Counterpoint
Technology Market Research

Understanding the New AI Ecosystem

Marc Einstein

Today's Agenda – Key Trends to Start the Day

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-The New AI Ecosystem – New Innovations in AI Changing the Rules

-Introduction

- Physical AI
- Sovereign AI
- Agentic AI
- AI Cities

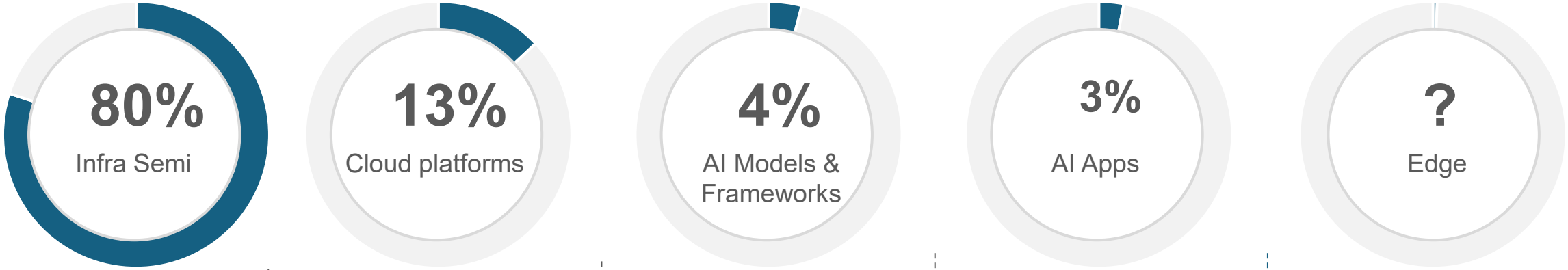
- Other Key Technologies to Watch

- Summary & Conclusions

Introduction

Revenues skewed towards AI infra building; AI consumption still low

Revenue Share, 2026



Supply: Building AI Capability

Demand: AI Use Cases

2026

Global LLM Monthly Active User Adoption Reaches 4.7bn

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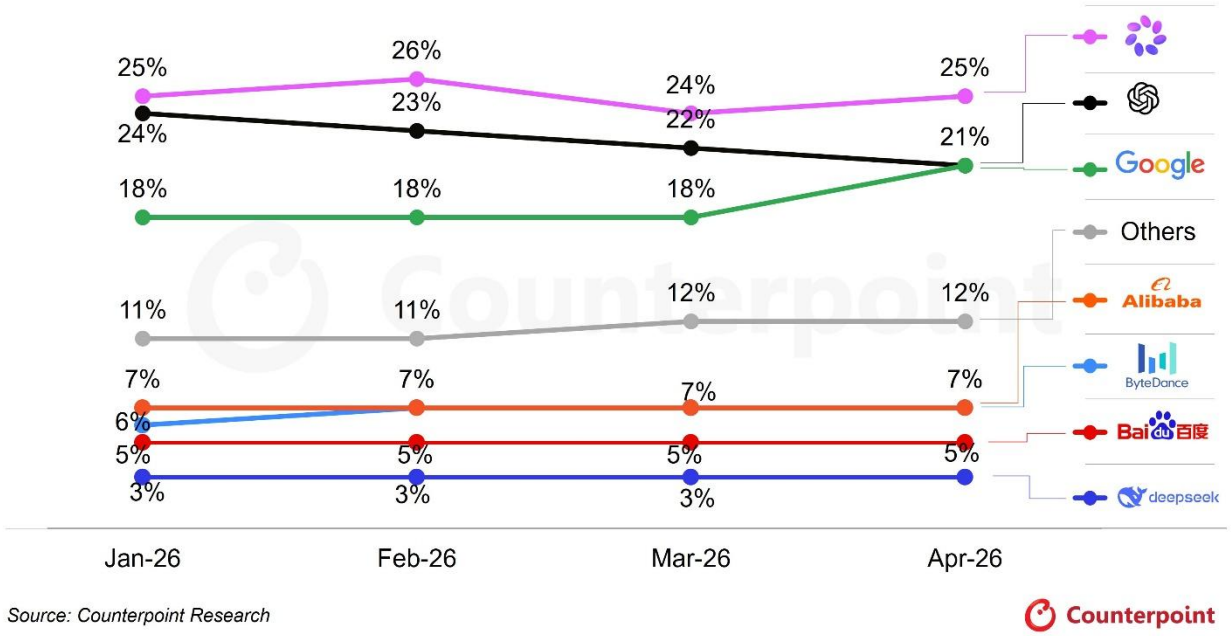
LLMs' Share in Total Global Monthly Active Users (4.7 Billion) in Apr-26



Source: Counterpoint Research

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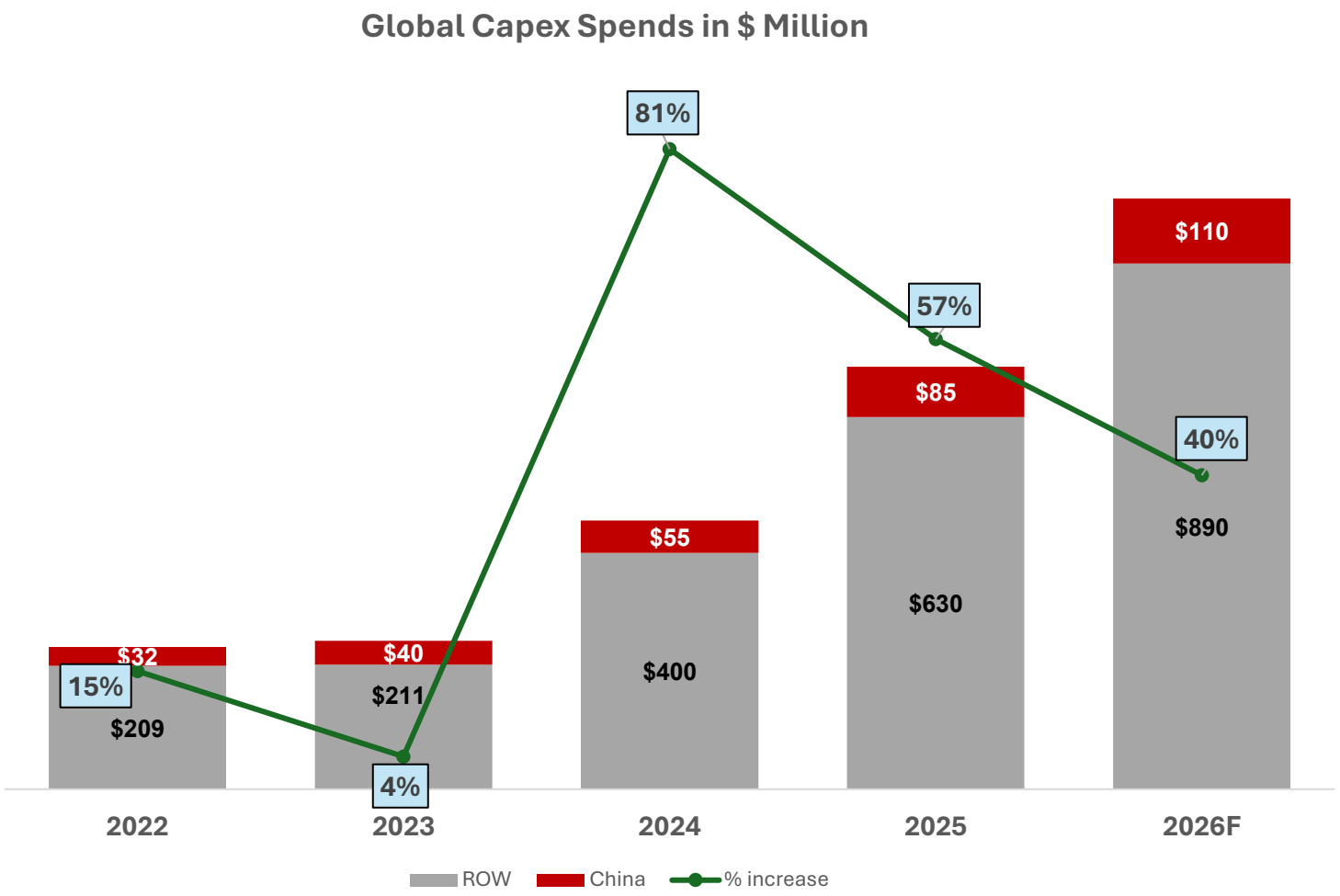
LLM	Monthly Active Users (in Mn) in Jan-26	Monthly Active Users (in Mn) in Feb-26	Monthly Active Users (in Mn) in Mar-26	Monthly Active Users (in Mn) in Apr-26
Meta	950	1,000	1,000	1,200
OpenAI	883	890	900	1,000
Google	670	700	750	1,000
ByteDance	230	270	300	345
Alibaba	280	285	300	320
Baidu	180	190	200	220
DeepSeek	127	132	140	145
Others	417	444	510	559

- Total global monthly active LLM users hit roughly 4.1 billion in Q1 2026, accelerating to approximately 4.7 billion by April 2026, reflecting strong adoption coming from both consumer and enterprise segments. led by Meta, OpenAI, and Google, holding the top three spots.
- Meta retained its position as the global MAU leader, growing from 950 million in January to 1.2 billion by April 2026 a 26% growth in just four months.
- Google surge is likely driven by aggressive Gemini's deep integration into search and Android is clearly pulling users in at scale. The Apple partnership (building next-gen Siri on Gemini, across 2B+ devices) is a massive structural tailwaing still playing out.
- ByteDance was a standout performer over the period, climbing from 230 Mn MAUs in Jan-26 to 345 Mn MAUs by April-26, a gain of 115 Mn users in just four months. ByteDance is emerging as a serious challenger among Chinese LLM players and is well-positioned to close in on the top three (Meta, OpenAI, Google) if the current trajectory holds.

Global Capex Spending Will Remain Strong in 2026



*__ROW Capex__ include Amazon, Google, IBM, Meta, Microsoft, Oracle
*__Chinese Capex__ include Alibaba, Baidu, Huawei, Tencent

- Global capex spends captured **57% YoY** growth in 2025 due to Big Tech players' investments.
- Major US cloud providers are pouring huge amounts of money into data centers. Google invested $75 billion, Amazon spent around $100 billon, Meta invested $60-$65 billion in 2025.
- Chinese CSPs saw a **55% YoY** increase in their 2025 spending, due to China's economic stimulus package and impact of DeepSeek.
- Investments in sovereign AI continued through 2025, with invisible national investments realized.
- Capex (China + ROW) in 2026 is expected to increase by 40% YoY.

How OpenAI & NVIDIA are Circular in the AI Value Chain

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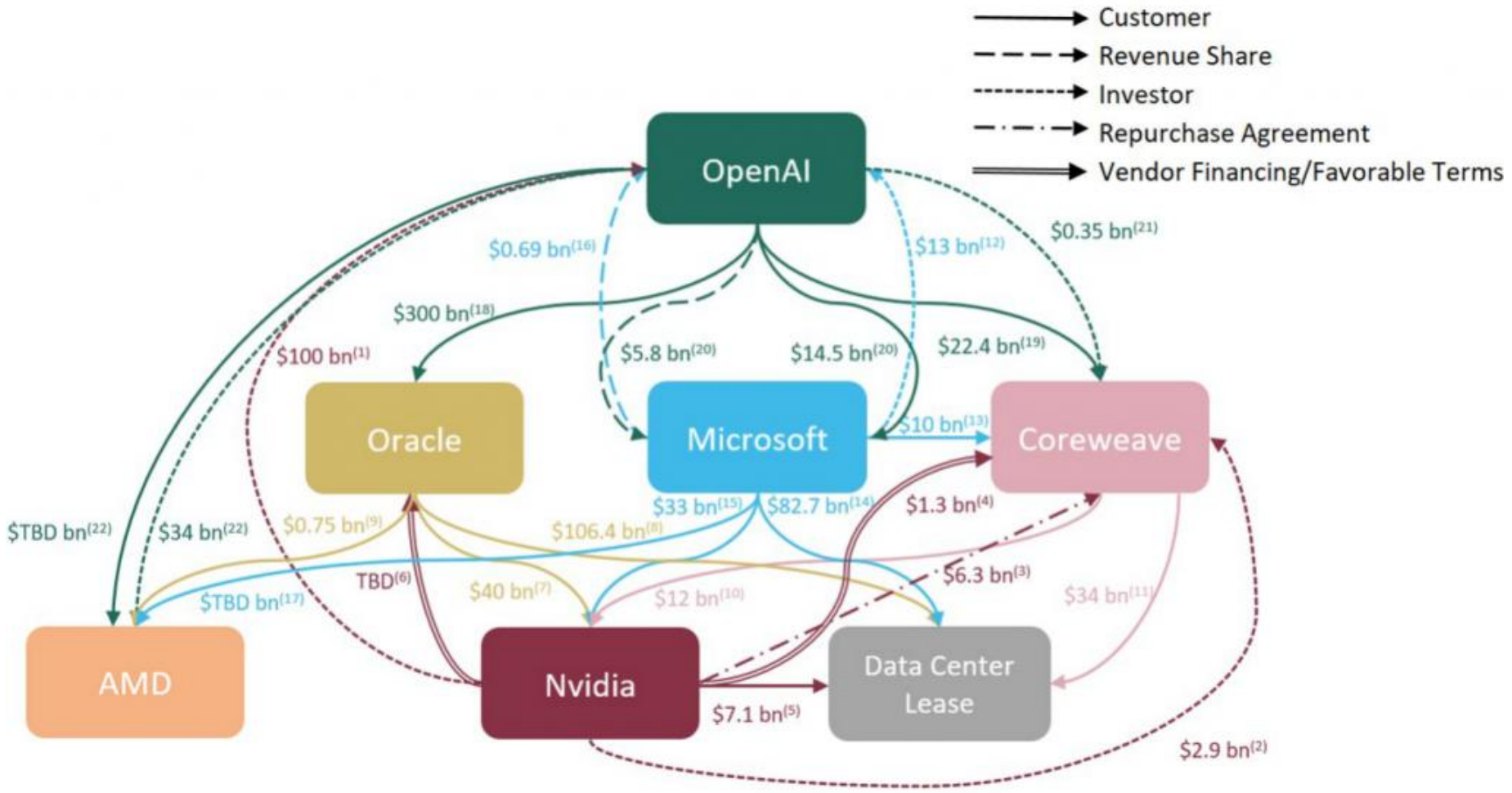
OpenAI has racked up around $1 trillion in deals in 2025 alone. This includes deals with Nvidia, AMD (which gave OpenAI warrants for 160 million shares), Oracle, CoreWeave, and others. OpenAI needs to generate returns on $1 trillion in infrastructure commitments - at a 10% return expectation, that's $100 billion in annual profit required, not revenue.



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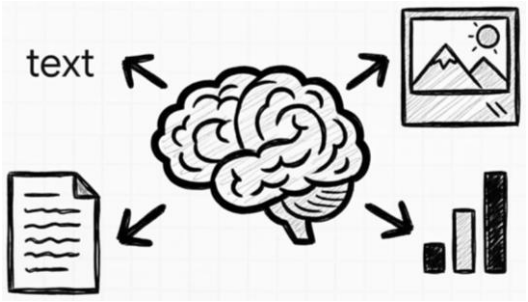
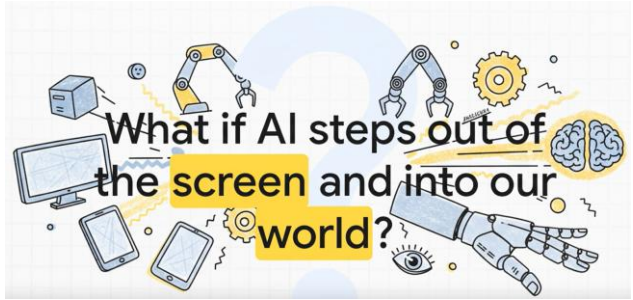
Physical AI

2026

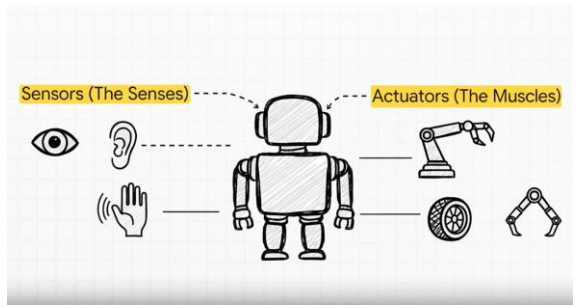
Introduction – What is Physical AI?



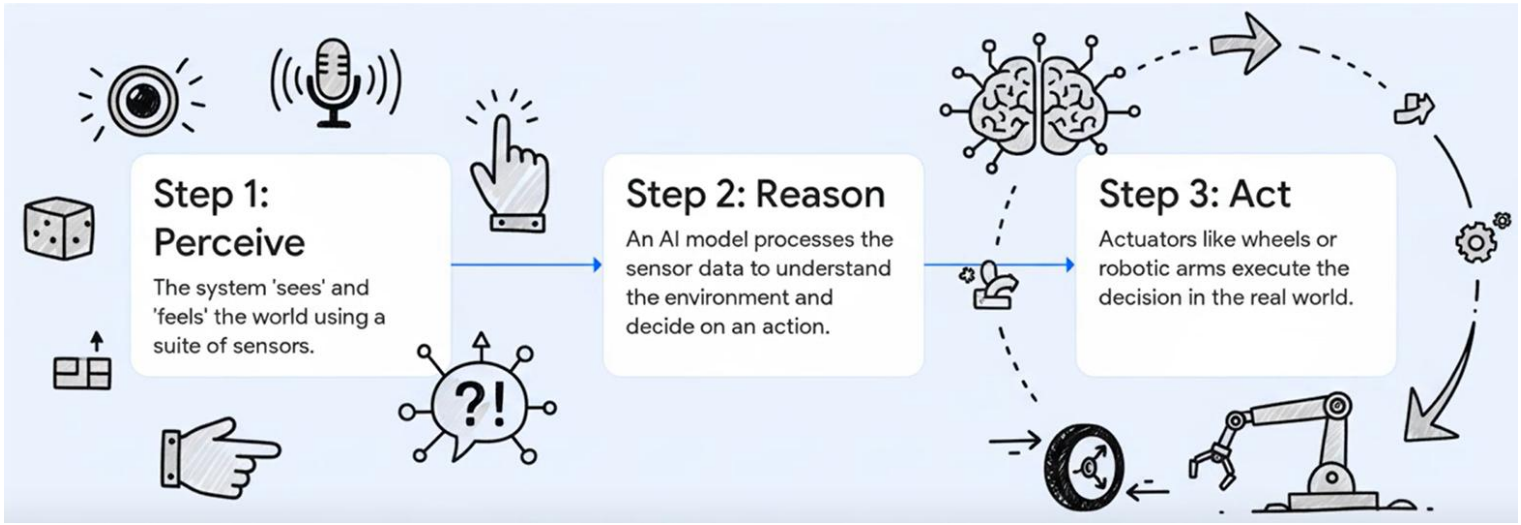
Generative AI
Writes essays, creates images/art , analysis large data



If AI can get hands, wheels and senses – what can be achieved?



Physical AI
AI techniques solving problems via di rect physical world interaction using sensors, AI brain and actuators



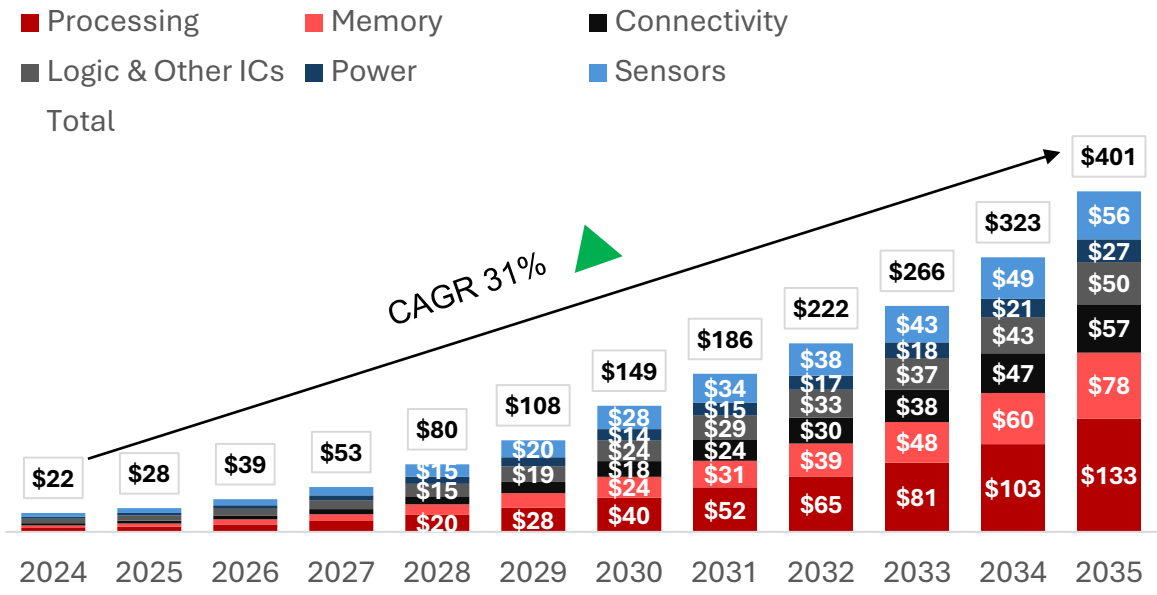
A Continuous Action Loop where in Real-Time:
Step 1: Gathers Data | Step 2: Uses AI brains reasons on what to do | Step 3: It carries out the decision

Physical AI operates beyond the digital sphere, using sensors and actuators to perform actions in the physical world.

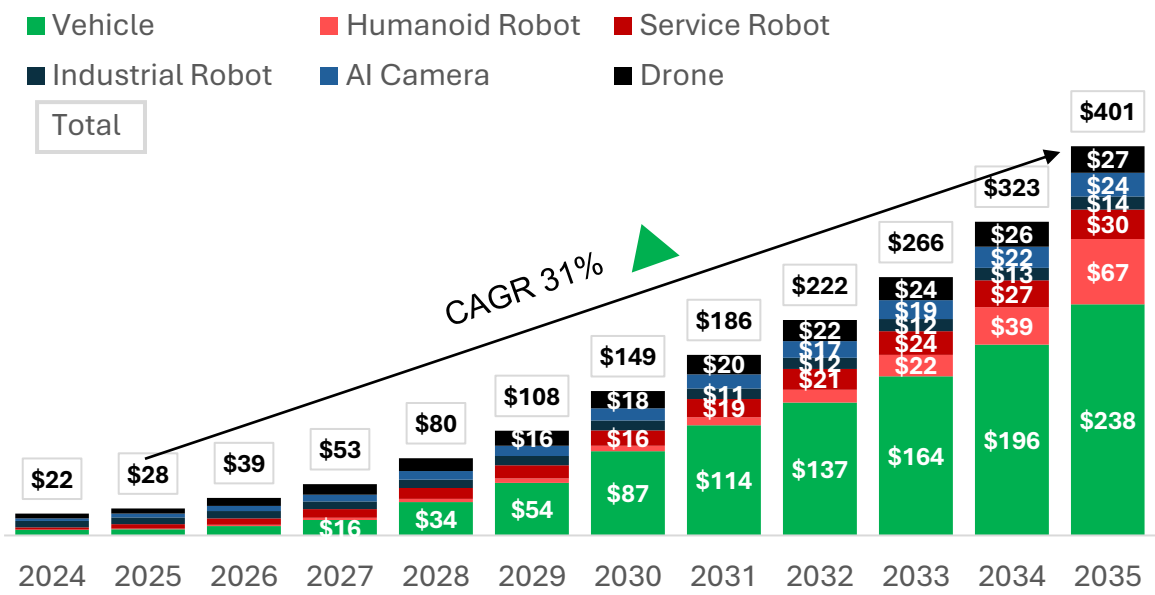
Sources: Counterpoint Research; images created using NotebookLM

Physical AI Semiconductor Market Shifts Toward Compute-Driven Growth, Led by Vehicles and Emerging Humanoid Robots

Global Physical AI Semiconductor Revenue (in $billion) by Type



Global Physical AI Semiconductor Revenue (in $billion) by Segment

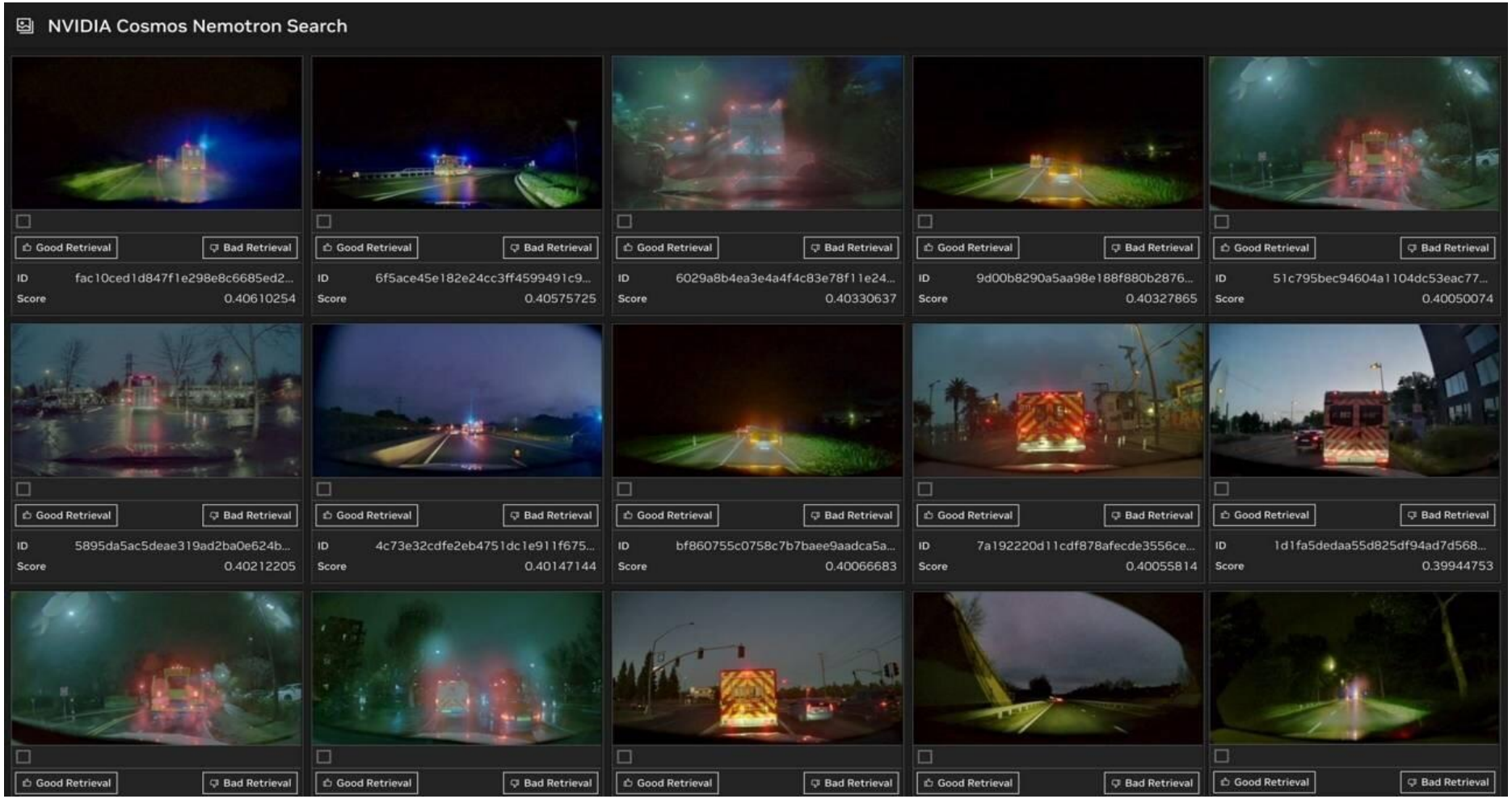


- The overall semiconductor revenue mix is clearly tilting toward compute-heavy architectures, with processing and memory together expanding their share significantly, indicating that Physical AI systems are increasingly defined by AI inference capability rather than hardware complexity alone.
- Vehicles emerge as the dominant revenue contributor, scaling rapidly to $238 billion by 2035 (43% CAGR), largely due to high semiconductor content per unit driven by ADAS, autonomous driving stacks, and centralized compute platforms.
- Humanoid robots, while starting from a small base, show the highest growth with a 60% CAGR, and a steep revenue inflection post-2030, reflecting a transition from pilot deployments to early commercialization of general-purpose robotics.
- In contrast, industrial robots grow with a relatively slow growth rate of 7% CAGR, indicating this is a relatively mature segment where growth is driven more by incremental upgrades and replacement cycles rather than a fundamental technology shift.

World Models – The Growth Engine Behind Physical AI

NVIDIA Cosmos

NVIDIA Cosmos is an open, high-performance world foundation model platform designed for physical AI, enabling robotics and autonomous vehicles to understand and simulate the physical world. It provides models for generating high-quality video, analyzing spatial data, and simulating scenarios, optimized for NVIDIA Blackwell GPUs to accelerate AI training and inference.



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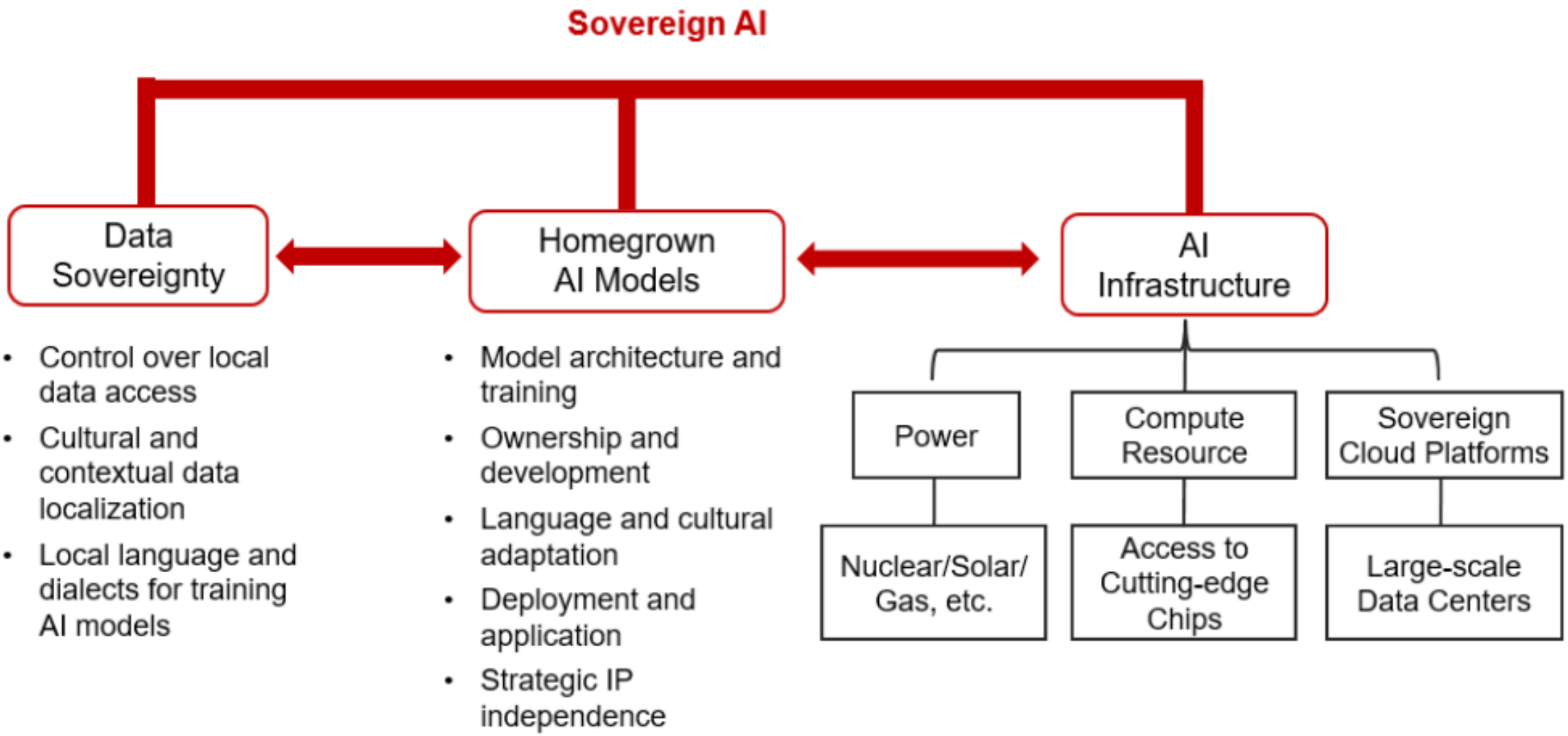
Sovereign AI

2026

What Exactly is Sovereign AI?



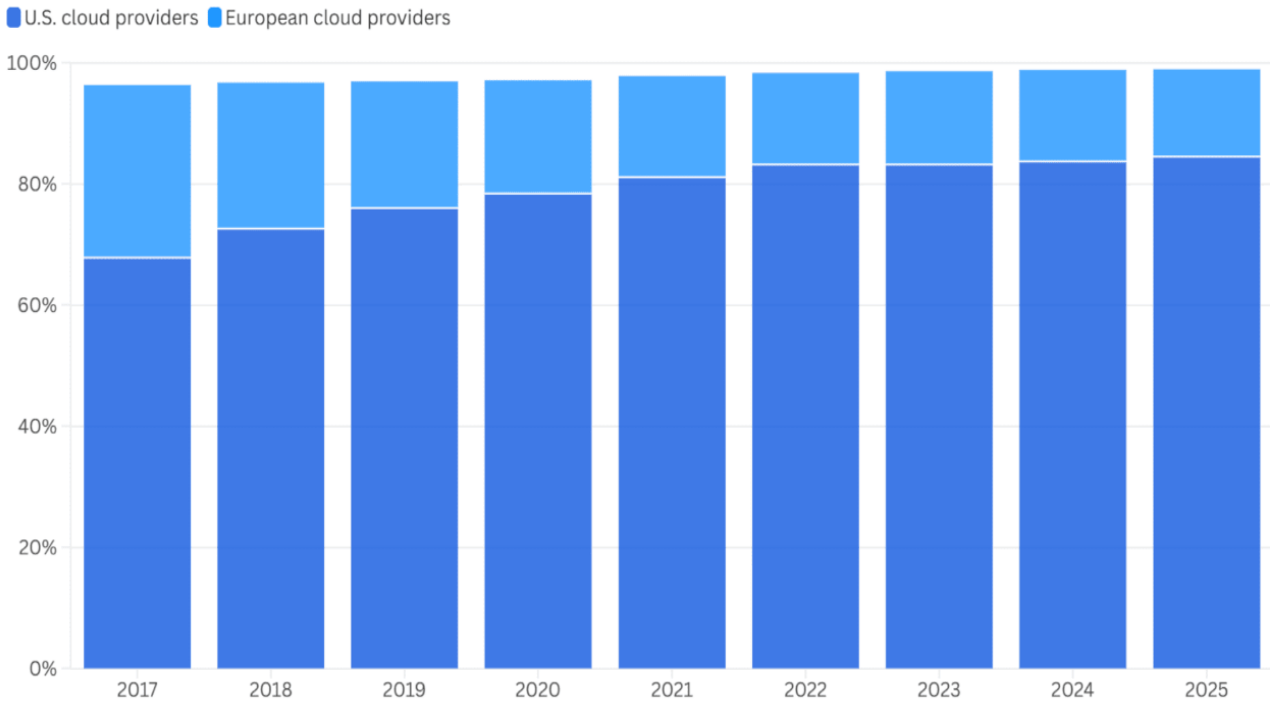
Why Are We Talking About It?

Europe's Dependence on US IT Infrastructure

Europe faces a sharp imbalance in digital infrastructure, relying on non-EU providers for over 80% of its digital products, services, and infrastructure. This systemic reliance on foreign technology has accelerated the push for Sovereign AI (SovAI).

U.S. cloud providers dominate European market, with share rising in recent years

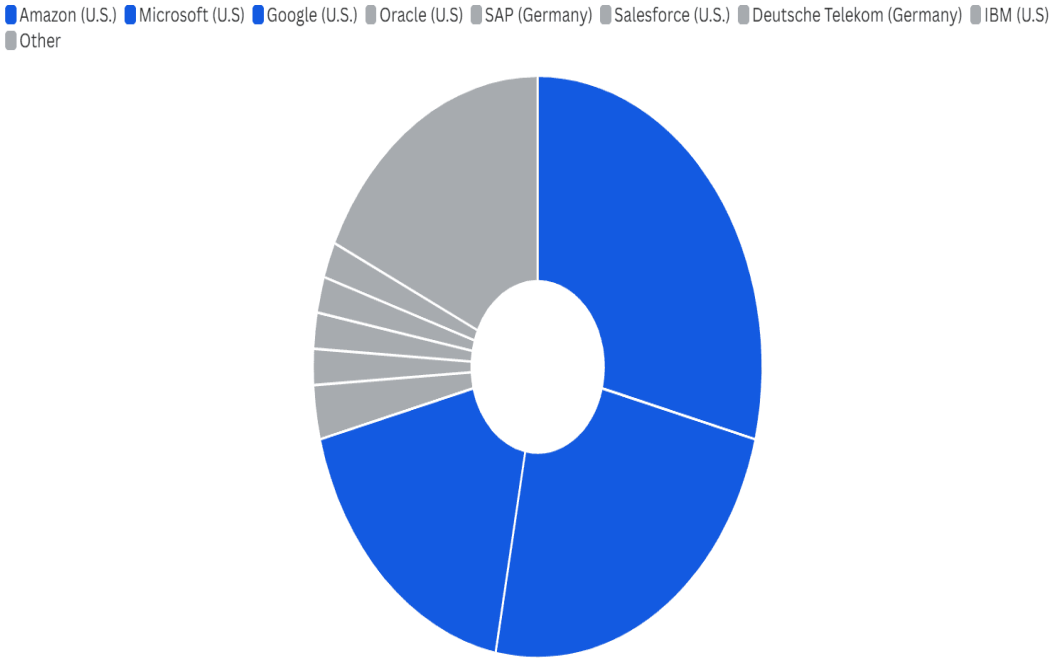
Market share of cloud providers serving Europe



Source: Synergy Research Group

Amazon, Microsoft and Google control more than 70% of the European cloud market

Estimated cloud market shares in Europe, fourth quarter 2025



Source: Synergy Research

Top 10 Sovereign LLMs

Ranked by capability and adoption in domestic markets. All 10 are foundational models, publicly funded or jointly developed by government and private partners; most optimize for deep native language coverage over English benchmarks.

#	Country	LLM Name	Developer	App
1	UAE	Falcon H1	TII (ATRC)	Falcon Chat + TAMM
2	Russia	GigaChat 3.1 Ultra	Sber AI (Sberbank)	GigaChat + MAX + SberBoom
3	Saudi Arabia	ALLaM	HUMAIN (orig. SDAIA)	HUMAIN Chat
4	India	Sarvam 105B	Sarvam AI	Indus
5	UAE	Jais 2	Inception (G42) + MBZUAI + Cerebras	Jais Chat + TAMM
6	Switzerland	Apertus	EPFL + ETH Zurich + CSCS	Public AI + Swiss AI Assistant
7	India	Sarvam 30B	Sarvam AI	Samwaad
8	UAE	K2 Think V2	MBZUAI + G42 + Cerebras	K2 Think
9	South Korea	A.X 3.1	SK Telecom (SKT)	A. (A-dot)
10	Japan	LLM-jp-4	LLM-jp consortium (NII, LLMC)	-

***Only the latest version of LLM is tracked; US and China excluded*

KEY PATTERNS

3 / 10

Built in the UAE

Falcon H1, Jais 2, K2 Think V2. The G42 + MBZUAI ecosystem powers two of the three.

STATE BACKING IS UNIVERSAL

10/10 are government, public bodies, or joint governm ent and private programs. No fully private sovereign L LM in the top 10.

NATIVE LANGUAGE DEPTH

9/10 lead in native languages. Russia covers 30, India 22, UAE/Saudi span Arabic + multiple regional dialect. Outlier is K2 Think V2 (UAE, #8), the only English first model (across science, math, code). Built for global be nchmarks rather than local users.

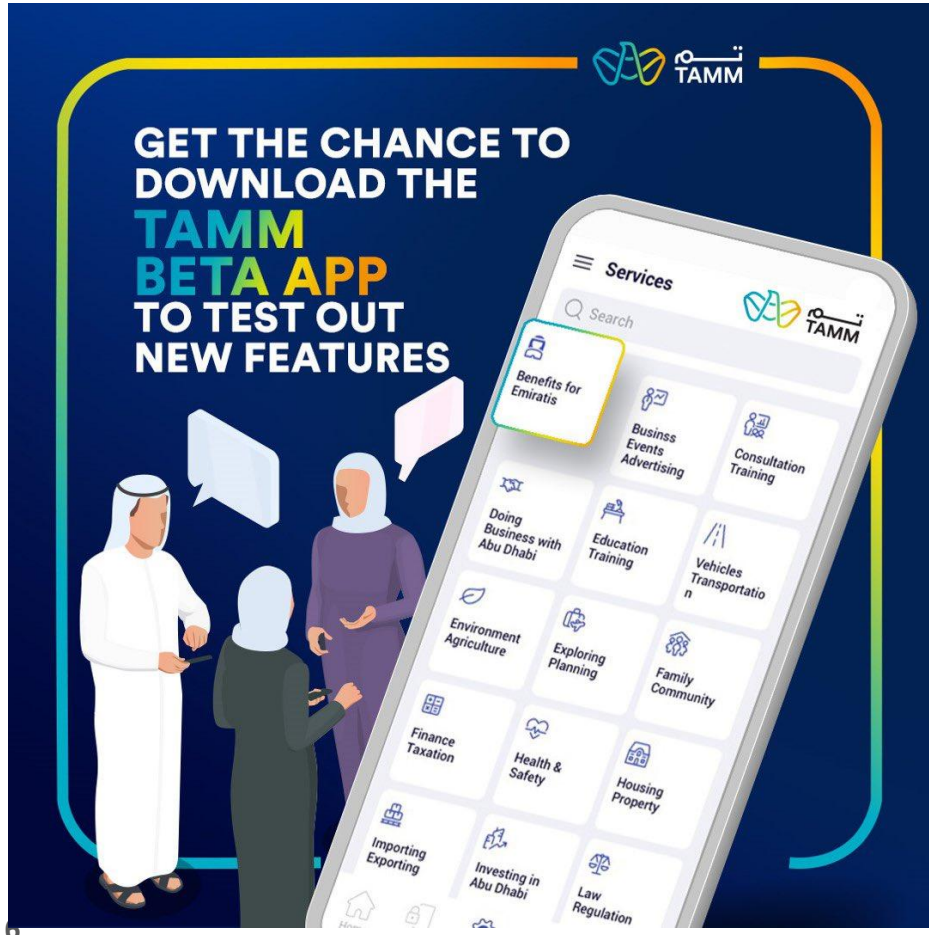
MoE SCALES

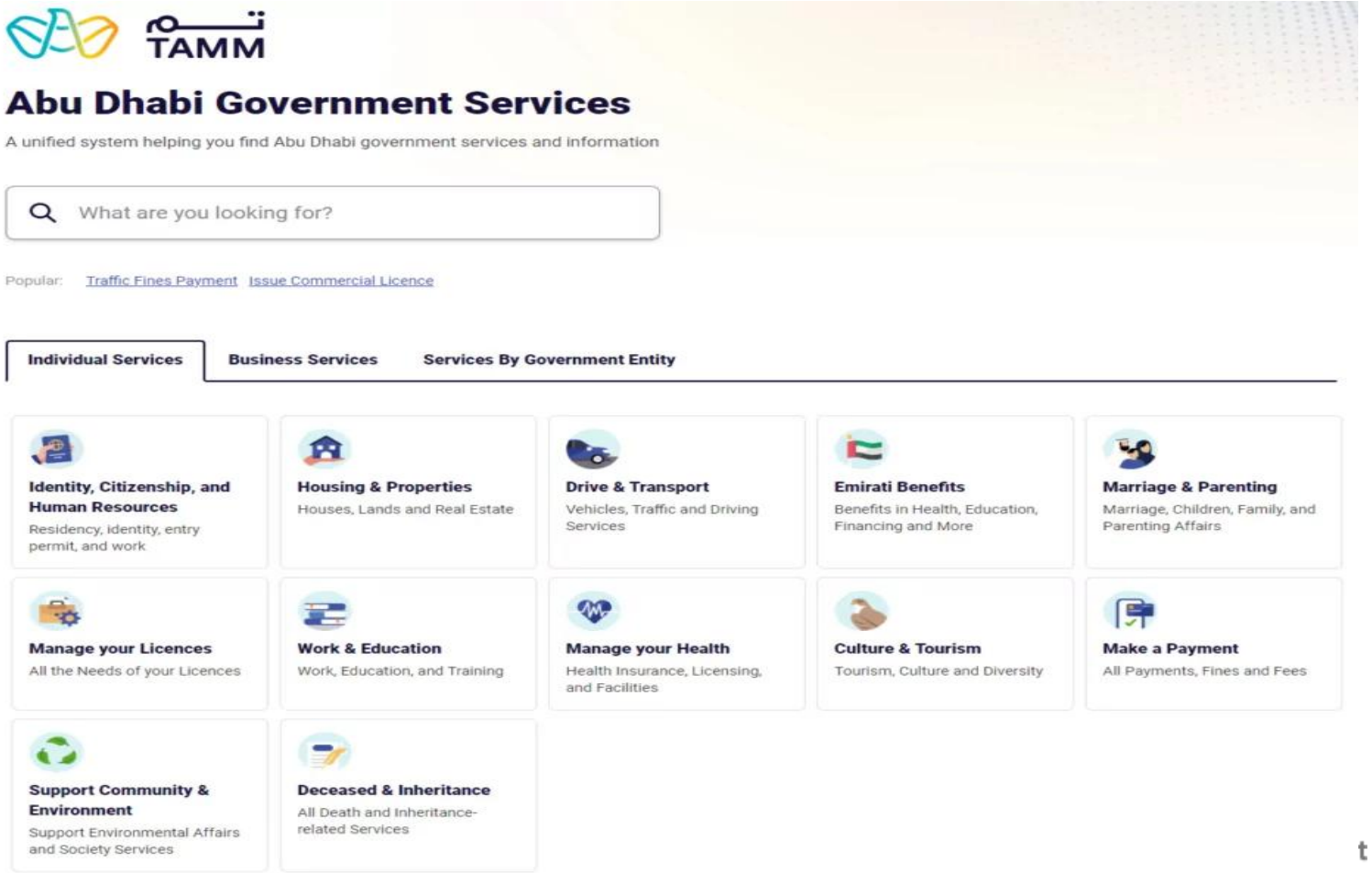
7/10 are **dense** (8B–70B). The two largest models Gig aChat 3.1 Ultra (702B) and Sarvam (105B) use **MoE** to manage inference cost. Falcon H1 stands apart as the only **hybrid** architecture.

Sovereign AI in Action - TAMM

Abu Dhabi TAMM App

Built on sovereign infrastructure, the TAMM app is the official one-stop digital platform for all Abu Dhabi Government services. It allows citizens, residents, business owners, and visitors to access over 1,000 smart government and private sector services directly from their smartphones.





Source: Government of Abu Dhabi.

Sovereign AI in Action – Emirati Genome Program

Emirati Genome Program

Also built on sovereign infrastructure, Doctors use the genomic blueprint to anticipate, diagnose, and treat hereditary conditions before symptoms manifest, lowering the prevalence of chronic illnesses in the community. The program is one of the largest population-based genome initiatives in the world, with over 750,000 UAE nationals sequenced out of a targeted 10 million.

How to participate

1. Locate a collection centre

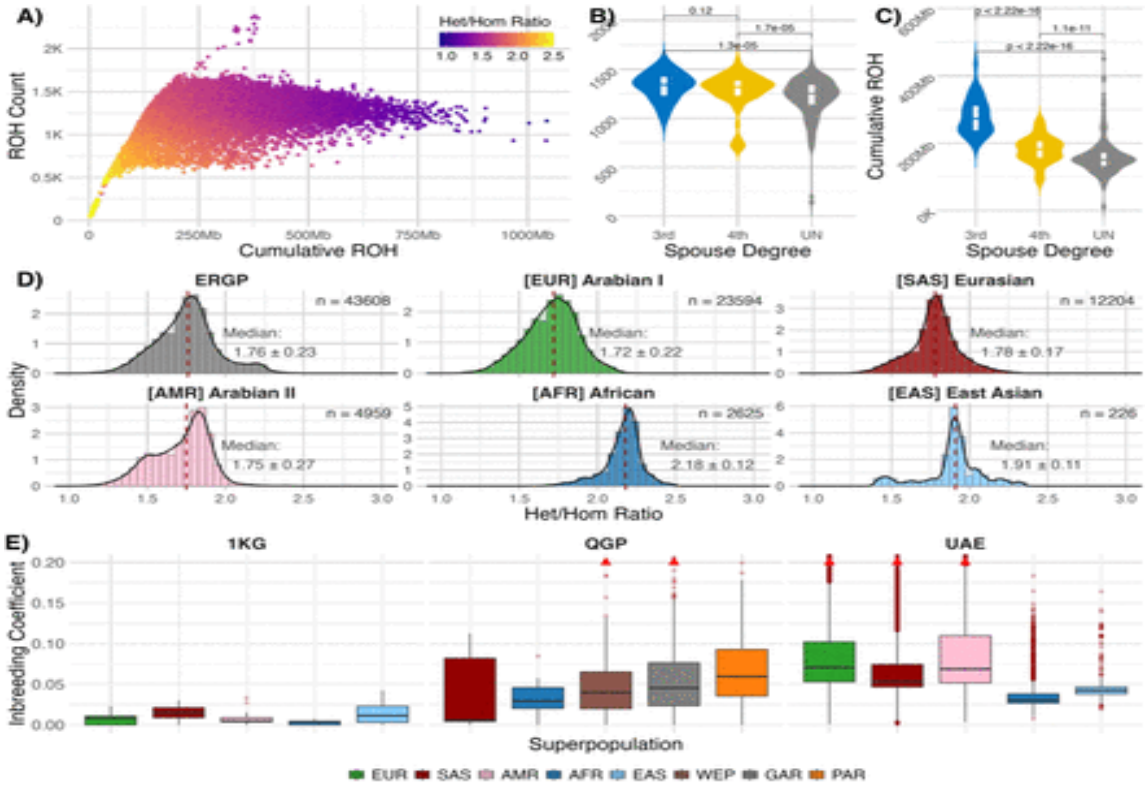
2. Registration

3. Consent form

4. Data encryption

5. DNA sample collection

6. Transfer and analysis of sample



17 Source: Government of Abu Dhabi.

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Agentic AI

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Financial Markets See Great Disruption from Agentic AI

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Stock Performance of >1 Trillion OpenAI Token Users

Companies that processes over 1 trillion token on OpenAI

#	Name	Company	Role	Industry
1	Isaac Andersen	Duolingo	Senior SWE	Education
2	Alex Atallah	OpenRouter	CEO and Co-Founder	AI Infrastructure
3	Chris Colon	Indeed	Director, AI Platforms	Recruitment
4	John Emmons	Salesforce	AI Leadership	Enterprise Software
5	Harjot Gill	CodeRabbit	CEO and Co-Founder	Developer Tools
6	Cris Ippolite	iSolutionsAI	CEO and Director of AI	AI Services
7	Jiahui Jiang	Outtake	Engineering	Media
8	Mahesh Kumar	Tiger Analytics	CEO and Co-Founder	Analytics
9	Calvin Lee	Ramp	Founding Engineer	Fintech
10	Zachary Lipton	Abridge	Co-founder & CTO	Healthcare
11	Joel Liu	Sider AI	Founder	Developer Tools
12	Zach Lloyd	Warp.dev	Founder & CEO	Developer Tools
13	Dani Passos	Shopify	Developer/creator relations	E-commerce
14	Sarah Sachs	Notion	AI Lead / AI Engineering	Productivity Software
15	Douglas Schonholtz	WHOOP	Senior AI Engineer	Healthtech
16	Praty Sharma	HubSpot / Dashworks	AI / Co-Founder	CRM
17	Denis Shiryayev	JetBrains	Group Product Manager	Developer Tools
18	Sam Spelsberg	Delphi	Co-founder & CTO	AI Research
19	Ashwin Sreenivas	Decagon	Co-founder	Education
20	Shriram Sridharan	Rox	Co-founder	AI Startup
21	Nandan Thor	T-Mobile	VP of AI, Product & Engineering	Telecommunications
22	Shashi Upadhyay	Zendesk	President, Product/Engineering/	Customer Support
23	Aaron Weldy	Harvey	Software Engineer	Legaltech
24	Luke Woloszyn	Read AI	Senior Data Scientist	AI / Productivity
25	Danny Wu	Canva	Head of AI Products	Design
26	Scott Wu	Cognition	Co-founder & CEO	AI Research
27	Kai Xin Tai	Datadog	Product Manager	Cloud Infrastructure
28	Denis Yarats	Perplexity	Co-founder & CTO	Search / AI
29	Pablo Zamudio	Mercado Libre	AI & Data / ML Expert	E-commerce
30	Kay Zhu	Genspark AI	Co-founder & CTO	Education

Source: Counterpoint Research.

The publicly traded companies in OpenAI's 1 trillion token club averaged a roughly –33% return since DevDay in October 2025, badly underperforming the broader market. Datadog was the only winner (+26%), while the rest — Duolingo, ServiceNow, Shopify, Salesforce, and HubSpot — all fell sharply, largely due to a broad SaaS selloff driven by fears that AI agents would disrupt traditional software businesses.

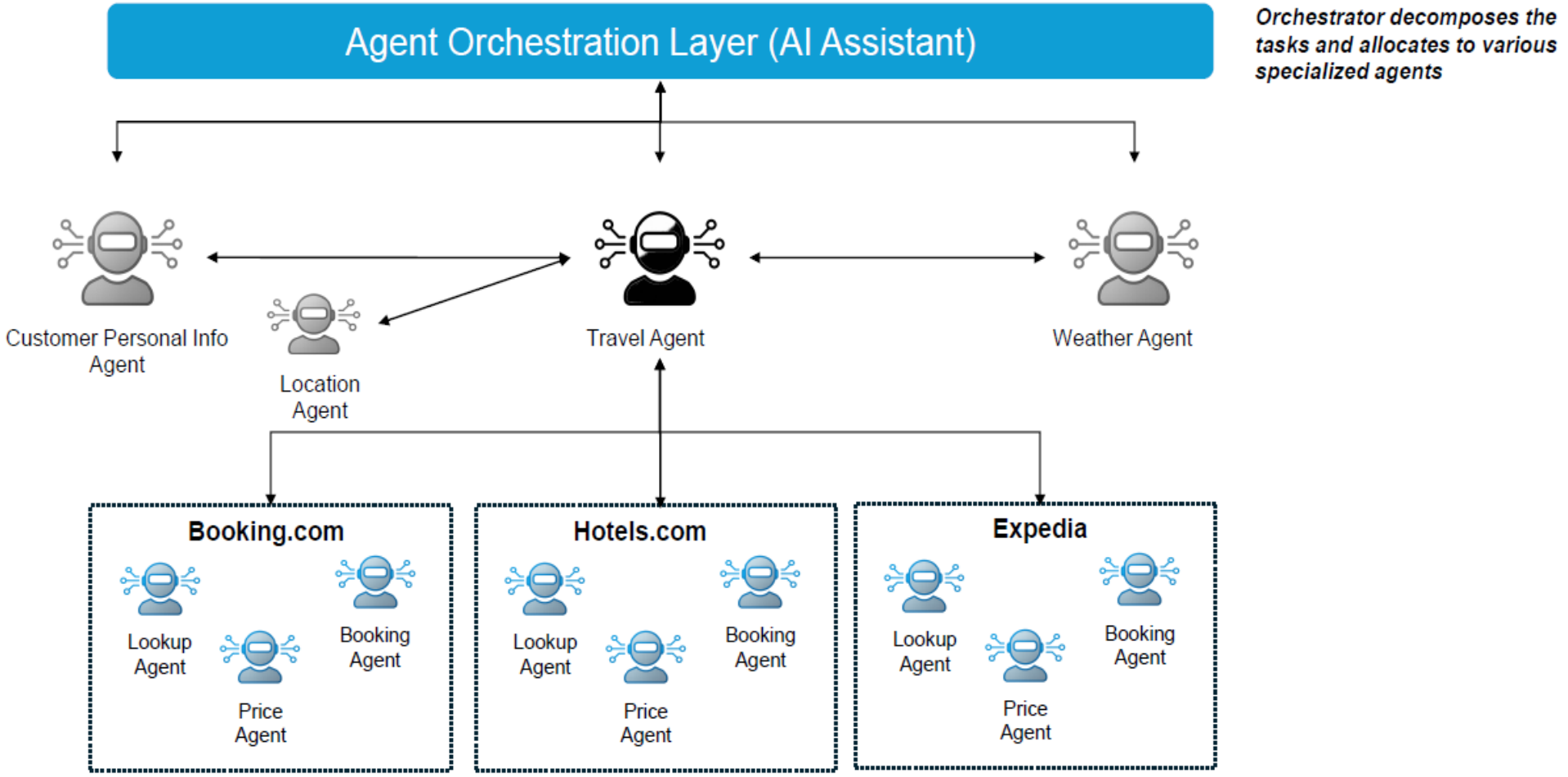
Stock Performance Since October 7, 2025

(OpenAI DevDay list release — to May 10, 2026)

Company	Ticker	Return
Duolingo	DUOL	-66.3%
HubSpot	HUBS	-56.2%
Shopify	SHOP	-31.5%
Mercado Libre	MELI	-25.4%
Salesforce	CRM	-24.2%
T-Mobile	TMUS	-15.0%
Datadog	**DDOG**	**+29.5%**

Agentic AI = A New Interface and Business Model for Apps

Task: Book a hotel according to my preferences from October 15 to 18 in a place with good weather in Europe. I should not have visited the place in the past and it should be a small, beautiful town.

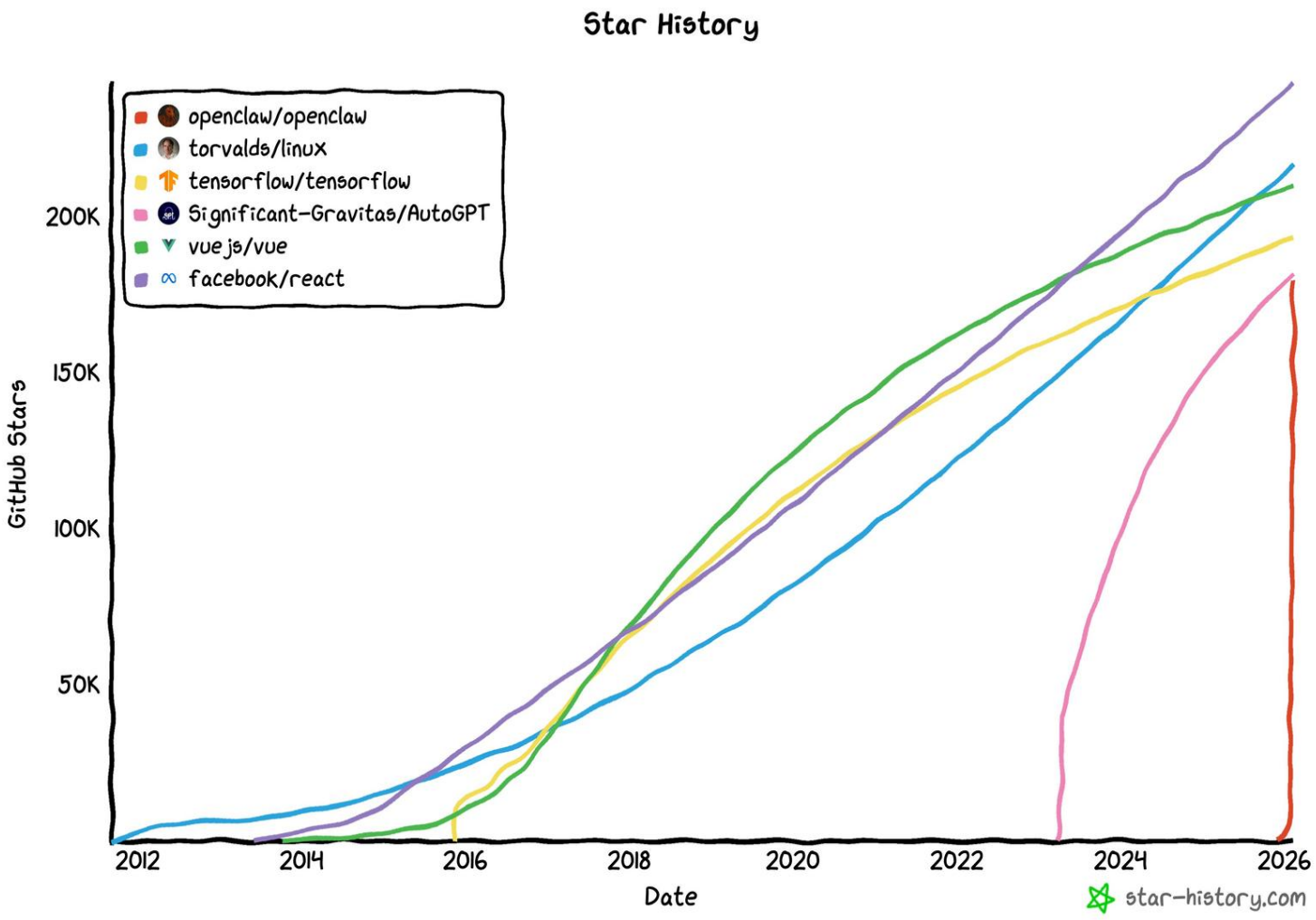


Orchestrator decomposes the tasks and allocates to various specialized agents

Source: Counterpoint Research – AI 360 Tracker

The Rise of OpenClaw

Openclaw GitHub Usage



OpenClaw is an AI agent, a tool that can autonomously conduct personal tasks such as sending emails and shopping online. Usage in China is currently outstripping the U.S., according to American cybersecurity firm SecurityScorecard.

However, the free-to-download software also poses security risks, prompting many users to run OpenClaw on a cloud computing server or laptop separate from their primary device. If allowed direct access to a personal computer, the AI agent could autonomously alter private data such as banking information, or enable hackers to access it more easily.

As people in China jump on the OpenClaw trend, they are turning to preowned computers, Ji said in a phone interview.
He likened the demand surge to the pandemic, when many people bought more personal computing devices since they were working and spending more time at home.

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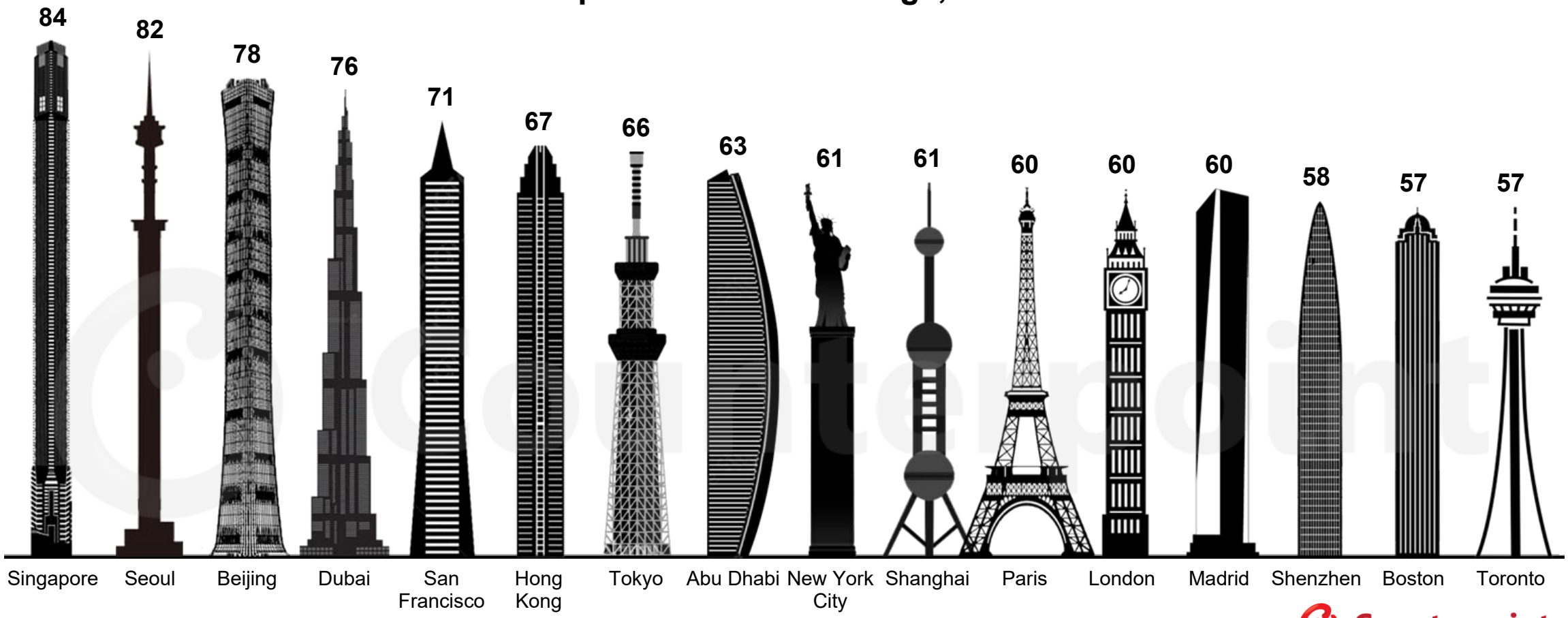
AI Cities

2026

Top 15 Global AI City Rankings 2025

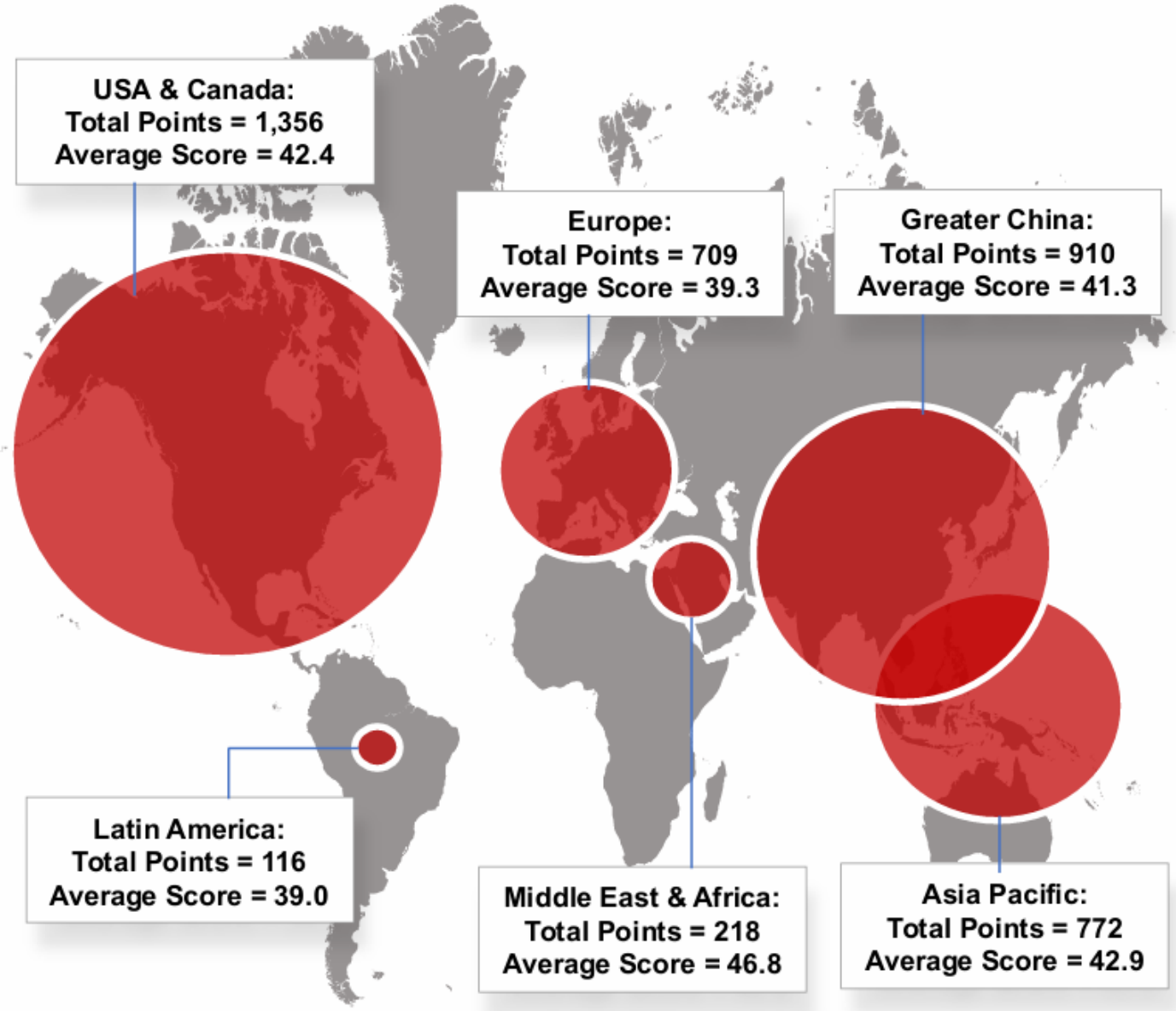
- **Singapore was the top AI city in the world, according to Counterpoint's rankings, followed closely by Seoul. China and the US had the most cities in the top global 15 rankings, while the UAE is notable for having both of its major cities ranking as top-tier AI cities.**

Top 15 AI Cities Rankings, 2025



Source: Counterpoint Research – 2025 Counterpoint Research AI Index.
**Scoring measures the development of AI in each city; maximum score 100.*

AI City Rankings – Regional Comparison

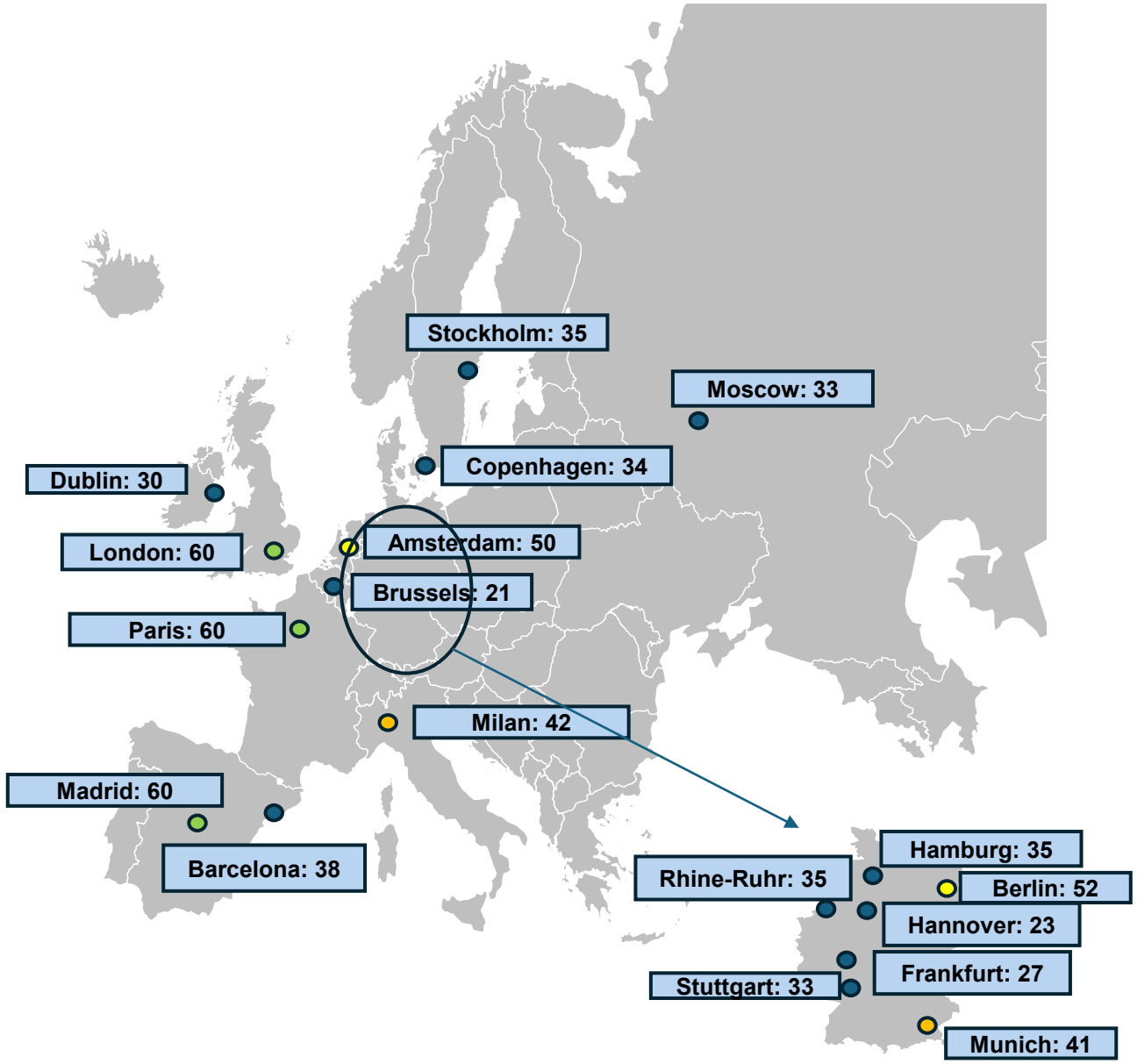


Regional Highlights:

- The USA and Canada combined were by far the largest region in terms of points for AI cities, with 1,356, as there has been significant AI development in most major metropolitan areas. However, the average city score of 42.4 trailed those in the Middle East & Africa and Asia Pacific regions.
- Greater China was the second-largest scoring region with 910 points and is larger than the rest of the Asia Pacific region combined. Its average city score of 41.3 was slightly behind the Asia Pacific and the USA and Canada regions.
- The rest of the Asia Pacific region was third with 772 points. The average city score was the second-highest at 42.9 due to high-performing cities such as Singapore, Seoul, and Tokyo.
- Europe was the fourth-largest region with 709 points. Despite a strong performance in some cities, the overall AI city development in Europe trails that in other developed regions.
- The Middle East & Africa region ranked fifth with 218 points as only 6 cities qualified. Their average score of 46.8 was the highest due to the strong performances of Dubai and Abu Dhabi.
- Latin America was in sixth position with 116 points, as only four cities qualified for the survey.

Source: Counterpoint Research.

Europe AI City Rankings



Source: Counterpoint Research.

Europe Highlights:

- Europe had the third-largest number of AI cities included in the survey with 18, tied with the Asia-Pacific region excluding Greater China.
- The European regional leaders were London, Paris, and Madrid, which all scored 60 points. Berlin and Amsterdam both scored well with 52 points and 50 points, respectively.
- Germany is an important cluster for AI cities in Europe as seven of its cities are included in the top 100 AI cities. In addition to Berlin, Munich is also an important city due to its startup and manufacturing initiatives.
- Europe is generally lead by public sector initiatives although there are some exceptions such as London and Paris. Across the region, t here were many initiatives to increase the use of AI in sectors such a s transportation, education and healthcare although the regulatory environment makes this more challenging in some respects.
- Europe also has several supercomputing initiatives in cities such as Barcelona and Copenhagen.
- Some important cities such as Helsinki, Vienna, Warsaw and Swiss cities were not included in the study as they are not in the top 100 global metropolitan areas.
- The use of AI in the telco sectors and in the private sector overall are areas that could be improved.

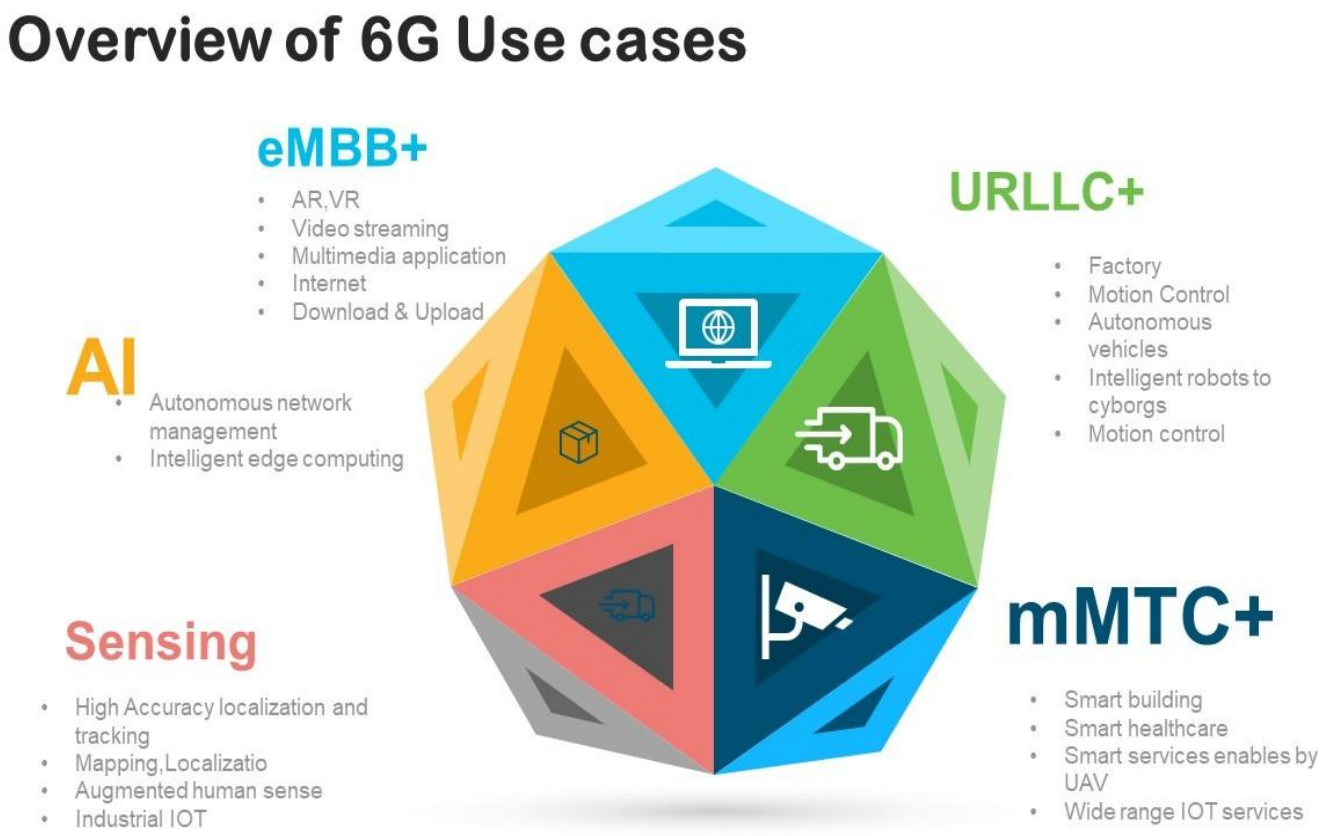
Key Technologies to Watch

6G Networks Take Shape

5G vs. 6G Comparison

6G technology, expected around 2030, will enable a hyperconnected world by blending physical, digital, and biological realms. Key use cases include immersive, multi-sensory extended reality (XR), high-precision networked robotics, AI-integrated sensing for environmental mapping, digital twins for industries, and ubiquitous coverage via non-terrestrial networks (satellites).

Major factors	6G	5G
Peak data rate	> 100Gb/s	10[20] Gb/s
User experience data rate	> 10Gb/s	1Gb/s
Traffic density	> 100Tb/s/km^2	10Tb/s/km^2
Connection density	> 10million/km^2	1million/km^2
Delay	< 1ms	ms level
Mobility	> 1000km/h	350km/h
Spectrum efficiency	> 3x relative to 5G	3~5x relative to 4G
Energy efficiency	> 10x relative to 5G	1000x relative to 4G
Coverage percent	> 99%	About 70%
Reliability	> 99.999%	About 99.9%
Positioning precision	Centimeter level	Meter level
Receiver sensitivity	< −130dBm	About −120dBm



Source: Counterpoint Research.

Quantum Computing – The Next Big Trend

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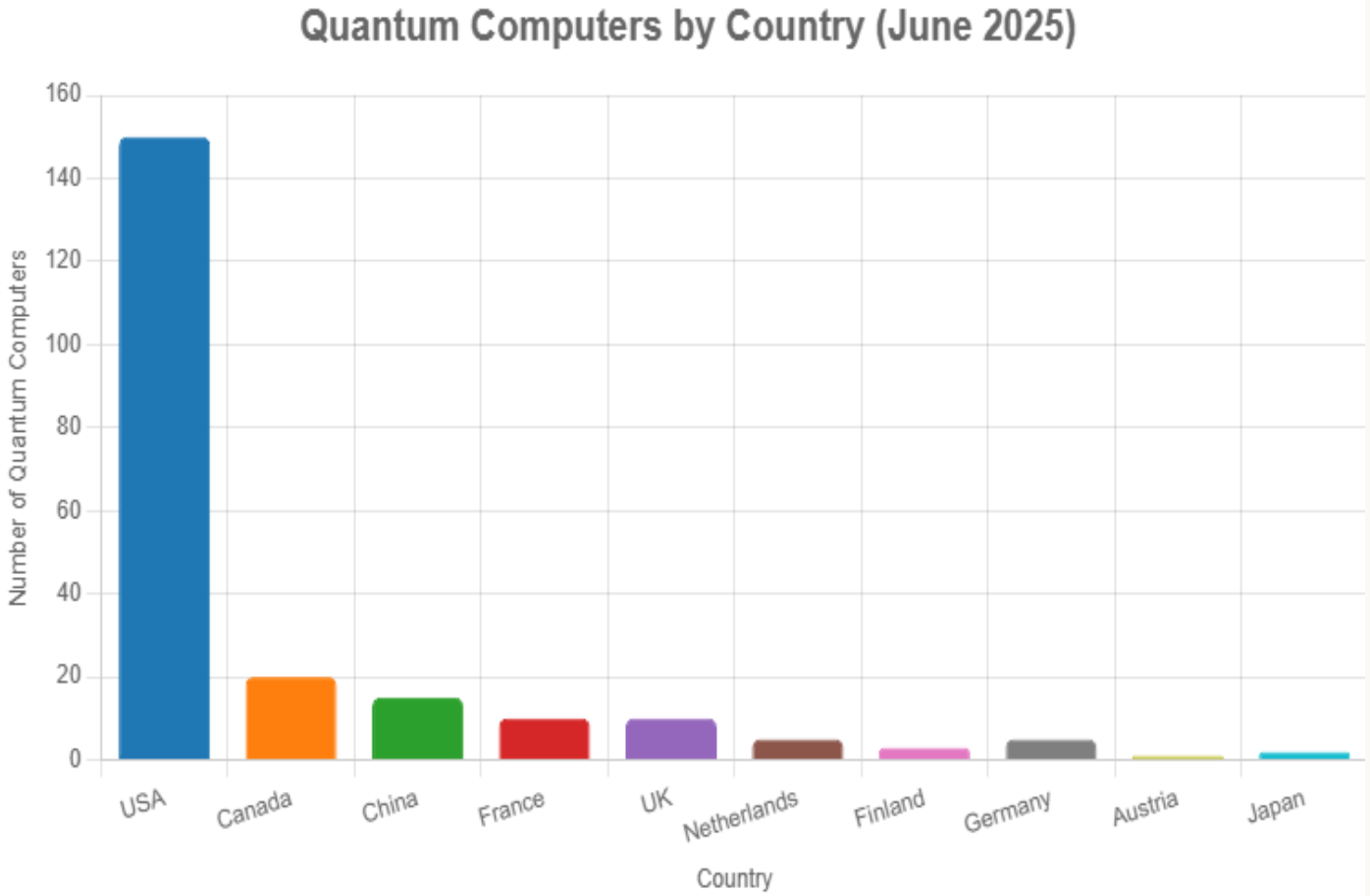
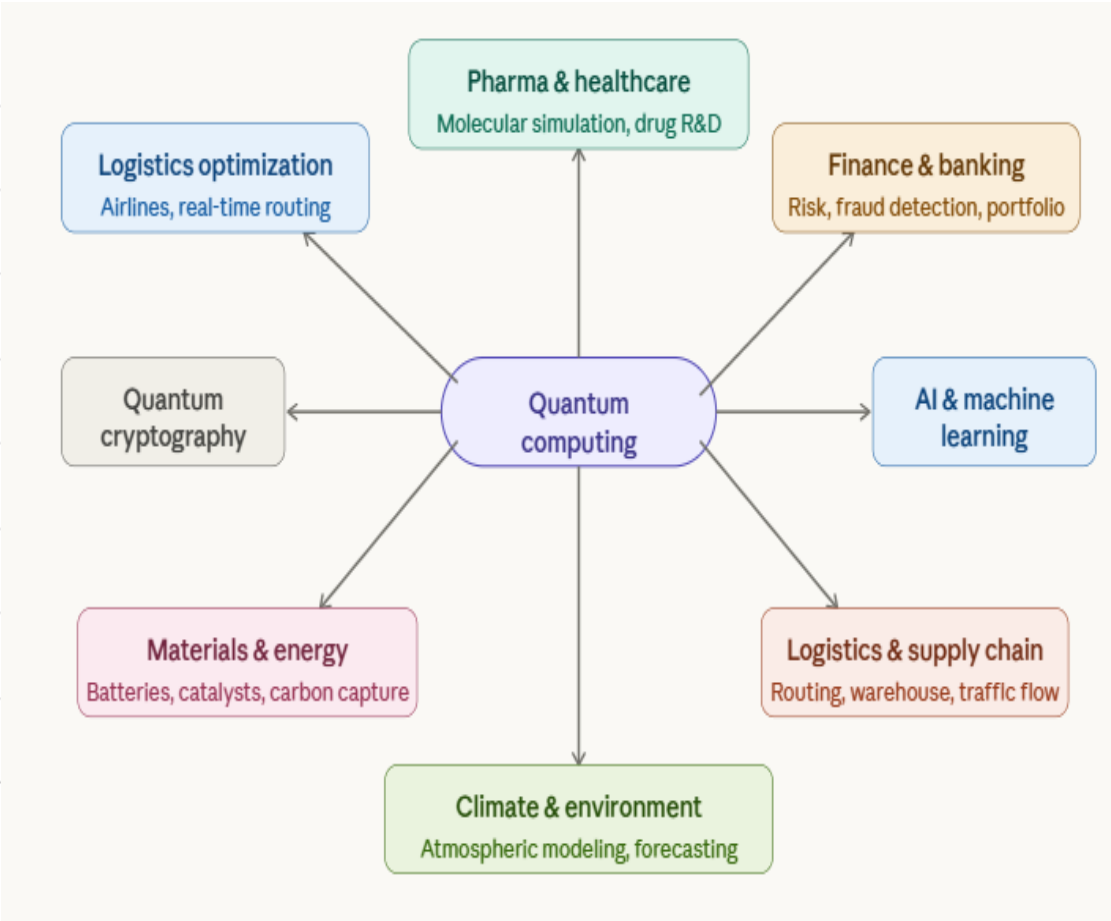
Quantum Computing Use Cases & Global Distribution

Quantum computing is poised to transform industries by solving problems that are intractable for classical computers — from simulating molecular interactions for drug discovery and materials science to optimizing complex logistics, financial portfolios, and AI workloads. It also offers a fundamentally new approach to security through quantum cryptography, while enabling breakthroughs in climate modeling and environmental forecasting.





Source: Counterpoint Research.

Summary & Conclusions

Summary & Conclusions

- **Overall - AI is likely at the height of market expectations, but we are also probably underestimating its long-term impact.**
- **Physical AI – Embedding AI in new types of devices is will be the next wave of growth in the sector creating opportunities in the hardware space, but software (World Models) is also important.**
- **Agentic AI – Will eventually change how we interact with the Internet and create new business models.**
- **Sovereign AI – Is the new driver of infrastructure investments create new rules of the road for all tech vendors.**
- **AI Cities – Governments are increasingly interested in building AI ecosystems which is also creating new opportunities for tech vendors.**
- **Other Technologies – Quantum Computing and 6G will arrive in the near future and further accelerate the AI ecosystem.**

Counterpoint AI 360 Service

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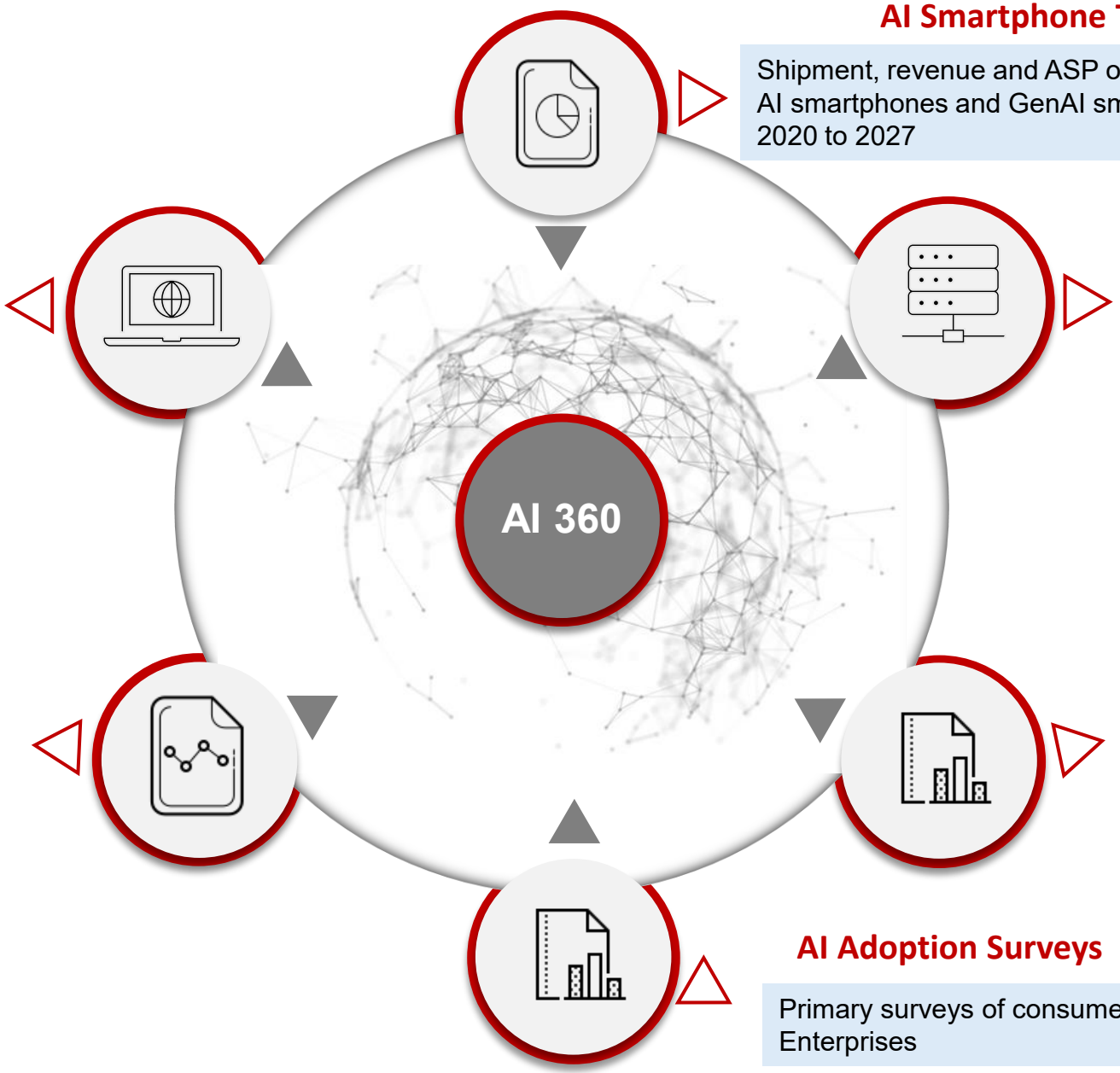

AI Smartphone Tracker

Shipment, revenue and ASP of smartphones, AI smartphones and GenAI smartphones from 2020 to 2027

AI Data Center Tracker

Track the shipments, revenues for CPU, GPU, custom ASIC, Server

AI Intelligence Tracker

Cut the clutter through key news and happenings in AI. Connect the dots with the larger AI trends

AI Adoption Surveys

Primary surveys of consumers & Enterprises

Thematic Reports

Collection of syndicated topical reports such as GenAI use cases, projects, GenAI in telecom, etc.

AI Laptop PC Tracker

Shipment and revenues tracker & forecast for AI Laptops from 2020 to 2027

For Further Information:

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Thank You!/Go Raibh Maith Agat!

If you would like a copy of today's presentation or have any questions please contact me via:

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