Internet/e-Commerce

Let's Chat AI – Post(ings) at the intersection of Internet and AI

Industry Overview

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BofA Internet AI Roundup

AI capabilities and sentiment have become an important driver for Internet company stock performance. In our monthly AI Internet roundup, we review major developments at the intersection of Consumer Internet and AI. Recent major AI news/events include:

Alphabet launches Gemini 3 – search/cloud halo effect

Alphabet launched Gemini 3 Pro, with stronger multimodal and contextual understanding capabilities and positive reviews. The company also highlighted that AI Overviews reached 2bn MAUs and Gemini app 650mn MAUs. *Our Take: Initial reports suggest Gemini 3.0 capabilities are ahead of competition and, instead of AI disruption concerns, we see potential for Gemini to be seen as a demand generator for search and Google Cloud.*

Meta exploring large-scale Google TPU deal

Per reports, Meta is in discussions with Google on a potential deal to deploy Google's custom TPUs in Meta's own data centers beginning in 2027. *Our Take: We see discussions as another strong endorsement for Google TPUs and positive driver for Alphabet valuation multiples. For Meta, incorporating TPUs could reduce future compute costs, potentially helping to address a material overhang on the stock.*

Strong traction for Amazon's AI shopping assistant, Rufus

Amazon reported >250mn customers have used Rufus this year. MAUs of the AI shopping assistant are up 140% y/y while interactions are up 210% y/y. *Our take: Rufus is still early, but seems to be driving incremental GMV, with Amazon reporting that customers using Rufus during a shopping journey are 60%+ more likely to convert. We expect an Agentic AI battle between Rufus, OpenAI and Google to emerge over next 2 years.*

Uber and Nvidia plan to deliver 100K AVs

Nvidia announced an updated L4 driver tech solution (Nvidia-DRIVE) & plans to deliver 100k AVs as part of its partnership with Uber, with L4 vehicles beginning to rollout in 2027. Nvidia has indicated that Stellantis, Lucid & Mercedes will be building cars with L4 technology, some for personal use. *Our take: With a growing list of AV partners, Uber's stock could see a smaller impact from Waymo/Tesla expansion news going forward.*

OpenAI targeting $100bn ARR by 2027

Per reports, OpenAI is expecting $20bn ARR by end of 2025 and to grow Commerce and ad revs to $40bn by 2030, though press is also questioning debt financing of partners. *Our Take: Investors are considering the "OpenAI dilemma" for Internet hyperscalers, who are both signing new deals for OpenAI cloud capacity and competing with OpenAI for consumer usage. Weighing the pros and cons, we still view OpenAI as a net competitive threat to Big Tech Internet. See our note. A quick review of the OpenAI dilemma for internet hyperscalers.*

What's coming – potential AI catalysts

1) Google: User adoption of Gemini 3 in search, Agentic launches (travel, eCommerce, etc.), Gemini driven Cloud demand, 2) Meta: Llama 5 (Spring?), Meta Business AI launch, 3) OpenAI: Ads launch, and new agentic tools, 4) Reddit AI partnership deal renewals, 5) AWS Re:Invent (Dec 1-5).

AI: Artificial Intelligence
AIOs: AI Overviews
EMG: Electromyography
WWDC: Worldwide Developer Conference
SGE: Search Generative Experience
ROAS: Return on Ad Spend
AWS: Amazon web services
VC: Venture Capitalist
GPT: Generative Pre-trained Transformer
LLM: Large Language Model
WWDC: Worldwide Developer Conference
ML: Machine Learnings
IG: Instagram
SFV: Short Form Video
GCP: Google Cloud Platform

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Online Media

Google & Meta exploring large-scale TPU deal

According to The Information, Meta is in discussions with Google on a potential large-scale deal to deploy Google's custom TPUs in Meta's own data centers beginning in 2027. The deal could also involve Meta renting chips from Google Cloud as early as next year. The report also noted that Google is pitching similar external TPU deployment deals to other cloud customers. This would mark a meaningful strategic shift for Alphabet that has historically limited TPU use to internal workloads or its own cloud platform. *Our Take: We see discussions as another strong endorsement for Google TPUs following the Anthropic deal, and potential multiple expansion driver as Street contemplates a large business opportunity. For Meta, incorporating TPUs could reduce compute costs and dependence on Nvidia, helping with concerns over margin pressure in 2026 and 2027.*

Alphabet launches Gemini 3 Pro frontier model

In mid-Nov, Alphabet launched Gemini 3 Pro in preview, just 11 months after Gemini 2. Google has made the model available across a wide range of Google products including: Search AI Mode, Gemini app, to developers in AI Studio and Vertex AI, and Google's new agentic development platform, Google Antigravity. Google emphasized that Gemini 3 delivers much stronger contextual understanding and intent recognition, allowing users to get more accurate results with fewer prompts. Alphabet also highlighted that Gemini 3 Pro can solve complex, multi-step problems across domains like science and mathematics with high reliability, demonstrating PhD-level reasoning in many areas. The company also highlighted that AI Overviews reached 2bn MAUs and Gemini app 650mn MAUs. Press reviews on the model have been favorable. *Our Take: Initial reports suggest Gemini 3.0 capabilities are ahead of competition and, instead of AI disruption concerns, we see potential for Gemini to be seen as a demand generator for search and Google Cloud. Also, healthy adoption metrics for AI Overviews and Gemini indicate Google is successfully funneling users into its AI surfaces, despite growing competition, and should help ease concerns around potential search disruption. See note: Gemini 3 release does not disappoint.*

Google Ironwood TPU to be broadly available to Cloud customers

In early November, press reports indicated that Google's seventh generation Tensor Processing Unit (TPU), Ironwood, will be made broadly available soon. Ironwood was first unveiled in April and has been testing since then, and now will be made available for customer deployment. *Our Take: Demand for, and cost savings from, proprietary TPUs has been a positive theme for Google and reports suggest Ironwood is 4x faster than its predecessor. Improving TPU capabilities could both drive core ads business and incremental cloud demand, with Anthropic already committing to run workloads on the chips. Long-term, there could be opportunity for Google to build a chips business, a positive for valuation. See note: TPUs, Potential Apple partnership and Epic games settlement.*

Apple planning Siri overhaul powered by Google Gemini

In early November, per Bloomberg reports, Apple plans a major Siri overhaul powered by Google's Gemini AI model. The report suggests that after testing alternatives such as ChatGPT and Claude, Apple selected Gemini as an interim solution while it builds its own LLM. The agreement, reportedly valued at about $1bn annually, will see Gemini handle Siri's summarization and planning functions, enhancing the assistant's ability to synthesize and execute complex tasks. The new 1.2 trillion-parameter model represents a significant leap from the current 150bn-parameter version used for Apple Intelligence, greatly improving processing power and contextual understanding. While the launch is expected next year, Bloomberg noted that both companies' plans, and partnership details remain fluid and could evolve. *Our Take: We see a potential Apple deal as an important endorsement for Gemini, reinforcing its position on mobile devices. Given Alphabet's scale and unmatched reach across consumer and enterprise products, Gemini should have a* *leadership position in phone operating models. See note: [TPUs, Potential Apple partnership and Epic games settlement](#).*

Google launches AI-powered travel features
Google announced several upgrades to its AI Mode capabilities in travel, including: 1) Global expansion of flight deals, 2) ability to create a Canvas for travel planning, and 3) agentic booking capabilities. While Google will collaborate with travel partners and aggregators (including OTAs) for inventory and links for bookings, the planning flow (AI search, itinerary building, accommodation choice) will occur inside Google's interface. Agentic booking enables reservations for restaurants, events, and local services to be made via direct links to partners sites like OpenTable and Ticketmaster, with future plans to enable bookings for flights and hotels (via hotel supplier and OTA partners including Booking.com and Expedia). Our Take: *We think Google's expanding suite of agentic AI travel features can be differentiated from competitive AI offerings due to two key advantages: real-time supply access and rich first-party user signals. Google's inventory integrations with major airlines, hotel chains, and OTAs in existing travel search give it more complete, real-time inventory data vs competitors (for now). Alphabet also benefits from its multi-app reach of of logged-in users, generating rich first-party signals across Search, Maps, and Gmail that enable more personalized, context-aware itineraries that could drive higher booking conversion. By keeping users within its agentic planning and booking flow, Google could further strengthen its position with advertisers. See our note: Google's AI travel push renews OTA disintermediation concerns.*

Google laying foundation for agentic commerce adoption
In mid-Oct, Google announced a new partnership with Klarna, a global digital bank and flexible payments provider. The collaboration aims to accelerate development of Google's Agent Payments Protocol (AP2), an open standard designed to enable AI agents to autonomously make purchases and manage transactions on behalf of users. Under the partnership, Klarna's payment infrastructure will integrate more deeply with Google's ecosystem, supporting secure, automated checkouts across participating merchants. *Our Take: This deal, which follows recent collaborations with PayPal, American Express, Adyen etc., suggest Google is actively building the foundation for agentic commerce, which will have implications for the eCommerce, travel and gig economy subsectors. We believe Google's expanding agentic partner ecosystem positions the company to roll out new agentic AI transaction capabilities in 2026, a potential positive for competitive sentiment. (See note: Today's Tidbits: Google partners with Klarna, OpenAI with Broadcom)*

Anthropic exploring new cloud partnership with Google
In late October, per reports, Anthropic is in discussions with Alphabet on a potential cloud deal valued at tens of billions of dollars. The deal would provide Anthropic with additional computing capacity & access to Google's TPUs, custom chips designed to accelerate AI training and inference workloads. Earlier this month, reports indicated that Anthropic expects to more than double its annualized revenue run rate (ARR) next year, growing from $9bn ARR by the end of 2025 and to as high as $26bn ARR exiting 2026. *Our Take: Following a $10bn cloud agreement in late August with Meta, we would view a deal with Anthropic as further validation of Google's TPU infrastructure capabilities. For Amazon, while a large deal between Anthropic and Google could suggest some lost Anthropic workloads, the growing number of large-scale cloud deals by OpenAI and others underscores a growing need to secure more capacity and diversify cloud platform providers. We would expect any large Anthropic-Google cloud deal to be multi-year, not expect a material change in planned AWS Trainium workloads.*

Google reportedly testing Gemini app design changes
Per reports, Google's Gemini AI app is testing a redesign, potentially shifting from a simple chatbot interface to a richer, scrollable feed of suggested prompts paired with visuals. The update might include a 'prompt inspiration' or discovery section to spark ideas, replacing the blank greeting screen with more engaging, content-driven

experiences. The changes were discovered in a recent Gemini Android app built by news site, Android Authority, and are not yet live to the public. *Our Take: A more visual, feed-based layout could improve engagement by appealing to mobile users accustomed to scrolling formats like Reels, TikTok. The redesign could reposition Gemini to more of an entertainment and inspiration destination, driving more engagement, 2) Broader adoption among casual users: The revamp may help users discover Gemini's broader capabilities, expanding use cases, 3) Higher monetization potential: Increased engagement and new content formats could increase opportunities for premium subscription tiers or sponsored content placements. However, risk is an interface overhaul could disrupt existing user habits and make app less competitive with core ChatGPT functionality.*

Google adds more features to AI shopping experience

Google has added several features to its AI shopping experience, including 1) conversational shopping in Google Search, 2) more shopping features in Gemini app, 3) agentic checkout, and 4) a tool that can check inventory with local stores. The company's VP & GM of ads and commerce said Google aims to make the shopping experience 'a lot more natural and easy'.

Google adds a new 'images' icon in Google app

In mid-November, Google added a 'images' icon at the bottom of Google's app on IOS and Android device that display images personalized to users' interest, which is similar to the interface of Pinterest's inspirational images. The company said the new image feature provides user a way to organize their creative ideas and find visual inspiration for events like hosting a party of discovering new fashion.

Google makes it easier to access AI mode on Mobile

In early Nov, Google added a shortcut button in Chrome on IOS and Android that allows users to access mode. Google will roll out the new shortcut to US users first, and will expand it to 160 more countries soon. The company's AI mode is currently available in ~180 countries, and the feature was first introduced in March. In September, Google added support to Hindi, Indonesian, Japanese, Korean, and Brazilian Portuguese.

Google Maps uses Gemini to improve user experience

In early November, Google is integrating Gemini deeper to its Maps product to improve user experience. Upgrades include: 1) users can ask Gemini on places of interest on their route & ask the chatbot to add events to calendar, 2) Gemini can return answers to multiple questions at once, 3) Gemini can notify users on disruptions to routes, and 4) leverage Street View data to provide better navigation instructions.

Google adds more agentic features to AI Mode

In early November, Google announced to add more agentic capabilities to AI Mode. The new features enable users to ask the chatbot more complex questions & dive deeper into topics within the Search interface, and to ask for assistance on booking tickets for events and beauty & wealth appointments. The new agentic features are available to all US users who signed up for Google's Search Labs, and paid Google AI subscribers have higher usage limit.

Google announces 'Quantum Echoes' algorithm

In late October, Google announced the company has found an algorithm on Willow quantum-computing chip that can be repeated on another quantum computer, which also outperforms traditional supercomputers. Per the company, the algorithm can run 13,000 times faster vs the world's best computer, and the verifiability means a meaningful step toward building a quantum-computing powered real world application.

Google adds a button to collapse Search ads

In mid-October, Google adds a button to allow users to collapse ads in a search page, but the 'Sponsored Results' label will remain at the top of the screen as users scroll down. The 'Sponsored Results' header will also appear both above and below search results in

AI Overviews, and other Google products including shopping ads. The company believes the new design will help users to better navigate the contents on the top of a page, while keeping the same size of the ads.

Google introduces Veo 3.1 model

In Mid-October, Google released its updated video model 3.1, came with improved audio output, editing controls, and image to video feature. The company said the updated version of model can deliver more realistic video clips and fit prompts better compared to previous Veo 3.0. The company will roll out Veo 3.1 to Flow (the company's video editor), Gemini App, Vertex AI, and Gemini APIs.

US approves Google to acquire Wiz

Google's proposal to acquire Wiz has cleared antitrust review by US regulators in early November. Alphabet had announced acquisition of cybersecurity startup, Wiz for roughly $23bn in July'24. Founded in 2020, Wiz provides cloud security solutions, offering visibility, threat detection, compliance, and automated remediation to protect cloud environments and applications. In May'24, Wiz raised $1bn in a funding round that valued the company at $12bn.

Google wants to retain the right of bundling apps with Gemini

In early October, per Bloomberg, Google's lawyer told Judge Mehta that the company wants to retain the right to bundle map product and YouTube with Gemini AI service over the Search case, as the company argues that there's no evidence Google has monopoly or market power in the AI market. At the hearing, Judge Mehta expressed reservations toward Google's request, but he hasn't made a final ruling over the issue.

Google expands virtual try-on features to more countries

In early October, Google announced to expand the virtual try-on features to Australia, Canada, and Japan. By uploading photos, the try-on feature can generate images on how the clothes might look on users. Google also updated the feature, and users can 'try-on' shoes. In June, Google launched Doppl app, which uses the AI technology to visualize how different outfits might fit on users.

Google expands vibe-coding app Opal to 15 more countries

In early October, Google expanded AI-powered vibe-coding app Opal to 15 more countries, including Canada, India, Japan, and South Korea etc. In the app, users can enter a description in natural language, and Opal will leverage different Google's AI models to generate it. Users can also edit the apps in an editor panel and edit the prompts. Opal was first launched in US in July.

Google launches Gemini Enterprise platform

In early October, Google launched Gemini Enterprise platform to bring more AI capabilities to businesses. Through Google's new AI platform, companies can sue a suite of toolkits to build and deploy their own AI assistants/agents to help with tasks across sales, marketing, engineering, human resources, and finance. Google will price the Gemini Enterprise standard and 'plus' plan at $30/month per seat. The company also announced a few of new Gemini Enterprise customers, including Klarna, Gordon Food Service, and Macquarie Bank etc.

Meta creates special purpose vehicle for Hyperion data center

In Oct, Meta and Blue Owl Capital entered into a partnership to develop the Hyperion data center in Louisiana. With total commitment of $27bn in development cost, Blue Owl Capital will own 80% of the partnership, and Meta will own the remaining 20%. Blue Owl contributed ~$7bn cash to the joint venture. Meta received $3bn one-time distribution, and it will provide construction and property management services. A portion of capital raised by Blue Owl will be funded by debt issued to PIMCO and select other bond investors through a private securities offering. Meta also provided the joint venture with a residual value guarantee for the first 16 years of operations whereby

Meta would make a capped cash payment to the joint venture based on the then-current value of the campus if certain conditions are met following a non-renewal or termination of a lease. *Our Take: We think the structure provides Meta greater flexibility by matching costs to future revenue, with lease payments timed as AI initiatives move closer to monetization. It could also offer cost-of-capital advantage & preserve balance-sheet capacity for new debt.*

Meta to acquire chip startup, Rivos

Per press reports, Meta is planning to acquire chip startup Rivos to bolster its in-house semiconductor efforts. Founded in 2021, Rivos is developing an AI inference chip built on the open-source RISC-V architecture. The company completed its design earlier this year and handed it off to TSMC for trial production, with plans to launch the chip as early as 2026. While deal terms weren't disclosed, Rivos had been seeking funding at a $2bn valuation as of August '25, according to The Information. The report also noted that Meta's internal chip development has lagged internal expectations. *Our Take: The acquisition seems intended to accelerate Meta's custom silicon roadmap, which could lower compute costs over time. However, RISC-V architecture may be less capable for high-performance AI training compared to Nvidia GPUs. We also note Meta has recently signed some Cloud capacity deals, which could reduce capex spending and help better manage peak loads but could come at a higher cost vs internal infrastructure.*

Meta to use AI chatbot data to refine targeting

Per Bloomberg, Meta will begin using interactions with its AI chatbot to refine ads and content on Facebook and Instagram. With more than 1bn monthly users, Meta AI is the primary entry point for consumer engagement with the company's Gen-AI ecosystem. Starting Dec. 16, users may see posts or ads tied to topics they discuss with the chatbot. The update also extends to chatbot voice conversations on Meta's headsets, with no opt-out option. Meta said it is adding AI chatbot interactions as another signal in its targeting mix. The company plans to roll out this new targeting capability globally, but will exclude the UK, the EU and South Korea from the initial release. O*ur Take: Increasing AI usage could expand monetization opportunities for Meta's core ad business. Stronger targeting is likely to lift engagement, improve advertiser ROI, and support incremental time spent and ad spend. (See note: Today's Tidbits: Meta to acquire chip startup & OpenAI launches Sora 2)*

Meta cuts 600 positions in legacy AI unit

Per reports, Meta eliminated 600 roles across its legacy AI division (FAIR team), even as hiring continues in its newer TBD Lab. In Aug, Meta had restructured its AI division, into four sub-units: "TBD Lab", a products team including the Meta AI assistant, an infrastructure team, & the Fundamental AI Research (FAIR). In a memo to staff, Meta Chief AI Officer said the restructuring aims to streamline decision-making, noting that "by reducing the size of our team, fewer conversations will be required to make a decision, and each person will be more load bearing and have greater scope and impact." *Our Take: The report suggests Meta is refocusing resources toward high-priority AI initiatives while improving efficiency across remaining organization, likely aiming to offset rising infrastructure D&A costs. Cuts could also suggest progress with certain AI initiatives were not meeting expectations. (See note: Today's Tidbits: Anthropic-Google deal in the news & Meta trims legacy AI team).*

Meta hires Thinking Machines Lab Co-Founder

Reports indicate Meta has hired Andrew Tulloch, co-founder of Thinking Machines Lab and former OpenAI engineer, to join its AI division. Mr. Tulloch co-founded Thinking Machines alongside former OpenAI CTO Mira Murati. Media outlets reported that Meta offered a compensation package reportedly worth up to $1.5bn over six years, underscoring the company's aggressive push to recruit top AI talent. However, Meta's spokesperson has denied the accuracy of the reported figures.

Instagram explores potential to build a TV app
Per Bloomberg, Instagram is exploring building a TV app, which might compete with YouTube. Per Instagram's chief Adam Mosseri believes that existing vertical video content on Instagram can fit TV well. The company is currently in early in looking at a potential TV app, and it's still figuring how to show up on all the relevant devices in a compelling way.

Meta opens pop-up stores to sell AI glasses
Meta has been opening pop-up stores to sell AI glasses since last year and the company added another one located in Midtown Manhattan in mid-November. Per Meta's vice president and creative director for AI wearables, the company wants consumers to take pictures in the store and share with friends.

Meta's chief AI scientist leaves the company
In mid-November, per Financial Times, Meta's chief AI scientist Yann LeCun is leaving the company, and he will launch a start-up. Mr. LeCun has led Meta's Fundamental AI Research Lab since 2013. In late Oct'25, per Reuters, Meta was cutting around 600 roles in Facebook Artificial Intelligence Research (FAIR), which aims to make the unit more flexible and responsive.

Reddit looking for changes to data deals with Google & OpenAI
Press reports suggest that Reddit is proposing a new kind of partnership with Google and OpenAI that would encourage users to become active contributors to Reddit's popular online forums. The report also noted that Reddit may be looking for a future deal structure that could allow for dynamic pricing, where Reddit can be paid more as it becomes more vital to AI answers. *Our Take: Opportunity for more favorable deals with AI partners a key component of the Bull case thesis on Reddit. We would expect a new Google deal in 2H'26, as the original deal ends in 1Q'27.*

NFL Expands Reddit Relationship
In mid-Oct, Reddit and the NFL renewed and expanded their content partnership, joining the NBA, MLB, and others. The collaboration will bring official NFL content, including highlights, AMAs, and behind-the-scenes features, directly to Reddit communities. The expanded content partnership is intended to increase fan engagement and create new opportunities for advertisers and sponsors.

Reddit introduces interactive ad options
In mid-November, Reddit launched new interactive ad options for advertisers. The new ad product allow marketers to leverage formats including games, countdowns, quizzes, dynamic reveals, and trivia to engage with audience. The company expects the new ad format to generate more active participation from users and to improve interest.

Reddit sues AI firms including Perplexity over data scraping
In late October, per AP, Reddit sued four AI companies including Perplexity AI, Oxylabs UAB, AWMProxy, and SerpAI over unauthorized scraping of users' contents on Reddit for commercial purpose. Previously, Reddit has filed a lawsuit against Anthropic, and the case is currently schedule for a court hearing in January next year. Meanwhile, Reddit has commercial licensing agreements with several other AI leaders including Google and OpenAI.

Pinterest introduces an AI Assistant
In late October, Pinterest added a new 'Pinterest Assistant'. The users can enter conversational or visual queries (or by selecting Pin images or speak the search query), and the AI assistant can provide of list of relevant Pins. Compared to the general AI assistants like ChatGPT or Meta AI, Pinterest Assistant is custom-built for Pinterest product searches, which focuses on queries on fashion and home décor etc.

Pinterest leverages AI tom improve content recommendations

In late October, Pinterest outlined a new AI-powered approach to better recommend content. By better analyzing users' behaviors, the platform will expand recommendations beyond related Pins to what users could be interested within their journeys. Pinterest indicated that the company had an 88% improvement in email click rate, and user surveys suggested 23% more positive feedback.

Pinterest gives users control on how much AI content they see

In mid-October, Pinterest added tools that allow users to control how much AI generated content they see, following user concerns on the spike of AI generated content. Through 'Refine your recommendations' setting, users can choose if they want to see less AI content in certain categories, including beauty, art, and fashion etc. The company expects to expand the new feature to more categories in the future.

Snapchat launches Topic Chats

In mid-November, Snapchat announced to launch Topic Chats. The new feature will bring chat feature to public conversations on the most trending topics. The company believes Topic Chat could help users to discover common interest with friends. Users can access the new feature through Chat shortcuts, search, Stories page, and Spotlight Videos. Topic Chat will be available to users in Canada, New Zealand, and US soon.

Snap launches Imagine Lens

In late October, Snap launched Imagen Lens, an open prompt image generation AI tool. Users will be able to use custom prompts to generate or edit their own lenses, and they can share the Lens with others, posting to Story, and share to external apps. The new AI Lens is currently available for all users. In September, Snap first launched the Imagine Lens to paid subscribers.

eCommerce

Strong traction for Amazon's AI shopping assistant, Rufus

Amazon indicated that more than 250mn customers have used Rufus in 2025 (through mid-November). Monthly active users of the AI shopping assistant are up 140% y/y while interactions are up 210% y/y, suggesting strong engagement and repeat usage. *Our take: Rufus is still in the early innings, and we expect the tool to eventually offer full agentic AI capabilities. Still, even in its current state, Rufus seems to be driving incremental GMV, with Amazon reporting that customers using Rufus during a shopping journey are 60%+ more likely to convert.*

Amazon sues Perplexity over agentic browser

Amazon sued Perplexity in early-November, demanding that the AI company stop allowing its browser to make agentic purchases on Amazon.com. Per Bloomberg, Amazon alleges that Perplexity is "committing computer fraud by failing to disclose when Comet is shopping on a real person's behalf, in violation of Amazon's terms of service", and that Comet "degrad[es] the Amazon shopping experience and introduce[s] privacy vulnerabilities". *Our take: Amazon appears hesitant to let 3Ps enable Agentic Shopping on the platform, likely in effort to remain as the starting place for eCommerce. Amazon's direct traffic has been a key driver for Amazon's Advertising business, and we expect Amazon to develop Agentic AI capabilities that leverage Amazon Prime subscription benefits.*

Kindle Translate allows authors to reach new audiences

Amazon introduced Kindle Translate, an AI-powered translation service for authors on Kindle Direct Publishing. Per Amazon, less than 5% of titles on Amazon.com are available in more than one language, making translation services a key tool for authors to reach new audiences (translation services are now available between English and

Spanish and from German to English). eBooks translated with this service will be available for purchase on the Amazon store, potentially increasing author earnings and driving incremental sales on the platform.

AWS partners with OpenAI

In early-November, OpenAI committed $38bn of cloud spend for access to Nvidia Blackwell chips on AWS. Compute is expected to be fully available by the end of 2026 and will be used for training next-generation AI models and processing ChatGPT queries (see report on $38bn cloud deal). *Our view: While this deal is relatively small vs OpenAI's deals with Oracle and Microsoft, we think this announcement supports the view that: (1) the AWS capacity ramp will enable accelerating AWS revenue growth, and; (2) AWS's dual AI chip strategy positions AWS to meet diverse client demand. From here, we think we think a natural progression of this partnership would be the addition of OpenAI's frontier models to AWS Bedrock.*

Alexa+ supercharges Amazon Music

Amazon Music users can now search songs using natural language with Alexa+, turning the discovery process into an experience akin to "talking with a knowledgeable friend about music". The AI-powered assistant can ingest both narrow prompts ("what was Rihanna's first hit?") and broad requests ("play some light music for a dinner party with the in-laws"), which can be iteratively changed based on follow up prompts. According to the company, Amazon Music users are 3x more likely to explore new songs when using Alexa+ vs the traditional (non-AI) Alexa.

Wayfair's AI flywheel starting to spin

Wayfair is incorporating learnings from Muse, Wayfair's AI engine that helps the company understand what inspires customers beyond basic search, Wayfair's mobile app and product carousels. According to mgmt., incorporating Muse into the Discover tab is being matched with contextual signals like location and upcoming weather to enhance personalization. This is having a "measurable lift in conversion, as well as visit duration for customers that engage with the tab" that mgmt. notes is driving incremental sales.

Etsy entering a "new phase" focused on harnessing AI

On the 3Q earnings call, outgoing CEO Josh Silverman explained that "Etsy is entering a new phase" that is "focused on harnessing AI to further personalize and transform the shopping experience". This includes initiatives around ChatGPT integration (see September's AI Roundup) and Etsy's own AI advancements on the app's discovery feed that Kruti Patel Goyal (incoming CEO effective Jan 1, 2025) indicates is already driving increased engagement.

Gig Economy

Zoox offers robotaxi rides in SF

In mid-November, Zoox began to roll out its robotaxis service to select users in San Francisco. By signing up for the 'Zoox Explorers' program, selected riders can take free rides in neighborhoods including SoMa, the Mission, and Design districts. Per Zoox's spokesperson, the company expects to add more robotaxis to its fleet and to completely open to SF public (removing the waitlist) in 2026. Zoox previously opened its service to general public in Las Vegas in September. Per CNBC, Zoox had deployed 50 robotaxis between SF and Las Vegas as of September.

Waymo rolls out service in 5 more cities & to freeways in 3 areas

In mid-Nov, Waymo announced to start its service in Miami, Dallas, Houston, San Antonio, and Orlando. Operations began in Miami on Nov.18th, and will start in the other 4 cities over the coming weeks. Prior to the announcement, the company had already disclosed plans to test in all of the 5 listed cities. Additionally, Waymos in Miami will no longer have safety drivers onboard. Earlier in the month, Waymo also announced to expand service to freeways across the SF Bay Area, Phoenix, and LA. In the Bay Area, Waymo's service will cover from San Francisco all the way down to San Jose, including curbside service at San Jose Mineta International Airport.

Waymo approved to significantly expand service area in California

In late November, California regulators approved Waymo to expand in in the state. In the Bay Area, Waymo is approved to cover East Bay, North Bay including Napa/Wine County), and Sacramento. The company is also authorized to expand to cover areas from Santa Clarita (north of LA) to San Diego.

Uber and Nvidia plan to deliver 100k AVs

In late October, Nvidia announced an updated L4 driver technology solution (Nvidia-DRIVE), and its intention to deliver 100k AVs as part of its partnership with Uber (with L4 vehicles beginning to rollout in 2027). Nvidia has indicated that Stellantis, Lucid and Mercedes will be building cars with L4 technology, some for personal use. We also note that Nvidia was lobbying for opportunity for China OEMs to supply vehicles in the US. Separately, Uber noted Stellantis will deliver at least 5k AVs to support operations in US and Int'l market, as Uber will be responsible for end-to-end fleet operations (like remote assistance, charging, and cleaning etc.). (See note: Uber partnership with Nvidia building momentum, L4 AVs coming in 2027)

Nvidia and Uber will build a robotaxi data factory together

Per Bloomberg, Uber will be working with Nvidia to build a robotaxi data factory that supports autonomous-vehicle development. Uber will provide the +3mn hours of AV-specific driving data to support the L4 AV training & validation and Nvidia will provide the necessary hardware including GPUs. Nvidia also announced NVIDIA DRIVE AGX Hyperion 10 (a production-ready, modular compute & sensor architecture for AV) and NVIDIA DRIVE AV (which provides full-stack L4 software) to accelerate AV development. The partnership also aims to provide technology support to multiple Uber's AV partners, including Aurora, Avride, May Mobility, Nuro, Pony.ai, Waabi, Wayve, and WeRide etc. Details on Uber investment in the project are limited, but we anticipate that Uber's capex contribution will be modest.

Subscription

Hinge's AI feature increases likes by 10% during pilot test

During Match Group's 3Q earnings call, mgmt. highlighted their AI-powered feature "Chemistry" which is an interactive matching feature that gets to know users through interactive questions and with permission, learns from their camera roll to better understand their interests and personality. The feature is live in New Zealand and Australia, with planned expansion in additional countries in coming months. For Hinge, the app's Conversation starters feature that offers personalized prompts for initial texts was able to drive 10% more likes with comments & stronger engagements during the testing, particularly with women.

Bumble creates an AI-first cloud native platform to launch in mid-2026

During Bumble's 3Q earnings call, CEO Whitney Wolfe Herd stated that Bumble is developing an AI-first, cloud native platform that is set to launch in mid-2026, which will serve as the engine for personalization at scale, enhanced safety and faster innovation across its ecosystem. The platform aims to turn real-time user insights to meaningful improvements, restoring long-term product led growth. In parallel, Bumble is also building a standalone AI product (in testing) designed to leverage its expertise in human connection and robust data infrastructure.

Facebook Dating is a surprise hit for the social network

Per New York Times (11/03), Facebook's Dating feature which launched in 2019, has recently gained traction with over 21mn daily active users (DAUs), compared to Tinder's 50mn and Hinge's 15mn monthly active users (MAUs). Tom Alison, head of Facebook, highlighted that the platform leverages existing connections by showing profiles with mutual friends or shared interests. Conversations among users under 30 grew 7% y/y, despite Facebook not spending on marketing for the service. The company recently added a Dating tab to some users' apps, and Alison attributes its success to being free and easy to use. Different from traditional dating platforms that mainly on subscription revenue, Facebook monetizes primarily through ads.

Other

OpenAI targets $20bn ARR

According to TechCrunch (on 11/06), OpenAI CEO Sam Altman revealed the company expects to end 2025 with $20bn in ARR and grow to hundreds of billions by 2030 ($100bn by 2027). Future growth initiatives include an enterprise offering, consumer AI devices and robotics (led by Jony Ive), and scientific discovery applications. Altman hinted at OpenAI entering the AI cloud market by selling compute capacity directly to businesses and individuals, anticipating surging demand for "AI cloud" services. However, OpenAI may still rely on equity financing or loans to fund its expansion, and press reports have highlighted potential difficulty in funding OpenAI's $1.4tn in reported data center commitments. *Our Take: We have had several questions on the "OpenAI dilemma" for Internet hyperscalers, who are both signing new deals for OpenAI cloud capacity, and aggressively competing with OpenAI for consumer usage. Weighing the pros and cons, we still view OpenAI as a net competitive threat to Big Tech Internet, with a modest (less than 5% benefit to Cloud revenues). See our note. A quick review of the OpenAI dilemma for internet hyperscalers.*

Anthropic build own data centers; commits $30bn to Azure

On 11/11, Anthropic announced a $50bn investment to build data centers with Fluidstack. These facilities – coming online throughout 2026 – will be custom built for Anthropic and "marks [Anthropic's] the first major data center build-out" independent of hyperscalers, according to Bloomberg. A few days later, on 11/18, Anthropic announced that it committed to purchasing $30bn of Azure compute capacity powered mainly by Nvidia's Grace Blackwell chips. However, the AI company also noted that AWS remains the Anthropic's primary cloud provider and training partner. *Our take: Demand for Anthropic services clearly outstrips existing capacity, and partnerships with Google and Azure have raised concerns on future AWS revenues from Anthropic workloads. It seems leading AI companies (including OpenAI) are diversifying their capacity supply, and we think AWS remains in Google position with Anthropic as its primary Cloud provider.*

OpenAI launches "Shopping Research" Tool ahead of holiday season

In late Nov, OpenAI launched a new shopping research tool within ChatGPT to help users create detailed, personalized shopping guides. The feature provides top product recommendations, key differences, and up-to-date information from reliable retailers, tailored to budget and preferences. The tool will activate/pop up automatically for prompts like "Find the quietest cordless stick vacuum" and complements OpenAI's recent e-commerce expansion, including the Instant Checkout feature introduced in September. Shopping research results will be based on public retail data, and the tool is now available to OpenAI's Free, Go, Plus, and Pro users.

Anthropic releases Claude Opus 4.5

Anthropic introduced Claude Opus 4.5 as its most advanced AI model for coding, agents, and complex computer tasks, with improved reasoning, vision, and mathematics. The model outperforms previous versions and human benchmarks on internal software engineering tests while using fewer tokens for similar or better results. Opus 4.5 adds an "effort" parameter for developers, enhanced context management, and integration with tools like Excel, Chrome, and Claude Code. Safety has improved with stronger defenses against prompt injection attacks, making it Anthropic's most robustly aligned model. Opus 4.5 is available via Claude apps, API, and major cloud platforms at $5/$25 per million tokens.

PayPal integrates Instant Buy with Perplexity

In late Nov, PayPal and Perplexity launched a new Instant Buy feature that allows U.S. users to complete purchases directly within Perplexity's AI-driven chat interface. The integration enables real-time browsing of merchant catalogs and checkout using PayPal's payment processing, identity verification, and buyer protection. Merchants include Abercrombie & Fitch, Ashley Furniture, Fabletics, Adorama, and NewEgg. PayPal will offer 50% back (up to $50) on a user's first purchase through Perplexity from November 25 to December 1, 2025. The partnership provides merchants with immediate access to Perplexity's shopping experience without major technical changes.

OpenAI launches GPT 5.1: faster reasoning, group chat & personalization

OpenAI launched GPT 5.1 in mid-November, introducing its latest version with faster reasoning, improved instruction-following and enhanced personalization features. The update includes a pilot group chat functionality feature that will allow up to 20 users to collaborate with ChatGPT in real time (within select countries). GPT 5.1 offers two models namely "Instant" which is built for speed and conversational use, and "Thinking" model which is for more complex reasoning tasks. Commentary suggests OpenAI's efforts are aimed to embed ChatGPT into professional workflows and comes amid the company reporting 1mn+ paying business customers across several industries.

OpenAI explores Consumer Health Apps

In early November, Business Insider reported OpenAI is considering developing consumer health tools such as personal health assistants and health data aggregators. The company has hired Nate Gross (cofounder of Doximity) to lead healthcare strategy and Ashley Alexander (former Co-Head of Product at Instagram) as VP of health products, reflecting its move into healthtech. ChatGPT serves over 800 million weekly users with many seeking medical information and has drawn investor attention to OpenAI's potential in health data integration. Key challenges include privacy, interoperability, and competition from firms like Alphabet's Verily, while partnerships with intermediaries may help overcome data access barriers.

OpenAI and Anthropic diverge on compute spending costs

In early November, OpenAI and Anthropic project similar revenue growth through 2028 but plan vastly different compute spending, with OpenAI forecasting $235 billion versus Anthropic's less than one-third of that amount (per The Information). OpenAI's higher costs stem from broader research initiatives and backup server investments, while Anthropic focuses on text-based AI and efficiency gains using multiple chip types. Both companies expect to spend a significant share of revenue on servers for R&D, though Anthropic projects higher gross margins and aims for positive free cash flow by 2027, compared to OpenAI's later timeline.

OpenAI Envisions Multimodal AI Device

At WSJ Tech Live (on 11/05), OpenAI CFO Sarah Friar shared that the company's upcoming AI device is designed for a multimodal world, likely integrating speech, audio, and visual capabilities. Friar emphasized that the goal is to move beyond "talking with our thumbs," creating technology that is more accessible to people who previously been shut out to tech. The consumer hardware initiative is led by former Apple designer Jony Ive.

Anthropic's 2028 projections

The Information reported that Anthropic is targeting $70bn revenue by 2028 and $17bn in free cash flow (24% margin) in an aggressive scenario. In a more achievable scenario, the company is aiming for $32.5bn in revenues and $3.6bn in FCF (11% margin). The company also projects overall gross margins (on unpaid and paid users) to expand from 47%e in 2025 to 75% in 2028 in its bull case.

xAI raising $15bn in latest funding round

Per CNBC (on 11/13), xAI seeks to raise $15bn from investors, adding to a previously reported $10 billion round that valued the firm at $200 billion. Musk later disputed the report on X, calling it "false." The new funding is expected to be allocated primarily toward purchasing GPUs for large language models, as AI startups continue to attract significant capital at higher valuations.

Grok 5 launch delayed to 2026

Elon Musk announced in mid-November that the next version of his AI chatbot, Grok 5, will launch in early 2026 instead of late 2025 and will be significantly more advanced than current models. Musk states that the model will have twice as many parameters (6 trillion) compared to its predecessors and will have a ~10% chance to reach human-level intelligence. The founder notes that Grok is being trained to be better at using tools, like searching the internet and understanding live videos. xAI is investing heavily in infrastructure, operating a massive GPU data center and spending ~$1bn/month to develop its AI models.

Elon Musk introduces Grokipedia, a rival to Wikipedia

In late October, Elon Musk launched Grokipedia, an AI-powered alternative information and media ecosystem aligned with his vision. The platform is built on Musk's Grok AI and currently hosts about 800k articles compared to Wikipedia at 7mn. Grokipedia limits human writing and editing (which is available on Wikipedia), though users can submit feedback. Per news reports, many entries on Grokipedia are adapted from Wikipedia under a Creative Commons license.

xAI and Nvidia sign $20bn GPU deal

In late October, Nvidia signed a $20bn deal agreement to provide xAI with GPUs for its Memphis Colossus 2 data center. The deal represents only a small percentage of Nvidia's quarterly data center revenue ($41.1bn in Q2), however it reinforces Nvidia's position as the leading supplier for AI model development. Nvidia projects global data center capex will reach $600bn by 2025 and up to $3-4tn by 2030.

Microsoft and Nvidia invest $15bn to Anthropic

In mid-November, Microsoft announced new strategic partnerships with Nvidia and Anthropic as the company expands efforts to diversify beyond OpenAI. Under the deal, Microsoft will invest up to $5 billion in Anthropic, while Nvidia will invest up to $10 billion, pushing Anthropic's valuation to about $350 billion from $183 billion in September. Anthropic committed to purchasing $30 billion of Azure compute capacity and up to 1 gigawatt of compute power from both Microsoft and Nvidia.

Microsoft charts path to Superintelligence, building own AI capabilities

Per WSJ (on 11/06), Microsoft's AI chief Mustafa Suleyman laid out a strategy for Microsoft's plan for AI self-sufficiency. Under its updated contract, Microsoft will have a 27% stake in OpenAI's new public-benefit corporation with access to OpenAI's model through 2032. However, the company plans to develop its own voice, image and text models, with healthcare as an early focus (highlighted by partnership with Havard Health). The company recently created a MAI Superintelligence Team that will prioritize safety, human-aligned values and containment measures to prevent AI from appearing sentient.

Perplexity expands to agentic commerce and secures government partnership
In mid-November, Perplexity announced a new agentic shopping feature for U.S. users that will enable seamless purchase directly from searched answers and eventually connect 5,000 merchants. The company also signed a landmark “OneGov” agreement with the U.S. General Services Administration, offering federal agencies deeply discounted access to its AI platform for 25 cents per agency over 18 months. Similar discounted AI deals have been announced by Google and xAI, highlighting growing competition to serve federal agencies.

TikTok lets users choose level of AI-generated content
In mid-November, TikTok launched a new setting that lets users control how much AI-generated content (AIGC) appears in there For You feed, alongside introducing advanced labeling technologies like invisible watermarking to improve detection. The AIGC control will roll out in the coming weeks within the app’s Manage Topics tool, allowing users to increase or decrease AI content visibility. TikTok will add invisible watermarks on AI-generated content created with its tools and uploaded with C2PA credentials, adding an extra layer of safeguards against label removal.

EU considers delaying parts of AI Act Amid External Pressure
The European Commission is weighing a pause on certain provisions of its AI Act following pressure from the U.S. government and major tech companies, according to the Financial Times in early November. The move comes after months of lobbying by firms like Meta and Alphabet and concerns from the Trump administration about trade tensions. While the EU remains committed to the Act’s objectives, discussions are ongoing about delaying targeted parts of the legislation as part of a broader simplification process. The AI Act took effect in August 2024, with many provisions scheduled for phased implementation in the coming years.

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Underperform	N/A	≥ 20%

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