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[Audio] How to find the next 100 bagger in this AI Bubble

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[Audio] How to find the next 100 bagger in this AI Bubble

Amid fears of an AI bubble, OpenAI is spending \$1.4 trillion. We analyze their playbook using Peter Thiel's "Zero to One" strategy, which argues "competition is for losers". Discover the 4 traits of a true monopoly and how OpenAI plans to break the Nvidia/TSMC chokehold to find its path to profitability. How similar concept can be used to find your next 100 bagger.



How to find the next 100 bagger in this AI Bubble

▶ Play Online



We had our 14th Community Meetup on 25 October 2025, it's always nice to see you all face to face! We shared what we learnt from studying the Dotcom Bubble in 1999, and how to find the next 100 bagger in the new AI era, using Peter Thiel's Zero-to-One strategy.

Recording of the 14th Community Meetup and slide is available for paid subscribers.



14th Community Meetup



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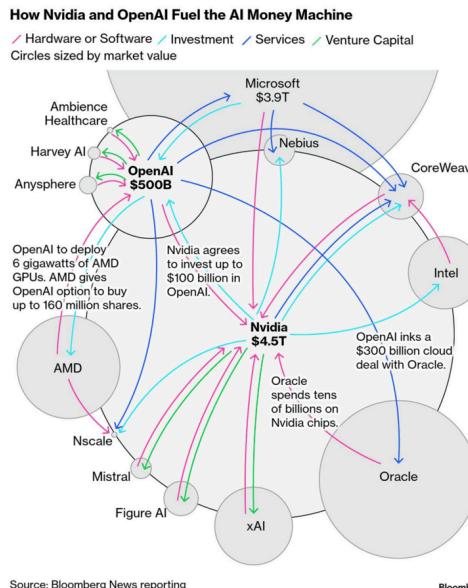
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AI bubble and Zero-to-One strategy

What prompted us to share about this Zero-to-One strategy by Peter Thiel is because the AI theme rally is really going all out, despite concerns on the AI bubble getting stronger.



OpenAI's Trillion-Dollar AI Spending Plans

The ChatGPT maker recently said it has committed to invest \$1.4 trillion on chips and data centers to power AI.

Company	Deal Amount	Details
Oracle	\$300 billion	OpenAI, Oracle agree to develop up to 4.5 GW of data center capacity
Microsoft	\$250 billion	OpenAI makes additional commitment to Microsoft Azure
Google	Undisclosed	OpenAI adds Google Cloud to list of providers powering ChatGPT
AMD	Undisclosed	OpenAI to deploy 6 GW of AMD graphics processing units
CoreWeave	Up to \$22.4 billion	OpenAI expands data center capacity agreement with CoreWeave
Broadcom	Tens of billions	OpenAI agreed to buy custom chips and networking components
Amazon	\$38 billion	AWS to provide OpenAI with hundreds of thousands of Nvidia chips

Source: Bloomberg News reporting, public statements

Circular/vendor financing among all the companies involved in the AI value chain

Companies in the AI value chain are cross-investing in one another, raising concerns on circular/vendor financing. So far, **OpenAI has committed around US\$1.4 trillion capital expenditure on AI infrastructure**, much higher than the US\$500 billion spent in the Dotcom/Telecom Bubble.

With so much noise and froth in the market, Peter Thiel's book, "Zero to One" serves a good reminder on the mechanics of **how things will play out when business/countries are forming a new S-curve**.



Lecture 5 - Competition is for Losers (Peter Thiel)

Note: You can watch the lecture above by Peter Thiel in Stanford University to give you an idea of what is written in the book of "Zero to One". Noticed how Sam Altman (the CEO of OpenAI) was the one introducing

Peter Thiel in the lecture.

As Peter Thiel always say, "**Competition is for losers**". I think this serves as a good intro for what we will discuss next because this is exactly the playbook OpenAI is playing now.

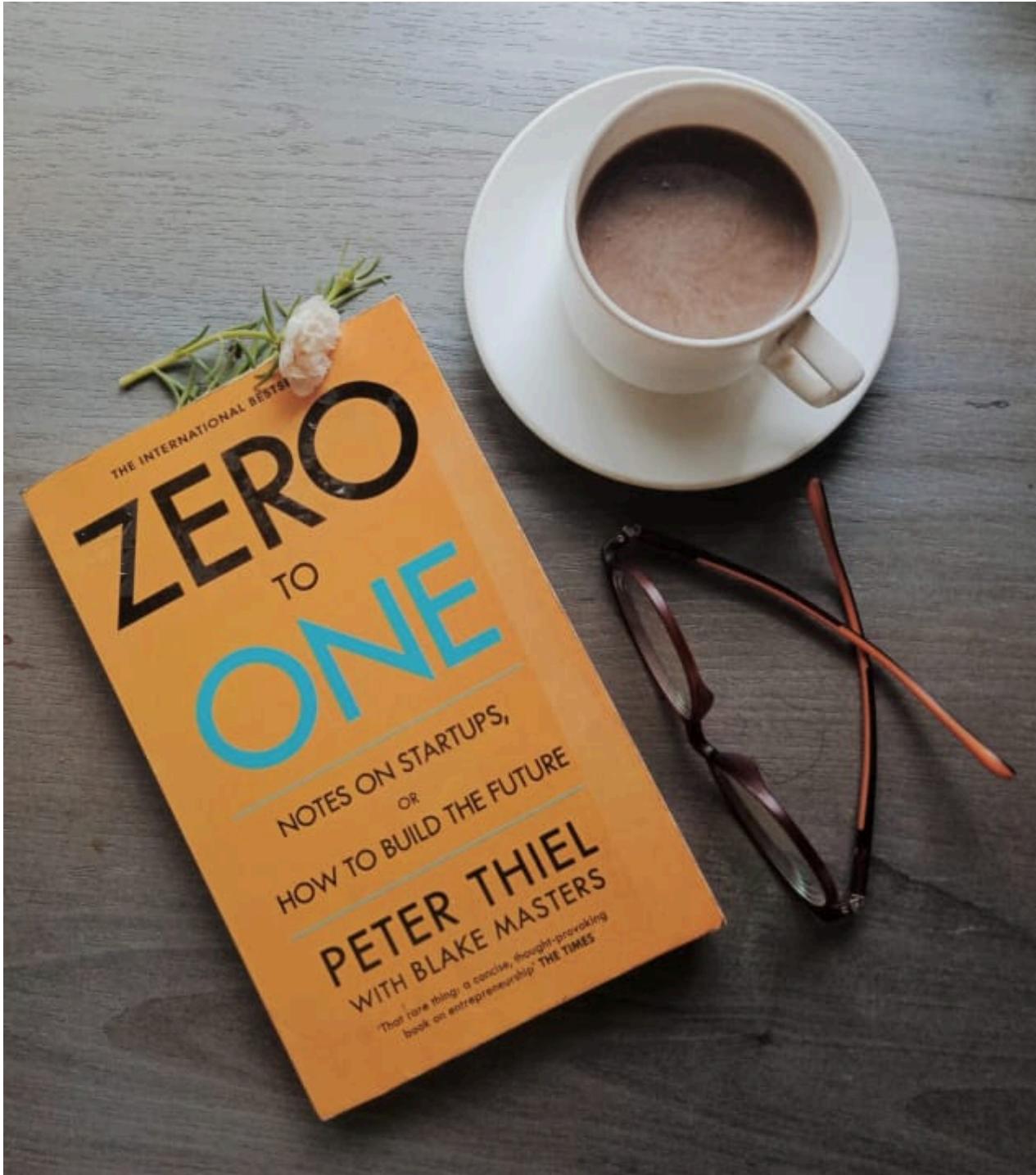
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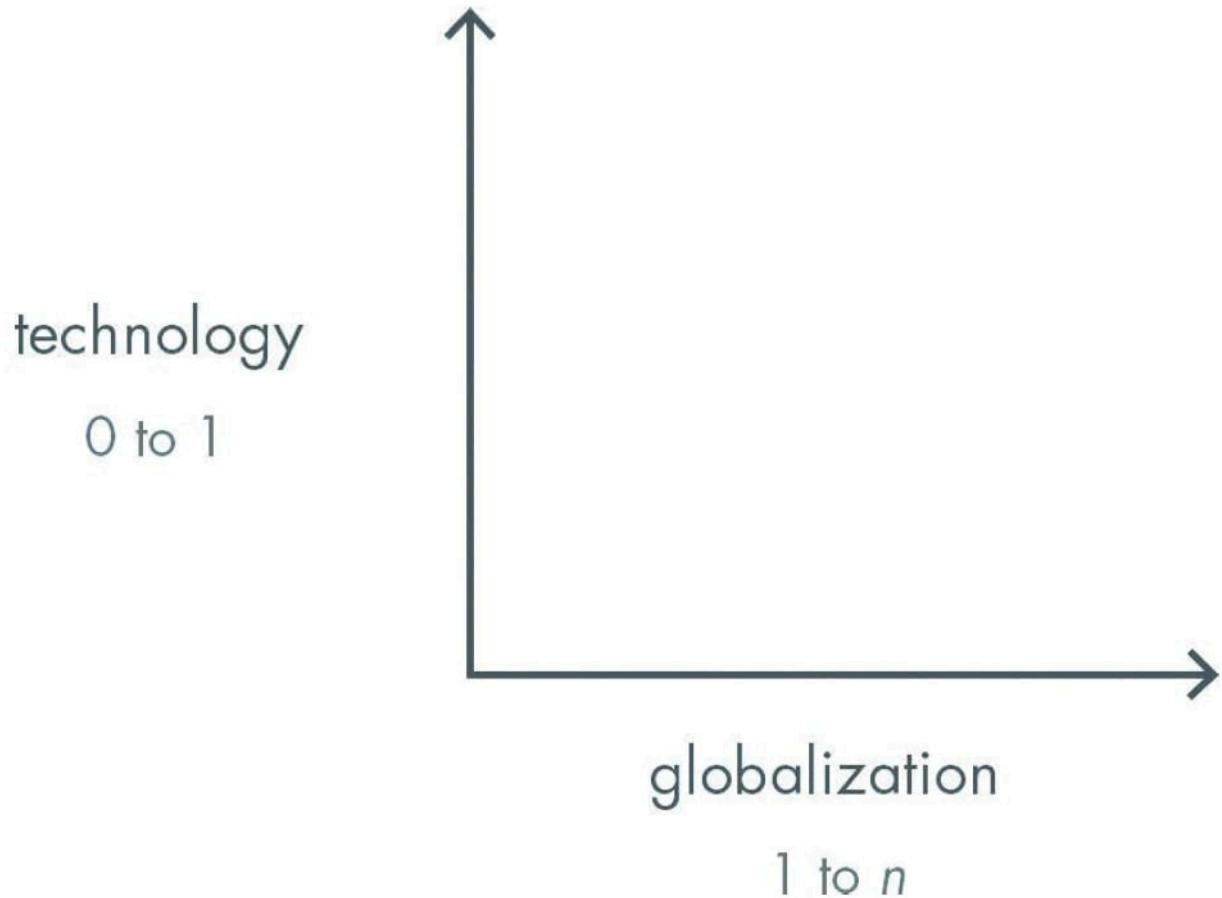
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Competition is for losers



There are 3 key concepts shared in Zero-to-One that you must understand:

1. Zero-to-One (0→1)



There are 2 types of business in this world: 0→1 and 1→100 business.

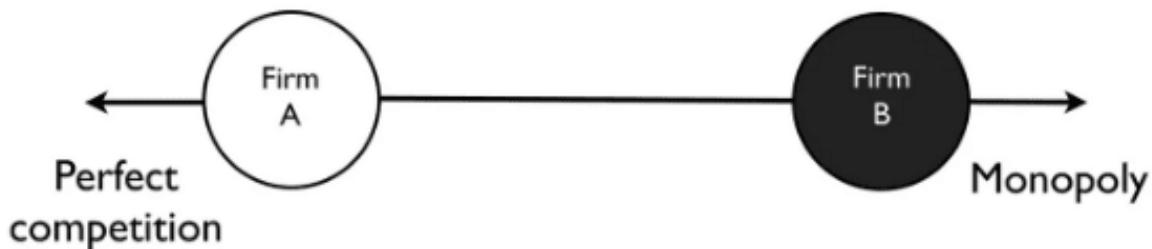
- **0→1 involves the business finding a new solution.** For example, Uber solves the same problem as taxi drivers: bring you from A to B. But **Uber offered a new solution to people**, allowing people to order private car easily in-app with upfront price tag. This is considered a 0→1 business, because it is a new solution (order private car via app with upfront price tag) to an existing problem (going from A to B).

In short, if we use 5 words to describe 0→1, it is “*Better way to do things*”; if we use 1 word to describe 0→1, it will be “*Technology*”.

- **1→100 business involves the business innovate/scale existing solution.** For example, when McDonald succeed in the US and started the fast food culture, it quickly expanded to other countries, repeating the same formula. The growth and success of McDonald then just relied on “*how many markets can McDonald grow*” and “*how much cost can McDonald cut down*”.

In short, 1→100 business involves “*copying things that work, and making it work everywhere*”.

2. Great companies aim to become monopoly



There are 2 types of business in this world: Monopoly and Perfect Competition. Both types of business creates a lot of value, but **monopoly business captures a big portion of the value they created**, while **perfect competition business captures a small portion of the value they created**.

For example, the US airline industry generated US\$744 billion revenue in 2024; while Google generated US\$350 billion revenue in 2024. The US airline only capture ~4% of the revenue as margin; while Google capture ~28% of the revenue as margin.

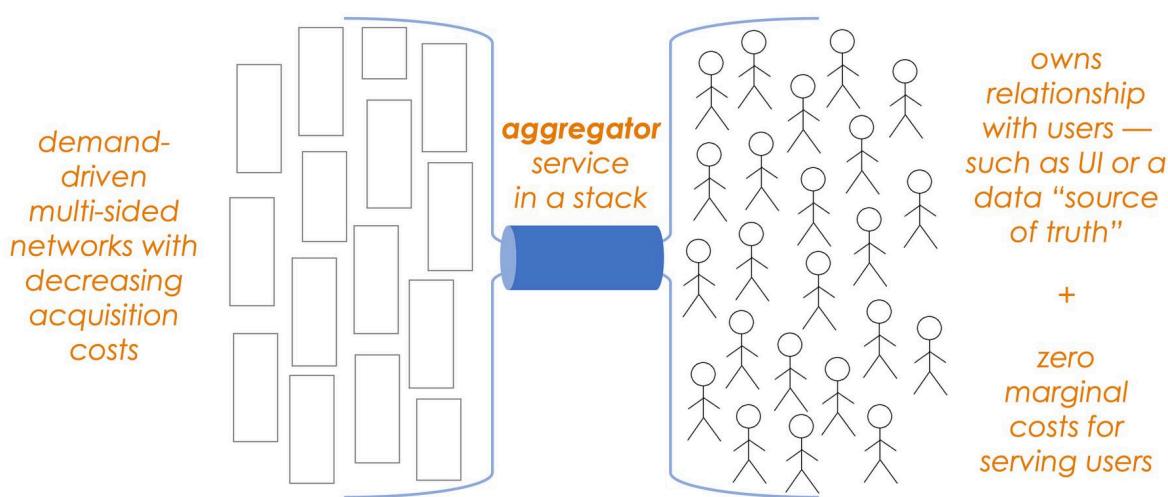
Google	US\$3.3 trillion	Delta Airlines United Airlines Southwest Airlines American Airlines Alaska Air SkyWest JetBlue Airways Top 8 US Airlines	US\$37.8 billion US\$31.0 billion US\$16.4 billion US\$8.7 billion US\$4.8 billion US\$3.9 billion US\$1.6 billion US\$104 billion
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Market cap of Google vs US Top 8 Airlines

Because of this, the market value of Google alone (~US\$3.3 trillion) is 31x bigger than the combined market value of the entire US airlines (~US\$104 billion). This difference is because **Google is a monopoly in Search Advertising, while US airlines are in perfect competition and all margins are competed away**.

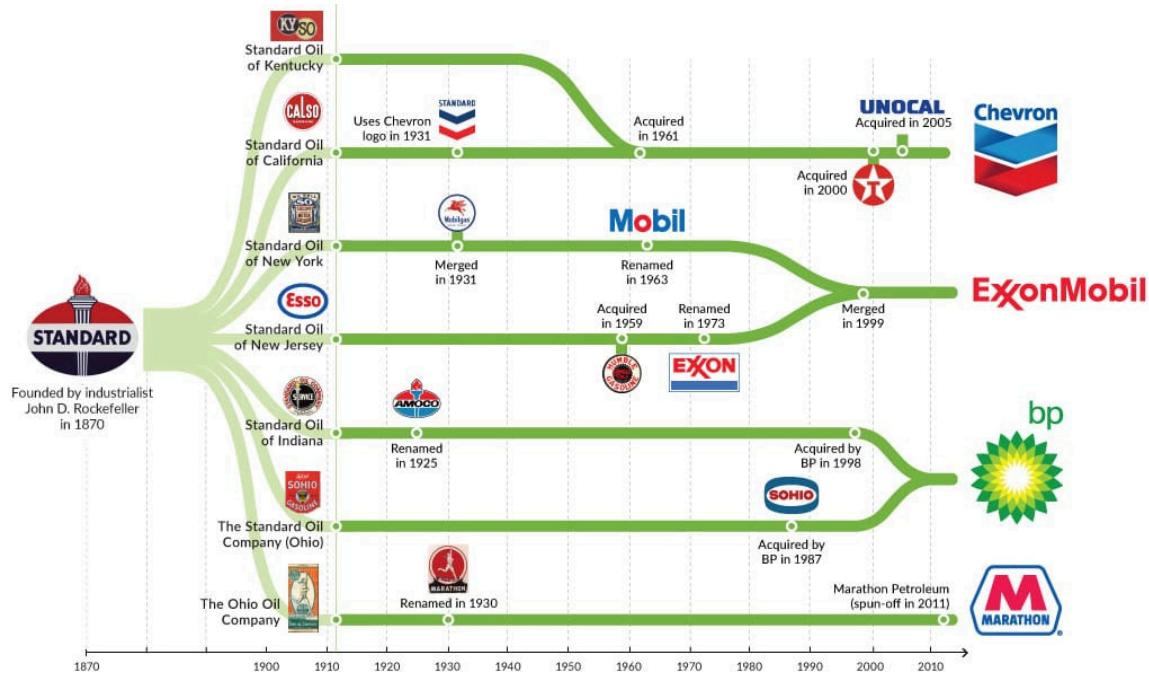
Hence, competition is for losers.

3. Monopoly today is formed by controlling demand



Monopoly today aggregate and control demand

The biggest company today, e.g. Google, Meta are all monopoly in their own way, with Google dominating search industry and Meta dominating social media. They became a monopoly from controlling user demand. In other words, **users VOLUNTARILY use Google/Meta, giving them monopoly power.**



Rockefeller once owned all the oil companies we know today

This is unlike old monopoly, where they get monopoly power by controlling supply. Rockefeller was a monopoly of oil refining and transportation; TNB is a monopoly of electricity distribution in Malaysia. Because these companies are monopoly, they earn monopoly profit by controlling supply and face no competitors. **Users are FORCED to use the service of the monopoly, with no other choices.**

Characteristics of monopoly business

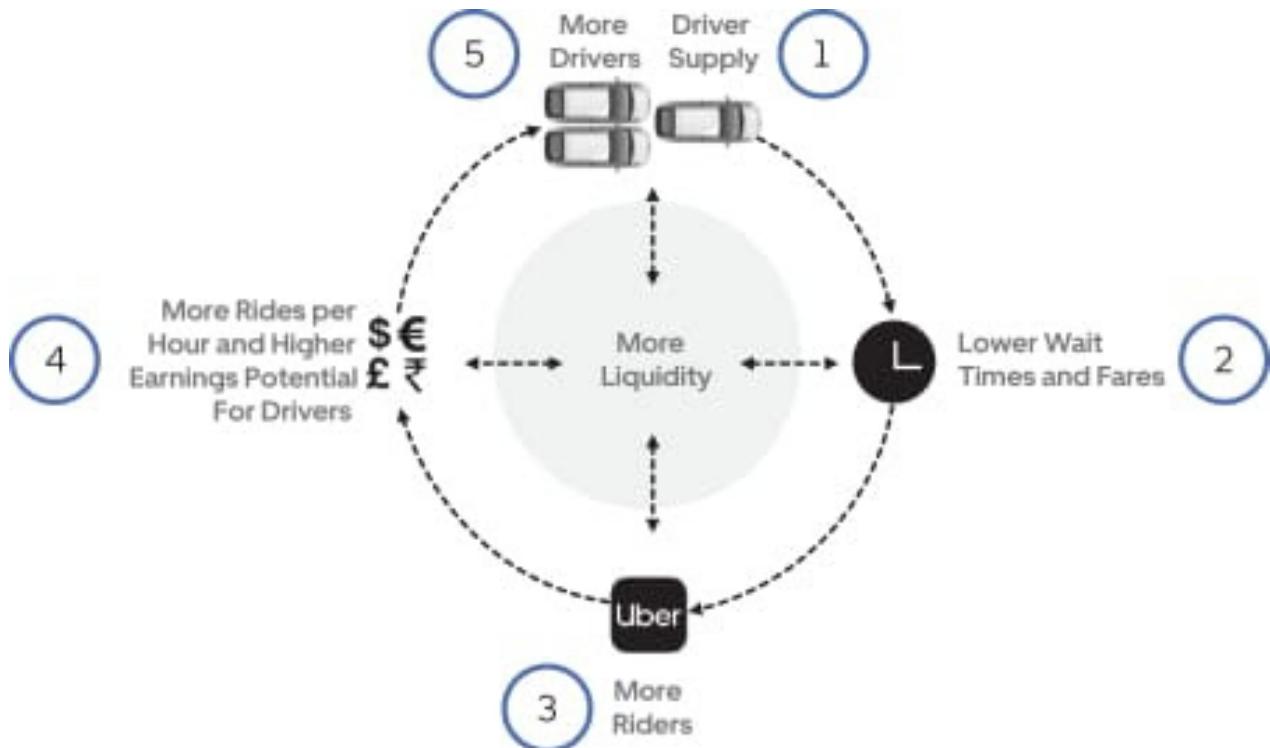
Every monopoly is unique, but they normally have 4 similar characteristics:



More UBER drivers than Taxi drivers

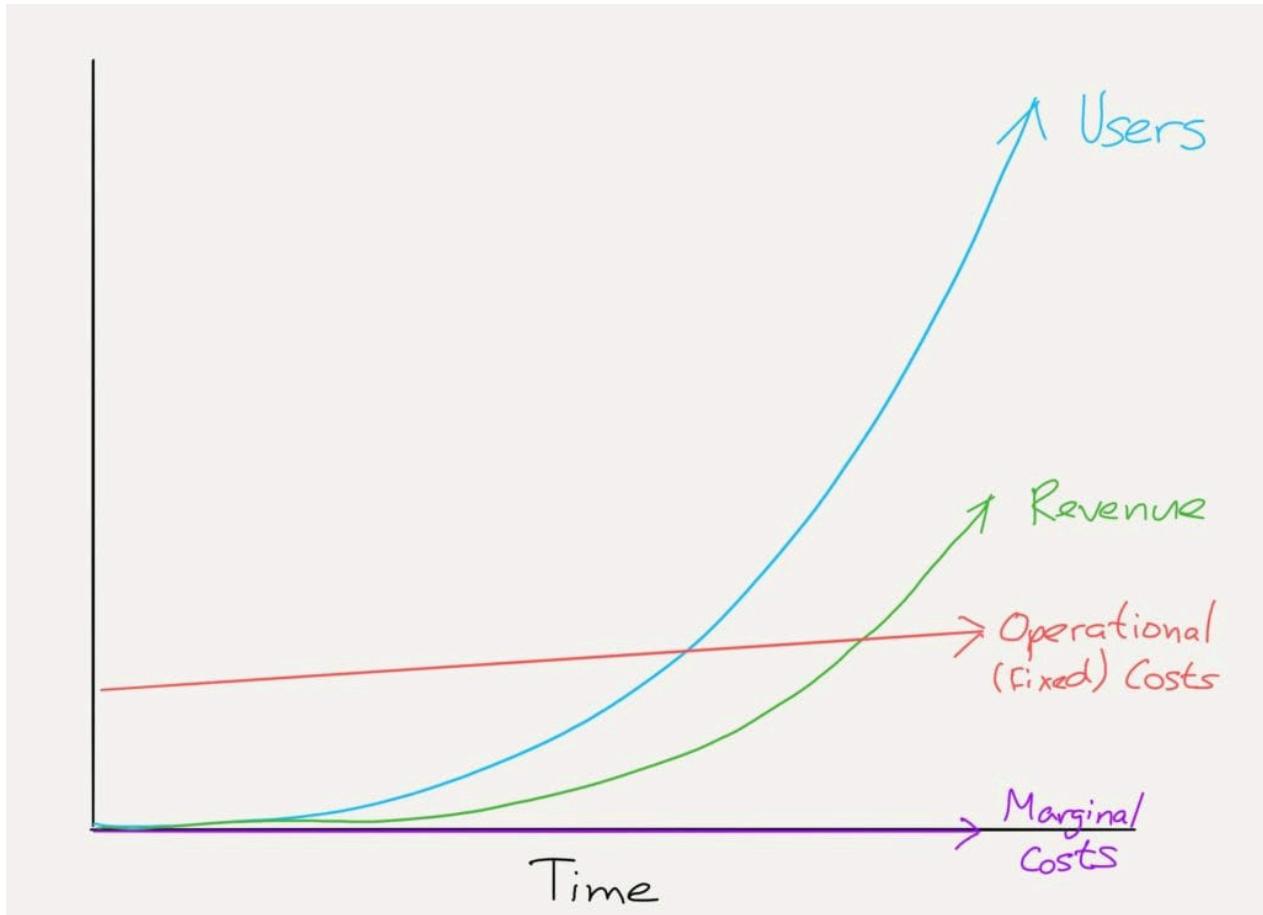
1. 10x better technology: If you are a new solution, you better have 10x better technology, or else people will not be convinced to give you a try. If you are only 2x 3x better, people will not even give you a try, or it is very easy for other business to catch up to your technology. **The easiest way to come up with a 10x better product/service, is to come up with something completely new.**

For example, **Uber let you order private vehicle via app with upfront price tag**. Uber needs to have the technology to calculate how much fares to charge upfront, app-ordering system, driver onboarding system etc. The end result is 10x better user experience.



- 2. Network effect:** Network effect makes a product more useful as more people use it. Once the network effect flywheel started, more people using it will make the product even more useful, it is very hard to stop the momentum. The world's strongest network effect product is the US Dollar.

Network effects usually starts from very small group of customers/market, so small that no one will think it is a good business opportunity. It is important for 0→1 business to **kickstart the network effect flywheel when it was small**, so when people notice this business opportunity, it is too late for them to catch up.



- 3. Economies of scale:** A monopoly business gets stronger as it gets bigger with network effect. This is because the fixed costs of creating a product/service (R&D, Engineering, Office Space) is spread out to many customers. In simple words, **the cost to serve 1 new customer is near 0**. Monopoly business can then pass this cost-savings to customers to strengthen the network effect flywheel.

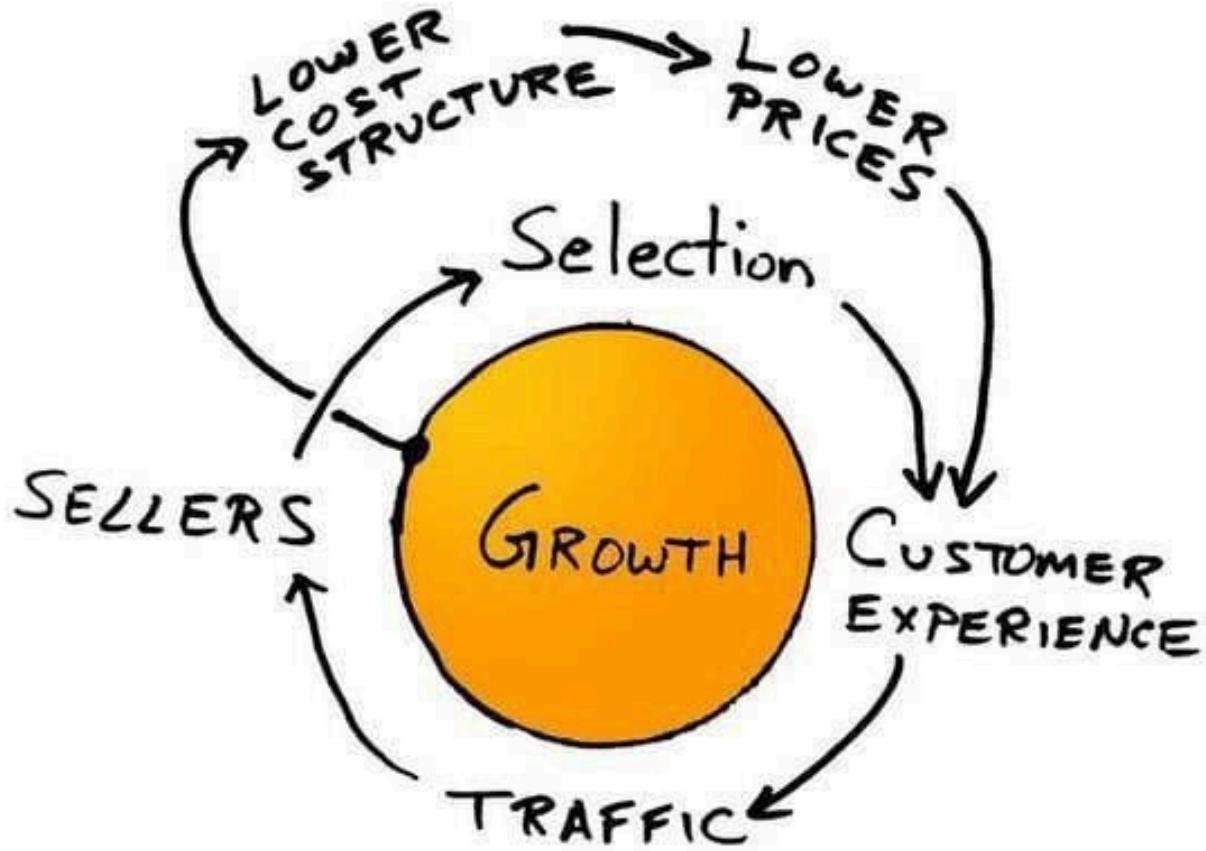
It is also important to note that many **business in the service industry do not benefit from economies of scale as they grow bigger**. For example, a barber can benefit from network effect (being famous from referral) for cutting hair, but it is impossible to benefit from economies of scale because it is impossible to cut 2 hair at the same time.



The strongest brand in the world: Apple

4. **Branding:** With 10x better technology, network effect and economies of scale, it is already a strong monopoly business. **But if the monopoly business has strong branding, it is untouchable.**

For example, Apple is a monopoly with strong branding. Apple benefited from economies of scale in terms of hardware manufacturing and 30% service charge on iOS apps. Because of Apple's branding, **people do not complain about Apple even though they charge huge premium on their products.**



Jeff Bezos (founder of Amazon) once drew this on a napkin when he first started [Amazon.com](#). He believes **network effect and economies of scale will kickstart the flywheel for Amazon, and no one will even come close as competitor.**

To sustain this flywheel, Amazon intentionally press down its Amazon e-commerce margin and kept on reinvesting. Today, Amazon still did not make much money from Amazon e-commerce, but because of its success in [Amazon.com](#), **Amazon now makes more money from advertising and its other business like Amazon Web Services (AWS)**.

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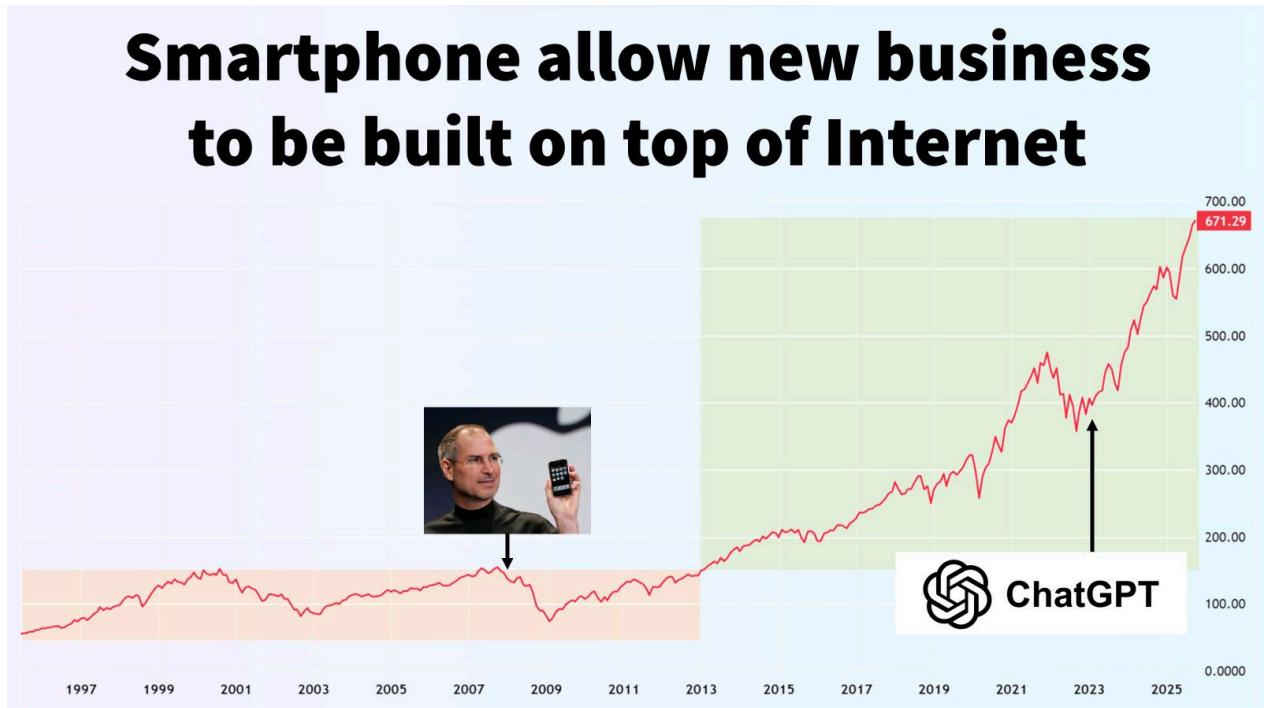
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Applying Zero-to-One Framework on OpenAI



This Zero-to-One framework is important for us to find the next winner and the next 100 bagger. Since we are **entering a new AI era S-Curve, the whole economy is experiencing Zero-to-One moment together, finding a new solution to solve new/existing problems.**

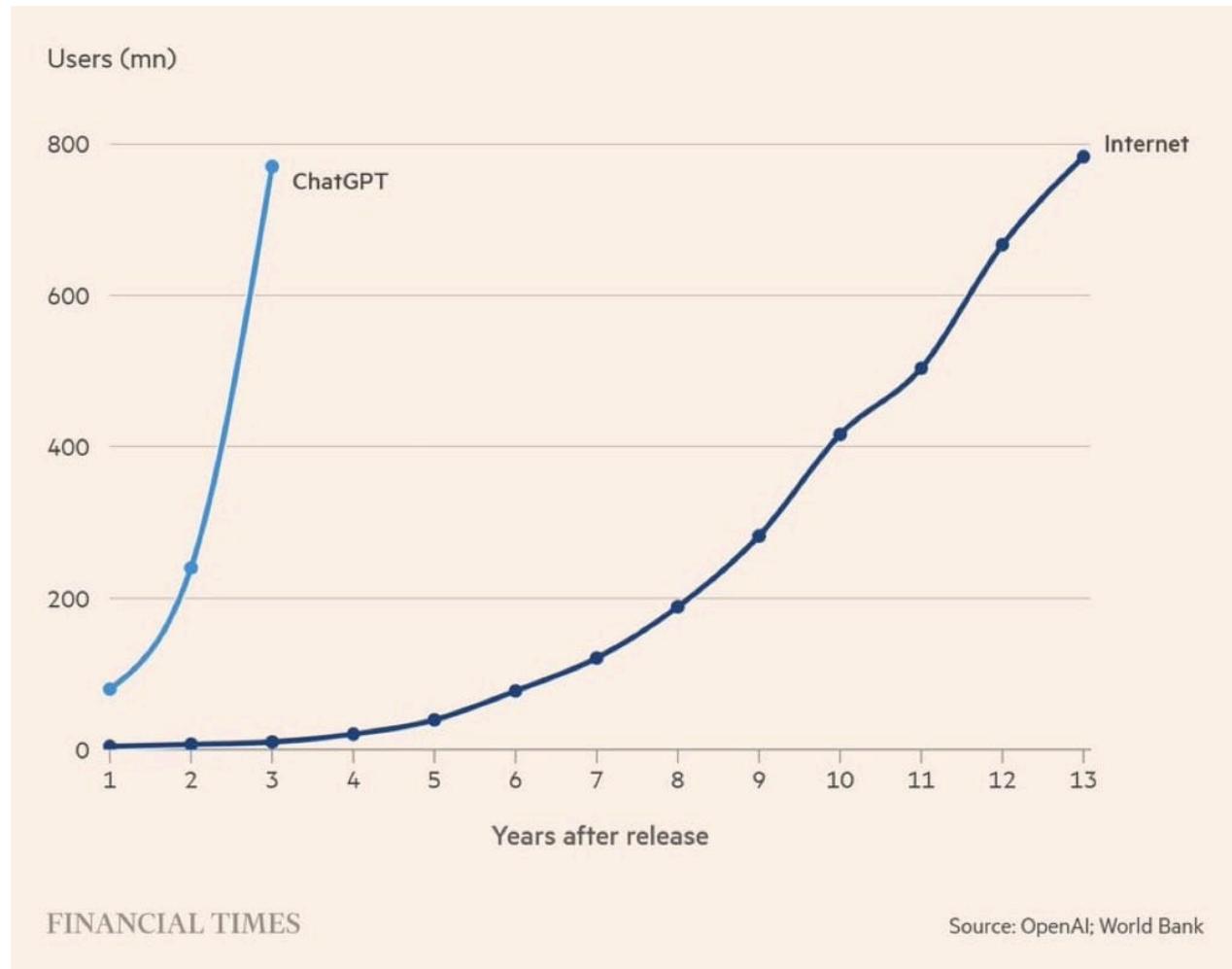
And at the current juncture, OpenAI has the biggest potential to win this AI race, that's why it is important for us to understand OpenAI's strategy in this AI bubble.

Where OpenAI stands today



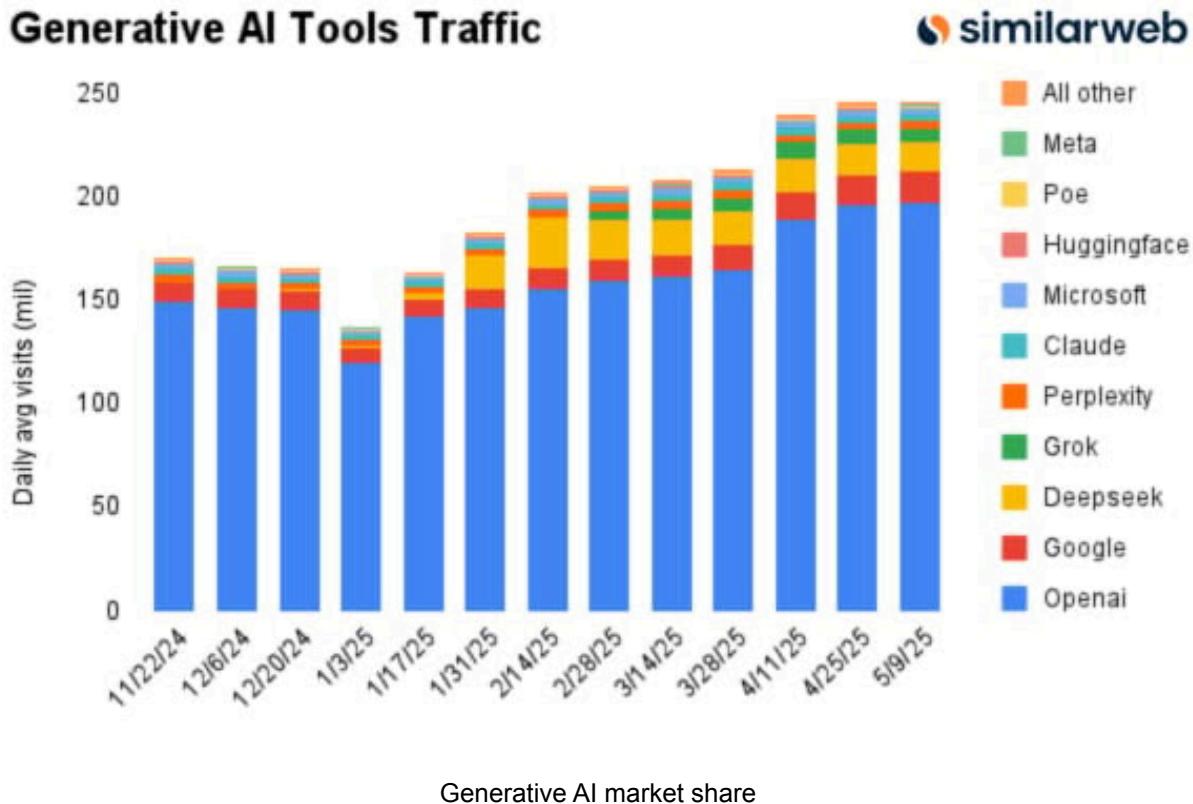
Using the 4 characteristics of a successful 0→1 monopoly business, it is clear that OpenAI still CANNOT tick all 4 boxes:

Fulfilled



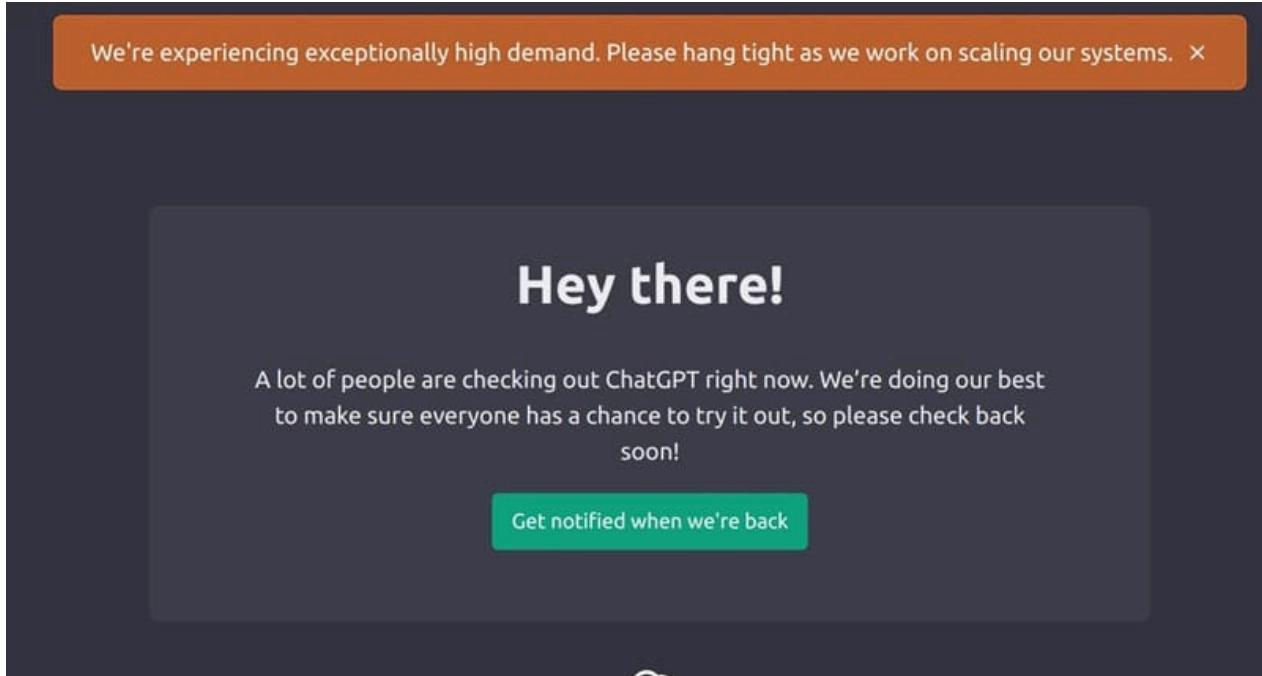
ChatGPT achieved 800 million users in 2 years, much faster than Internet's 13 years

- 1. 10x better technology:** When OpenAI first introduced ChatGPT, it is a new way to do things. **ChatGPT is also 10x better than the immediate solution in the market (Google Search)**. This is why everyone was amazed by ChatGPT when it first launched and willing to give it a try. Since ChatGPT 3.5 launched in November 2022, ChatGPT has grown to 800 million weekly users in 2 years.



- 2. Branding:** OpenAI's ChatGPT has a very strong branding today, especially in the consumer space. **Most people only use OpenAI's ChatGPT exclusively**, never giving other AI products a try. I wouldnt be surprised if ChatGPT is included into dictionary as a verb.

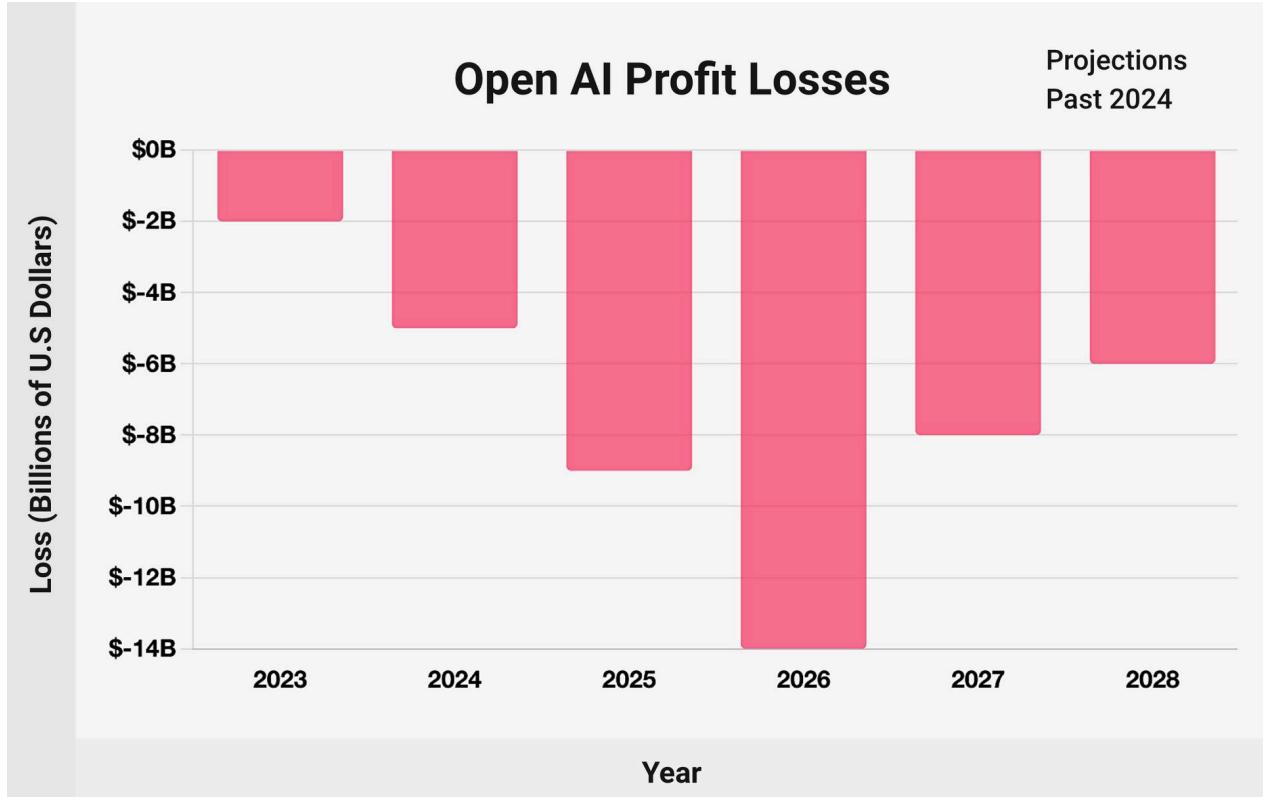
Not yet fulfilled



ChatGPT need to limit token/access when there are high demand

3. **Network effect:** ChatGPT has network effect, but not fully benefiting from network effect. Network effect is strongest when the product/service gets better when there are more people using it. **At the current juncture, when there are more users using ChatGPT, the experience for all users are worse**, because it will make the model run slower and sometime ChatGPT even limit the number of users using the service at one time.

But ChatGPT has achieved network effect in terms of more user data to be used in reinforced learning with human feedback. This can make ChatGPT more personalised to the user, and make it more "human-like".



4. **Economies of scale:** The biggest problem ChatGPT is facing now is economies of scale. ChatGPT has successfully grown to so big right now with 800 million weekly active users, but **the more users ChatGPT get, the more money they will lose because there is no “fixed cost” in AI computing.**

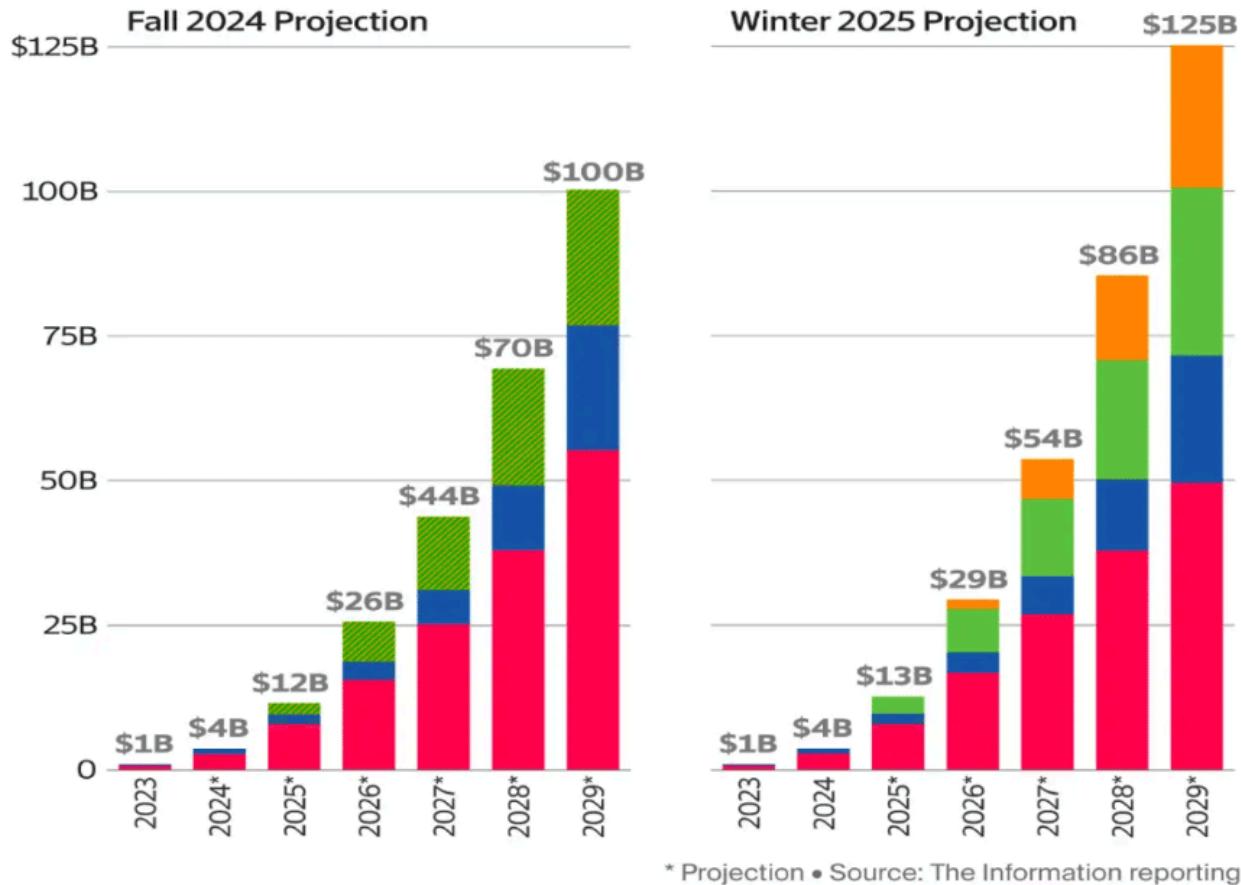
As explained in our first AI analysis: [Our AI Future, You Better be Prepared](#), AI companies need to spend a lot of money on **AI Training (training the AI model from ChatGPT 4 to ChatGPT 5)** and **AI Inferencing (AI generating the answer)**.

This means that even when ChatGPT spent billions training AI model, they still need to spend more on AI inferencing whenever users ask a questions/create an AI photo/video.

Rising Revenues

OpenAI expects agents and new products to be key portions of future revenue.

- ChatGPT ● API ● Other
- Agents ● New products (including free user monetization)



Economies of scale is the biggest problem that OpenAI must solve, or else it will never be a successful company, i.e. ChatGPT can create a lot of value, but fail to capture any of the value as margin. OpenAI projects itself to reach US\$100-125 billion revenue in 2029, if they still cannot solve economies of scale problem, the losses they suffer will grow exponential too.

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OpenAI Chess Game

The question now is, how OpenAI is trying to solve its economies of scale problem?

**AI Chip
Manufacturer**

TSMC

**AI Chip
Designer**

**Nvidia, AMD,
Broadcom**

**AI Data
Center**

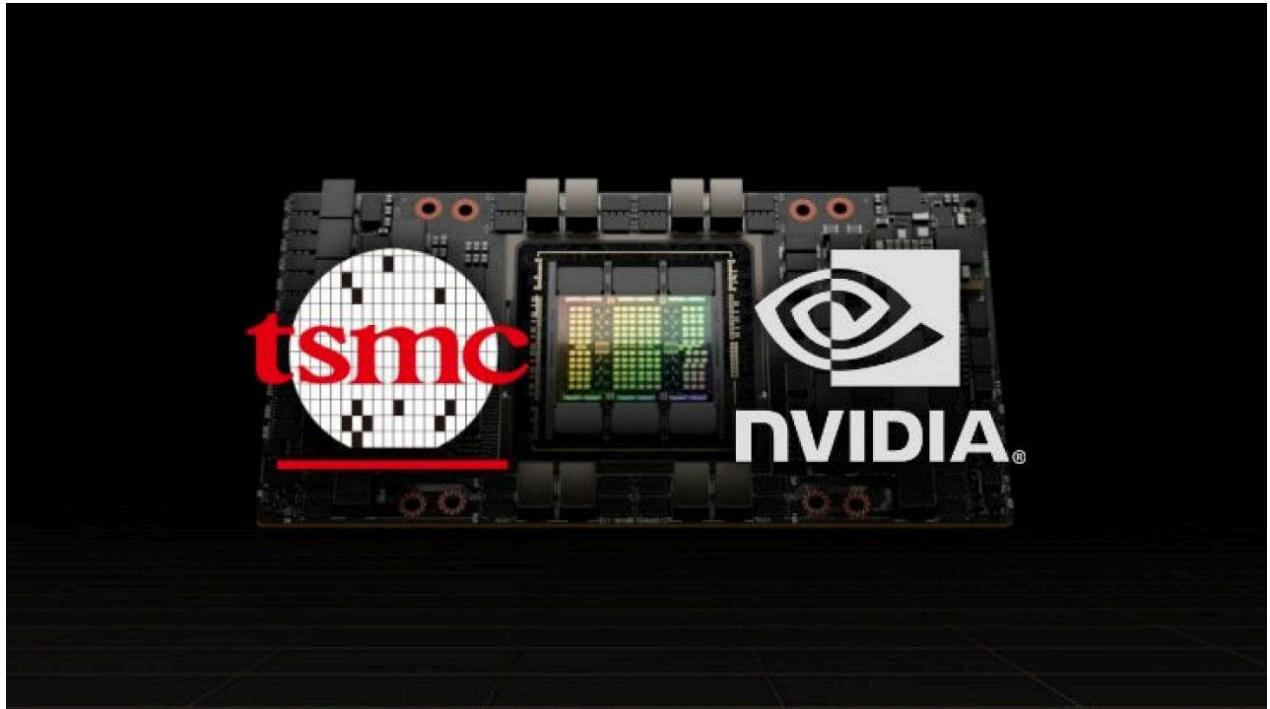
**Neocloud
(Coreweave & Nebius)**

AI Service

ChatGPT

Currently, there are 2 chokepoints in the AI value chain:

1. **Taiwan Semiconductor Manufacturing Company (TSMC)**, which is the only company in the world that can manufacture advanced AI chip (including GPU) required for AI computing; and
2. **Nvidia**, which is the only company in the world that can design AI chip (GPU) that is capable of running AI computing efficiently.



All Nvidia GPU and any advanced AI chip are manufactured by TSMC

TSMC and Nvidia are the main reasons building AI capacity are so expensive right now. They are monopoly business because of their 10x better technology and economies of scale. Because of their monopoly business status, they can charge high premium and their customers (OpenAI) still need to pay to use their service.

Note: Nvidia also benefit from network effect because of its CUDA software, that is most widely used by AI engineers today.

If you look at this from another angle, it also means that **the whole AI bubble is dependent on TSMC increasing their CAPEX to build more AI chips**. If TSMC decides not to increase their CAPEX significantly, because they don't want to be the last one holding the losses if the bubble bursts, then maybe the bubble might not grow as fast.

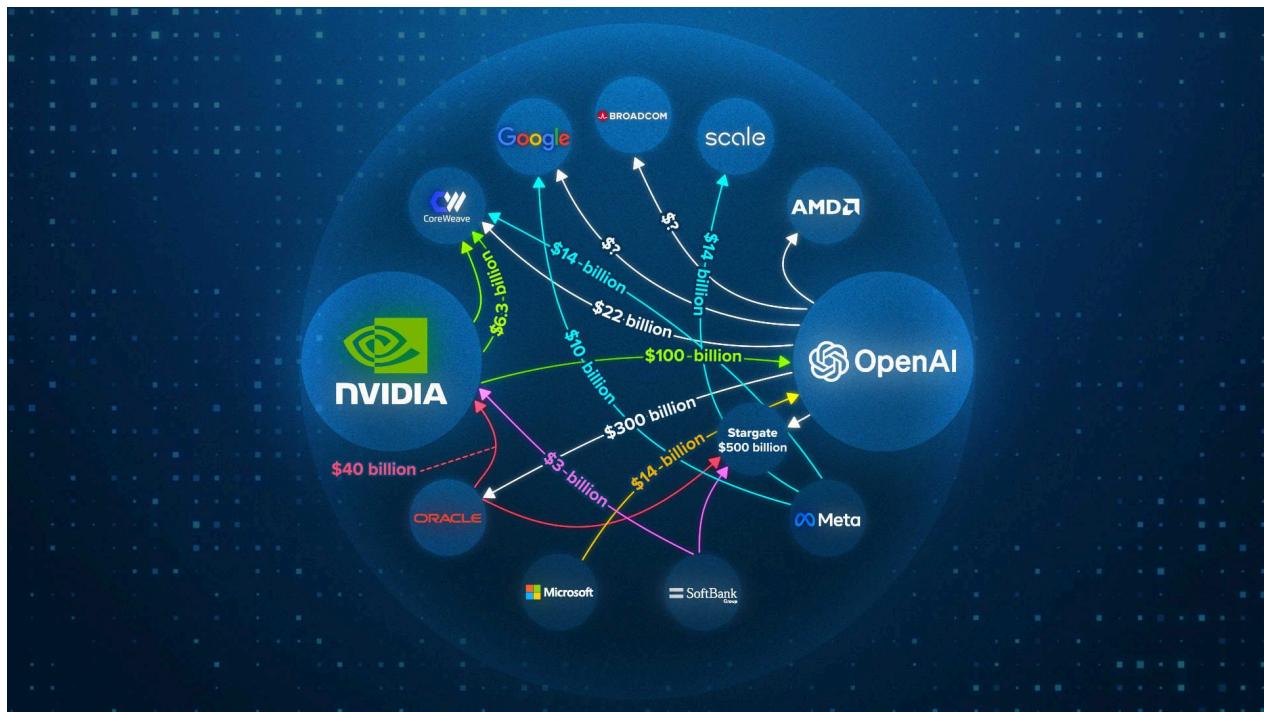
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Broadcom	Tens of billions	OpenAI agreed to buy custom chips and networking components
Amazon	\$38 billion	AWS to provide OpenAI with hundreds of thousands of Nvidia chips

Source: Bloomberg News reporting, public statements

Since October 2025, **OpenAI has committed US\$1.4 trillion of AI spending plan, much higher than its expected revenue in 2029**. Basically, OpenAI has single-handedly pushed the whole industry to enter into an AI bubble. OpenAI wants to tie its own fate to every huge US business, so that it is “too big to fail”.



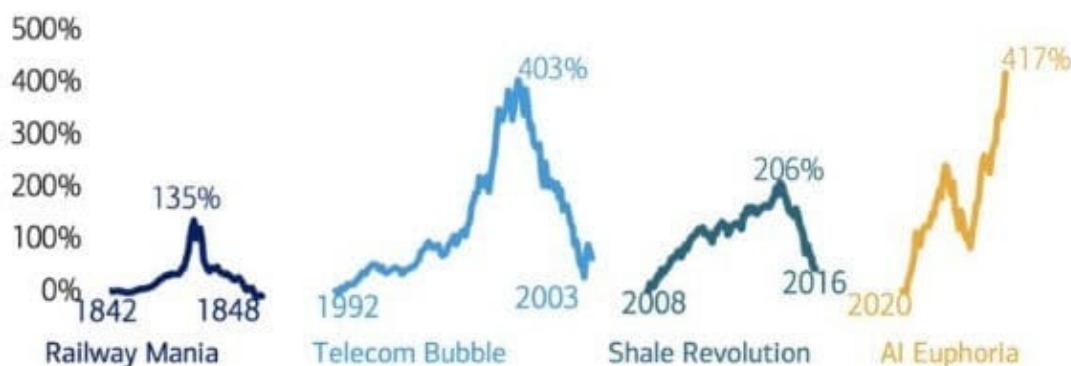
The second reason OpenAI is pushing the whole industry into an AI bubble is because **OpenAI must solve its economies of scale problem to be sustainable. There are many investments that will only be made when the whole market goes crazy.**

For example, in the 1870s, the whole US market goes crazy about railway and everyone started building railway track. All the companies that built the railway track has gone bankrupt by now, but the whole US society still benefit from the railway track built during the railway boom.

In the 1990s, the whole US market goes crazy about the Internet. Every telecom companies started building fiber cable. **A total of US\$500 billion was spent to lay down telecom fiber across the US and the world. Only 2% of the fiber was actually used**, forcing most companies that were involved in the telecom fiber buildout to go bankrupt. But because of this, the extra fiber brought down the cost to run Internet and allow all Internet companies today to flourish.

Exhibit 1: New tech, big investments, booming productivity...and bursting stock bubbles

First movers are often not the big winners from new technology



Source: BofA Research Investment Committee, Global Financial Data, Bloomberg, Odlyzko (2010); Note: Railways = UK top 100 transports and British Railway Share Prices, Telecom = Nasdaq; Shale Revolution = AMZ Index; AI = Mag 7

BofA GLOBAL RESEARCH

Without a bubble, there will be no investment made on railway and telecom. It seems like OpenAI is playing this role, to push the whole industry into AI bubble so that the infrastructure cost can be pushed down in the future.

Scenario 1: \$100 Billion Payout

- $EV = 0.01 \times \$100,000,000,000 = \$1,000,000,000$ (1 Billion USD)

Scenario 2: \$10 Billion Payout

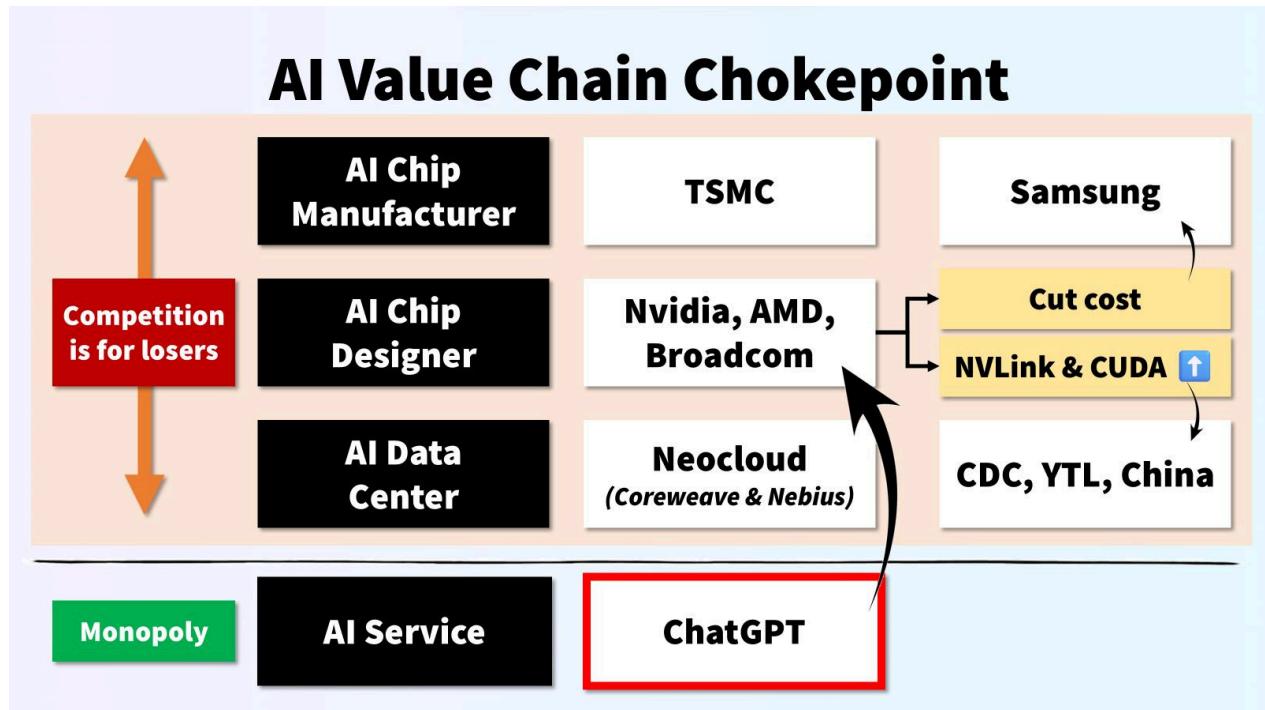
- $EV = 0.01 \times \$10,000,000,000 = \$100,000,000$ (100 Million USD)

The end-reward looks so big now, that the expected value of speculative investment with 1% chance increased significantly. There will be more and more speculative investments made, some notable ones are:

1. **Substrate, a new US semiconductor manufacturing company** backed by Peter Thiel (*author of Zero-to-One, co-founder of Paypal, early investor of Facebook, Palantir and OpenAI*) that are investing to use X-ray instead of Extreme-Ultraviolet Ray to manufacture advanced AI chip. If this is successful, Substrate will break the monopoly of TSMC and ASML in EUV semiconductor manufacturing;

2. **Extropic**, a new kind of chip that is run on probabilistic manner (0 or 1), instead of 0 and 1 like CPU (run one by one) or GPU (run in parallel). This will bring AI probabilistic manner to chip level and save a lot of computing power and be much more energy efficient than CPU and GPU, especially in image and video generation using AI; or
3. **Positron**, a new kind of chip with higher memory bandwidth utilisation that claims it can run much more energy efficiently than Nvidia's GPU when it comes to AI inferencing.

There are many more speculative investments like these in the process. Again, these kinds of investments only work at times of bubble because **the expected value of an investment with only 1% probability of success has now become significantly higher**.



So OpenAI's strategy is clear, to **create a perfect competition environment in the upper part of the AI value chain**, so that the suppliers will compete for margin and bring down cost for the application layer (ChatGPT).

It is interesting to witness this power accumulating in OpenAI's hand. This again highlights that, in the current digital era, the one that hold monopoly power are the one that control demand.

Final thoughts

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\$78.93 ↑14.49% +9.99 YTD

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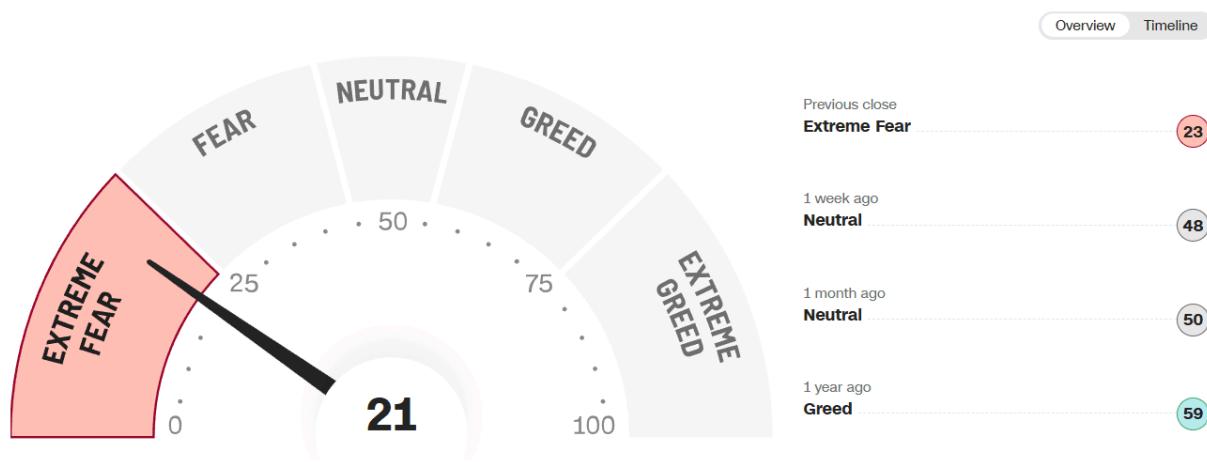


If you invest in the US stock market, you would have seen that the market has been going up very fast, and adjusting for the past 1 week.

Fear & Greed Index

What emotion is driving the market now?

[Learn more about the index](#)



The market also entered extreme fear territory as of 7 November 2025.

There is **no point trying to predict what will happen in the future, or even stop investing just because you think we are in a bubble**. At the end of the day, the path to finding a good investment is still the same:

1. Buy business that you understand

2. The business must have a competitive advantage
3. Management of the business must be good with integrity
4. Buy at the right price

To add further on how to find the next 100 bagger in the new AI era:

1. 10x better technology
2. Network effect
3. Economies of scale
4. Branding

You need to start studying and find great companies now. This is so that if the bubble burst and share price crashed, you know which stock to buy.

We will also share our journey throughout, stay safe and stay strong investing.

Cheers,
 Guan and HY
DoitDuit

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