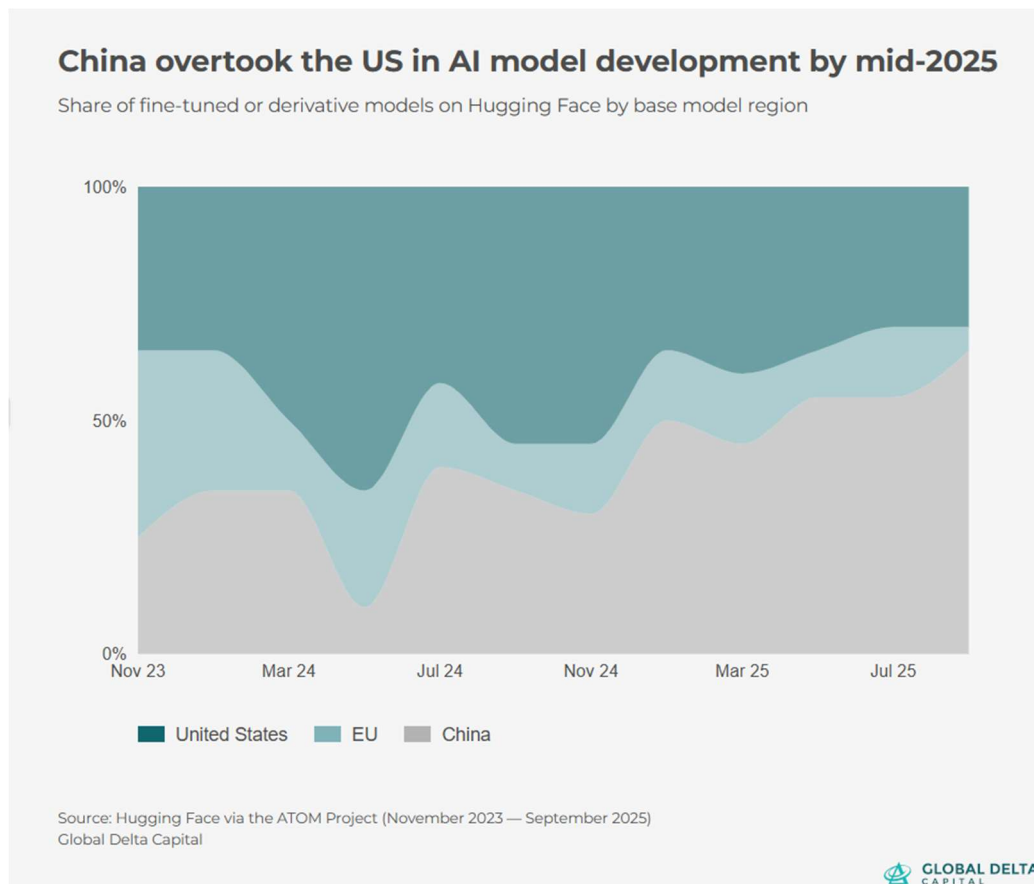


## Do closed AI models make for a defensible moat?

Chinese firms like DeepSeek and Alibaba are accelerating AI innovation through open-source models—an inversion of the traditional closed vs. open platform playbook.

While many leading U.S. models remain proprietary, China is fostering a competitive open-source AI ecosystem. Cost and transparency matter, especially outside the U.S.: open models are already ~6x cheaper and rapidly closing the performance gap.

Research from MIT and Stanford shows Chinese open-source models gaining share, leading benchmarks, and driving adoption globally raising important questions for AI economics, capital allocation, and long-term valuations.



### Sources:

<https://www.ft.com/content/353adf48-a5d6-4ea0-b5d7-9a94b141213a>

<https://hai.stanford.edu/assets/files/hai-digichina-issue-brief-beyond-deepseek-chinas-diverse-open-weight-ai-ecosystem-policy-implications.pdf>

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