

# Compute

## Institutional Equity Research

October 20, 2025

### On AGI Timelines

*Following Andrej Karpathy's recent conversation on the Dwarkesh Podcast and a surfeit of new data points on AI's trajectory, we share our views on AGI timelines and the path ahead. Karpathy, one of the field's leading voices, argues that current agents are far from competent and that AGI likely remains a decade-long project, not a near-term event, with progress hinging on advances in post-LLM architectures, reinforcement learning, and continual learning. We agree with that framing but think the market, and much of the commentary around it, still misjudges what today's models can already do and what remains genuinely hard.*

**Current LLMs are about as capable as most white collar work is exceptional.** We'd agree with Karpathy that agents as marketed today, heavily overpromise especially in complex domains like software development. However, most office work is not that level of difficulty. Much of it is structured, repeatable, and within the bounds of current model capabilities. And while models are poor at coming up with new solutions to new problems, so are we, as humans, at least for the most part. So sure, the drop-in remote agent autonomously cranking out work may have a high bar of difficulty, but models can already achieve moderate reliability on many tasks as fragmented, isolated elements. To the point where one can augment a non-trivial amount of white collar work such that any given company may not require as many full-time employees.

**Most timeline debates conflate two different targets because we don't have a coherent taxonomy for AGI.** Let's call the first "job-competent AI" (JCAI): a system that given sufficient post-training on quality RL environments performs at or above an average human on a specific knowledge-work job. Call the second AGI: a system you'd rationally hire sight unseen for an arbitrary job, with minimal task-specific training. The former is plausible near-term, the latter is a far higher bar. Humans themselves aren't drop-in generalists. A smart physician doesn't walk into OpenAI on Monday and is writing cogent CUDA kernels by Friday. The heat in the discourse comes from treating these job-competent AI milestones as AGI proof points and then arguing past each other. Once you can separate the two, we can start to have more productive conversations. We believe we can expect accelerating automation in well-scaffolded domains (JCAI) within the current architectural and algorithmic paradigms. But to reach "drop-in remote agent" generality (AGI), which is a qualitatively different claim, the current paradigms are unlikely to work at scale to broadly get us to where we want to be.

**We've all known algorithmic progress would be the primary bottleneck.** More compute helps, and we'll have more to say on why so much of it is justified, but the step changes have always come from algorithms. The Manhattan Project analogy is tempting since it concentrated talent with good research taste and removed epistemic friction. Our issue is not horsepower, but taste. There is no shortage of brilliant researchers, just not enough exploring the right neighborhoods, as both Sutton and Karpathy have recently pointed out. Credit to Dwarkesh for pressing on continual learning, which is likely essential for ASI, maybe for AGI, but not obviously for JCAI. Think AlphaGo to MuZero. Expert play arrived with supervised learning and RL, but once training became more self-directed, the system leapt past human priors and kept improving without new labels. If we were wrong this year, it was on pace of algorithmic progress, not the direction. We overestimated how many new ideas would land, which, as it turns out, is harder than it looks.

**If anything has become apparent, it's that AI's near-term impact on Software has been far overstated by the market.** Against what we'd call an overconfident consensus, it has been clear for much of the year that AI was never going to kill Software. The trade has been driven more by shoot-first, think-later sentiment rather than a fundamental understanding of the models, their capabilities, and the research direction of the labs. We see no reason to believe infrastructure software is a near-term loser, and unless a frontier lab is directly building in your vertical, application software remains relatively insulated from near-term disruption.

## INDUSTRY UPDATE

Price (10/20/25)

Industry:

TECHNOLOGY

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<b>Adobe Inc.</b>	ADBE	BUY	\$333.26
<b>Amazon.com, Inc.</b>	AMZN	BUY	\$213.04
<b>Salesforce.com, Inc.</b>	CRM	NEUTRAL	\$243.08
<b>CoreWeave, Inc.</b>	CRWV	UNDERPERFORM	\$136.87



Company Name	Ticker	Rating	Price
Datadog, Inc.	DDOG	BUY	\$152.87
Dynatrace, Inc.	DT	BUY	\$48.14
JFrog Ltd.	FROG	BUY	\$47.34
Alphabet Inc.	GOOGL	NEUTRAL	\$253.30
Meta Platforms, Inc.	META	BUY	\$716.92
Microsoft Corporation	MSFT	BUY	\$513.58
Nebius Group N.V.	NBIS	BUY	\$113.44
NVIDIA Corporation	NVDA	BUY	\$183.22
Oracle Corporation	ORCL	NEUTRAL	\$291.31
Snowflake Inc.	SNOW	BUY	\$240.74