

The Indian Case Challenge 2024

Team Consulzio



Table of Contents

Content

Pg No

Industry Overview

03

About App Marketplaces

04

Revenue Model for
GPT Store

05

GTM for GPT Store

08

Oversaturation Issue

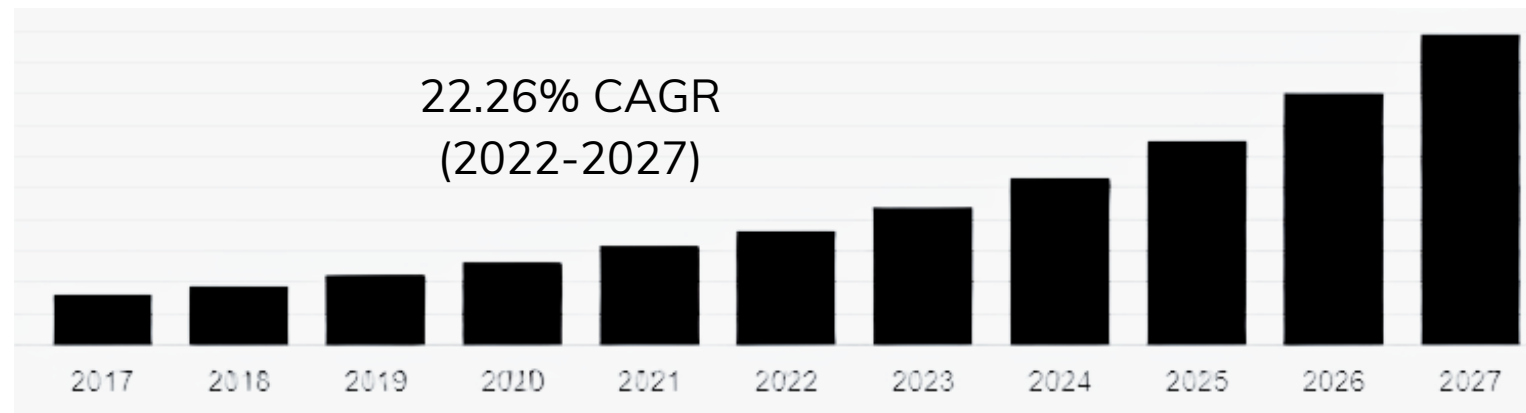
09

Onboarding new AI firm

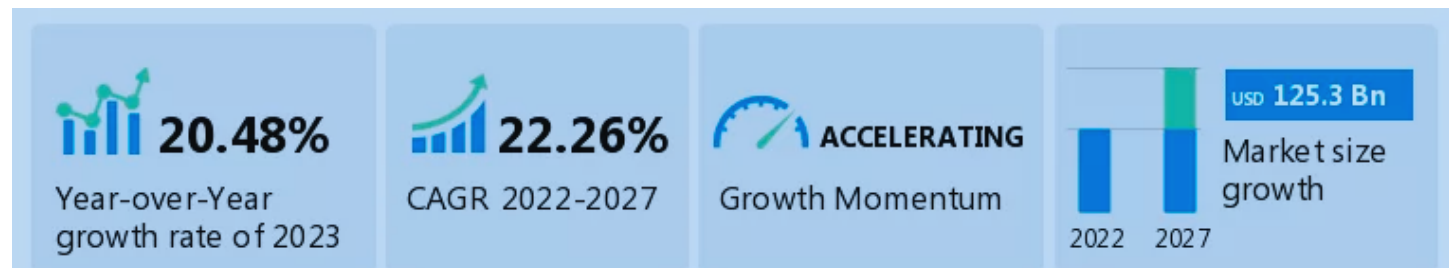
10

Industry Overview

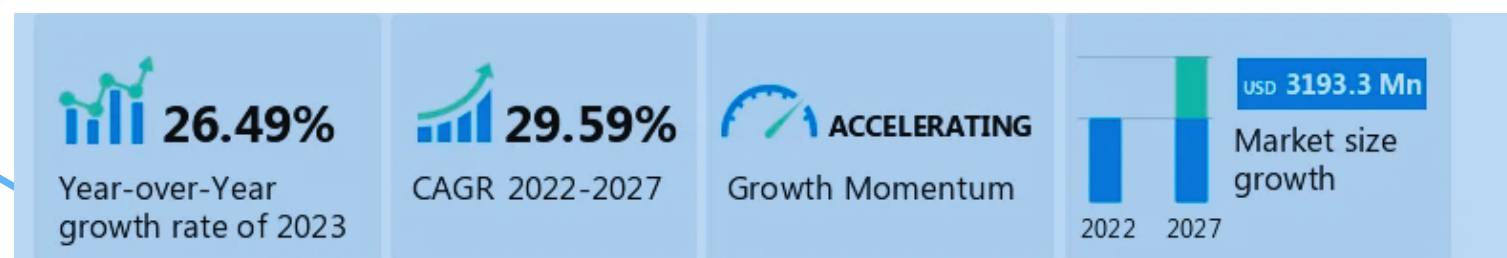
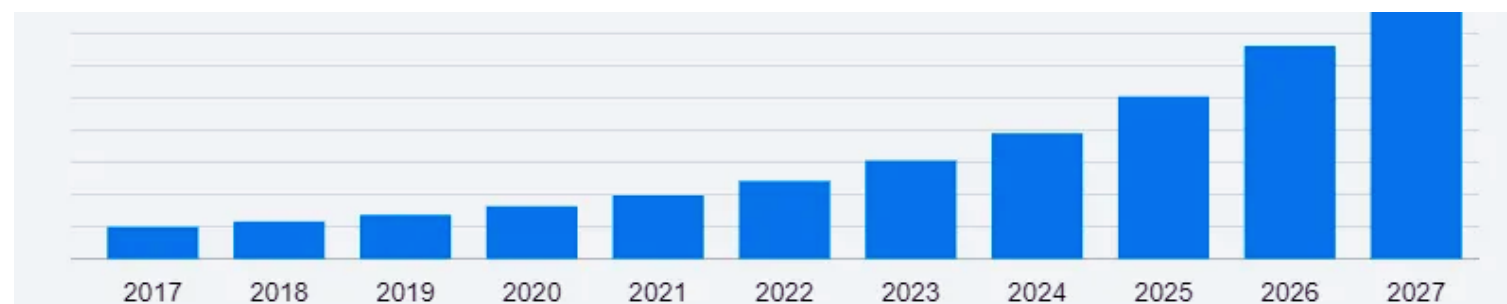
AI Market Growth



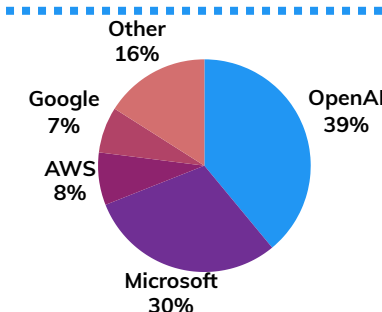
2017: USD 31.63



Global Chat Bot Market



OpenAI



OpenAI's Market Share



OpenAI Codex

DALL-E 3

DALLE



GPT-3.5 and 4



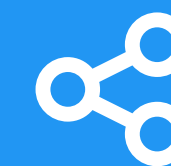
OpenAI API

OpenAI's GPT and GPT Store

GPTs are customizable AI agents created by OpenAI using personalized training data.



Users can customize ChatGPT
for specific purposes.



Users can customize ChatGPT
for specific purposes.



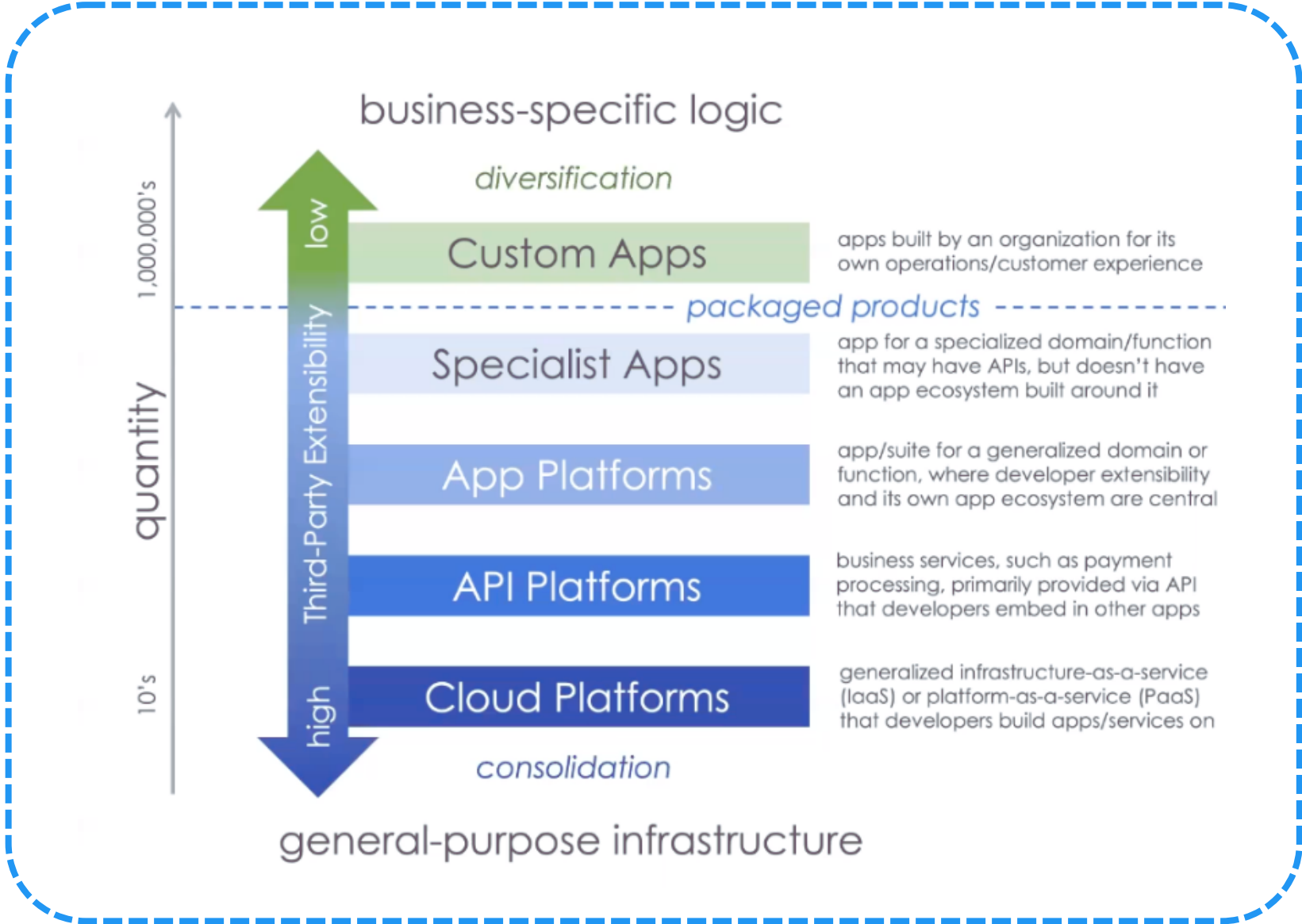
Users can rate, review, report,
and earn from popular GPTs.

About App Marketplaces

\$460Bn+
2023 Total Revenue

9.6%
Projected Annual Market Growth (2023-2027)

\$673.80Bn
Projected Market volume by 2027



Major App Marketplaces & their Revenue Models

	Commission Based
	Commission Based
	Subscription Based
	Commission Based
	Commission Based
	Transaction Based
	Subscription Based
	Advertisement Based

Possible Revenue Models in App Marketplaces

Commission Based

Subscription Based

Pay as Use Based

Pay what you want Based

Advertisement Based

Proposed Revenue Models

Tiered Subscription

Free Tier

"Basic access to essential GPT features with limited customization."

✓ GPT 3.5 ✗ Multimodality features ✗ Access to premium GPT'S

GPT Store+

"Free access to all premium GPTs, with access to playground to make GPT'S"

✓ GPT 4.0 for each ✓ Can make premium GPT'S ✓ Access to premium GPT'S

ChatGPT+

"Exclusive ChatGPT Plus, without GPT Store, for seamless chatting."

Features of the existing ChatGPT+ subscription without GPT Store access but can access free GPT'S

Mega Subscription

"All-inclusive Mega Subscription: ChatGPT Plus, GPT Store, premium features."

✓ All features of ChatGPT + ✓ All features of GPT Store+

Pay per GPT

GPT Maker

- GPT creators determine a base fee for their models, for their effort and expertise.
- In this model the makers can create GPT'S for free with a limit of 5 GPT per account, the revenue generated by each GPT sold would be shared between OPENAI and GPT Maker

Users

Users have the flexibility to pay the creator's minimum fee or contribute an amount they deem fair.

Companies on this Model



payhip

bandcamp



Sellfy

Why would this work?



Utilizes reciprocity for user fairness and connection.



Empowers users, shows confidence, and respects opinions



Helps to gain insights, attract users, and create revenue opportunities.

Pay Per Use

Users will pay based on their actual consumption, ensuring fair and customizable access with a bill sent to the consumer at the end of 30 Days. For this model too the revenue generated by each GPT sold would be shared between OPENAI and GPT Maker

3 Tiers of this Model

Basic

- This Contains GPT'S Working on GPT 3.5
- Ideal for users with basic language processing needs

PRO

- This Contains GPT'S Working on GPT 4.0
- Expanded access to more complex language tasks

PRO +

- Designed for power users and enterprises demanding premium functionalities.
- Includes access to GPT 4 features plus exclusive plugins and enhancements

3 Reasons to Choose this Model



Users pay only for what they use, optimizing costs



Easier to track usage, giving them a better idea of how customers interact with their GPT



Adaptable to individual and enterprise needs, ensuring scalability.

"Aligned with OpenAI's mission for widespread and beneficial AI, these models prioritizes User Lifetime Value (LTV), emphasizing sustained user engagement. By fostering long-term relationships, we not only ensure financial viability but also echo OpenAI's commitment to creating positive and enduring impacts in the AI landscape."

Revenue Model Feasibility

Tiered Subscription

	Free (Basic)	Free GPTs	ChatGPT Plus	GPT store plus	ChatGPT Plus + Access to Premium GPTs
Price point		0		\$20	\$30
Top Up Usage Bonus		0		0	\$0.100
Total Subscribers	180 Million		250000		130000
Revenue from Subscription	0		\$5,000,000		\$2,600,000
Flat Fee for creator		0		0	\$10
Total Premium GPTs		0		0	500
Expenditure from Flat fee				0	\$5,000
Average Usage Per GPT		0		0	1000000
Average Top Up Bonus Cost per GPT		0		0	\$100.000
Total Top Up Bonus		0			\$50,000.0
Running Cost	\$1,000,000		\$3,000,000		\$1,500,000
Total Expenditure	\$1,000,000		\$3,000,000		\$1,555,000
EBITDA	-1,000,000		\$2,000,000		\$1,045,000
Total Expenditure	\$8,010,000				
Total EBITDA	\$5,590,000				

Assumptions

- Top Usage Bonus is per 1000 tokens Generated
- Total ChatGPT users are 180 million, out of which 0.13% ie 250K use ChatGPT Plus.
- Assuming 100Million use GPT store (Free version)
- Then 0.13% convert to Premium Store = 130K
- Running Cost is proportional to total subscribers

ChatGPT Plus + Access to Premium GPTs -

For Total Subscribers

- Assuming 200000 people opting for Combo plan, which is supposed to more lucrative.

Running Cost is to total subscribers

Usage Based

	Basic	Pro	Pro+
Usage Price	0	\$0.10	\$0.30
Number of Users (Monthly)	0	100,000	100,000
Average Usage per user (Tokens)		25,000	50,000
Total Usage (Tokens)		2500000000	5000000000
Total Revenue from Usage		\$250,000.00	\$1,500,000.00
30% Commission for OpenAI		\$75,000.00	\$450,000.00
Running Cost	0	\$1,400,000	\$1,400,000
Total Expenditure	0	\$1,475,000.00	\$1,850,000.00
EBITDA	0	-\$1,225,000.00	-\$350,000.00
Total Expenditure	\$3,325,000.00		
Total EBITDA	-\$4,900,000.00		

Assumptions

- Usage price is per 1000 tokens Generated
- Considering 30% Commission for OpenAI.
- The number of Users/month for Pro and Pro+ is 25K and 50K respectively.
- Running Cost is proportional to total subscribers

Revenue Model Feasibility

Pay Per GPT (Commission based)

Cost Structure	
Average Cost per Premium GPT	\$15
Number of GPTs sold per month	500
Premium GPTs Listed	5000
Revenue	\$3,750,000
Expenditure Running Cost	\$1,500,000
EBITDA	\$2,250,000
Total Expenditure	\$1,500,000
Total EBITDA	\$2,250,000

Assumptions

Considering the Average Cost per Premium GPT is \$15

Premium GPTS = 5000

Assuming the Number of GPTs sold is 10% of the Premium GPTs Listed.

Advertisement Based

Advertisement Based	
Number of GPTs listed	5000
Average Number of Users per GPT	10000
Avg Cost per View Advertisment per GPT	\$0.02
Total Revenue Generated from Ads	\$1,000,000.00
Revenue Share of GPT Creator (30%)	\$300,000.00
Running Cost	\$1,500,000
EBITDA	-\$1,200,000.00

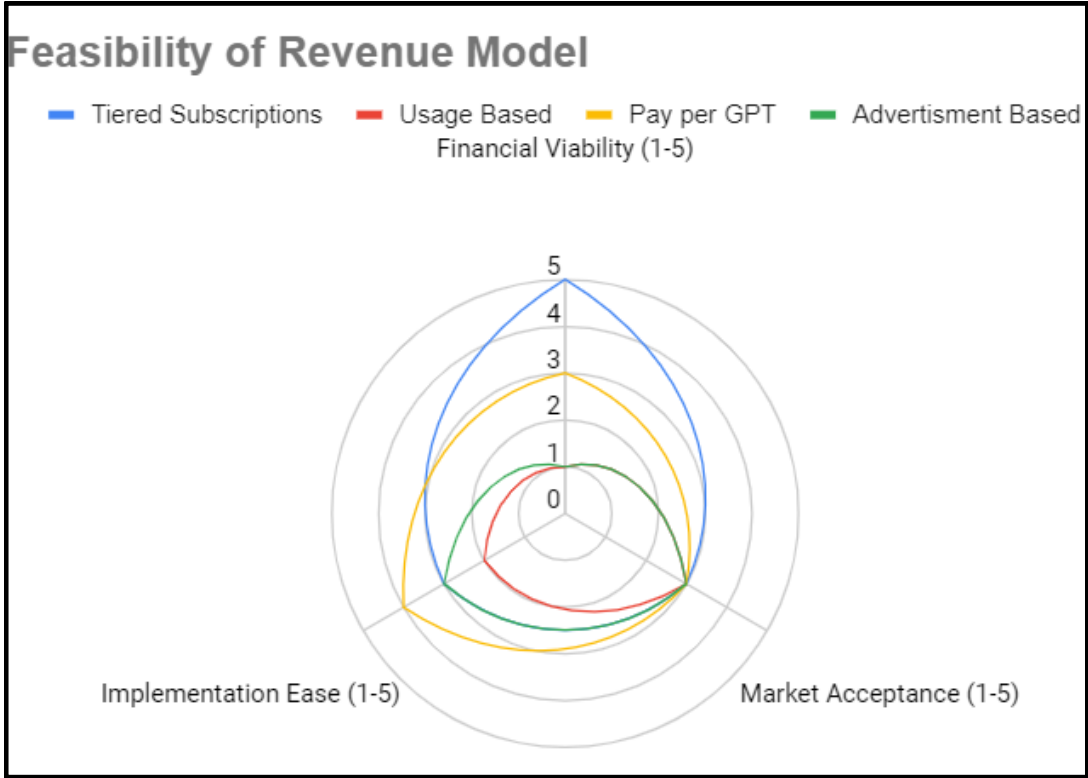
Assumptions

Avg. Cost per view including Image and Video advertisement = \$0,02/second

Revenue Sharing of GPT Creator = 30% of Total Revenue

Feasibility Matrix

Revenue Model	Financial Viability (1-5)	Market Acceptance (1-5)	Implementation Ease (1-5)	SUM
Tiered Subscriptions	5	3	3	11
Usage Based	1	3	2	6
Pay per GPT	3	3	4	10
Advertisment Based	1	3	3	7



The Most Feasible Revenue Model is Tiered Subscription



GTM for GPT Store



Objective

Identify target market, trends and customer behavior

Develop a user-friendly and flexible GPT Store platform and also develop a pricing strategy supported by user behaviour

Test the platform with a limited audience for feedback, for product market fit and pricing strategies by A/B testing etc.

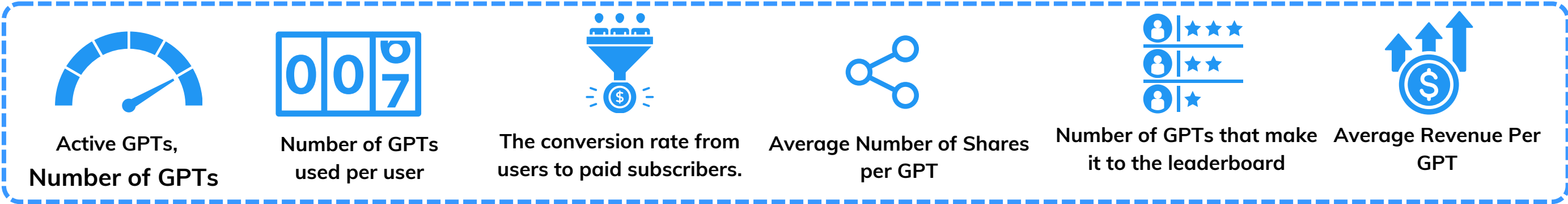
Activities

Analyze industry trends and demands for personalized AI. Identify gaps in the market that GPT Store can address.

Build a standout GPT Store. Use diverse marketing strategies like sharing GPTs, active engagement on GitHub and Reddit. Conduct tutorials and workshops on GPT Store creation. Establish a feedback loop for continuous developer-driven platform improvement.

Evaluate the results to determine potential risks that might be face once the product is fully launched. Regularly release updates addressing user suggestions and fixing issues.

Metrics



How to Overcome Oversaturation Issue

Featured GPTs and Categories

Define Categories



Facilitate user navigation and app discovery based on specific needs.



Categorize GPTs into themes like, education, programming etc.

Categories

☒ Productivity

☒ DALL-E

☒ Writing

☒ Programming

☒ Data Analysis

Featured GPTs



High-rated GPTs can be highlighted in GPT Store.



Increased visibility can boost user engagement.

Featured GPTs

#1

Writing Coach

I'm eager to read your work and give you feedback to improve your skills.



#3

Math Mentor

I help parents help their kids with math. Need a 9pm refresher on geometry proofs?



#2

Sous Chef

I'll give you recipes based on the foods you love and ingredients you have.



#4

Sticker Whiz

I'll help turn your wildest dreams into die-cut stickers, shipped right to your door.



User ratings and reviews



Positive reviews and high ratings enhance GPT visibility and usage

#2 ★★★★★

Sous Chef

I'll give you recipes based on the foods you love and ingredients you have.



The design above displays the user interface of GPT and its rating.

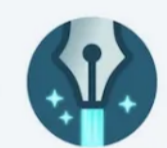


Negative reviews and low ratings help users eliminate poor-quality GPTs and focus on better ones.

#1 ★★★★★

Writing Coach

I'm eager to read your work and give you feedback to improve your skills.



Digvijay Singh

★★★★★

Loved the Writing Coach, helped me improve my writing skills with the e point feedback

The design above displays the user interface of comment section in GPT



User reviews and ratings promote the creation of unique, high-quality GPTs, reducing market saturation.



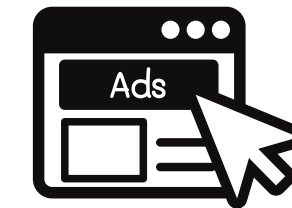
Digvijay Singh

★★★★★

Loved the Writing Coach, helped me improve my writing skills with the e point feedback

The design above displays the user interface of comment section in GPT

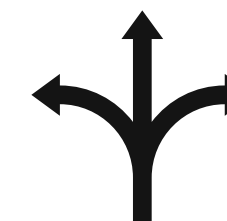
Paid Promotions and Advertising by GPT Creator



Paid ads in the GPT Store can boost developer's GPT visibility and user discovery.



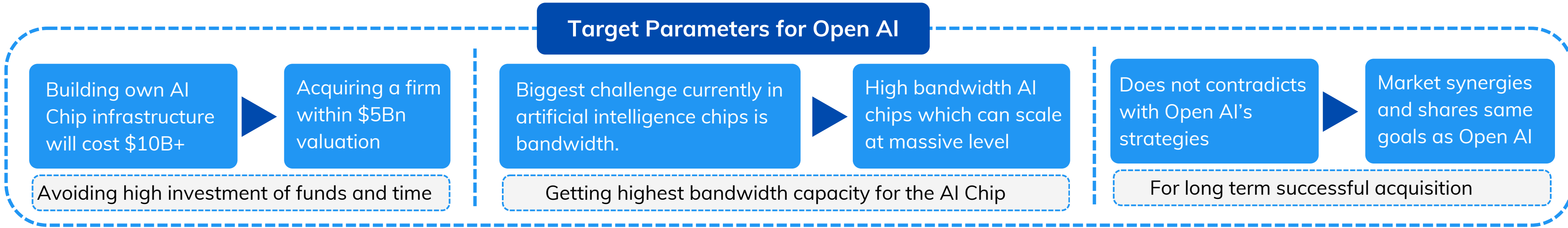
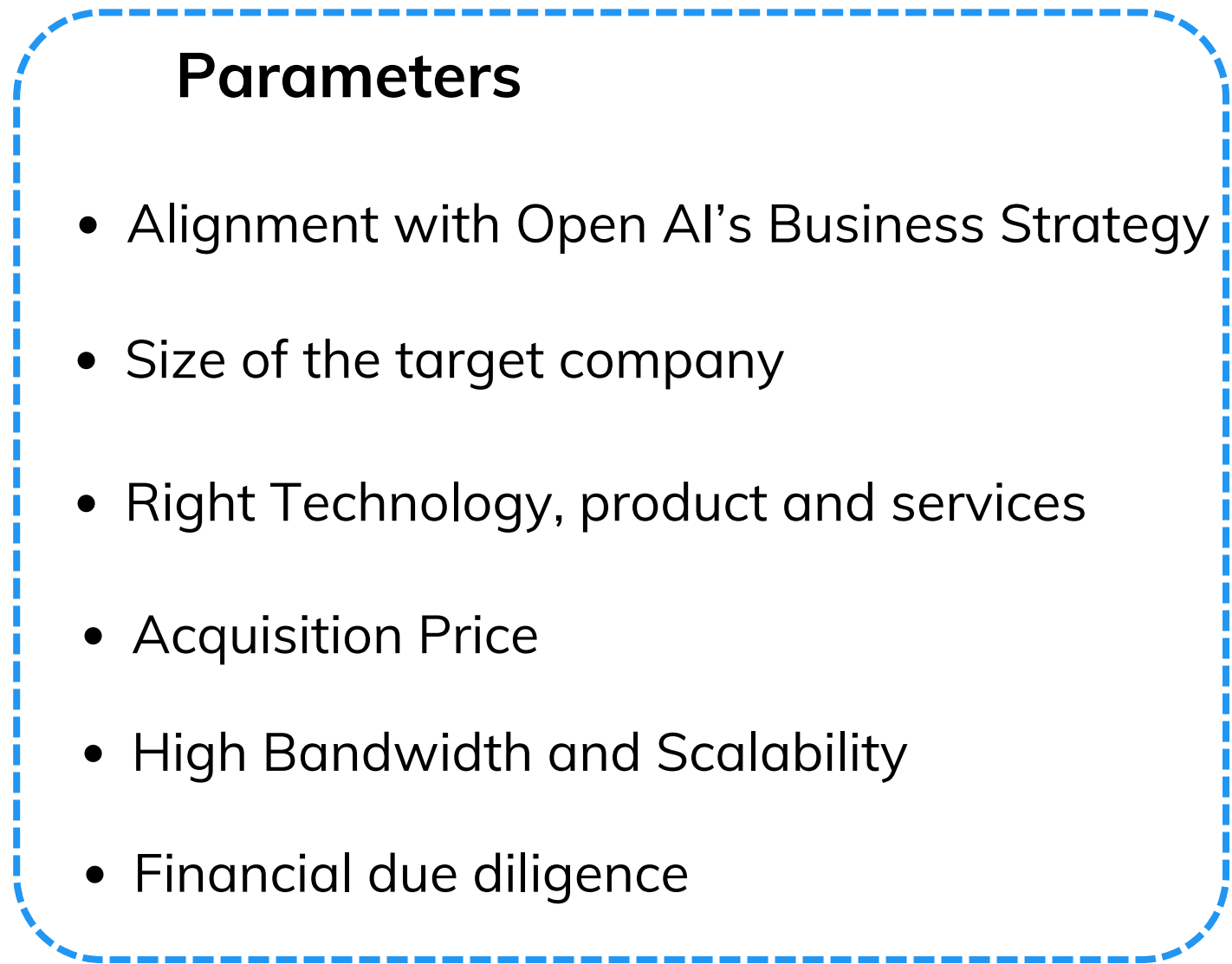
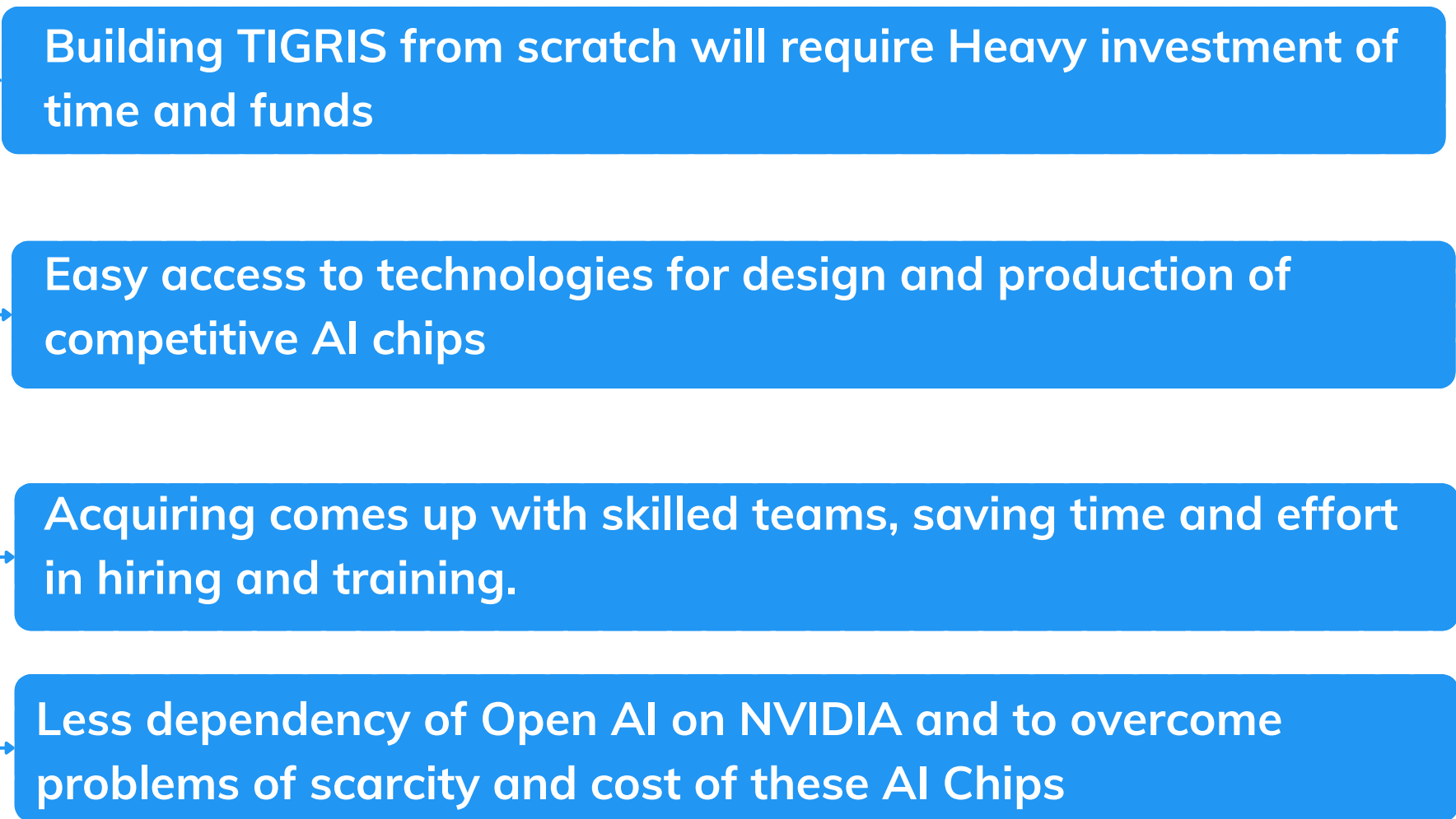
Paid promotions can also assist the GPT store in generating additional revenue.



The GPT Store can promote diverse GPTs helping users discover new GPTs



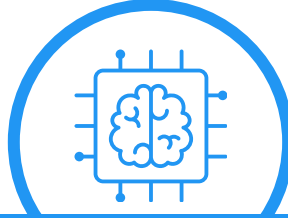


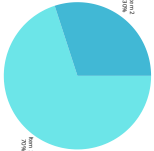
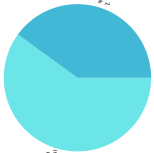
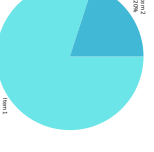
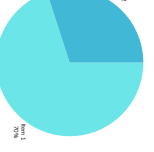
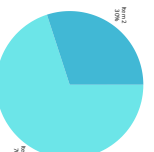


Acquisition



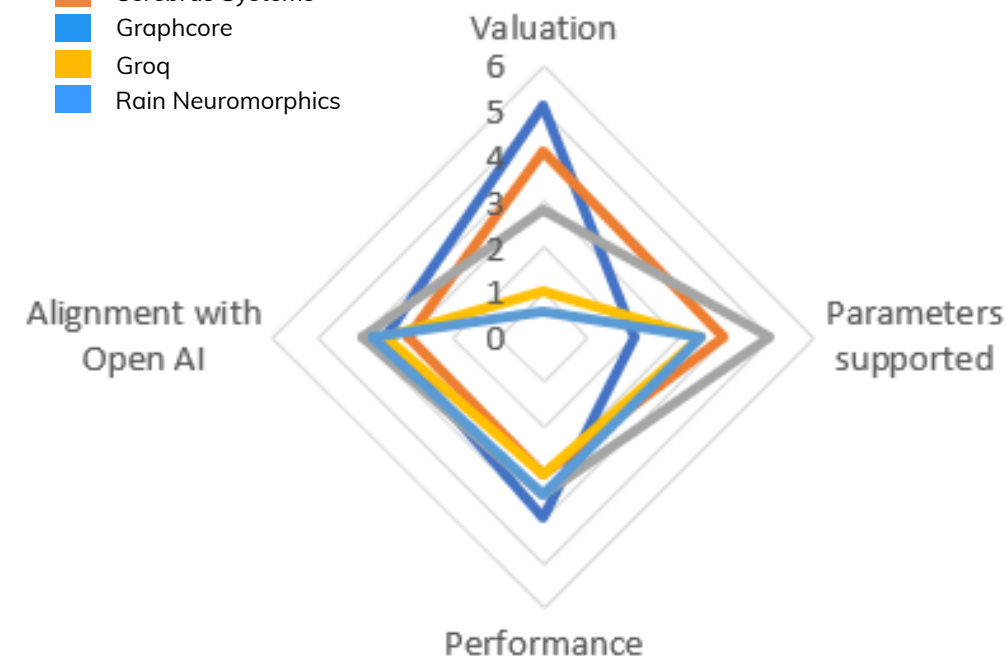


Target Companies

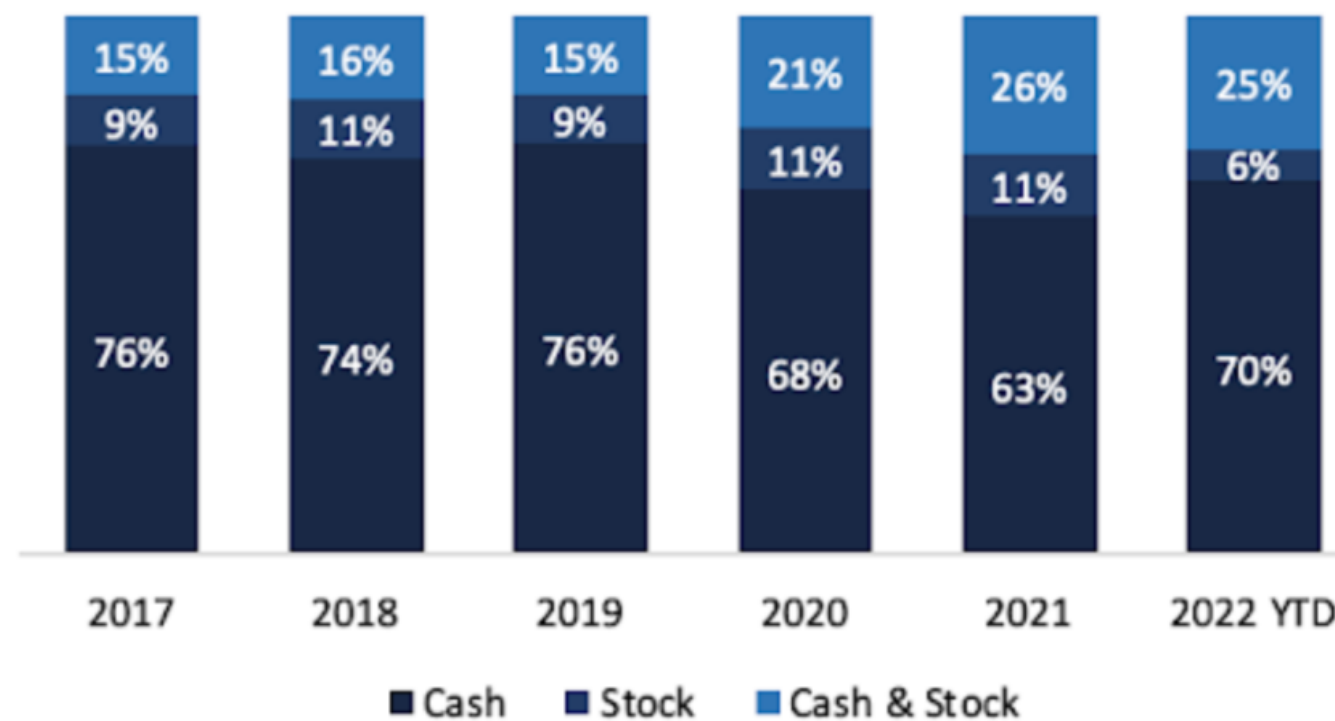
					
	Funding Raised	Valuation	Parameters	Focus Area	Synergies (Scale of 1-5)
SambaNova	\$1.1B	\$5.1B	Up to 5 trillion parameters, with 256k+ sequence length	High-performance, high-precision hardware-software systems	3.5 
Cerebras Systems	\$720M	\$4.1B	Capable of supporting AI models with more than 120 trillion parameters	Accelerates genetic and genomic research, drug discovery	3.0 
Graphcore	\$692M	\$2.8B	Promises a "500-trillion-parameter 'ultra-intelligence' machine	New model for AI chip architecture, benchmarks for Llama-2 70B	4.0 
Groq	\$362M	\$1B	It achieves up to 100 trillion floating-point operations per second (FLOPS)	Focus on strategic partnerships, collaboration with research institutes	3.5 
Rain Neuromorphics	\$135.1M	\$605M	Rain Neuromorphics Gen 3 is expected to have 1 trillion parameters (multi)	Development of brain-inspired hardware for artificial intelligence	3.5 

Financing Options

■ SambaNova
■ Cerebras Systems
■ Graphcore
■ Groq
■ Rain Neuromorphics



Financing Options



Conclusion

As shown in the data, majority of the deals are carried out in Cash as Cash transactions provide immediate liquidity, certainty, and reduced risk.

In the recent years, the percentage of Cash & Stock deals have increased by 10%

Other Financing Options

- Exchanging stock
- Debt financing
- Mezzanine financing
- Leveraged buyout
- Earnout
- Third-party financing
- Cash

Best Financing Option

As per the above conclusion, going with a combination of Cash & Stock may work depending on Open AI's current financial condition.

Financing the whole acquisition in Cash might not be a feasible option here as the acquisition price here is a huge amount



Acquiring Groq

About Groq

Products Offered

 GroqChip

 GroqCard

 GroqNode

 GroqRack

Key Features of Groq’s AI Chips

Fully deterministic processor

Provides predictable and repeatable performance with no run-to-run variation.

16 chip-to-chip interconnects

Allow chips to talk directly to each other for scalable low-latency performance without the need for extra switches, cards, or CPUs.

80 TBs on-die memory bandwidth

Facilitates massive concurrency and data parallelism

Simplified SIMD architecture

Leads to an easy-to-use software suite, accelerating developer velocity.

230 MB of on-die memory

Delivers large globally sharable SRAM for high-bandwidth.

End-to-end on-chip protection

Improves uptime and reliability with errorcorrection code (ECC) protection throughout the entire GroqChip data path.

Advantage for Open AI

✓ Groq can be acquired within \$5B due to its low valuation

✓ It achieves up to 100 trillion floating-point operations per seconds

✓ Designed and manufactured in US itself recently partnered with **Samsung**

✓ Decent bandwidth capabilities

Advantage for Groq

✓ By acquiring Groq, Open AI can help them in solving their current R&D problems such as concerns about Groq's memory architecture and software burdening

✓ Exposure to wider customer base

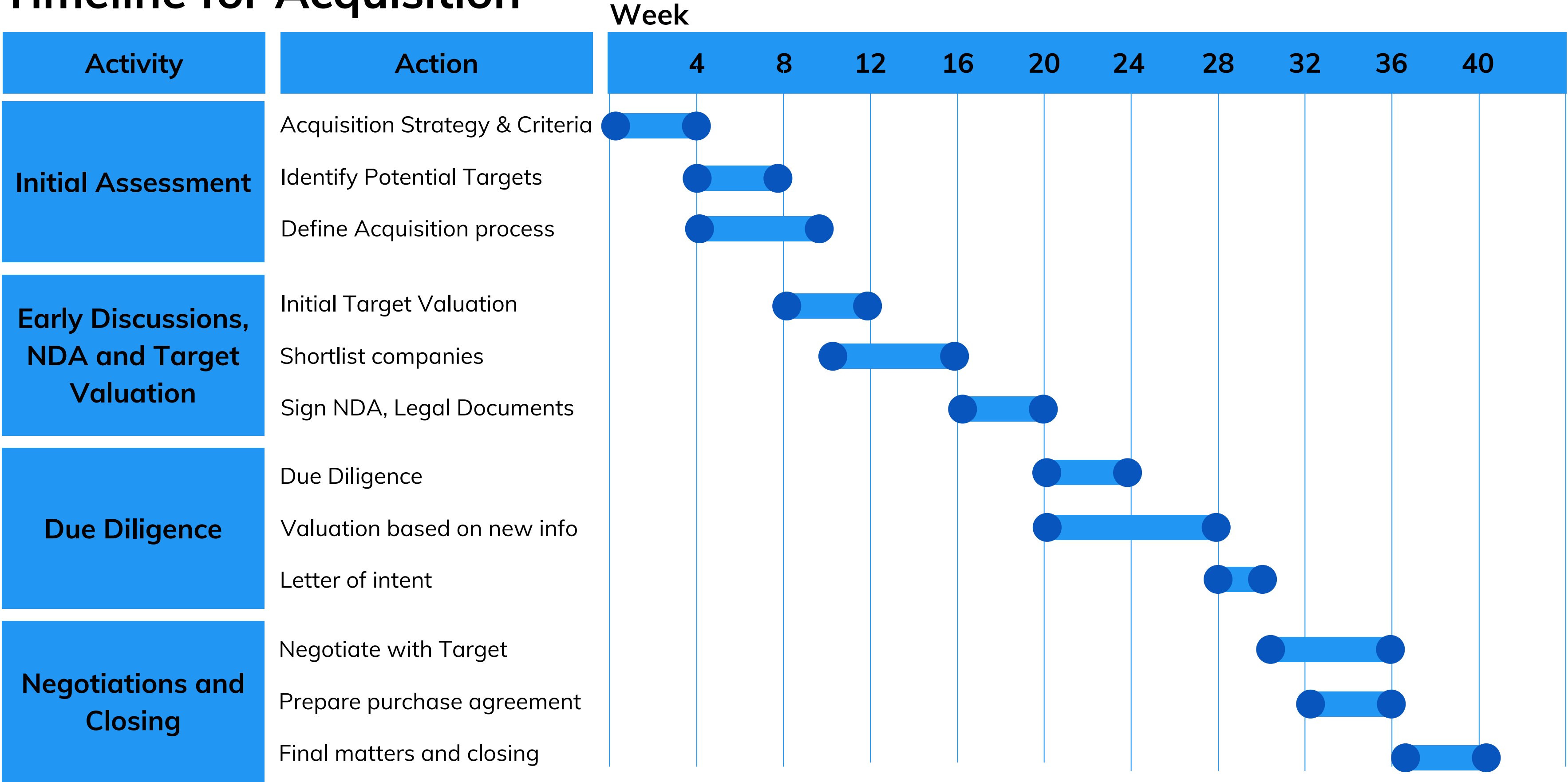
✓ Market Credibility & operational efficiency



Open AI Should Acquire Groq



Timeline for Acquisition



Other Options

Acquiring Rain AI



About Company

It is focused on developing AI hardware, particularly neuromorphic processors (NPUs), which are designed to mimic the structure and function of the human brain.



What are NPUs?

It is a type of computer chip designed to mimic the structure and function of the human brain and they are seen as a promising technology for artificial intelligence (AI) applications



Past Relations with Open AI

OpenAI in 2019 signed a nonbinding agreement to spend \$51 million on the chips when they became available, according to a copy of the deal and Rain disclosures to investors this year, seen by WIRED

Joint Venture

Process

- Create partnership using established program
- However, integrating project may be time consuming and expensive considering long-term timeline

Feasibility

- Only allows for limited control of end product/service
- Partnership program mainly utilized for advisory and internal development, not new products

Inhouse Development

Process

- Full control of design process and full market of distribution
- However, very expensive to start from ground up and time consuming to give leeway to competition

Feasibility

- Good opportunity to independently own
- Increased investment in initial development of new technology

Thank You

CREATED BY

Kshitij Burman

Devesh Khilnani

Shreyas Jaiwal