

Macro Roundup Article

Headline: [Gen AI: Too Much Spend, Too Little Benefit?](#)

Article Link: <https://www.goldmansachs.com/intelligence/pages/gs-research/gen-ai-too-much-spend-too-little-benefit/report.pdf>

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Tweet: GS's head of equity research argues at \$1T the AI buildout will struggle to earn an appropriate ROI as efficiency improvements won't drive multiple expansion "because cost savings just get arbitrated away."

Summary: I place low odds on AI-related revenue expansion because I don't think the technology is, or will likely be, smart enough to make employees smarter. Even one of the most plausible use cases of AI, improving search functionality, is much more likely to enable employees to find information faster than enable them to find better information. And if AI's benefits remain largely limited to efficiency improvements, that probably won't lead to multiple expansion because cost savings just get arbitrated away. If a company can use a robot to improve efficiency, so can the company's competitors. So, a company won't be able to charge more or increase margins.

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Primary Topic: Investment

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