Meta, Google, and startups flock to AI art's economic potential

Article

The trend: Big Tech is channeling investments into art-producing generative AI.

- Building off its earlier **Make-A-Scene** generator, **Meta**'s AI division unveiled its **Make-A-Video** tool that can create short video clips from text prompts, per Popular Science.

- **Google** announced its own text-to-video program, **Imagen Video**, which the company is pairing with its other text-to-video system, **Phenaki**, to achieve longer videos from longer written prompts, <u>per</u> TechCrunch.

- The tools are part of a broader movement among tech organizations unleashing art-creating AI programs that began with the first text-to-image generator, **DALL-E**, in 2021.

- Several startups are applying the tech to other forms of content creation, like music and podcasts.

- In addition to the art-generating programs, tech companies are using generative AI to build <u>chatbots</u> that can converse with originality.

Analyst Take: "There's a lot of interesting generative stuff happening right now in this so-called 'second wave' of AI," said **Jessica Lis**, tech analyst at Insider Intelligence. "While it may seem sudden, it's the result of incremental progress over the past few years.

"We are seeing a lot of product announcements from both startups and legacy players alike, but there are still a lot of questions to answer over ethical use."

A revenue lifeline: The tech industry may be shelving <u>moonshot projects</u> and <u>deep tech</u> amid the economic downturn, but it's keeping a laser focus on commercializing AI.

- Unlike other deep tech, AI already yields tangible results for industries with significant room for growth in terms of innovation, new applications, and revenue potential.

- **Cloud computing providers and advanced GPU processor developers will likely be two primary beneficiaries** since generative AI programs require a lot of computational power and data.

- **Sequoia Capital** <u>expects</u> generative AI to "generate trillions of dollars of economic value."

While many AI programs are used for data analysis, generative AI brings new things into existence.

- This gives struggling tech companies more ways to provide value for their customers.

- Beyond just offering data and insights, **generative AI programs could yield potentially lucrative content creation mechanisms for <u>advertising</u>** and other sectors.

More money, more problems: Generative AI opens up much-needed revenue streams for struggling tech companies, but expect ethical and legal liability concerns alongside profits.

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- We're already seeing hints of this in the stock photo business with **Getty Images** and **Shutterstock** banning the use of AI-generated images over copyright concerns.

- Reports about AI producing problematic content could amplify worry about generative adversarial networks (GANs)—the basis for generative AI—triggering an existential crisis for society.

- With cloud computing's data center proliferation already sucking up resources and fueling carbon emissions, broad commercial and consumer adoption of generative AI programs could become a sustainability pitfall.

AI Software Spending Worldwide, 2021 & 2025
billions

$64

$33

2021

2025
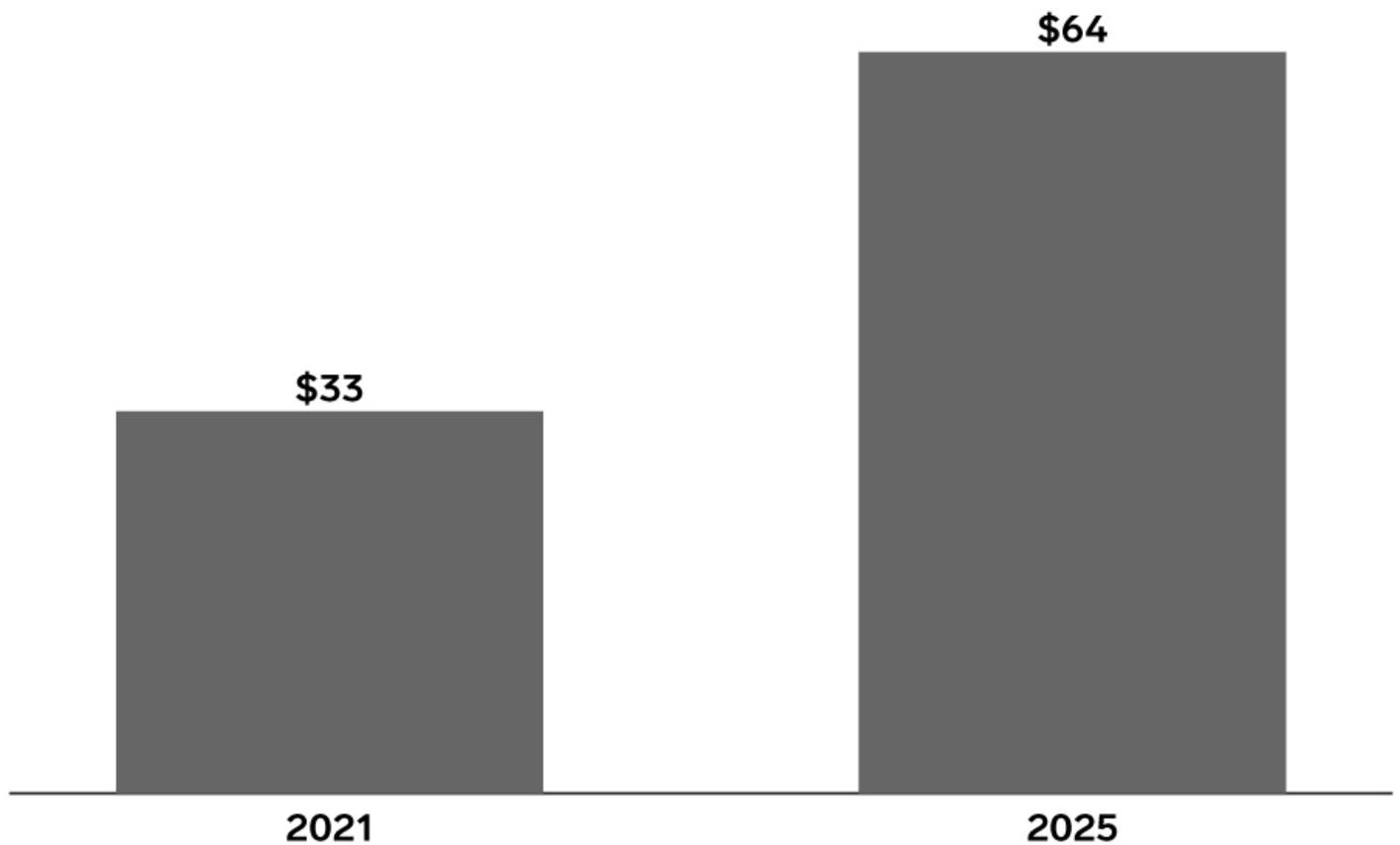
Note: includes off-the-shelf and custom software
Source: Forrester, "Global AI Software Forecast, 2022" as cited in company blog, Oct 3, 2022

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