

Indian Case Challenge

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OpenAI – The Pioneers

#1 Competitive Edge

- ChatGPT along with GPT Builder have clear monopoly in the AI space
- Have a large loyal userbase over its competitors

#2 Our Strategy

- Prioritise user acquisition onto GPT and GPT builder
- Balance rapid growth with controlled onboarding avoiding churn

#3 Revenue Engines

- Utilise the large revenue potential of GPT store and GPT builder
- Creating a structured revenue model for sustained growth

A Two-Tiered Structure of GPT Builder

Lite /Free Version

Limited Accesibility

This version will include only basic Features and Will be accessible only to developer , that means it won't be available on GPT Store.

Ads

This feature will contain ads , which will also serve as a source of revenue for OpenAI.

Premium Version

Subscription

Monthly/Annual Subscription users exclusively access this version. Enjoy strategic discounts like early bird or multi-year subscription savings on the applicable fees.

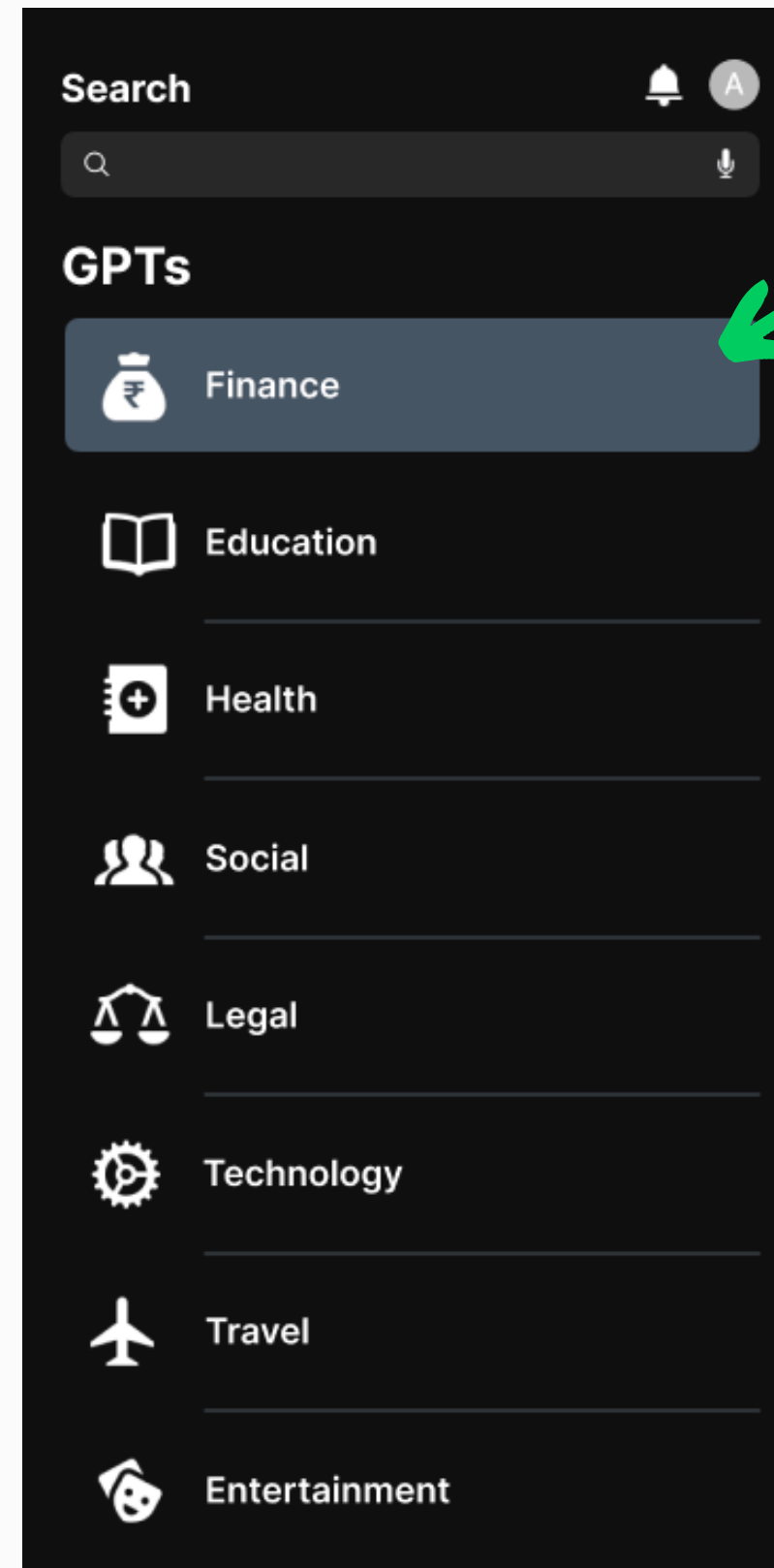
Complete Visibility

Developers who build their custom GPTs can publish those on the GPT store to be visible to everyone.

GPT Store Features

Structured Layout

When you open the GPT Store, you will see various baskets, around 20-30, along with a search bar at the top. When you click on a basket, you will be able to view the GPTs within each basket



Bucket Selection

The developers would be given a list of choices and they would be required to select among which of these choices their GPT lies (e.g. fintech, healthcare ,etc)

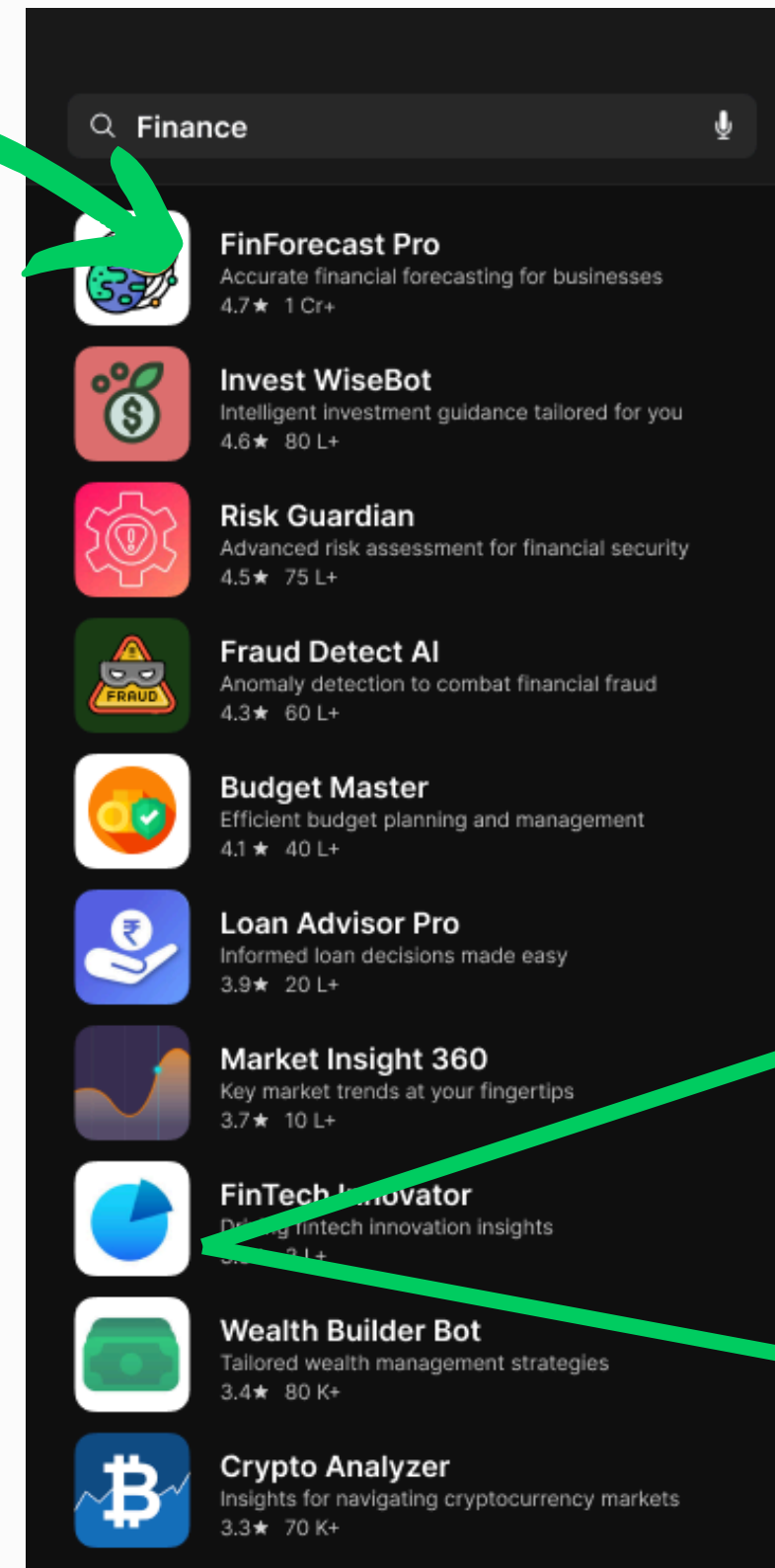
GPT Store Features

GPT Description

Developers who want to publish their GPTs on the GPT store must provide a brief description of their GPT's functionality and name it

Cost Based Visibility

By default, GPTs within each basket are sorted based on user rating and the total number of visits by all users. However, developers can pay OpenAI to prioritize their GPTs in searches



User Ratings

Every time a user visits a GPT, they will be asked to rate it with stars and may add additional comments



Three-Tiered Structure of GPT Store

1. Free GPTs

These GPTs will run ads and will also have an option for an ads free subscription where the entire revenue goes to OpenAI.

2. Paid GPTs

A. Here the user will have to pay X dollars in order to enter let's say some specified Y number of prompts (preferably let y be fixed across all GPTs for the sake of uniformity)..

B. Now under the revenue sharing strategy some part of this revenue will directly go to OpenAI whereas the rest of the revenue will go to the developers.

Ideally, allocating 70% of revenue to developers incentivizes quality model creation, attracts diverse talent, and maximizes OpenAI's profit from various models.



Subscription GPTs

Key Features

Unlimited prompts at a flat price point

Billing monthly/half-yearly/yearly as per user preference and 'baskets'

Revenue shared with OpenAI & the developer of the GPT as per usage of the model

Higher rated GPTs get 'larger fixed shares' with OpenAI having a minimum 30% share in revenue

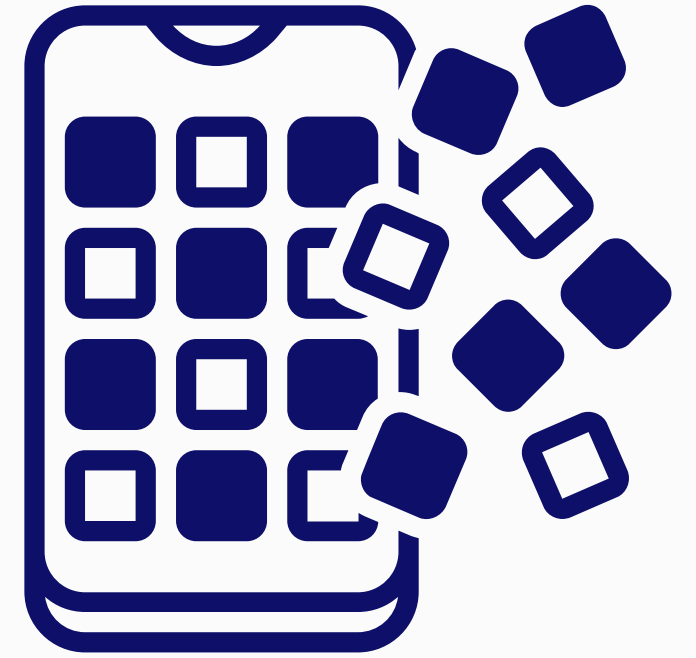
Basket Subscription

Pay for unlimited prompts to access all the models in a specific basket (discounted pricing than single modes)

Model Subscription

Pay for the unlimited prompts only for a single custom GPT model

Avoiding Oversaturation



#1 Plagiarism Checker

New models' idea/code would be checked with other models' code within the same basket

#2 Sponsored searches

Charging developers for GPT store visibility similar to SEO

#3 Ratings & Upvotes

Users can upvote and rate the custom GPTs to promote existing model improvements

#4 Structured Layout

The store layout will be such that only the highest rated GPTs are most visible to users

OpenAI's Future Vision

#1 To Become a Big Player in chip Industry

Aim to acquire a sizeable market share in the AI Chip Industry

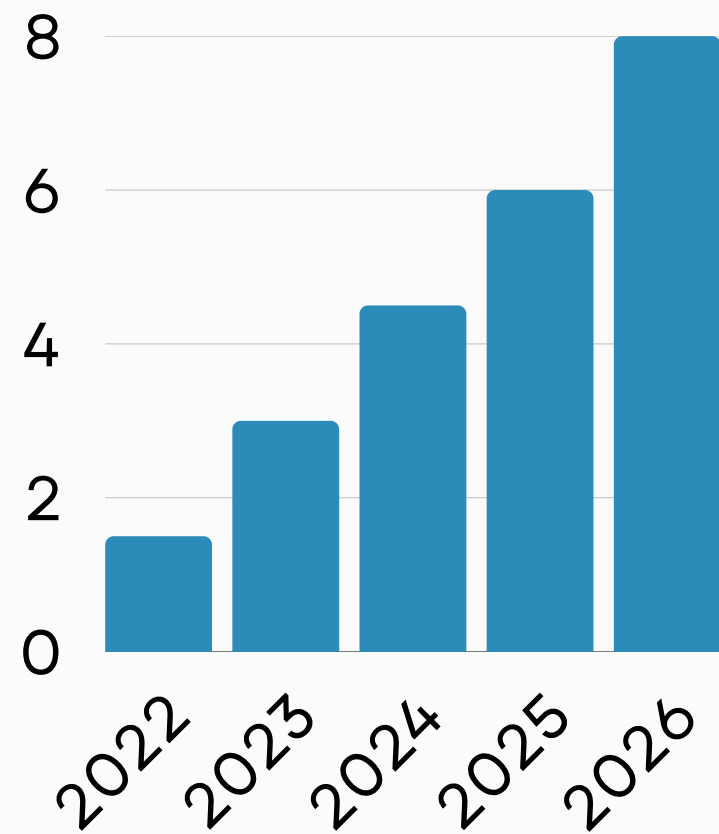
2 Scalability and Profitability

Scaling NLP LLMs to Manage Growing User Traffic Effectively and remain Profitable

3 Open Sourcing

Since its launch in Nov, 2022 OpenAI is committed to providing its software as open source

Need for Acquisition



CHATGPT Surpasses 100 Million Weekly Users Since Nov 2022 Launch, Anticipating 10% Monthly Increase

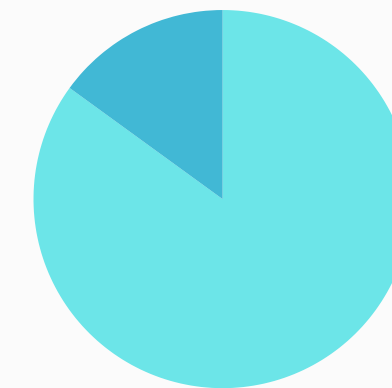
AI chips Efficiently manage Growing Workloads Amidst Rising User Traffic

ChatGpt Projected user's Growth

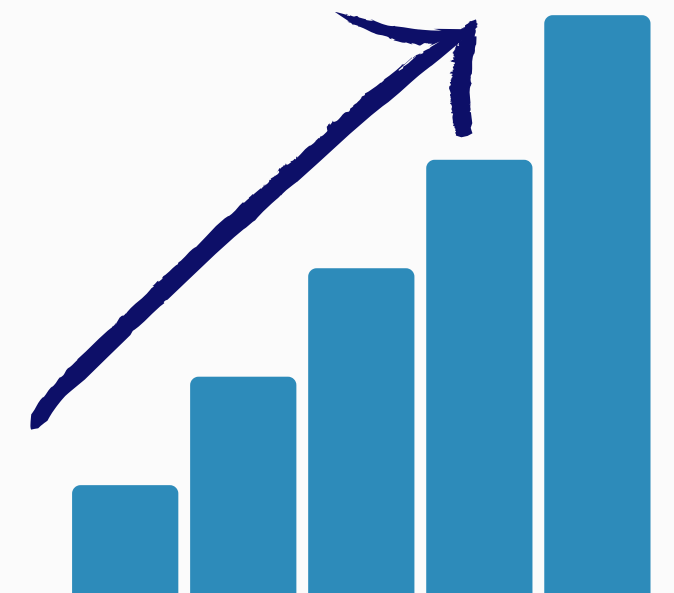
OpenAI heavily depends on NVIDIA's H100 chips, with the latter's 1.21 trillion-dollar valuation and over 85% market share in AI chips

The AI chips industry is projected to grow at approximately 40 percent annually, highlighting its role in the future of AI

Others
15%



Nvidia
85%



AI Chip Industry
Market Share and Growth Rate

Partnership Criteria



The partner company should have focus on their chip business as OpenAI already has software capability

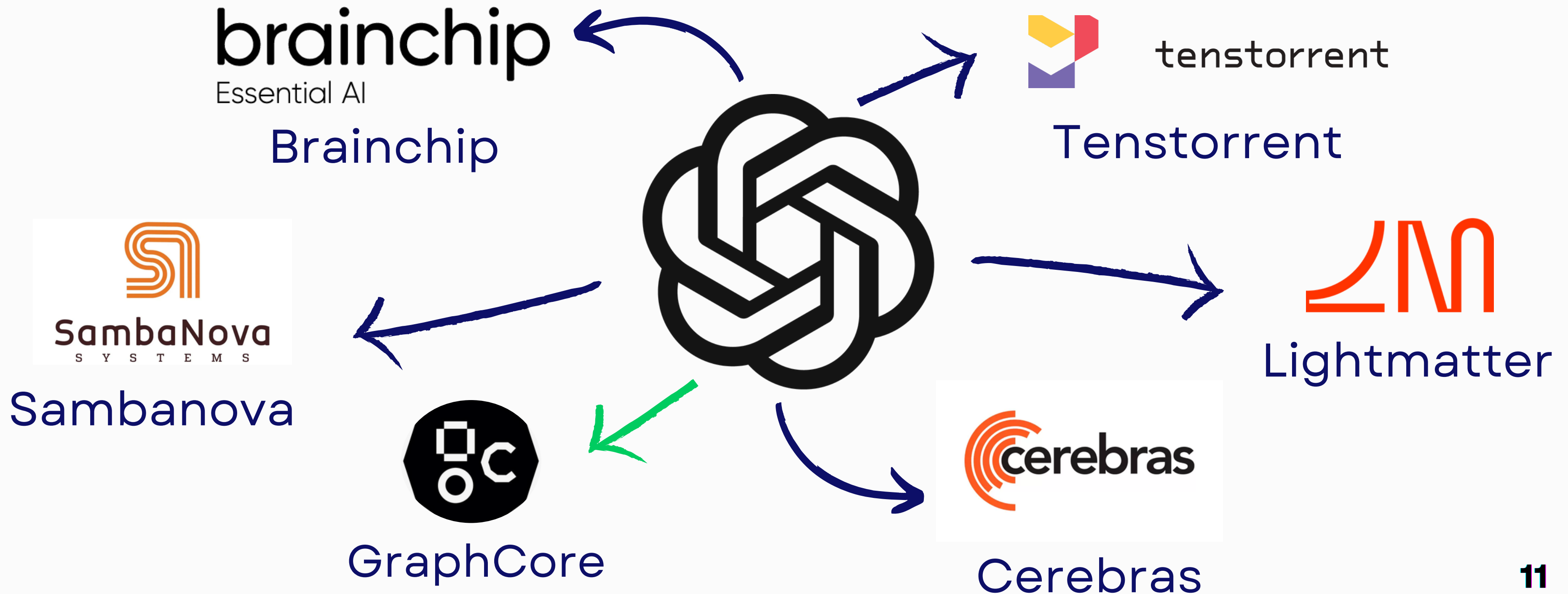
It is important that the goals of OpenAI are in sync with the expectations of its investors and the aspirations of the company's founders.

For better deals, partners should be willing to negotiate with financially struggling companies.

The partner cannot have direct ties to major competitors of OpenAI or its largest shareholder, Microsoft.

The acquisition of the partner could make OpenAI a more dominant market player since it would expand their market share, despite being a direct competitor.

Possible Targets



We Recommend Acquiring GraphCore

Following are the reasons we commend on the acquisition

Market Synergy



Practicality Focus

GraphCore's IPU technology excels in specific AI tasks, aligning perfectly with OpenAI's vision for deploying practical AI solutions across diverse fields.

Scalability Challenge

Cerebras faces significant scalability issues due to its wafer-scale chip architecture, complicating deployment. In contrast, GraphCore's IPU is better suited for scalability and deployment, making it a superior choice.

Economic Synergy

GraphCore's solid valuation, revenue model, and backing from notable investors like Pfizer and BMW make them a financially sound choice.



Also considering the fact that they are currently not profitable and have sustained heavy losses so far puts them in a spot to bother.

Graphcore IPU1, at TSMC 16nm, is 62% more energy-efficient than V100 and TPU, thanks to optimized on-chip memory access despite its lower technology node.

Cerebras WSE shows the lowest theoretical energy efficiency, even when compared to the chips fabricated on the same technology node

Environmental Synergy



OpenAI Advantages

Vertical Integration:

In-house End-to-end system for LLMs

Strategic Autonomy:

Reduce AI chip dependency on current market leader- Nvidia (>85% market share)

Performance revolution:

Use of Graphcore's IPUs instead of GPUs

Dominance dynamics:

Establish dominance in the \$14.9 Billion AI hardware market with a 40.5%* CAGR

Graphcore

Talent Pool:

Access to state-of-the-art AI research facilities and experts to perfect IPU technology and integrate it with LLMs

Financial stability:

Wider pool of funds to compensate for the growing losses of \$204 Million

Brand visibility:

Potential userbase of 180.5* Million to restore Graphcore's status as the Nvidia rival

OpenAI's strategic proposal centers around maximizing the market dominance of GPT Builder and GPT Store. The plan prioritizes user acquisition and controlled growth, introducing a two-tier structure for GPT Builder and a three-tier model for GPT Store, focusing on enhancing user experience and revenue generation. GPT Store's organization includes a structured layout, user ratings, and cost-based visibility, with measures like a plagiarism checker and monetization of GPT listings to prevent oversaturation. Overall, the strategy aims to maintain a competitive edge, ensure sustainable growth, and provide a positive user experience in the dynamic landscape of AI language models.

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