# Chinese startup DeepSeek shakes up the AI landscape



In a rapidly evolving landscape of artificial intelligence (AI) technology, the emergence of DeepSeek, a Chinese startup, is reshaping perceptions and strategies across the global tech sector. DeepSeek's recent launch of its reasoning model, hailed for its capabilities, has caught the attention of major players in Silicon Valley, highlighting a potential paradigm shift in AI development.

DeepSeek has positioned itself as a formidable competitor to established leaders such as OpenAI, Meta, and Anthropic by developing AI models at significantly lower costs. The start-up reportedly used only 2,000 Nvidia graphics processing units (GPUs) to create its latest V3 model, a feat that has stunned industry observers. This contrasts with the resource-intensive approach commonly adopted by US tech firms. The significant price efficiency has led to a reassessment among investors, fuelling concerns over whether the current trajectory of AI investment, particularly in Silicon Valley, is sustainable.

The ramifications of DeepSeek's arrival were immediate and substantial. Global tech and energy stocks saw a sharp decline, particularly affecting Nvidia, whose shares plummeted nearly 17 per cent, translating to an unprecedented loss of around $600 billion in market value. Other tech giants, including AMD, Alphabet, and Microsoft, also experienced stock price falls as the market reacted to DeepSeek's breakthroughs. "It shows how vulnerable the AI trade still is, like every trade that is consensus and based on the assumption of an unassailable lead," said Luca Paolini, chief strategist at Pictet Asset Management, as reported by the Financial Times.

Marc Andreessen, a prominent venture capital investor, termed DeepSeek's innovations as a modern "Sputnik moment," referencing the historical event in which the Soviet Union's satellite launch instigated a renewed focus on American technological advancements. This sentiment was echoed by Satya Nadella, Microsoft's CEO, who acknowledged the significant strides made by the Chinese start-up and indicated that its developments are deserving of serious consideration from the US tech community.

As speculations mount regarding DeepSeek's operational capabilities, some industry experts are questioning the extent of its GPU resources, with concerns that Chinese companies might possess more advanced hardware than currently acknowledged due to a pre-emptive accumulation before US export controls took effect. Dario Amodei, CEO of Anthropic, urged for stricter oversight on GPU supplies, emphasising the geopolitical stakes at play in AI technology development.

The phenomenon of DeepSeek has also prompted discourse on the strategic value of data in AI advancement. Marc Benioff, CEO of Salesforce, posited that the emerging focus should shift from models and computation power to the critical role of data and metadata. He asserted that DeepSeek's ascendancy reflects the evolving landscape where the possession of valuable data becomes paramount, a shift he believes will define future technological success.

The developments surrounding DeepSeek mark a pivotal moment in the ongoing narrative of AI innovation. As the global technology community watches closely, the actions and strategies adopted by both Chinese and American companies may shape the future contours of AI technology, investment patterns, and competitive dynamics in the years ahead.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

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