Each partner is investing in dedicated practice groups and building teams that will be certified on Ope technology. OpenAI will support them with technical resources, roadmap insight, and access to our product and research teams

Experts in strategy, AI, and change management

McKinsey and BCG each bring deep experience to help leadersh decide how to start, redesign their operating model, embed AI, and drive adoption.

Bloomberg

OpenAI: Growth Fears | Amazon Deal | Mythos Competition | $852 Billion Valuation | Pentagon

Technology | AI

OpenAI Finalizes $10 Billion Joint Venture With PE Firms to Deploy AI

By Seth Fiegerman and Preeti Singh
May 4, 2026 at 2:31 PM GMT+2
Updated on May 4, 2026 at 5:03 PM GMT+2

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Takeaways by Bloomberg AI

- OpenAI and Anthropic PBC are forming joint ventures with financial institutions to drive adoption of their artificial intelligence tools.
- OpenAI has raised more than $4 billion from investors for a firm focused on helping businesses leverage its AI software, while Anthropic is partnering with companies including Blackstone Inc. and Goldman Sachs Group Inc.
- The goal of both efforts is to accelerate adoption of AI technology and boost sales, with OpenAI and Anthropic targeting initial public offerings as soon as this year.

OpenAI and Anthropic PBC are both forming joint ventures with some of world's most recognizable financial institutions in a race to drive more adoption of their artificial intelligence tools.

OpenAI has raised more than $4 billion from investors including TPG Inc., Brookfield Asset Management, Advent and Bain Capital for a firm focused on helping businesses leverage its AI software

WSJ

EXCLUSIVE DEALS

Anthropic Unveils $1.5 Billion Joint Venture With Wall Street Firms

Anthropic, Blackstone and Hellman & Friedman each expected to invest around $300 million; Goldman Sachs also an investor

By Lauren Thomas Follow and Berber Jin Follow
Updated May 4, 2026 at 9:25 am ET

Quick Summary

- Anthropic is finalizing a deal for a new joint venture with Wall Street firms to sell AI tools to private-equity-backed companies.

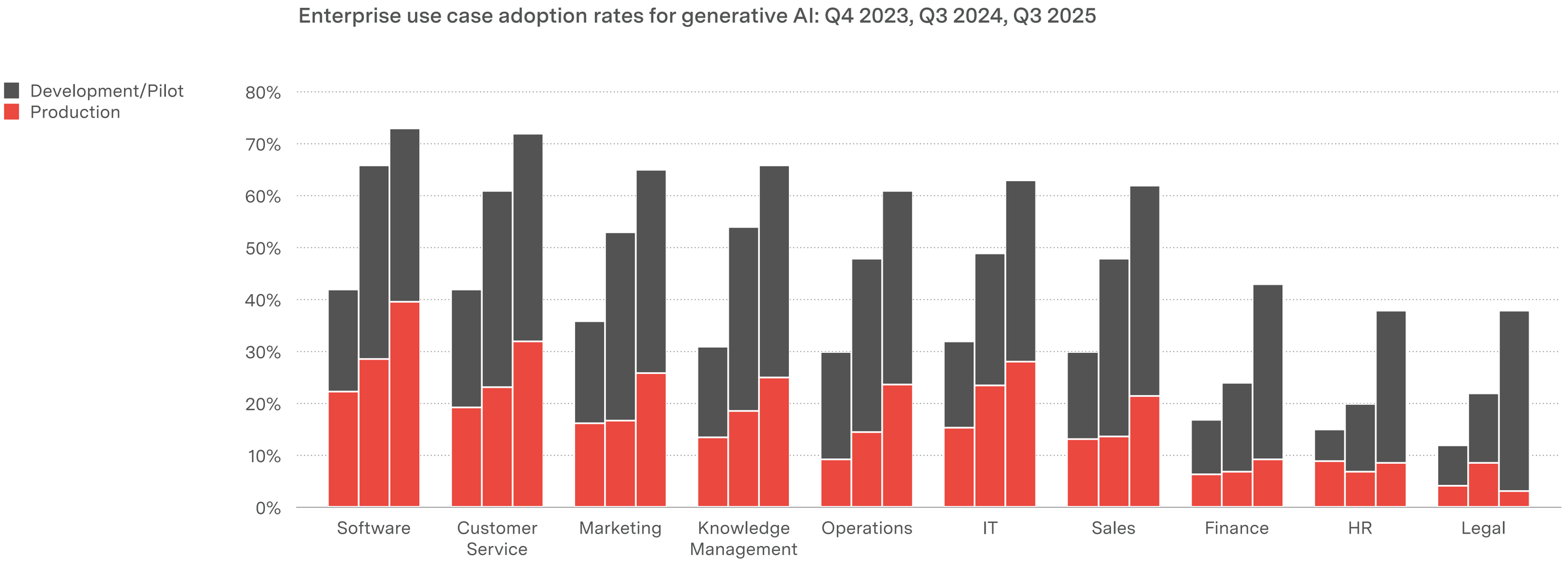
View more

Anthropic is creating a joint venture with Blackstone, Goldman Sachs GS -2.21% and a handful of other Wall Street firms that aims to sell artificial-intelligence tools to companies, including those backed by private-equity firms.

The companies' Monday announcement confirmed a Sunday report

Everyone has a pilot

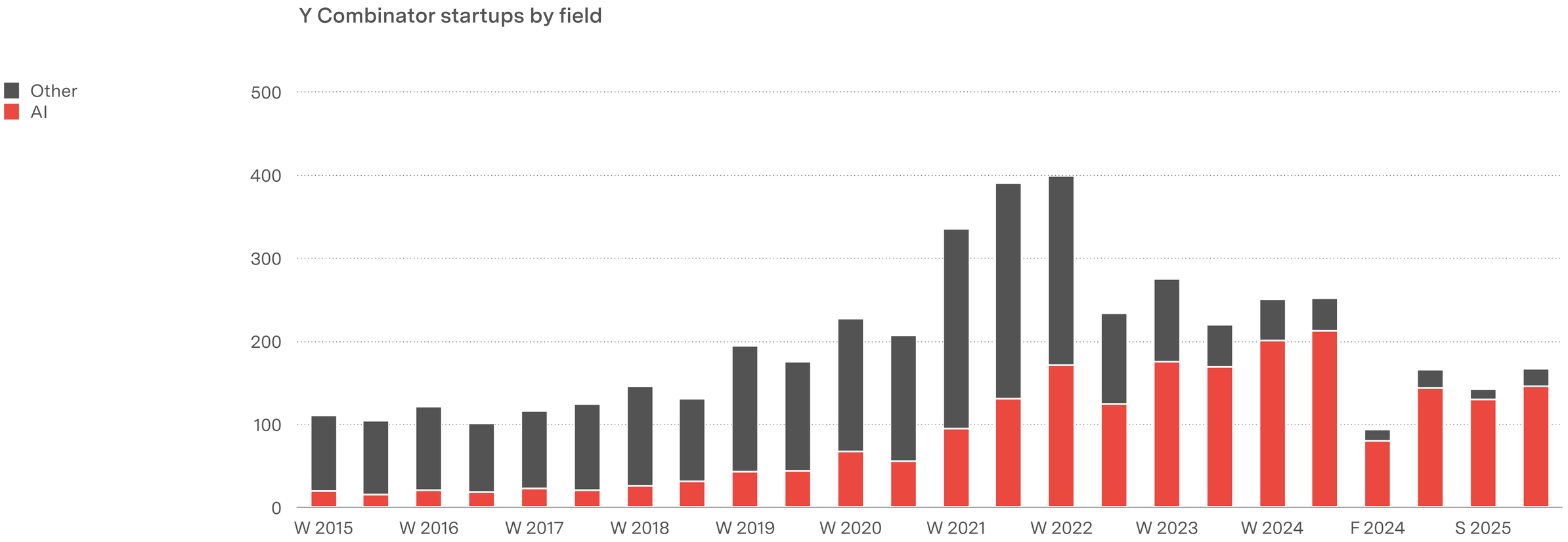
Enterprise software takes time, and come with early disappointments



Source: Bain

Startups exist to unbundle use cases

The coming wave of AI startups trying to unbundle Google, Excel, email and Oracle… and ChatGPT



Source: Y Combinator

Change

“It’s tough to make predictions, especially about the future”

Yogi Berra

“It’s tough to make predictions, especially about the future”

Yogi Berra

Imagine asking “What will be changed by the internet?” in 1997

What can we automate with AI?

Adding probabilistic systems on top of deterministic systems as a new general purpose technology

Old

Anything we can describe in logical steps can be automated

New

Anything with enough training data

Anything where verification is scalable

What does automation mean for you? It depends

At minimum, AI automates a broad class of thing that used to need a person. Then what?

Is this just price elasticity & consumer surplus?

Which tasks become free?

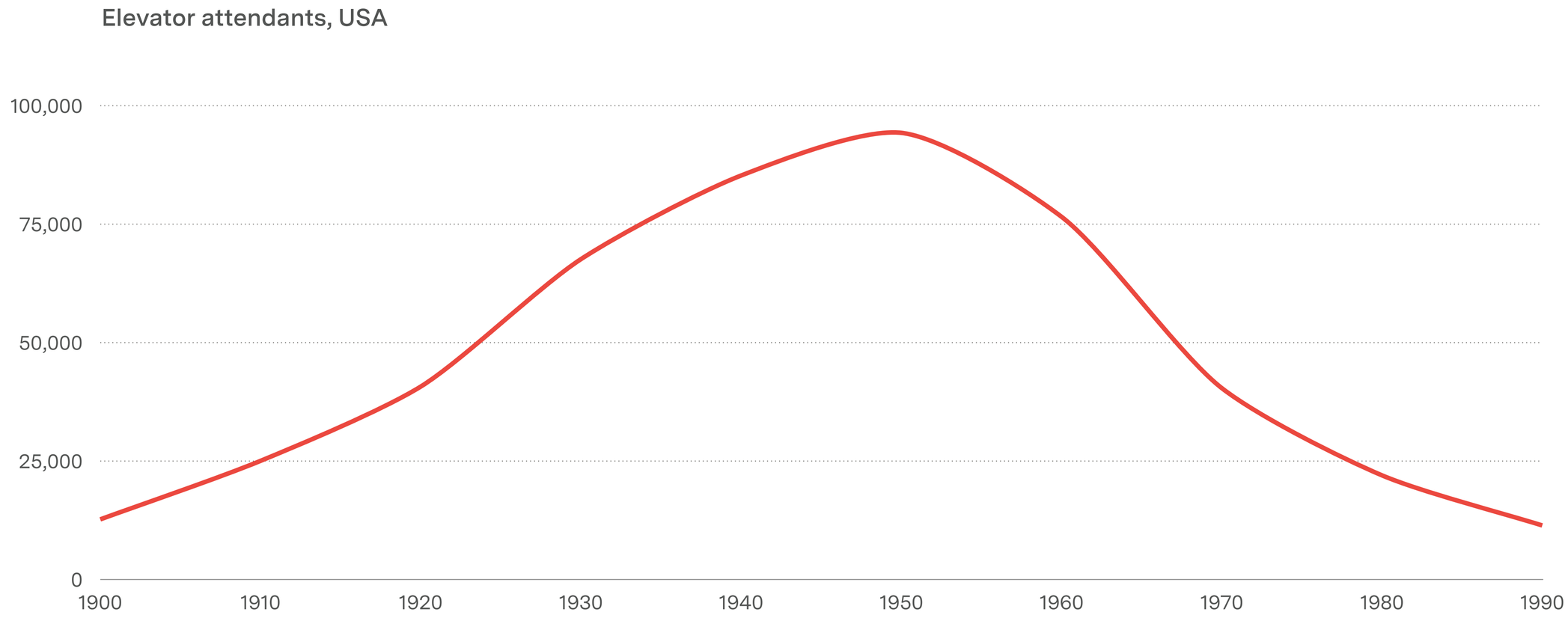
What does that enable?

Was that cost base your moat?

What was impossible that's now cheap?

Sometimes a job is just a task to be automated

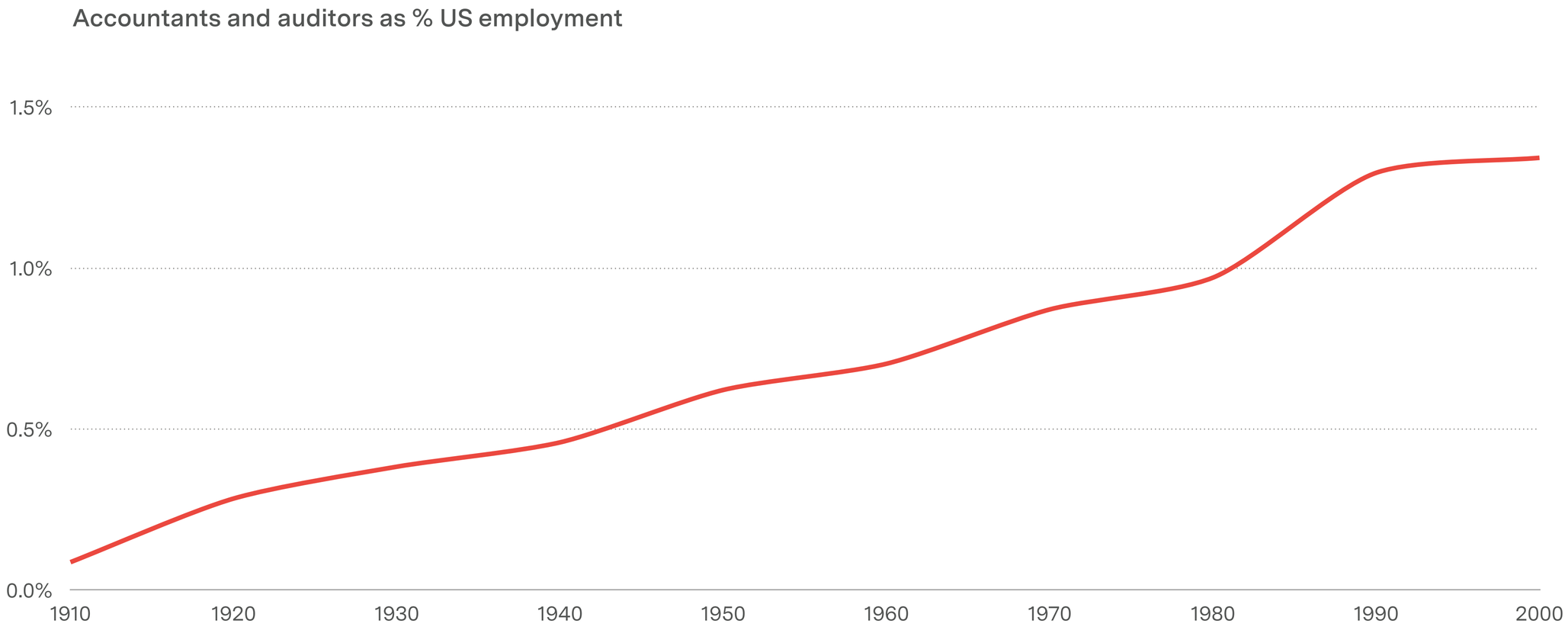
Otis launched the ‘Autotronic’ automatic elevator in 1950, and this entire job became a button



Source: US Census

More often, the job changes

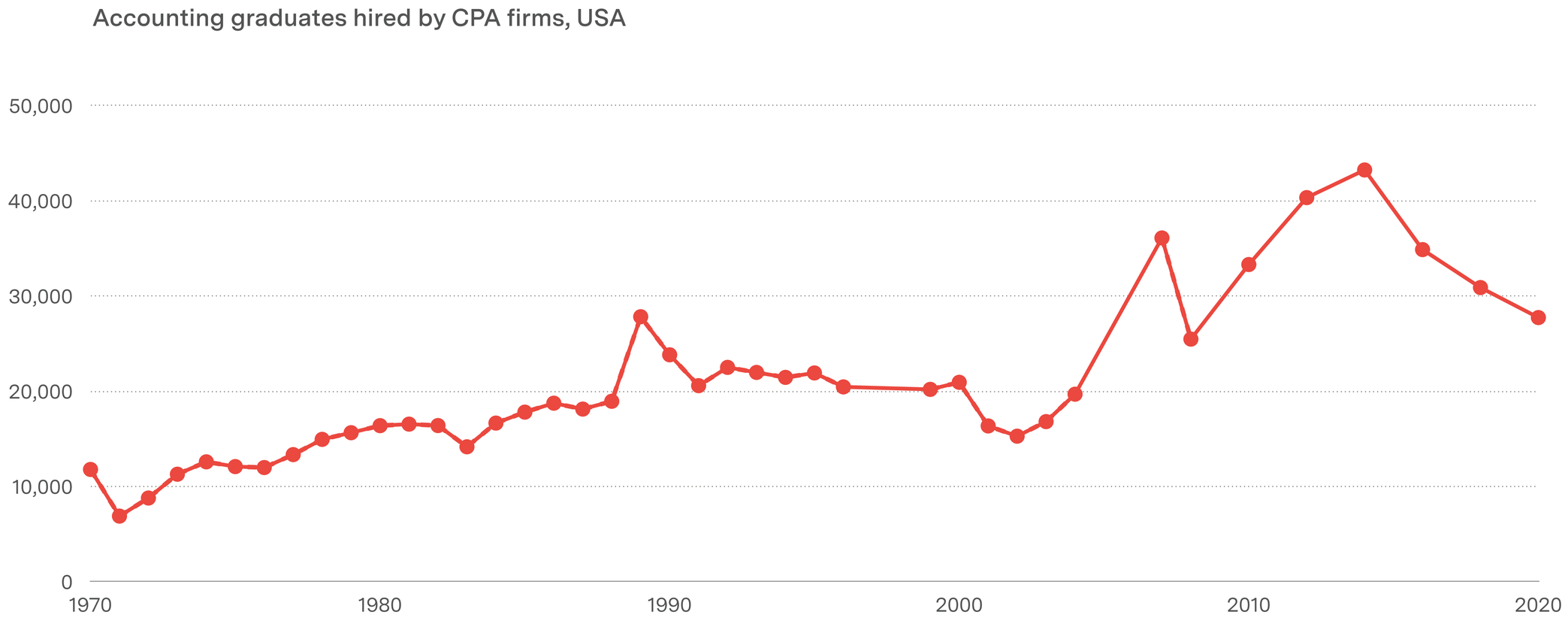
Does automation just drive price elasticity, or does it unlock new kinds of work?



Source: BLS

Computers, price elasticity and changing jobs

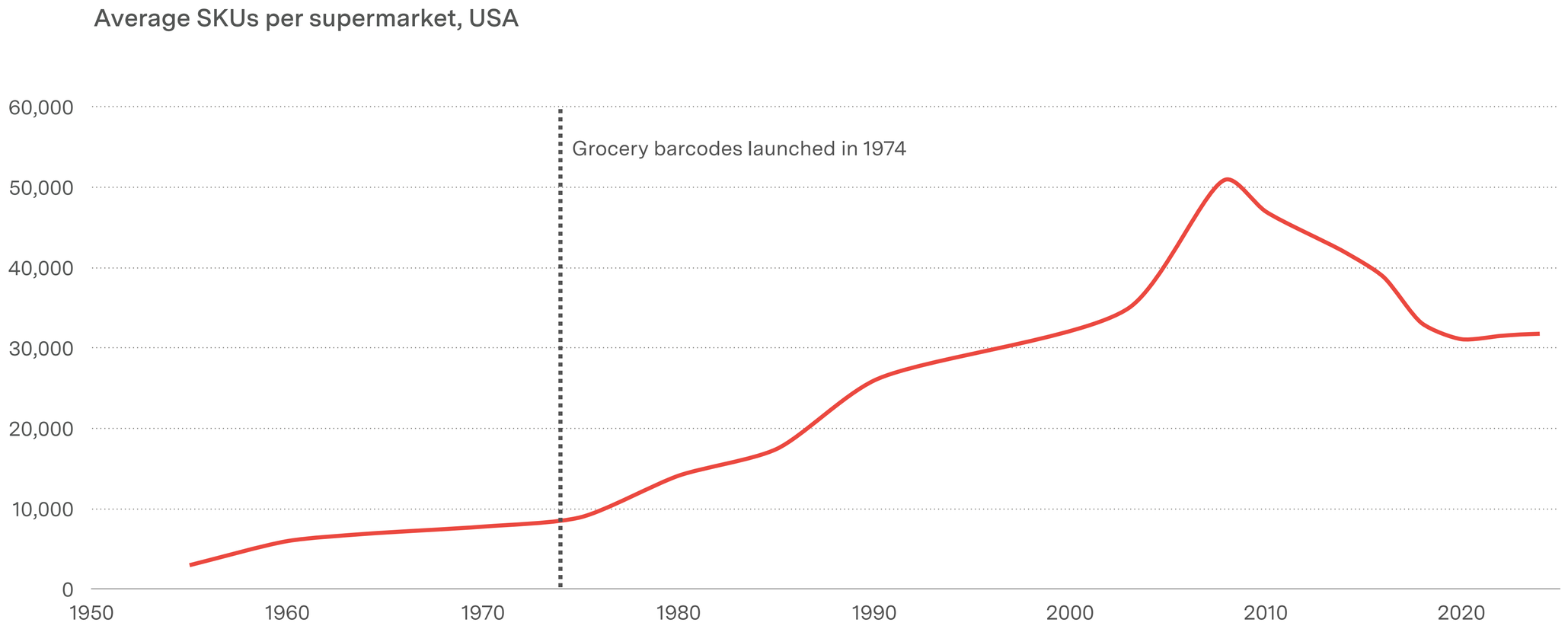
There are lots of stories in this chart, and software is only one of them



Source: AICPA. Data no longer collected after 2020.

If the task becomes ‘free’ what does that unlock?

Automated inventory management let grocery stores stock 5x more products



Source: FMI

Was the cost of that task your moat?

The internet removed physical distribution costs that protected many industries from competition



So what does automation break apart now?

Which industries were protected by a cost base that AI can now automate to zero?

Anything ‘boring’ will now be automated

What industries need boring work?

What can you split apart?

“AI gives you infinite interns”

What was impossible that now becomes cheap?

What if you had a million interns? What if you had *one* intern who was a million times faster?

Listen to every call and tell me if the customer sounds strange

Listen to a million calls every day - what do you notice?

Amazon, Google and Meta don’t know what these are, or why you buy them



Source: ChatGPT

“Instead of just looking at statistical patterns of what types of people engage with what content, we’re going to be able to develop a 1st-principles understanding of what you care about and what each piece of content is about”

Mark Zuckerberg

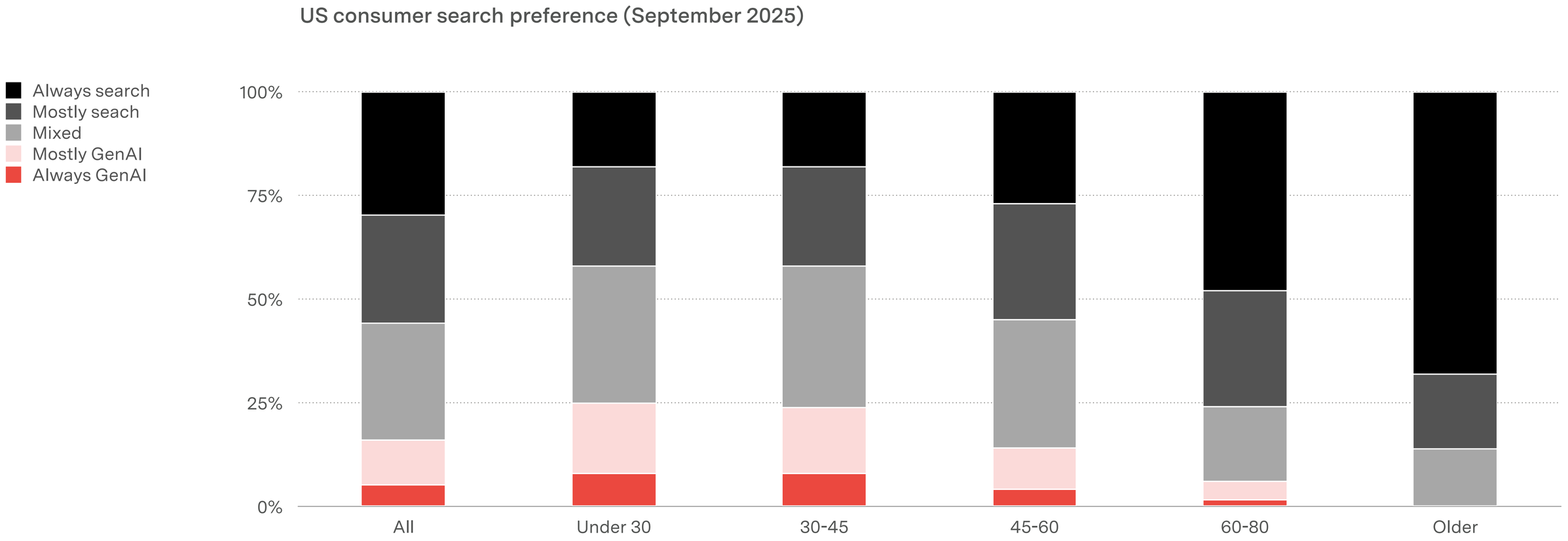
What are the new questions?

What if recommendations go from correlation to an understanding of what those SKUs really represent?



(Reality check - this is very early)

‘Generative search’ so far may be more additive and experimental than substitution



Source: Bain

What are the new questions?

What can you ask an LLM that you could never ask deterministic software?



What’s the task and what’s the job?

What do you actually want? What are you trying to do? How do you split the music from the plastic?



What’s the task and what’s the job?

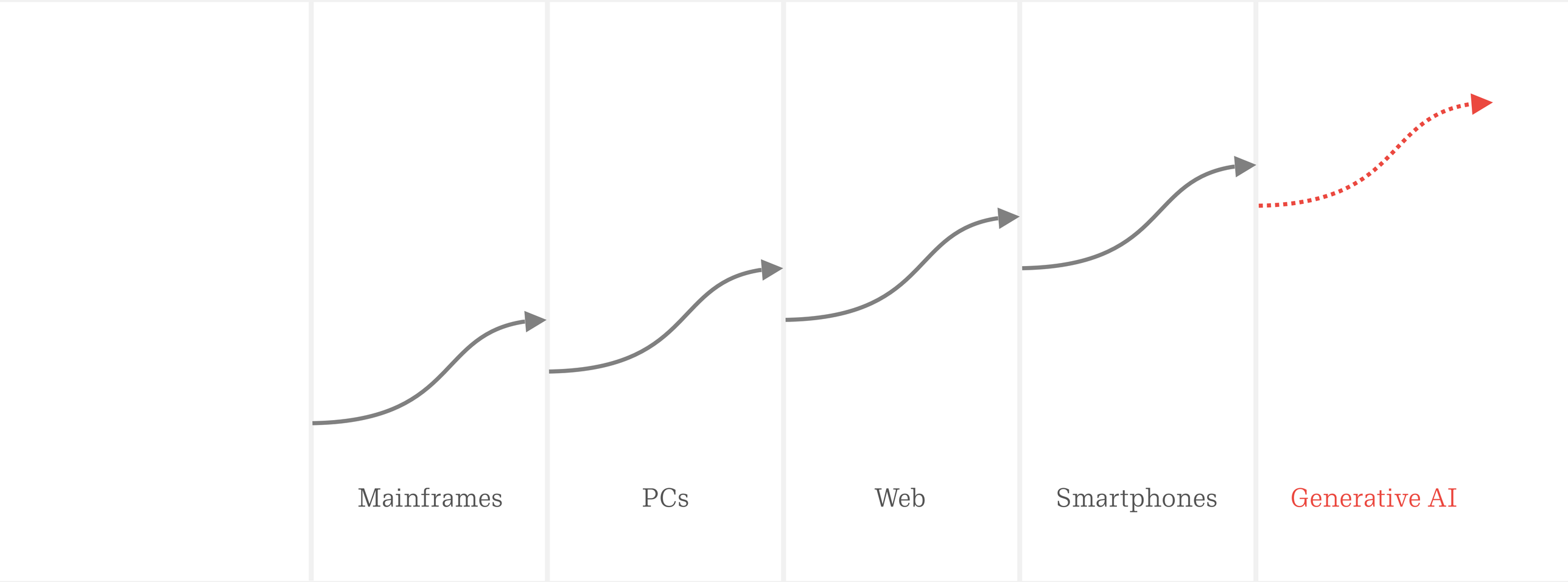
What do you actually want? What are you trying to do? How do you split the music from the plastic?



Welcome to the beginning

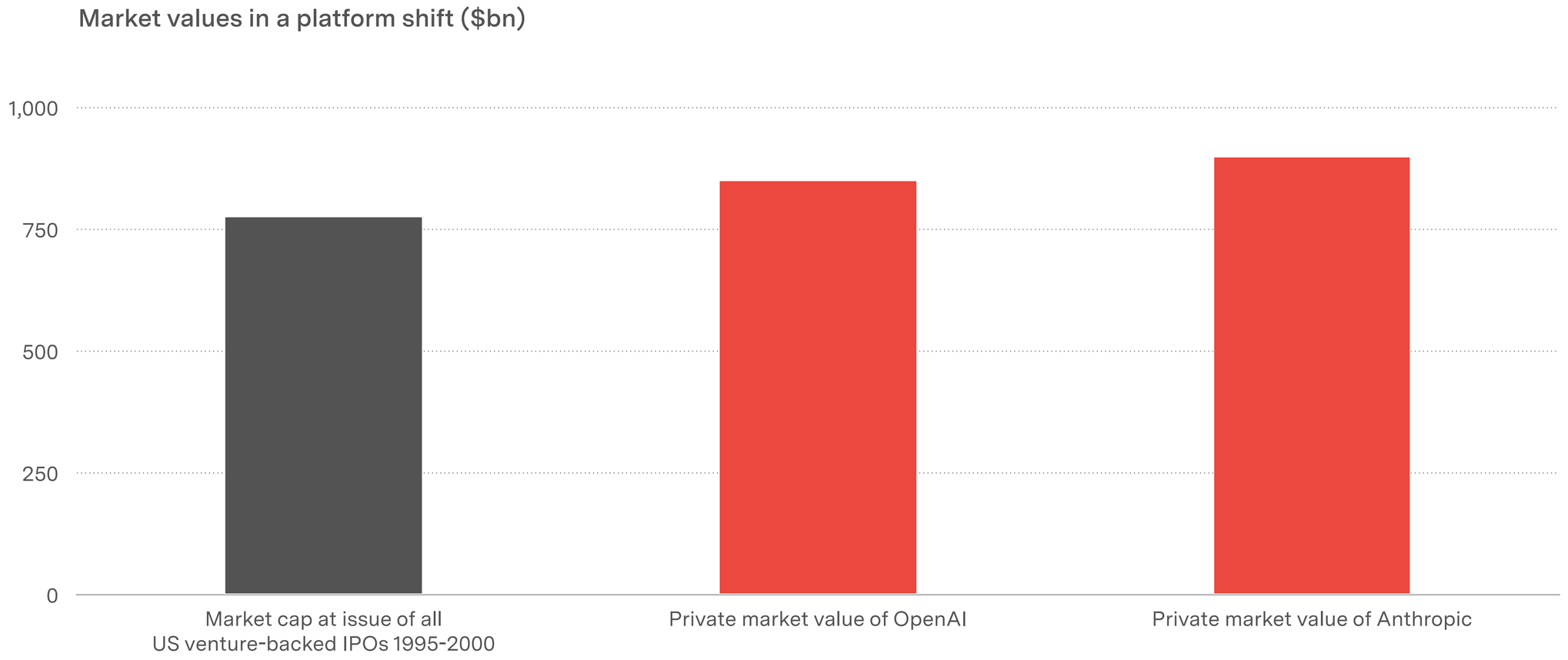
“This is totally different” - just like the last time

Memo to 25-year-olds - all of these were very exciting and looked totally different



“This is totally different”

The market, the capital markets and the opportunity are all different this time. But, it’s always different



Source: NVCA, BLS, Press reports. 2026 dollars.

How many times have we been here before?



Source: IBM

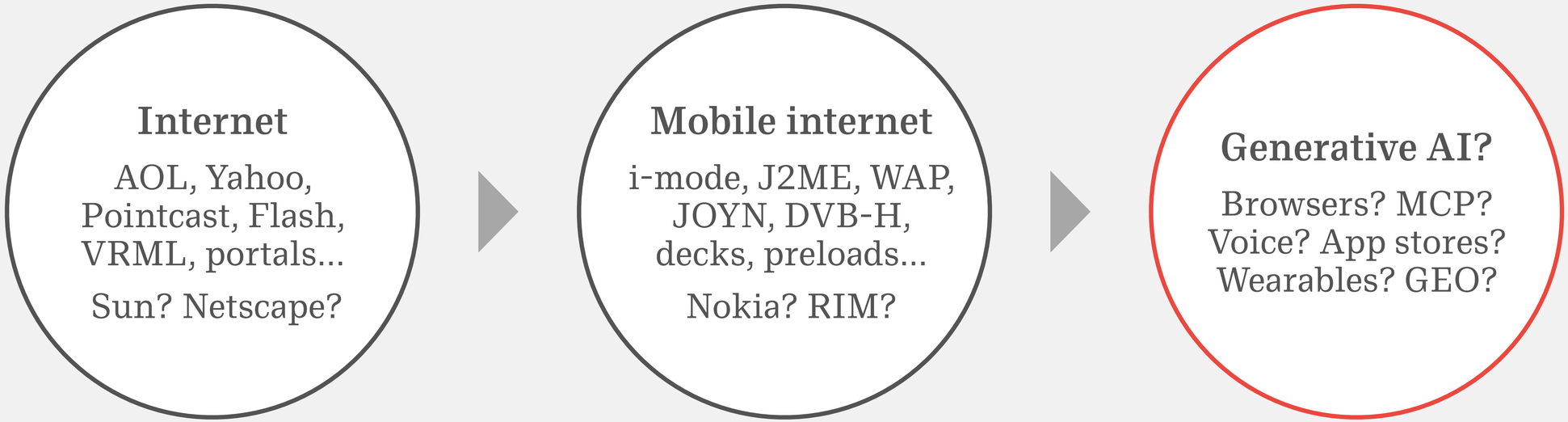
All AI questions have one of two answers

History doesn’t repeat, but it generally rhymes



“No-one knows anything” - William Goldman

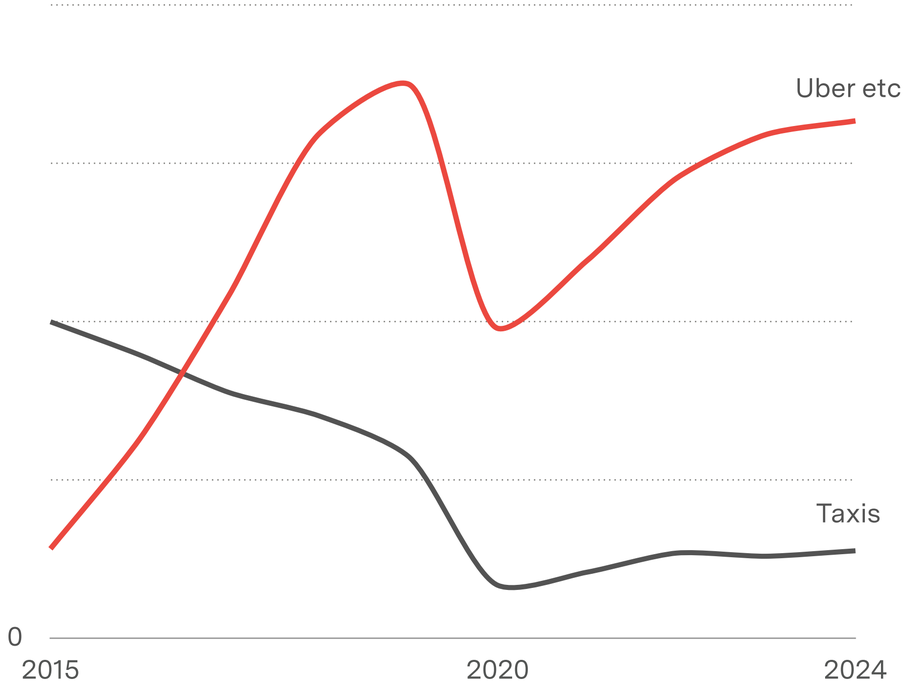
For every new platform, we forget how many ideas failed and how unclear everything was



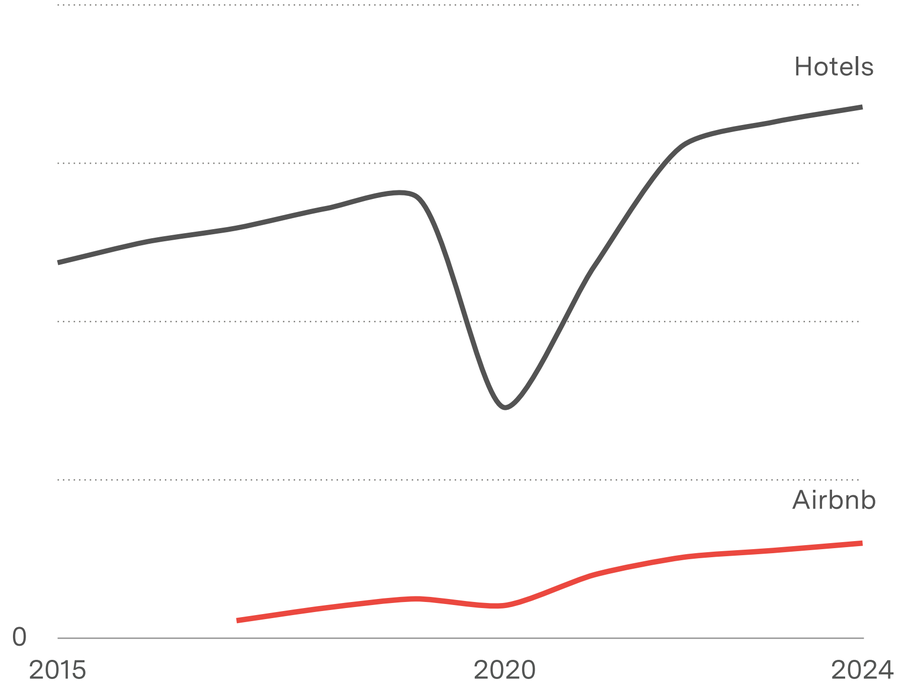
What will change? “It depends”

Sometimes software eats the world, and sometimes it only nibbles

New York taxis versus Uber (trips per day)



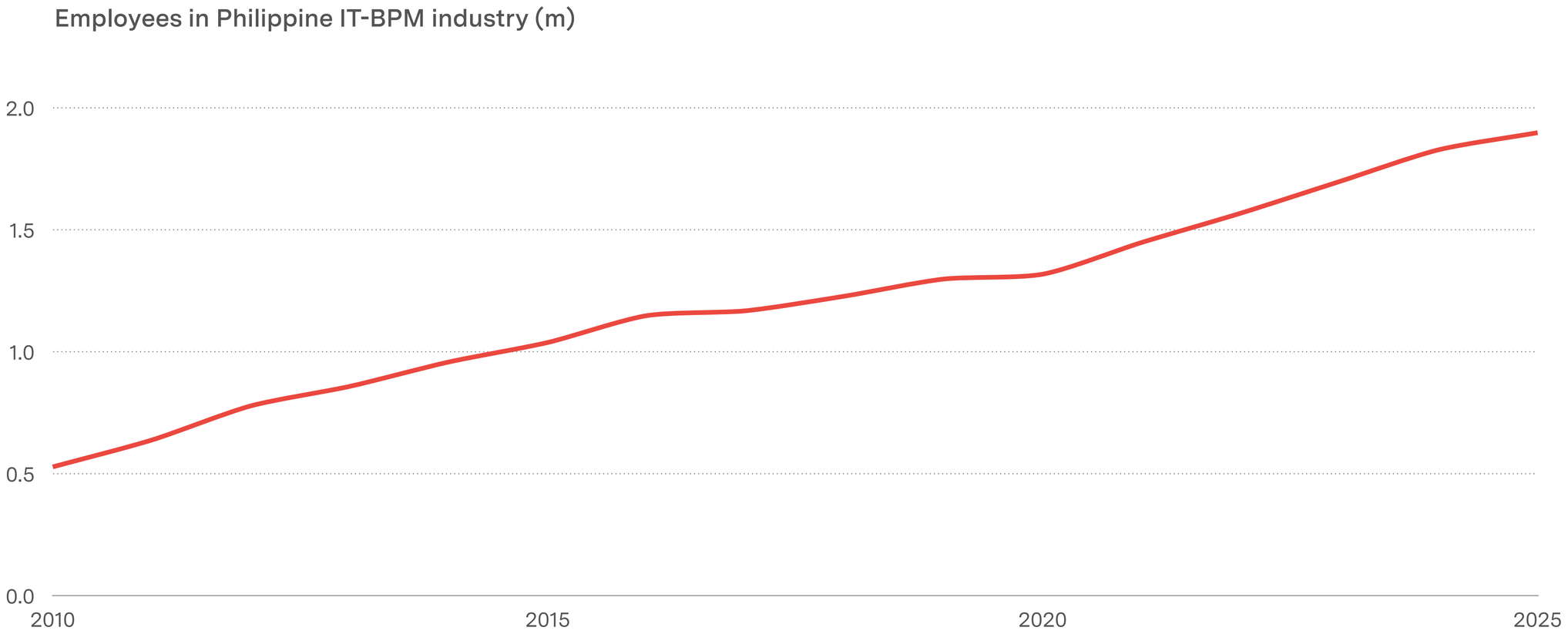
US hotels versus Airbnb (room revenue)



Source: TLC, Airbnb (NA GBV), Morgan Stanley

Which will this be? Is this a job or a task?

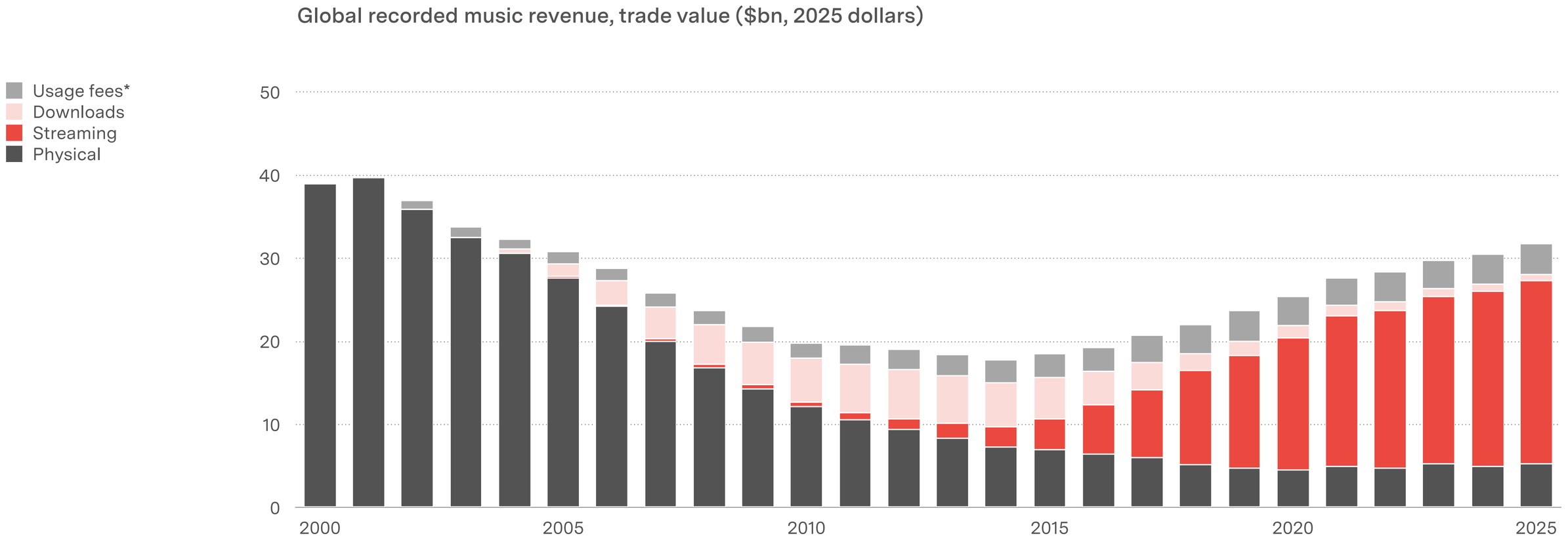
Outsourcing to the Philippines is 2m jobs and 8% of GDP, based on skill/income arbitrage. Now what?



Source: IBPAP

Can you invent new questions?

"What if I don’t have to buy a CD?” versus “what if I can get all the music there is?”



Source: IFPI, BLS
*Fees for third party commercial use of sound recordings - eg broadcast, nightclubs, movies etc

So what can we know?

We don’t know how this will work, but we can try to ask the right questions



Thank you

Benedict Evans

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