# DeepSeek unveils cost-effective AI chatbot R1, raising alarm for tech giants



In a significant move within the artificial intelligence (AI) sector, DeepSeek, an AI startup supported by High-Flyer Capital Management, introduced its AI chatbot R1 during the second week of January 2025. The company asserts that R1 can perform similarly or even surpass existing models like ChatGPT, while operating at a considerably lower cost. This launch has raised questions regarding the extensive investments made by American firms in AI technologies and has triggered a heightened state of alert within Meta's dedicated AI division.

Meta's head of AI infrastructure, Matthew Oldham, reportedly expressed concern to colleagues that DeepSeek's new model could eclipse Meta's upcoming AI venture, Llama, which CEO Mark Zuckerberg indicated might debut in early 2025. According to a company report, two Meta employees with insider knowledge confirmed these developments. In response to DeepSeek’s emergence, Meta has established four "war rooms" to mobilise its engineering teams in a strategic effort to comprehend and counteract the innovative technology being pioneered by the Chinese startup.

Among the war rooms, two teams are focused on uncovering the methods used by High-Flyer to significantly cut down the expenses associated with training and operating DeepSeek’s model, with hopes of applying similar strategies to their own Llama project. The remaining teams will investigate the datasets used in training DeepSeek’s model and contemplate structural adaptations for Llama to incorporate favourable attributes seen in DeepSeek’s technology.

Compounding Meta's challenge, Zuckerberg announced on January 24, 2025, that the company plans to invest up to $65 billion into AI projects throughout the year. This financial commitment will include the construction of a new large-scale data centre and an expansion of its AI workforce. This announcement coincided with OpenAI's recent strategic partnership with SoftBank, Oracle, and other firms, unveiling a colossal AI infrastructure initiative named Stargate, which is supported by a $500 billion investment from the White House to establish multiple new data centres across the United States.

DeepSeek's rapid ascent in the chatbot industry has generated significant concern across Silicon Valley, not only for Meta but also for other leading companies such as OpenAI, Microsoft, Alphabet, and Nvidia. The Chinese startup's chatbot, which has rapidly gained traction both in the U.S. and globally, is reportedly outperforming its competitors—including ChatGPT, Gemini, and Claude—while being developed at a fraction of the costs incurred by American firms. Some tech experts have pointed out that the functionality of DeepSeek’s technology may be accompanied by built-in censorship features.

The DeepSeek application is currently available for download on the Apple Store for mobile users, as well as through their desktop version accessible at www.deepseek.com.

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

## References

* <https://seo.ai/blog/deepseek-ai-statistics-and-facts> - This article provides details about DeepSeek AI, including its founding, model capabilities, and cost efficiency compared to Western competitors.
* <https://api-docs.deepseek.com/news/news250120> - This link confirms the release of DeepSeek-R1, highlighting its performance and open-source nature.
* <https://www.bloomberg.com> - Bloomberg could provide insights into the global tech impact of DeepSeek's AI models, though specific articles may vary.
* <https://www.forbes.com> - Forbes has covered DeepSeek AI's emergence and its implications for the global AI landscape.
* <https://www.wired.com> - Wired has discussed DeepSeek's innovative approach to AI, focusing on efficiency and cost reduction.
* <https://www.noahwire.com> - This is the source of the original article, though specific details about Meta's response to DeepSeek are not verified here.
* <https://about.meta.com> - Meta's official website might provide information on their AI initiatives and responses to competitors like DeepSeek.
* <https://www.openai.com> - OpenAI's website offers insights into their models and partnerships, which are relevant to the competitive landscape described.
* <https://www.deepseek.com> - DeepSeek's official website provides access to their products and technology, including the R1 model.