

Upstage, a leading AI startup in Korea, is joining hands with Lotte Shopping to develop a full-fledged distribution-specific generative AI service.

Upstage (CEO Kim Sung-hoon) announced on the 12th that it has signed a 'Generative AI Mutual Business Agreement (MOU)' with Lotte Shopping. The two companies held a ceremony at Lotte World Tower in Songpa-gu, Seoul, with key executives from both companies, including Kim Sung-hoon, CEO of Upstage, and Kim Sang-hyun, Vice Chairman of Lotte Shopping.

Through this agreement, the two companies will work together to develop various new services using generative AI in the future and strengthen cooperation to develop AI specialized in the distribution industry. Accordingly, Lotte Shopping will support business model development and operation by utilizing internal infrastructure, and Upstage will provide technical advice and services related to generative AI. In addition, Lotte Shopping will participate in Upstage's '1T Club' and cooperate in creating a domestic LLM independent ecosystem through the construction of a high-quality Korean large language model (LLM).

Upstage and Lotte Shopping have been conducting continuous cooperation through Lotte On. In June, the two companies introduced a personalized AI product recommendation service developed through two years of collaboration, leading the 'hyper-personalization' AI recommendation technology that has recently become a new trend in the distribution industry, which is customized according to the interests and tastes of customers. After the introduction of Upstage's recommendation AI, Lotte On's purchase conversion rate increased by 30% compared to the test conducted in January, proving its effectiveness.

In the future, Upstage plans to commercialize the world's best generative AI technology that surpasses GPT-3.5 and ranks first in the world, and speed up the opening of the 'private LLM' market, which is specialized in preventing data leakage and hallucination. Earlier, Upstage fired the first shot by signing a contract to build a private LLM with Connectwave, a specialized e-commerce company. In the future,

Upstage plans to lead AI innovation through private LLMs that can be applied to various industries beyond distribution.

Upstage CEO Kim Sung-hoon said, "We are pleased to be able to work with Lotte Shopping to introduce distribution domain-specific generative AI." He added, "Upstage will actively support the strengthening of digital competitiveness in various industries, including distribution, based on the world's best private LLM technology."