INDIAN CASE CHALLENGE 2024

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Global AI Revolution:

- OpenAI has spearheaded a transformative revolution in the global AI landscape. Its innovative solutions have redefined the possibilities of artificial intelligence.
- The organization's groundbreaking advancements in language models, particularly GPT (Generative Pre-trained Transformer) series, have set new benchmarks for natural language understanding and generation.

Introduction to GPT Store:

- OpenAI's GPT Store stands as a pivotal platform, democratizing access to advanced AI models for developers, researchers, and businesses worldwide.
- It serves as a marketplace for diverse AI models, allowing developers to showcase their creations, thereby fostering innovation and collaboration within the AI community.

Significance:

The GPT Store has revolutionized the accessibility and usability of AI models, empowering users across various industries to leverage cutting-edge technology. Its impact extends beyond mere accessibility, offering a gateway for developers to monetize their AI innovations while providing users with a rich array of AI capabilities.
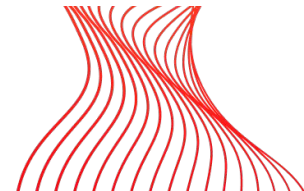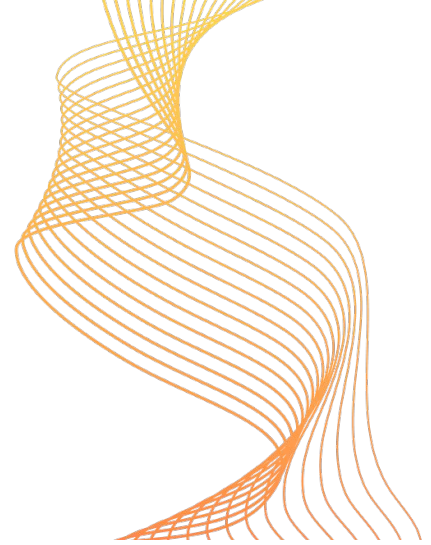
GPT Store Revenue Model

Revenue Model Description:

GPT Store implements a dynamic pricing strategy where model prices are evaluated monthly based on factors like revenue generation, demand, and feasibility.

Developers are required to pay a fixed amount at the end of the month for their model to be visible on the store. This amount will be equal to 10% of revenue generated by that model in that particular month.

Failure to pay results in model blacklisting for the subsequent month, irrespective of the model's subscription-generated revenue.

Impact on Developers:

Monthly reevaluation ensures adaptable pricing but places financial responsibility on developers based on their model's visibility.

Non-payment leads to model exclusion, highlighting the criticality of meeting payment obligations.

Revenue Split and Model Features
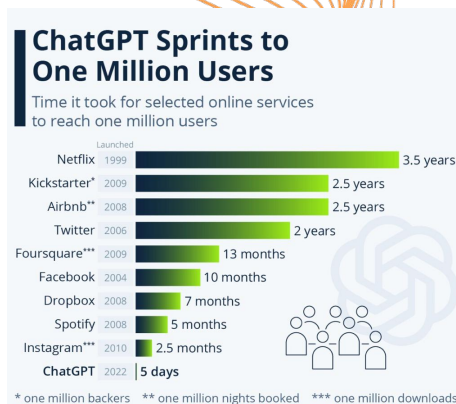
Revenue Split:

The suggested revenue split between developers and OpenAI stands at 65-35% of the difference between revenue generated for a particular model and price paid by developer at the end of month for that model, favoring the developers with a larger share. For ex a model generates $500, then at the end of month developer has to pay$50 to OpenAI and the in revenue split developer will get $292.5(65% of $450) whereas OpenAI will get $157.5

Each model on the GPT Store will provide some free prompts or a demo session, facilitating user understanding of its functionality.

Model Features:

The division of models into three categories caters to different user segments, ensuring accessibility and aligning with OpenAI's commitment to democratizing AI.

The categorization delineates models based on functionalities and subscription needs, providing options from free prompts to advanced models requiring subscriptions.

ChatGPT Sprints to One Million Users

Time it took for selected online services to reach one million users

Service	Launched	Time
Netflix	1999	3.5 years
Kickstarter*	2009	2.5 years
Airbnb**	2008	2.5 years
Twitter	2006	2 years
Foursquare***	2009	13 months
Facebook	2004	10 months
Dropbox	2008	7 months
Spotify	2008	5 months
Instagram***	2010	2.5 months
ChatGPT	2022	5 days

* one million backers   ** one million nights booked   *** one million downloads

# User Segmentation & Model Categories

User Segmentation:

Professionals and companies using GPT Store are encouraged to subscribe upfront. The models suggested to them align with their requested functionalities, supported by demo videos for better selection.

Individual users, particularly students with educational licenses, are offered models tailored to their profession's needs. These models are categorized based on usage level: basic models without subscription needs, moderately advanced models offering limited free prompts and then subscription, and advanced models requiring subscription in the beginning only.

Model Categories:

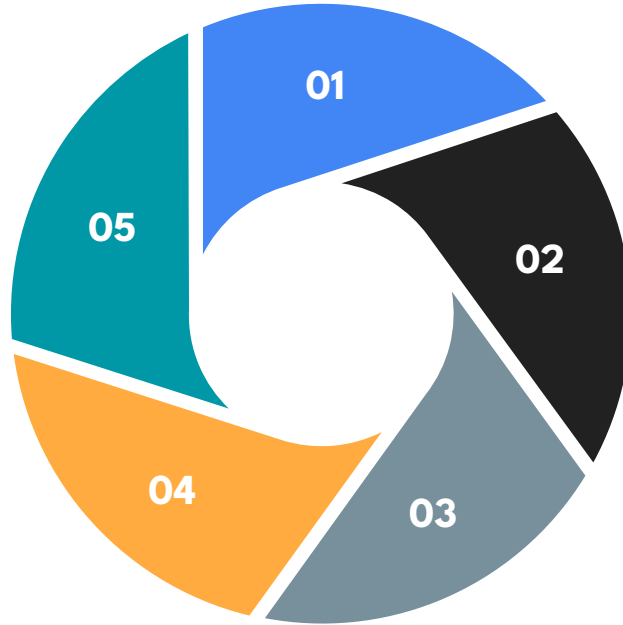Three-tier categorization for personalized use:

1. Models not requiring any subscription (no student license needed).
2. Slightly advanced models offering initial free prompts, needing a student license and then subscription.
3. Fully advanced models available with a subscription, designed to align with OpenAI's commitment to democratizing AI and catering to varying user needs.
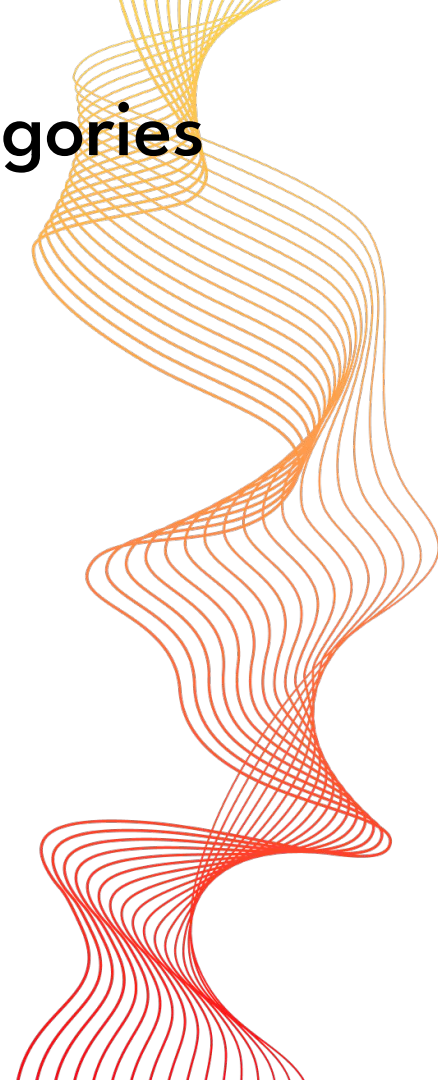
Individual User Usage

Models without subscription requirement

01

Individual users (students with educational license) are provided with models based on their profession

05

02

Models are divided into three categories:

Advanced models with 10 free prompts

04

03

Advanced models requiring subscription

Managing Oversaturation

Strategies to Overcome Oversaturation:

Connecting Developers for Quality Enhancement:

1. OpenAI proposes connecting developers behind similar models to collaborate and create superior models. Joint models formed from such collaborations will be considered as single models by the team, sharing revenue equally among developers involved.
2. This collaboration reduces the number of redundant models with similar functionalities, streamlining the GPT Store's offerings and preventing user fatigue.

Reducing Competition and Fatigue:

Collaborating developers will share revenue, mitigating financial strain, and fostering a cooperative environment rather than intense competition.

By reducing redundant models, user fatigue from sorting through numerous similar offerings will decrease, improving overall user satisfaction and efficiency.
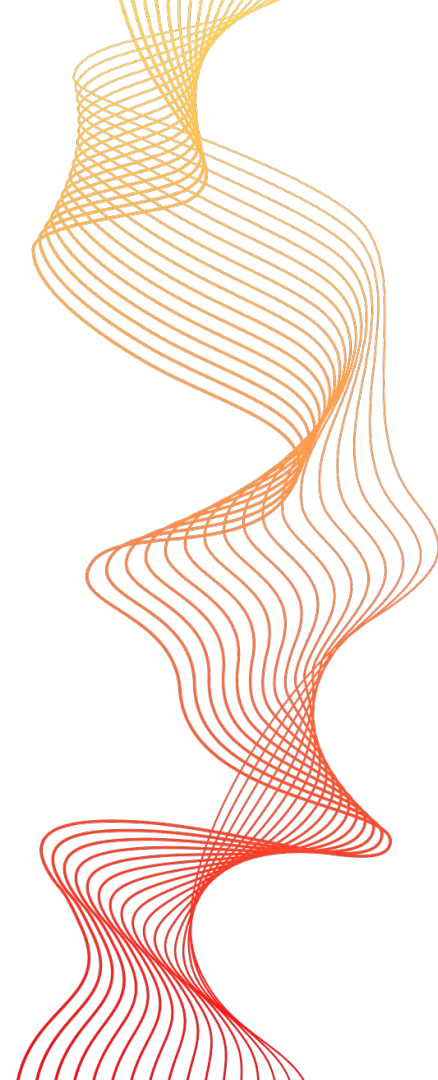
Quality Improvement via Collaboration

Collaborative Model Development:

Encouraging Collaboration:

OpenAI's proposal suggests that developers working together to create superior models will benefit from shared revenue and enhanced user experiences.

By combining efforts, developers can elevate the quality of their models, providing users with more refined and efficient AI solutions.

Shared Revenue Benefits:

Benefits of Collaboration:

Collaborating developers can collectively offer a better model, sharing the revenue equally between them.

This strategy not only promotes a cooperative environment among developers but also ensures users have access to improved and more comprehensive AI models
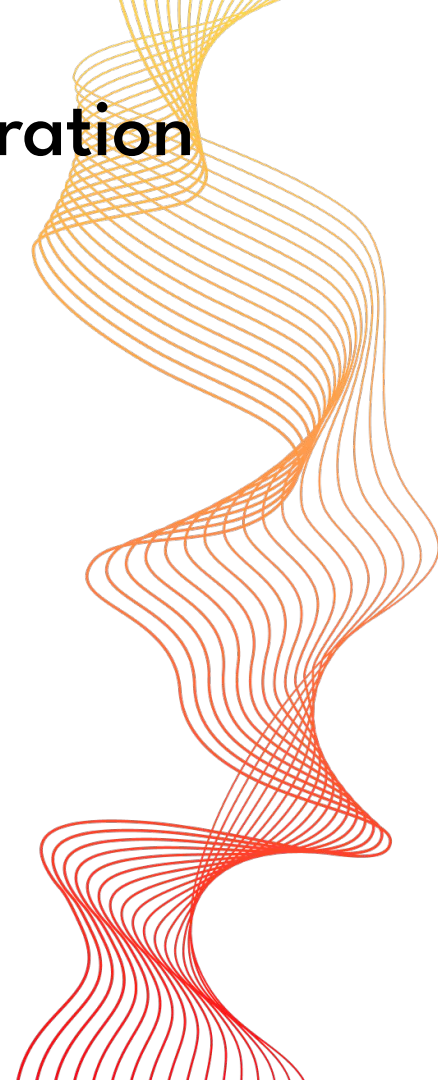
Store Standards and User Guidance

## Fixed Standards for Model Visibility:

Ensuring Quality Models:

OpenAI plans to establish fixed standards for models to appear on the GPT Store, aiming to maintain a certain level of quality and usefulness.

These standards motivate developers to create high-quality models, ultimately enhancing the user experience and fulfilling OpenAI's objectives.

Importance of User Guidance:

Facilitating User Selection:

- Stats and Ratings for User Guidance:
- To aid users in selecting the most suitable models, OpenAI will display metrics such as the number of purchases, subscriptions, and model ratings.
- These statistics provide valuable insights for users, assisting them in making informed decisions about the models they choose.
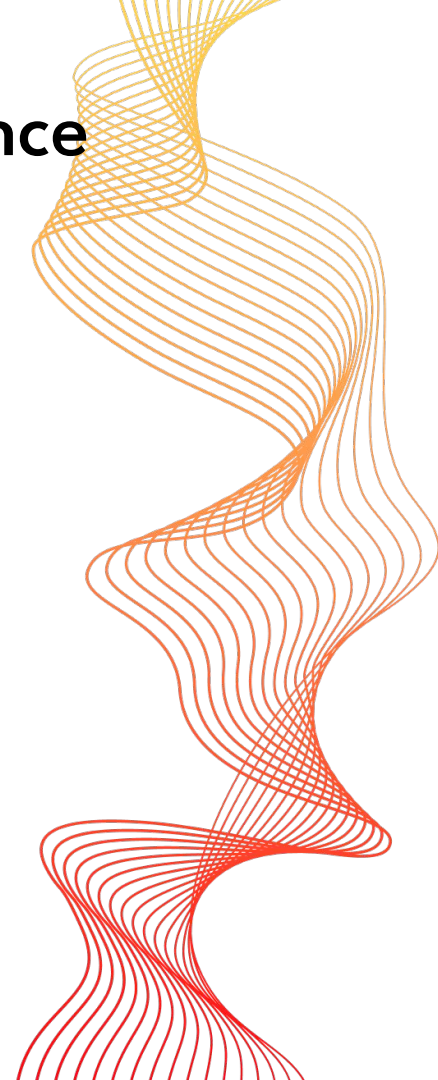
Importance of AI Chips

Necessity of AI Chips:

- Computational Efficiency:

    Large AI models demand significant computational power for efficient training and execution. AI chips offer higher performance and energy efficiency compared to traditional CPUs or GPUs.

- Speed and Throughput:

    - AI chips are optimized for the parallel processing required by neural networks, enabling faster execution of AI algorithms essential for real-time applications and large-scale computations.

- Cost-Effectiveness:

    - AI chips deliver higher performance per watt, potentially reducing operational costs for training and running AI models compared to traditional computing hardware.

- Privacy and Security:

    - In some cases, processing AI tasks directly on specialized chips enhances privacy and security by potentially allowing sensitive data to remain on local devices, reducing the need for external server processing.

Market Scenario & Future Projections

Current Market Scenario:

The global Edge Artificial Intelligence (AI) Chip market size is estimated to have been worth USD 2403.4 million in 2022.

Forecasted adjustments project a size of USD 5780.4 million by 2028, demonstrating a Compound Annual Growth Rate (CAGR) of 15.8% during the review period.

Impact of COVID-19 Pandemic:

The COVID-19 pandemic significantly influenced the market, shaping its estimated worth and growth trajectory during the specified review period.

AI Chipsets Market, USD Million
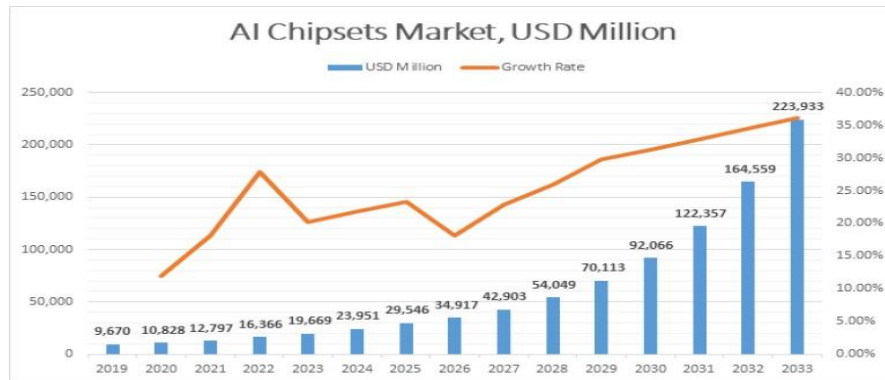
OpenAI's Chip Requirements

CEO's Prioritization:

CEO Sam Altman has prioritized acquiring additional AI chips due to a scarcity of graphics processing units (GPUs).

Altman has expressed concerns about the challenges associated with the shortage of advanced processors required to power OpenAI's software.

Challenges Faced:

The endeavor to acquire more chips is driven by the "eye-watering" costs linked to running the hardware essential for OpenAI's initiatives.

The shortage of these advanced processors poses a significant challenge for OpenAI's efforts and product scalability.

ChatGPT's Cost and Chip Development

Running Costs of ChatGPT:

According to an analysis, each query processed by ChatGPT costs roughly 4 cents.

If ChatGPT queries were to reach a scale one-tenth that of Google search, it would necessitate around $48.1 billion worth of GPUs initially, and approximately $16 billion worth of chips annually to sustain operations.

Interest in Chip Development:

OpenAI is exploring the development of its own AI chips, a strategic move that places it among a select group of major tech players.

The initiative aims to gain control over designing chips fundamental to OpenAI's operations, mirroring similar strategies adopted by other tech giants like Alphabet's Google and Amazon.com.
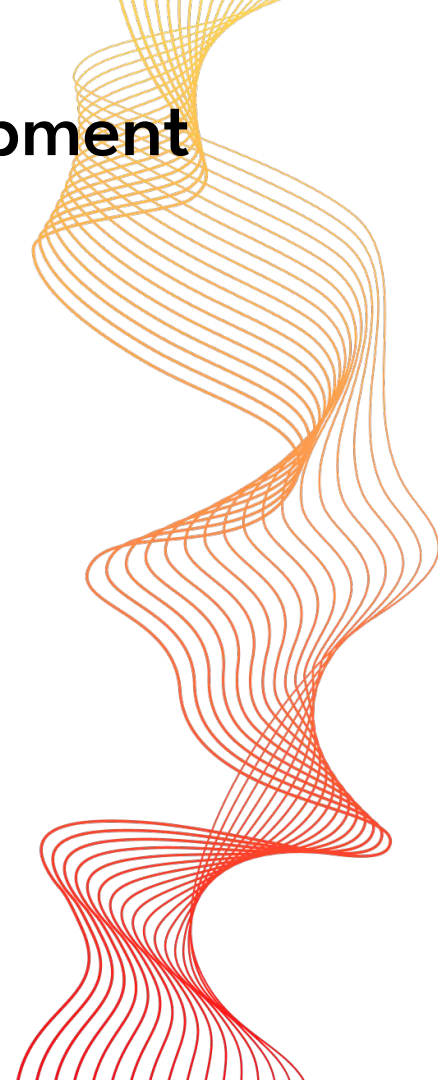
Partnering & Distancing with Microsoft

Microsoft's Involvement in AI Chip Development:

Microsoft is developing a custom AI chip that OpenAI is testing, signaling potential advancements in AI chip technology.

The plans and initiatives of both entities might signify a divergence in their technological approaches, potentially leading to either closer collaboration or increased independence.

Strategic Implications of Partnership or Distancing:

A potential partnership between OpenAI and Microsoft could signify joint efforts in AI chip development, leading to technological advancements and synergies.

However, these plans might also indicate a growing divergence in technological strategies, potentially leading to increased independence between the two entities.

Strategic Moves & Acquisitions
Challenges in Chip Development:

OpenAI's pursuit of developing its own AI chips entails substantial strategic initiatives and heavy investments, potentially amounting to hundreds of millions of dollars annually.

Despite committing significant resources, success is not guaranteed, indicating the complexities and uncertainties associated with this endeavor.
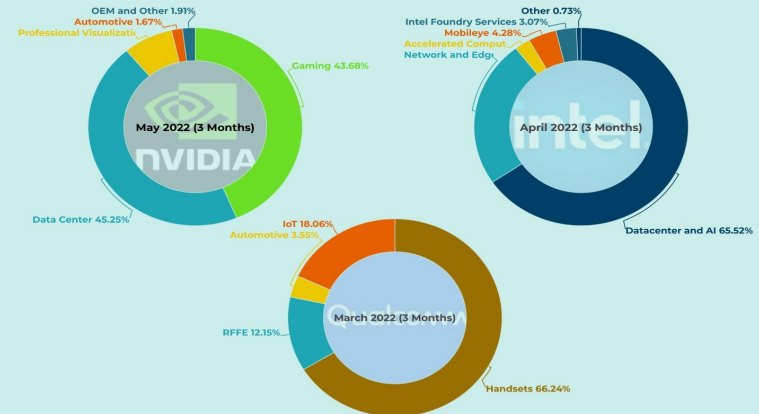
Potential Acquisition Strategies:

Acquisition of a chip company could expedite OpenAI's chip development, drawing parallels with Amazon.com's acquisition of Annapurna Labs in 2015. Such acquisitions have historically facilitated tech companies' efforts to bolster their in-house chip capabilities.

The on-boarding should be based on both being incredibly secretive about their research and product roadmaps. Also both obsessed with customer adoption. Like most of the teams at Amazon, and on-boarded startup is a lean and mean company laser-focused on building a niche, world-changing technology that would challenge the segment leaders – Intel and AMD.

AI Chip Makers

The AI industry has been enabled by companies that have developed a specific architecture for AI. These chips can handle complex computational tasks and heavy lifting required for hardware supporting heavy machine learning models.

OEM and Other 1.91%
Automotive 1.67%
Professional Visualizati...
Gaming 43.68%

Other 0.73%
Intel Foundry Services 3.07%
Mobileye 4.28%
Accelerated Comput...
Network and Edge...

May 2022 (3 Months)
NVIDIA
Data Center 45.25%

April 2022 (3 Months)
intel
Datacenter and AI 65.52%

IoT 18.06%
Automotive 3.55%
RFFE 12.15%
March 2022 (3 Months)
Handsets 66.24%

Thank you for your valuable time 😊