AI AHEAD AND THE FUTURE OF INNOVATION

Announcer 00:03

Please welcome the panel on "AI Ahead and the Future of Innovation," moderated by Annabelle Droulers, anchor and Asia tech correspondent, Bloomberg.

Annabelle Droulers 00:36

Alright, good morning, everyone. It's a really great moment, I think, to be talking about AI and Asia's role in that. I do think it's also a really interesting moment in terms of what we've seen. I mean, I'm just off anchoring a two-hour show this morning before I came here and was there for the open of markets in Japan and Korea today, and you're seeing it continuing throughout the Asian session. But it's very much a story that continues to be about what's happening in the Middle East. And I think that it's sort of remiss not to start there, given the impact that it could actually end up having on the story around AI and also innovation in this part of the world. But Winston—sorry to put you on the spot—but we do need to, I think, get started with that. How are you assessing it in your role as CFO of Lenovo, and how are you looking at the different, I guess, areas of where we go from here?

Winston Cheng 01:27

Well, I started as CFO in April of last year, which three days later, I think, became the tariff wars—and then the component prices are now a war. So, in my first year, I'm not afraid of being put on the spot, for sure. One of my other roles is the chairman of our group crisis committee. So as part of that—I think it was launched three weeks ago over a weekend—and so immediately we called for a meeting across security, human resources, ensuring our people are safe. But of course, I think what we're also looking for is also what is the impact on various prices and, of course, shipping as it relates to the goods into the Gulf Region. And as many people may know, we are building a $400 million plant there in the region, and we have built it so far very safe. But I think overall ensuring that our business continues in that region is most important. The Middle East is low single digits in terms of revenues for us, but with a big growth opportunity, as you say. They're investing in a lot of AI. And I think AI in the future will require a lot of power, and the Middle East has a lot of low-cost power from that perspective to be able to power AI inferencing going forward. So, I think that's a long-term trend that we still hope—with stability in the region—to be able to continue to capture.

Annabelle Droulers 02:54

Does it affect the timeline, though, for your Middle East operations?

Winston Cheng 02:58

I think it's difficult to tell at this point. I think three weeks ago we—amongst the committee, and of course we have external advisors as well talking to us—and I think at that point, globally, in terms of our business continuity, the initial estimates were probably four to six weeks. Today, my thinking is probably still a little bit longer than that, but I think overall the general consensus is probably one quarter in terms of hoping to see a little bit more stability.

Annabelle Droulers 03:28

Sung—this is Sung Kim, co-founder and CEO of Upstage, which is an LLM company founded in Korea—but I think it's also interesting today because not just have we obviously woken up to all of these headlines over the weekend around what President Trump was saying about the Middle East, we actually also had the trade data coming out of Korea today and very strong export numbers for the first 20 days of March, even with what was going on already at that point in time. So again, from your perspective, how are you looking at the impact, and does it slow you down at all?

Sung Kim 04:04

Right, I think it doesn't really slow us down at all. But actually, there is more demand on AI—because all the companies, they are looking to try to make themselves more efficient in almost everywhere. Also even other countries—currently we are working with the UAE and other countries—they want to develop their sovereignty in their countries, so they have more calls that want to use AI technology in their countries and everywhere.

Annabelle Droulers 04:36

David—I'll bring you in here. This is David Li, co-founder and CEO of Hesai, of course, but also joining us today as the founder of Sharpa Robotics, something you've just kind of come out of stealth mode in. But I'm also interested because at the same time all of this has been going on, it's also been the open core craze in China. So, what is breaking through there? And then what are the top themes that you're also watching?

Yifan "David" Li 05:02

Yeah, thank you. First, it's great to be here. I'm the CEO and co-founder of Hesai, which I tell people are the 'eyes' of the robot. I spent the past 12 years building this company into the world's largest LiDAR company in the world. And then I got bored because I actually realized that we were able to reduce the price of such an industry by more than 99.5 percent. That's how impressive we are in being able to do that. And of course, then we are able to work with all of the major car makers in the world, also including—we're the selected partner of NVIDIA. And then—and we look at the space, I realize that the opportunity of physical AI, or AI robotics, is very interesting. And it's interesting in the sense that it's combining AI with hardware. I feel like a lot of people, when we talk about large language model, the assumption was always that, oh, it's always about the model itself and we never really talk about data. The reason we never talk about data is you're gifted the

data of almost unlimited text-based internet that you can just have free access to. But when it comes to robotics—the physical AI—you actually don't have that gift. We are on our own to get data. So, that's where hardware is important. And the second reason being able to build a system that's coupling hardware with software is important is that if you think about how robots interact with the world, it's not like cars where they kind of run in the ideal world of perfectly flat surface, perfectly rigid body. Well, for robotics, it's really the last millimeter. It really—the magic happens when you touch the other object, and that's where hardware becomes extremely important—and being able to leverage the supply chain of automotive was key. So that's why we realized that leveraging the capability of supply chain manufacturing from automotive, combining that with AI and the model and training such a system with your data pipeline that is effectively taking advantage of the data will allow you to be able to build robots that's useful. For us, we have an interesting slogan, because everybody loves manufacturing. So, in my mind, robots are, in the end, returning your time back to you. So, it's like a gifting you your own time. So that's why we say we manufacture time as our vision.

Annabelle Droulers 07:44

Alright, I like that slogan. Rui—I'll bring you in as well. This is Rui Li, founder and CEO of ViTai Technologies, another robotics-focused startup as well. So Rui, just share a bit of background, I guess, and points of difference maybe between what you're doing versus what Sharpa Robotics is focused on.

Rui Li 08:03

Sure, absolutely. So, I'm Rui, CEO and founder of ViTai Robotics. What we are building at ViTai is to enable robots to have the sense of touch like humans and manipulate like humans, which is the next frontier in order for AI to enter the physical world. And we are building the tactile infrastructure for robotics. Just to echo what David just shared, right now, AI is actually turning from digital AI to the physical AI—whether it's open cloud, like trying to act still in the digital world, or robotics, which is trying to interact with the physical world. Imagine where robots with vision can see the world around them. At the moment they touch the object—touch another person—they have to sense the contact information, which is so rich. For example, how much amount of force to exert on the object—let's say the egg, whether it's a leaf, or different types of things—and whether it's slipping or not, and how much amount of friction, et cetera. And at that moment you realize how important it is to actually have the sense of touch like humans—and combined with vision. So, what we are doing is basically to develop the tactile infrastructure, which we call vision-based tactile sensing, which is right now a very popular research area in academia. And while I was doing my PhD at MIT CSAIL, my advisor and I—we actually invented this field of vision-based tactile sensing and built the world's first vision-based tactile sensor with resolution surpassing that of the human fingertip by over 100 times. And from there, a lot of people realize the importance of touch for manipulation. But that has been going on for over 10 years in academia. And what we are building at ViTai right now is to make this transform from academia to the industry. And we basically enable every robot to have the sense of touch and be able to manipulate like humans. And so what we're—what we're, in a lot of sense, what we are doing with what David is doing shares some overlap, but we are more focused on the sensing modalities and also the software—the algorithms behind it, like which we call hand-eye coordination.

Sung Kim 11:17

Yeah—we focus on manufacturing time.

Annabelle Droulers 11:21

Yeah. What do you see then as the crossover between embodied AI and agentic AI?

Rui Li 11:27

I think whether it's in the digital world or the physical world—I think that's the difference. For example, like open cloud, it's basically—it's like operating your computers, or like—that's still in the digital world. But for robotics, they have hands, they have, you know, a lot of other capabilities that are able to interact directly with the physical world. I think that's the main difference. But in any way, you know, both are super important because they are both part of the society, which are super critical.

Yifan "David" Li 12:05

Can I add to it? I also have a recent reflection or inspiration from the open clouds of the world. What my takeaway is that when you give your agentic AI more access to the world—in this particular case, you're allowing them to operate not only in the chat box type of tasks, but you're allowing them to control your computer, right? And then they become enormously more useful. And that's also the same thing we see for robotics—that in the past—and I was actually just talking to Mr. Dawson on robotics—and the difference between general-purpose robots and robots, right. People get very confused between the two because it's much easier just to say the word robotics. The truth is that the word robotics—or, aka, automation—has been around for probably decades. And the only new cool thing, or the new invention empowered by AI, is called general-purpose robot. It sounds very boring, but that's actually the most exciting idea, in my mind, of our era—that you would build a unified device that looks identical but deploy them across different industries—from your restaurant to hotels to factories—and in the end, for homes, with the same access of hardware capability. And that's very important. And I feel like with that capability, we can truly unlock the cost structure that makes sense for homes, for service industries, and also the function that will cover everything we do as humans. I think that's the exciting future. And we're in Hong Kong—I feel like we can say this in Asia now—chopsticks, in my mind, are one of the greatest general-purpose tools we invented. I know it's a little too early for lunch, but if you think about it, we are able to design such a unified, standard piece of instrument, knowing that with a pair of chopsticks you can do anything—you can go anywhere—you don't have to worry about what type of food you will be eating. While the Western world is usually more specialized—if you go to a kitchen in Germany, right—they have like 500 tools, and each of them are great, very precise, very effective. But in the end, it's not a unified approach. But chopsticks took an approach that's incredibly generalized, incredibly affordable, incredibly powerful—and then everyone can just take them without thinking what type of food I can eat. I think that's a great future of agentic AI and the physical AI—in the sense that we'll just design one set of unified products, and they will go everywhere.

Sung Kim 15:03

Yeah, I want to add one more thought on the agentic AI part. So, either in the real world or digital world, this agentic AI is actually not a new idea. So even 20–30 years ago, we talked about agentic AI. Even when GPT 4.0 came out, we talked about the GPTs and so on. But one thing I want to pay more attention to is the intelligence itself of the ChatGPTs or LLMs right now. So, for example, Upstage is also working on LLMs, and the intelligence is so advanced—if you compare last year and this year, there are different things—and they are so advanced, even chopsticks or any other tools—we just teach them in a few minutes, they can mimic it. That's actually a really great power of general intelligence. And the question here is that only a few countries actually will own this so-smart intelligence—like maybe for sure China and then the US. And then my question is: how about other countries? Is it OK to not have this super intelligence?

Annabelle Droulers 16:12

Yeah—that is a big question around sovereign AI. Ben, I've seen you nodding a few times, but I'll bring you in. This is Ben Dawson here, a president at Cisco, focused on the APAC region—Japan, Greater China. What's your take on the level of organizational preparedness for this, well, reality basically?

Ben Dawson 16:29

Yeah, it's fascinating. I think you're listening to some of the use cases here, and keep in mind, when it comes to AI use cases and models and adoption, I feel like we're still chapter one of a multi-volume series, so, it's exciting to see where that heads. The question is: are organizations and governments and economies ready to take advantage of those opportunities? And we conducted a study recently—it's our third annual AI Readiness Index—and the answer appears to be only some of us are ready. Only 13 percent of organizations surveyed felt like they were truly ready to embrace AI. And that was looking at the technology, was looking at the policy, the governance, the business rules, the business cases. And that's where we spend a lot of our energy—helping organizations be ready. I do think there are also organizations probably fall in that camp of naysayers that think this AI thing may not ultimately have an impact. I think that's a dangerous position to take—as organizations or as countries. This will leave an indelible and significant mark on, I think, all parts of all economies and industries. Those that embrace it, I think, will be well positioned—but those that embrace it and understand what they're trying to achieve with it, I think, will be at the forefront of taking advantage.

Annabelle Droulers 17:51

Winston, you've got an agentic AI tool that you're looking at releasing in the second half of this year. Why do you wait, essentially, until the second half? What's the reason for that sort of timeline?

Winston Cheng 18:07

Yeah, we really look at agentic AI from a total perspective. So, I think security and governance is very important. I think today, a lot of the excitement around this open cloud—but I think there's also a lot of risk, potentially, with open source and also other capabilities that you may not know. And it's going to the potential average user. As a global company with devices out there, our agents are going to be embedded on our devices—but also we would open to non-Lenovo devices as well. But I think while it's on our device, it's core to us. I think we're responsible for it. So, I think from that perspective, we really want our agentic AI—and I think that goes to the sovereign AI perspective—which is we're a globally compliant company. And so, to be able to operate in 180 markets with AI capabilities across the world, we need to respect the governance of that. And so, from that perspective, recognizing that certain devices we produce out of a certain market need to be embedded with LLMs from that region. And so, from our perspective, it's really having agentic AI with an orchestrator to be able to plug into the best LLM capable within that region—utilizing the personal data at the personal front and enterprise data. So, I think having a public—but not everything will go on the public—but this hybrid AI strategy from the perspective of public, private, but also enterprise and personal. So, our devices will capture that personal data, where the AI agent—while still slightly more limited and compact—will be able to capture all of your really digital AI twin and concierge needs. I think that's where we envision the world going.

Ben Dawson 19:49

So just to build on that a little bit—I think we're at a point now where the technology capability outstrips the capacity of

many organizations and economies to take full advantage. And I think it comes down to some of what Winston talked about—the governance, getting the regulatory framework right at a country level, getting the governance right within organizations is really important. And there will be this blend of hyperscale global public infrastructure, on-premise—we're also seeing the emergence of what we call neo-cloud providers, who are—for organizations that want to build sovereign cloud but may not have the capital to do so—these organizations sort of occupy that space between an individual enterprise and the global public players.

Annabelle Droulers 20:30

Sung—I'll bring you back in, because I was listening to the interview you did with Bloomberg TV this morning, talking about the conversations you'd had with Lisa Su from AMD. And I know that you're looking to buy around 10,000 GPUs—what was behind that decision, given you've also just been awarded NVIDIA technology as well?

Sung Kim 20:59

Right, actually, there are many different angles why we need many GPUs from AMD. The first thing is that the data itself must stay in Korea rather than other countries. So, we want to build a huge data center in Korea, and then we definitely need the GPUs to fill out all the data centers. And the second—as you probably know—there is a huge competition between other companies, like the cost of the tokens. So, we want to actually build so-called token efficiency. In order to build token efficiency, we have to build our model for that GPU—for AMD. So that means that if you can work with AMD tech teams, and then somehow we develop really, really efficient algorithms to put on their GPUs, this is a huge gain. So that's why we're closely talking with Lisa Su and making that come true.

Annabelle Droulers 21:58

David, what's been the impact of, I guess—I mean, this plays into the broader chip story—how is it affecting your businesses right now?

Yifan "David" Li 22:11

I think two parts, right? The first is actually allowing us to take a more holistic view in thinking about what is the tiered, or hierarchical, approach we should take based on the compliance requirements of different countries, right? For example, for my LiDAR business, we focus really strongly on the manufacturing and the automotive-grade quality—but we try to—we actually don't touch data at all. So that's one of the strategies we adopt—that we realize that, of course, if you build the AI on top of that, you might make more money, but we want to stay strictly with the hardware. And that's one of the approaches we take, right? And then, of course, by the time eventually, when Sharpa is shipping robots into homes, then you have to find local partners—you have to make sure your data is fully compliant. And of course, that's not just the attitude—that's by design. That's by how you set up your hardware and your AI and your data flow—in a way to make sure that it's strictly within the compliance requirement of each of the countries. Of course, I tend to think that for consumer robots, it's actually less sensitive because it doesn't really touch any of the sensitive data—and most of it is just the images that they collect. Of course, they strictly stay within the local servers, so that's the approach eventually robots will have to take. And then lastly—and because it's a tiered approach, and there is a notion there—the intelligence, the large language model part—for that, we realize that you really don't have to reinvent the wheel. It's perfectly fine if you separate them into the motion planning of the robots and the logical thinking of the large language model—which you have now an abundance of options you can work with, right? I'm sure in Korea we can work with you, and in China you can work with

other players. In the US, they also have many players who are very good in the logical thinking, the language part of the model—that you don't have to reinvent the wheel. I feel like that's a tiered approach. Eventually we will definitely take that. I feel like that's going to be the new norm.

Annabelle Droulers 24:22

Rui, would you agree with that tiered approach?

Yifan "David" Li 24:25

Do I agree?

Annabelle Droulers 24:26

No—does Rui?

Rui Li 24:28

Oh yeah, sure, absolutely. I think first of all, data is super critical for training, and we need a huge amount of data to be able to train a model that's kind of relatively effective. But at the same time, data can be sensitive—because especially when robots get to different homes, there's privacy issues, there's safety, et cetera, security. And so, I think storing data locally is super, super critical for people to be able to trust this type of technology. And yeah, I agree with David on that.

Yifan "David" Li 25:23

If I may add to that—just to help people understand the approach I think eventually everyone will take—you can imagine we are hiring a worker on the production line, right? There are really three parts. And one part is their natural instinct—how they handle objects and how skilled their hands are. Those skills, they come with the worker—they don't come with the factory. But those are the less sensitive parts because those skills don't possess any potential privacy issues or any data issues. Those are going to be part of the machine. And then there is a middle layer, which is the proprietary skills. For example, if I find a job at McDonald's, I'm sure McDonald's will teach me things I don't already know in how to fry a burger—which I actually don't know. So those are the things that will stay as proprietary information, and they probably will not allow you to take back outside McDonald's—because there's no point for McDonald's to share that with KFC, right? And then there is the public layer, which are—let's consider them the common sense. McDonald's doesn't even need to know that. Those are the common sense on how to open the fridge or how to handle frozen goods. Those are the things that are likely not proprietary, but public domain knowledge. That's the part I consider—we have an abundance of large language models we can use. So, I think those are the three tiers: one layer strictly to the supplier, one layer is the shared space of the private proprietary data with the customer, and then there's public knowledge that you can access everywhere. I think each company—nobody can do everything altogether. I feel like that's unlikely and not necessary. But each company, considering your advantage, should think about the data strategy we have that is coupling, synergetic, and makes sense for the unique advantage of the product you have.

Annabelle Droulers 27:36

Go ahead, Sung.

Sung Kim 27:38

I think that's a very, very, very, very good point, so I totally agree with you. So, this public knowledge maybe can be open to every area, but the disparity—and then even personal data—should stay inside of your organization or even in your country. Otherwise, we call this data like the oil of the AI era, right? So, oil prices are going up these days, but this data oil price will significantly go up, right? So, I think all the companies—or even at the country level—we should make a really good plan to keep your own country's data, your own company's proprietary data, personal data, keep it in your data center—not elsewhere.

Annabelle Droulers 28:22

I want to pick up on oil prices and just the broader outlook off the back of that, because it's obviously been a changing expectation around central banks and the amount of growth that we may end up seeing this year. But Ben, out of the companies that you're speaking with and what you're seeing on the ground, do you see any hint that we might actually see a slowdown in this region this year?

Ben Dawson 28:45

Yeah, it's a good question. From a Cisco perspective, I guess we get to see a lot because we deal across most geos, most sectors, and so on. And I would say the short-term response or outlook is probably varied by industry in terms of that balance between pessimism and optimism. What we are seeing, though, in the technology sector is that there is a sustained commitment to investment in technology. So, I think there's a view that irrespective of what happens in the short term, the need for technology—AI and other forms—is going to be important in the longer term. But I think we are absolutely seeing—in both of us see—the inflationary impact of some real shortages in things like components, like memory at the moment. So that is certainly driving some short-term demand, as organizations recognize they may not be able to get the technology they need as quickly as they'd like. So, I think that's certainly an accelerant in the last few quarters.

Winston Cheng 29:47

I would add to this that certainly from a long-term AI-spend perspective, right now we're in the first chapter, as has been said. But I think from the perspective of LLM training today—and I think if you look three years ago, maybe it's OpenAI, recently it's Anthropic, in China we've run through many, many phases of who's leading today. And we actually see in China—we actually already launched an AI agent many years ago, so back in 2024. So, we see that when capabilities come up, the curiosity within the devices—the usage goes up. But because in the early days the LLM is not so great, this actually does come down slightly. What I'm trying to say is that as we see new technology come up, that adoption comes up in terms of usage—and so people are spending. So LLM training today is a multi-year spending trend, so we're seeing that and benefiting a lot of that in our CSP business, which are cloud service provider business, hyperscalers, and also Tier 2 hyperscalers. And then of course in the AI inferencing, as there are much more—and you hear Jensen Huang talk about this a lot—which is, as you have better models today, you'll have more queries, and you're going to have to generate the tokens necessary. So, I think that's also going to be a long-term trend. On the back of that, after trillions and trillions of dollars spent, you're going to need devices—you're going to need devices to interact and consume with the AI. So, I think that's a

multi-year cycle as well. So, our chairman made an observation, which is a brilliant one—that device market used to be much larger than the infrastructure market, certainly for servers. The infrastructure market actually surpassed the market last year. And so we see that cycle coming back around, where the devices will come back up again after the cycle passes. So, I think long term the device market is going to be much larger, but I think we see multi-year spend—from the server, from the cloud to the enterprise, down to the personal user.

Annabelle Droulers 31:46

The device market, though, is obviously challenged right now, just as we've been reflecting on the memory chip crunch and the amount of effort that's going from the likes of SK Hynix and Samsung to production of HBM. We've spoken before about the great stockpiling you guys have done in your long-term supply contracts. But what is it looking like right now?

Winston Cheng 32:08

It wasn't the great stockpiling, but I think we had some foresight and planning. But I think no one has the ability to stockpile for multi-year, because I think you're just not in the business.

Annabelle Droulers 32:20

I think it was six months you had, maybe.

Winston Cheng 32:22

Yeah, so I think that's still—you know—and you'll see the benefits of that, I think. But securing the supply today is most important. And then of course, from that perspective, really on the server side, you can absolutely pass through. I think the demand is on the server market. On the device side, I would say on the enterprise, there's a lot more need. I think there's probably a debate in the short term where CIOs say, I don't have the budget for it, but they go back and ask because it's almost an essential device for them to upgrade at times. And then on the consumer side, I think we're probably initially estimating that if there is much more increase, that's the first area that gets hit—it's still the lower-end consumer devices.

Annabelle Droulers 33:04

Yeah, definitely they're the ones that are most vulnerable. What's the scope of the price hike, do you think?

Winston Cheng 33:11

I—you know—I think it's an unprecedented cycle push by really, at the top where you have cash-flow, very profitable customers that can afford to pay, in terms of the Tier 1 hyperscalers. So, we're still seeing that bid in terms of the race to arm themselves, right, with being the first to have the equipment to train their AIs. So, I think that's still an area that we're seeing that's driving a lot of that. Remember, we're benefiting from the server side of the equation.

Annabelle Droulers 33:45

But in terms of raising the prices of your devices, what would you need to raise by, do you think, to absorb the cost?

Winston Cheng 33:53

Right now, we're passing through, of course, I think from the perspective of servers. We're absolutely prioritizing in terms of profitability. On the device side, I think we're still OK, but I think we're a little bit more cautious going through the next couple of quarters because I think the combination of the war and other things—I think that balance—it would not be prudent if you were not a little bit more cautious in terms of outlook.

Annabelle Droulers 34:20

OK, David, I'll ask you as well. We had some commentary earlier here today at the Milken Summit, just talking about how the geopolitical risk premium is shrinking in China, from Cambridge Associates. But I'm curious for your views—obviously the position of China in this—and whether you think that given what's going on in the Middle East sort of takes the pressure a little bit off of you as a Chinese entrepreneur who's also got global ambitions.

Yifan "David" Li 34:47

Yeah, I think I'll focus on the business itself, right? So, I feel like the hardware business, especially the parts that are the critical parts of the supply chain of the EV industry, which we are part of that, I feel like China still has a very strong leadership. And just look at the sheer volume of that. And the rest of the world is still largely on IC engine vehicles, while China now, give or take, has 50 percent of the volume in EV now. When you think about EV, you think about battery and motors. No, no—it's way more than that. It's a new way of designing a vehicle with the latest technology that's available. That's why even though you look at EV as a product, you think about electrification—but you sit in the car, any of the cars—Xiaomi, BYD, Li Auto—you're like, oh wow, this is a completely different experience. I feel that is critical as China's uniqueness, or the contribution to the rest of the world. Essentially, we build high-quality, highly innovative supply chain and components that could help the rest of the world. And of course, what companies like us are trying to do is—we feel like, OK, let's not reinvent the wheel, right? Because it's also difficult to do, considering the sheer amount of the volume China EV already has. If you look at Hesai as a LiDAR company, right, I mentioned one number—that we reduce the cost by 99.5 percent. What I did not say is for the past, probably more than five or eight years, we have more than doubled our volume every year, and now we're shipping a few million units every year, and of course at a very affordable price. But then it's a great story of using the supply chain capability and also the vertical integration to drive down the cost. If you think about—I didn't mention what LiDAR does—it's an optical sensor on top of vehicles that can reduce up to 90 percent of fatal accidents by scanning the road. And naturally, if you look at such a product, what do you expect us to do? You want us to bring down the cost. It's almost like morally obligated that we want to reduce the cost to a level that everyone can have one. And for that reason, of course there is tariff, of course there is geopolitical tension. But in the end, what is more important than bringing such a safety technology to every vehicle so that people's lives can be saved? What is more important than that, right? And from that angle, helping such great technology be able to be used by all the vehicles on the road globally is a much greater mission. And of course, there are really practical hurdles we have to go through, including compliance, including tariff. But we're motivated to do that. I feel like I can speak on behalf of a lot of the supply chain companies in China who have built great capability, great quality, and very attractive cost. All they need is to connect that dot to the customers globally. And of course, today, the geopolitical tension doesn't help that. But again, we're motivated to solve that problem.

Annabelle Droulers 38:06

Rui, do you think it's also about trying to focus on, I guess, the different roles that China and the US play in the robotics ecosystem?

Rui Li 38:15

Yeah, absolutely. I think as the robotics space evolves, the roles the US and China are playing actually start to kind of diverge a little bit. Like, for example, in the US, a lot of robotics companies kind of focus on the brain of robotics—kind of more like how robots can perceive the world, can do some planning, et cetera. On the other hand, in China, there are a lot of robotics companies in China which are kind of hardware-focused, or with a combination of hardware and software. For example, Unitree—a lot of people saw the performance of the Unitree robots over the internet or during the Chinese Spring Festival Gala—kind of they can perform pretty much like humans, probably even better than humans in a lot of ways. That's actually one example of the robotics companies in China—kind of how they focus, how they evolve, et cetera. So, on the larger scale, the US is kind of leading the AI frontier, especially in the algorithm side, and China is actually leading on the hardware side with advantages in the supply chain and also deployment as well. You know, when you have this robot, how can you make those robots useful? Our dream, our goal, our mission is to make robots do all kinds of work like humans and to have at least 1 billion people self-dependent when they get older. And that goal—everyone gets old, whether it's in China or in the US—everyone probably in the future will need some kind of robots to help them. And for that goal, that actually needs the collaboration or different type of work from all over the world—from the US and from China—which is, with the US alone or with China alone, this goal can be much, much further away. But with advantages of both countries and also other parts of the world, I think we can realize this goal as a human race much, much faster. And in that way, in that sense, I also kind of hope that we live in one world. I think if we can work together closely as a human race, I think we can make the world a much better place to live in.

Yifan "David" Li 41:39

Can I offer, based on Rui's comments on the hardware, I also want to offer an interesting point, which is a quote from Alan Kay, who is the founder of Xerox Lab. Steve Jobs was a very big fan of such a quote. And it's in such that, "the people who really care about software should build their own hardware,"—which is not quite intuitive in a bigger part of the world, especially in Silicon Valley. I highly echo this because, especially when we talk about the future of robotics, it's difficult to separate the two systems. And it sounds like, of course, a lot of people would just say, sure, we are trying to build the hardware and then we have the great software people from around the world to do that. I think there is a very good chance Alan Kay was right. He has definitely been right in the past. There is a pretty good chance he's right, in such that the people who really care about the software would end up building their own hardware, and vice versa—people who truly have the greatest hardware will have a much greater chance of building an integrated AI system that is better than a separate approach. So—and this was true for cell phones in the beginning and for personal computers. I feel like this will for sure be very, very true for the future of robotics.

Annabelle Droulers 43:13

Let's just end, because we've got a couple of minutes left. If you can each reflect in about 30 seconds each—the focus, of course, is on the future of innovation, AI ahead. We've touched on a few different themes: sovereign, embodied, agentic, macro factors, Middle East, what's happening with the memory chip prices. What do you think is going to be the key theme that we emerge out of 2026 with? I can start with you.

Sung Kim 43:39

So, I think AI is obviously still going to be the critical aspect of it. I think with respect to the capabilities, we're probably only just scratching the surface. I think it's just exponential in terms of that capability growth. And I think within the enterprise—whereas I think you did some surveys—I think the enterprise is now getting ready. I think there's no one within enterprise that's really doubting with respect to AI. But I think the implementation is probably a little bit more challenging. So, I think that's a longer-term cycle for sure.

Ben Dawson 44:11

Yeah, just building on it, I think there's some big trends, and predicting anything in this environment is tough. But, I think what we'll see is a lot of the capital to date has flowed to very large investments in very large infrastructure. I think that will start to move more to the edge—that innovation will happen at the edge. Innovation will happen in individual organizations, and there will be capital invested there. I think we'll see the democratization of AI as models get smaller and more accessible to more people. And I think that's important from a social dividend as well. And I think in terms of organizations you might be looking at investing, I believe power is going to shift from the CIO, as in information officer, to the CFO. It's a "show me the money" period we're entering.

Winston Cheng 44:54

It sounds like you should be our spokesperson.

Sung Kim 44:59

For me, especially if the LLM intelligence—I will say this year is really the starting of the self-improving AIs. So, as I mentioned, the intelligence level from last year and this year is significantly different. The reason is that the development of new AI is actually not really involved from humans—AI itself is improving the AIs. So that's what we're going to see starting this year.

Rui Li 45:27

I think I see a very obvious trend that AI is actually going from the digital world to the physical world. And with, you know, whether it's open cloud or the world models, et cetera, actually people want AIs to be able to do things for us, whether it's online or offline. And in terms of robotics, we are at the center of making that happen—for robots to do hand-eye coordination, to manipulate like humans, with the sense of touch and vision all together. And we are striving to realize that in the next few years.

Yifan "David" Li 46:21

Yeah, we're running out of time, so I'll be short. I want people to be excited to know that this will be the year that robots are going to manufacture time for us. If you think the car industry is great, it only does one job one hour per day for us—and for robots, it's doing everything we do, 24 hours a day. And most beautifully, robots can be building themselves. So that's a great future we should look at.

Annabelle Droulers 46:49

All right—David, Rui, Sung, Ben, and also Winston—great to see you again, great to speak with you. And a round of applause, ladies and gentlemen, for the panel.