

# Alger On The Money

## Software Explosion

With AI creating coding tools that significantly accelerate software development, we are seeing signs of an explosion in new applications. If software can now write itself, what might this mean for investors going forward?

### iOS Apps Released Trailing 12-Month Growth Year-over-Year



Source: Sensor Tower and Wells Fargo Securities, LLC via a16z. iOS apps are software applications available through Apple's App Store.

- Agentic AI coding tools—sometimes called “vibe coding”—emerged in early 2025. These systems allow users to describe software that they want built in natural language and have the AI then autonomously write, test, and iterate on the code with minimal human intervention—essentially software that writes software. In fact, this has greatly enhanced corporate productivity with Meta reporting a 30% increase in output per engineer since the beginning of 2025, with the majority of that growth coming from agentic coding adoption, which saw a significant jump in 4Q25.<sup>1</sup>
- With agentic AI enabling more people to build software, app creation has surged. After years of stagnation, iOS app releases have accelerated, rising 24% over the past 12 months compared with the previous year, as shown in the chart above. In December 2025 alone, app releases grew 60% year-over-year.<sup>2</sup>
- While investors focus on identifying AI winners, avoiding the losers may prove just as important. In our view, as software becomes more democratized and barriers to entry fall, companies lacking proprietary data or network effects face heightened risk of disruption (see also [AI and the Declining Cost to Create](#)). Meanwhile, we believe value could continue to accrue to the hardware layer of the technology stack, including semiconductor manufacturers, storage, networking, and power suppliers. As AI creates both winners and losers, we believe skilled active management becomes critical to navigating AI's long-term market impact.

<sup>1</sup> Meta Platforms, Inc, fiscal 4Q25 conference call on 1/28/26.

<sup>2</sup> Sensor Tower and Wells Fargo Securities, LLC via a16z.

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