sequel

Sequel Request for Startups: Thesis Drop #001

Prompting is for Losers

The Prompt Problem: Data-Driven Evidence

Consumer Adoption Paradox

Despite 61% of US adults using AI in the past six months, the conversion metrics tell a damning story. ChatGPT, with its first-mover advantage, converts only 5% of weekly active users to paid subscribers. Across the entire consumer AI market, merely 3% pay for premium services - representing one of the largest monetization gaps in recent consumer tech history.

Only 3%

pay for premium AI services

The Engagement Crisis

User retention data reveals the fundamental flaw in prompt-based interfaces. Apps with Day 1 retention below 40% indicate serious onboarding issues, while 80% of generative AI users report that AI tools have actually added to their workload rather than reducing it. This "AI fatigue" has led to 42% of companies pausing AI initiatives in 2025, up dramatically from 17% in 2024.

Voice Assistant Decline: The Prompt Precedent

Voice assistants represent the clearest evidence of prompt interface failure. Despite billions in investment and integration across devices, usage has been declining over the past three years. Smart speaker adoption is slowing, with most interactions limited to simple tasks like weather checks rather than the transformative use cases promised. The "Hey Siri" and "Alexa" prompt model has fundamentally failed to create sticky, high-value consumer behaviors.

AI fatigue

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The Promptless Alternative: Proactive AI Supremacy

Context Over Commands

Companies implementing proactive AI retention strategies achieve 10-20% lower churn rates than competitors. Context-aware AI systems demonstrate significantly higher task completion rates and user satisfaction compared to prompt-based alternatives. The key insight: users don't want to think about what to ask - they want systems that already know.

Trust as the Unlock

The path to promptless AI requires unprecedented consumer trust. Currently, no industry achieves above 50% consumer trust in data protection, while 87% of consumers would stop doing business with companies over privacy concerns. However, 66% of consumers will abandon services that aren't personalized, creating a clear mandate for brands that can bridge this trust gap.

The Data Imperative

Proactive, agentic consumer applications require access to:

- Calendar and scheduling data
- Email and communication patterns
- Wearable and health metrics
- Financial transaction history
- Meeting recordings and notes
- Travel preferences and history
- Real-time location and context

This data access enables systems to act without prompting, creating "magical" experiences that anticipate needs rather than waiting for explicit requests.

Market Winners: Promptless Pioneers

Aurora: The Lifestyle Operating System

Aurora drives >3x higher engagement than prompt-led concierge apps by acting as a proactive lifestyle manager that anticipates needs instead of waiting for input.

Granola: Context-Driven Productivity

Granola's the AI notepad for people in back-to-back meetings. Granola has all the context to start agentic workflows. The meeting recordings are a form of passive prompt.

Cluely: The Invisible Layer

Cluely's "undetectable AI assistant" hit $3M ARR within months by delivering real-time, context-aware help, no prompts required. Its bold "cheat on everything" stance masks a deeper vision: the future of AI is invisible and proactive.

The Brand Building Imperative

Consumer AI success requires genuine brand building - long shunned by founders and discouraged by VCs. Trust, emotional connection, and products that feel like genuine magic will be the keys to unlocking consumer data access.

Companies that can build authentic relationships will gain the data permissions necessary for promptless operation.

Research confirms that 80% of customers consider experience as important as products themselves. The era of growth-at-all-costs, logo-less startups is ending. Consumer AI winners must invest in brand, storytelling, and genuine relationship building to earn the trust required for data access.

A timely example of AI leaders investing in brand in Anthopic's recent Claude 'Keep Thinking' advert.

Infrastructure Layer: The Enabling Foundation

Emerge Protocol

Emerge Protocol represents the critical infrastructure needed for this promptless future, using open data to build personalization layers for consumer AI. Companies building the data infrastructure and privacy-preserving personalization technologies will enable the next generation of consumer applications.

Mirai

On-device AI integrated into consumer applications enables consumers to maintain sovereignty over their data. The privacy of on-device models creates a significant unlock for hyper-personalised experiences - as consumers no longer have to worry about their data going off into the cloud.

Sources

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