

ChatGPT and Generative AI: Our Guide to 2023's Most Talked-About Technology

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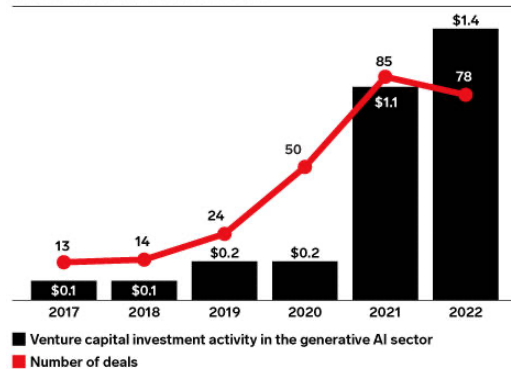
ChatGPT brought generative AI into the limelight when it hit 1 million users in five days. But how valid is the buzz around ChatGPT? We unpack what you need to know: How does generative AI work? Who are the key players? Is ChatGPT ready for prime time? And most importantly: How will the technology change the way we do business?

So what exactly is generative AI and why should you care? Generative AI is artificial intelligence that creates content from simple prompts and context. This new technology can be used to create everything from essays to 3D objects and newer models can even combine more than one capability.

Generative AI comprised less than 1% of total US venture capital (VC) funding of \$238.3 billion in 2022, according to PitchBook and the National Venture Capital Association (NVCA). But an estimated 450 startups and several new funds for generative AI indicate a hot market and high hopes for growth.

US Venture Capital Investment Activity in the Generative AI Sector, 2017-2022

billions and number of deals



Source: PitchBook, Jan 1, 2023

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What is ChatGPT and how does it fit into the equation? ChatGPT is a conversational AI model built by OpenAI (GPT stands for generative pretrained transformer). Released November 30, 2022, as a proof of concept, it gained 1 million users in five days and blasted into the popular consciousness. Despite the excitement many limitations and challenges remain and OpenAI CEO Sam Altman tweeted a warning about ChatGPT: "it's a mistake to be relying on it for anything important right now."

Generative AI models simulate how we think by relying on algorithms that "learn" with each use. They start with millions of labeled pictures, text, or other media, and gradually identify patterns that allow them to understand and create content independently. Humans often fine-tune a model as it evolves. Although OpenAI is the best-known generative AI company, it's not the only one.

Creative industries have already started to feel the change of workflows due to generative AI. Copywriters, designers, coders, photo and video editors, and even strategists now have access to generative AI tools that can simplify their day-to-day tasks. However, it has the potential to disrupt some businesses and will spark backlash over accuracy, fairness, and plagiarism.

Generative AI is triggering a communications revolution that will make it much easier to research, create, and test content. And the changes will likely happen more quickly than in past content revolutions.