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## Internet

# Top Ten Most Important AI & Internet Investment Debates for 2026

Entering 2026, we believe positioning across AI, cloud, and consumer internet remains heavily shaped by narratives formed and lessons learned during the first phase of Gen AI, i.e., the economic shape of AI proved very different from consensus expectations. Across hyperscalers, AI cloud providers, social media platforms, e-commerce marketplaces, and on-demand services, AI increasingly behaved like capital-intensive infrastructure rather than high-margin software. This research note outlines ten key debates that we believe will define AI and internet stock performance in 2026. For each debate, we identify: (1) the prevailing consensus assumption embedded in current valuations; (2) the non-consensus or surprise outcome that could emerge; and (3) the directional stock implications should those surprises materialize. Our objective is not to predict AI adoption, which now appears inevitable, but to highlight where expectations may be mispriced, and where outcomes could drive disproportionate stock moves relative to consensus.

Debate	Hypothesis	Consensus	Surprise scenario	Stock implications
<b>1. AI Margins</b>	AI remains <b>structurally margin-dilutive</b> through 2026	AI revenues behave more like infrastructure than software.	AI margins show signs of inflection with scale as variable costs flatline	Positive for Mega Caps
<b>2. AI Cloud Sustainability</b>	NeoClouds resemble <b>leveraged utilities</b> , not SaaS	Investors still model software-like multiples and durable moats	AI Cloud players with access to power and secured contracts demonstrate upside to expectations	Positive for Neo-Clouds like CRWW
<b>3. Inference Arbitrage</b>	Inference (running the models) is predicted to account for two-thirds of all AI compute.	Investors think GPUs will be used for inferencing apps	If inference becomes the primary cost for mega caps, they will move away from GPUs toward custom ASICs	Negative for Nvidia; Positive for AMZN and GOOGL
<b>4. AI content in Social media</b>	AI boosts engagement faster than <b>ARPU/CPMs</b>	Engagement ≠ monetization when content supply explodes	CPMs grow at a slower rate than expected	Positive for META; Negative for sub-scale advt players
<b>5. E-commerce AI Search</b>	AI search <b>cannibalizes sponsored listings</b>	Sponsored ads are ultra-high margin; small mix shifts hit EBIT hard	CPCs for AI search trend above regular search pricing	Positive for AMZN
<b>6. Ridesharing Terminal Value</b>	Autonomy weighs on L-T <b>valuation models</b>	Many LT models still embed autonomy optionality implicitly	Several robotaxi operators go live in 2026	Positive for UBER and LYFT
<b>7. Food Delivery Ceiling</b>	AI optimization has <b>hit diminishing returns</b>	Street still expects margin expansion from tech	AI efficiencies do not translate into higher incremental margins	Negative for DASH and UBER
<b>8. AI CapEx turns into OpEx</b>	AI spend becomes <b>permanent opex</b> , not optional capex	Market previously rewarded AI ambition over discipline	CapEx does not grow as fast; OpEx grows faster than expected	Negative for META; Positive for AI Cloud and Hyperscalers
<b>9. Agentic Decay of Traditional Social Media</b>	Human generated content premium will drive ARPU upside	Investors believe advertisers will flee "Bot-Heavy" feeds (TikTok/Instagram) for "Verified Human"	Ad loads decline, and in turn, return on ad spend rises for advertisers	Negative for RDDT; Positive for TikTok & META
<b>10. LLM Scaling Laws</b>	Bigger LLMs continue to provide signs of improving "intelligence"	Investors believe next-gen AI models will not provide incremental benefits	Trillion-plus parameter models provide better AI capabilities with built-in apps	Positive for foundation models, META, GOOGL

Source: Roth Capital Partners

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**Covered companies mentioned in this report:**

Company Name	Ticker	Rating	Price
Amazon.com, Inc.	AMZN	BUY	\$226.50
Meta Platforms, Inc.	META	BUY	\$650.41
Alphabet Inc.	GOOGL	BUY	\$315.15
CoreWeave, Inc.	CRWV	BUY	\$79.32
Uber Technologies, Inc.	UBER	BUY	\$82.86
Lyft, Inc.	LYFT	BUY	\$19.79
DoorDash, Inc.	DASH	NEUTRAL	\$219.79
Reddit, Inc.	RDDT	NEUTRAL	\$241.89

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