

# If costs force Google to charge for AI, competitors will cheer

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Google search prints money. Generative AI burns money. What happens when an unstoppable force hits an immovable object? News that the search engine is considering charging users for access to its AI-powered search tools comes as a surprise, in a way. Google generates more than half its total revenue from search, almost five times its next most valuable sector, which encompasses every single thing the company charges directly for other than cloud computing. YouTube subscriptions, Pixel phones, Play Store commissions and Gmail storage combined are a drop in the ocean compared with the value of search alone. Charging for access to that moneymaker seems like a nonstarter, in other words. For every user who pays, many more would bounce to an alternative, and when the quarterly sum to beat is \$48bn – which would require a \$24 annual subscription from every human on Earth – the maths just doesn't add up. But generative AI changes the equation. It may not be apparent, as you type queries into ChatGPT or Claude, but running a top-end large language model costs serious amounts of money. According to analysts at Jefferies, just 10% of the cash invested in AI goes to training models, while the rest funds their continued operation. You can get a rough sense of this just by using an AI chatbot and noticing the pauses: each time the service takes a moment and spins a little wheel while it's thinking, one of the most powerful chips ever made by humanity is working just for you, drawing power all the time it's doing it. Compare that with a Google search, where the answer will generally be in front of you as fast as your internet connection allows, and the difference becomes tactile. It would be scarily easy to burn through all of that \$48bn if you opened up generative AI to the scale of Google search. Worse, the nature of generative AI is antithetical to the sort of advertising that is Google's bread and butter. A classic Google search is a list of links, each to a page the company thinks will answer your query. The perfect Google advert is just another link, one for which the company takes money to put at the top of that page. But an AI answer is different. The best ones won't link out at all, instead summarising all the information from across the web into one new article, generated on the fly just for you. That's terrible for publishers, the Guardian included, who trusted Google to shepherd readers onwards from search results to their websites. But it's not great for Google, either. How do you sell an advert against a piece of content that solved all the reader's problems in one? And so Google is likely forced into an awkward halfway house. According to the Financial Times, which broke the news that the company is considering a subscription model, the old search would continue to be free, but access to the generative experience would be wrapped in to the same subscription that now gives users the Gemini AI assistant for Gmail and its Docs office suite. If it happens, it's hard not to think of a competitor who would be cheering. AI specialists, such as Perplexity, Anthropic and OpenAI, which offer free access to simple models with a paid-for tier for more

powerful AI tools, will no longer be undercut by the biggest search engine on the planet. Meanwhile, Microsoft, which has historically been willing to lose billions a year on Bing, will happily continue to subsidise its own AI search to keep its biggest rival in check.