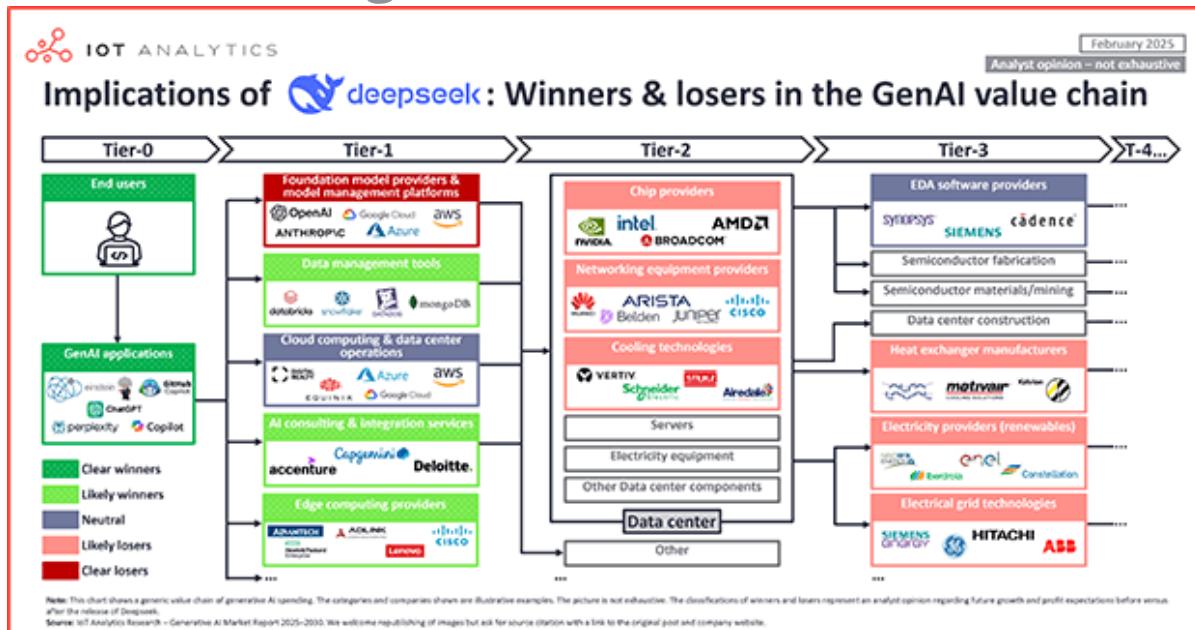


FOR IMMEDIATE RELEASE

# DeepSeek R1's implications: Winners and losers in the generative AI value chain



**[Hamburg, Germany] – [February 05, 2025]** – The recent release of DeepSeek’s R1 model has sent shockwaves through the generative AI landscape, with major technology stocks experiencing declines in response to the model’s potential impact. IoT Analytics’ latest research provides a detailed analysis of the winners and losers in the evolving AI value chain.

## Key highlights:

- The recent release of DeepSeek’s R1 model has shaken tech stocks, with shares of some market participants (e.g., NVIDIA) down ~20% since January 27, 2025.
- R1 is largely open, on par with leading proprietary models, appears to have been trained at significantly lower cost, and is cheaper to use in terms of API access, all of which point to an innovation that may change competitive dynamics in the field of Generative AI.
- IoT Analytics sees end users and AI applications providers as the biggest winners of these recent developments, while proprietary model providers stand to lose the most, based on value chain analysis from the [Generative AI Market Report 2025–2030](#).

## Select analyst quotes:

**Knud Lasse Lueth, CEO at IoT Analytics, comments that** *"DeepSeek R1 is a significant development in the generative AI landscape, reinforcing the shift toward more open, cost-efficient models. With the generative AI market projected to grow at a 52% CAGR through 2030, this innovation accelerates competition and forces proprietary model providers to rethink their value propositions. While NVIDIA still dominates the AI chip market with a 92% share, the emergence of models like R1—trained with fewer high-end GPUs—raises questions about the long-term demand for expensive AI hardware. The biggest beneficiaries of this trend are AI adopters and application providers, who now have access to more affordable and flexible AI options."*

**Philipp Wegner, Principal Analyst at IoT Analytics,** adds that *"DeepSeek R1 showed again that proprietary foundation model providers like OpenAI and Anthropic have little moat. Competition will only get more fierce from here."*

## Winners and losers in the generative AI value chain

IoT Analytics' research assesses the long-term market impact of DeepSeek R1 and the broader shift toward cost-efficient, open AI models.

### Clear winners:

End users: Lower-cost AI will reduce expenses for businesses and consumers while increasing accessibility.

GenAI application providers: Companies building AI-powered applications will benefit from increased model availability and lower API costs.

### Likely winners:

Edge AI/computing companies: More efficient AI models drive demand for local inference on edge devices.

Data management providers: AI adoption requires improved data handling, benefiting platforms like MongoDB and Snowflake.

GenAI services providers: Enterprises require expert guidance to integrate and optimize AI solutions, driving demand for services.

### Neutral impact:

Cloud computing providers: While cloud platforms remain central for AI development, increased efficiency may reduce infrastructure investment needs.

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EDA software providers: AI specialization could drive demand for new chip designs but reduce reliance on traditional high-performance GPUs.

### **Likely losers:**

AI chip companies: If new AI models require fewer GPUs for training and inference, major chipmakers like NVIDIA could face slower demand growth.  
Data center infrastructure: Reduced need for high-end AI chips could limit expansion in networking, cooling, and power supply sectors.

### **Clear losers:**

Proprietary model providers: Companies relying on closed, high-cost AI models, such as OpenAI and Anthropic, face increasing pressure as free and customizable alternatives emerge.

**For more insights, download IoT Analytics' [Generative AI Market Report 2025-2030](#).**

## Disclosure

Companies mentioned in this article—along with their products—are used as examples to showcase market developments. No company paid or received preferential treatment in this article, and it is at the discretion of the analyst to select which examples are used. IoT Analytics makes efforts to vary the companies and products mentioned to help shine attention to the numerous IoT and related technology market players.

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For more information or media inquiries, please contact:

Hoang Pham Van

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IoT Analytics  
+49 (0) 40 6391 1891  
[press\(at\)iot-analytics.com](mailto:press(at)iot-analytics.com)

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Our key workstreams across the tech stack include IoT applications, IoT platforms and software, IoT connectivity and hardware, and industrial IoT. We are trusted by 1000+ leading companies around the world for our market insights, including globally leading software, telecommunications, consulting, semiconductor, and industrial players.

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