

What will be the biggest business impact from generative AI in 2023?

Article

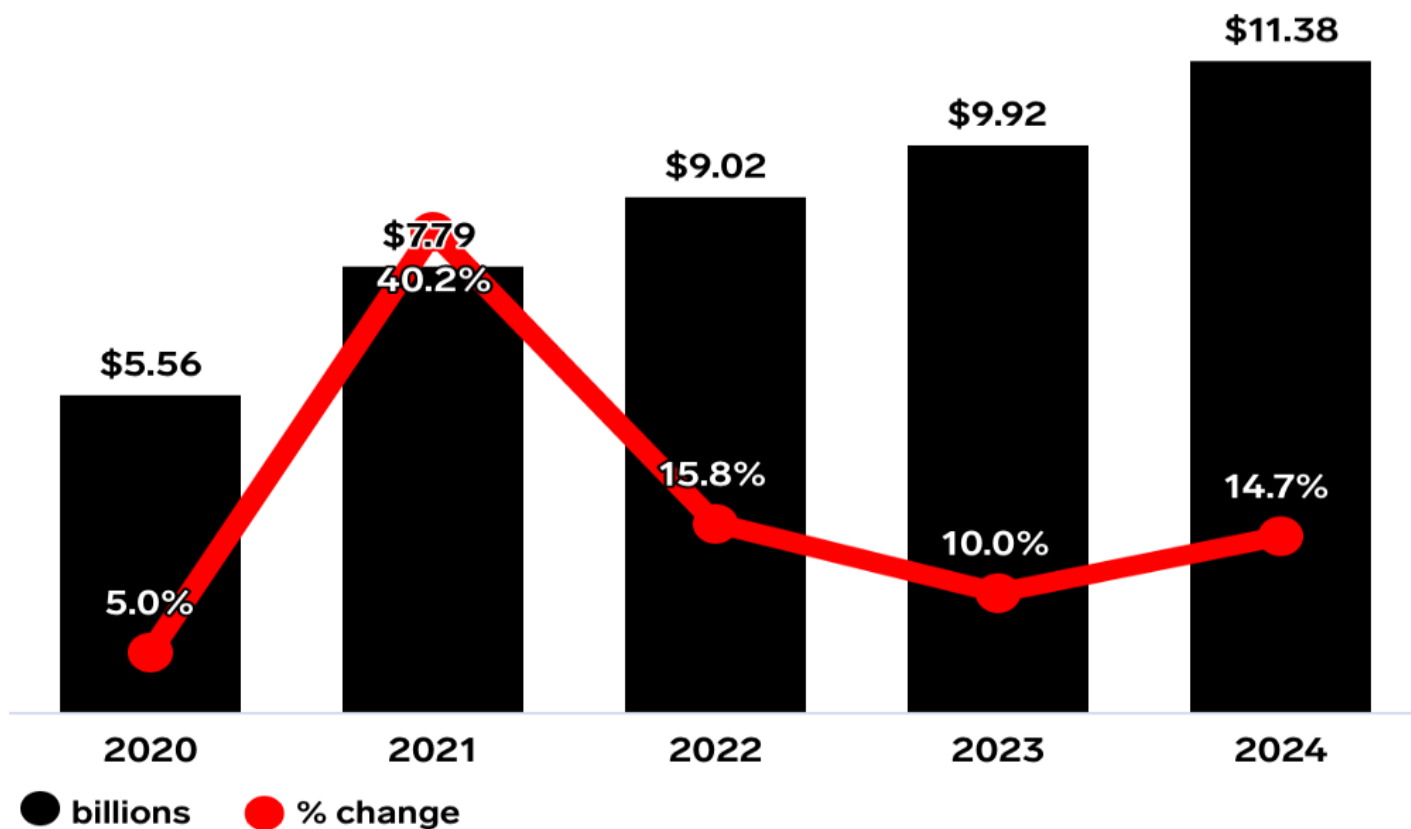
Search seems like a good bet for disruption—sooner rather than later.

- **ChatGPT simplifies search.** Instead of providing a list of links as Google does, ChatGPT sifts through sources to deliver a single answer.

- **No links means fewer ads.** Google made \$137.45 billion globally in 2022 on its search ad business, which revolves around selling access to prime positions in search results—a need that disappears without ranked answers.
- **OpenAI-powered Bing may become a formidable competitor.** Although ChatGPT itself isn't ready to take on Google, Microsoft seems poised to inject ChatGPT technology into Bing by the end of March, according to The Information. Still, Microsoft will need to provide some guardrails to avoid ChatGPT's weaknesses and limit its enormous computing and power requirements.
- **Google's alarm bells just got louder.** Already under a "code red" to productize AI, Google may need to move even more quickly. Insider Intelligence expects Google's US ad revenues to grow just 2.9% in 2023, far below Microsoft's 10.0%—which is growing from a much lower base. Google faces additional threats to its search business, as Amazon cuts into product search and regulators launch anti-trust suits.

Microsoft Ad Revenues

US, 2020-2024



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; data after 2015 includes ad revenue from LinkedIn

Source: eMarketer, October 2022

eMarketer | InsiderIntelligence.com

Microsoft and Google seem headed for a broader showdown over generative AI.

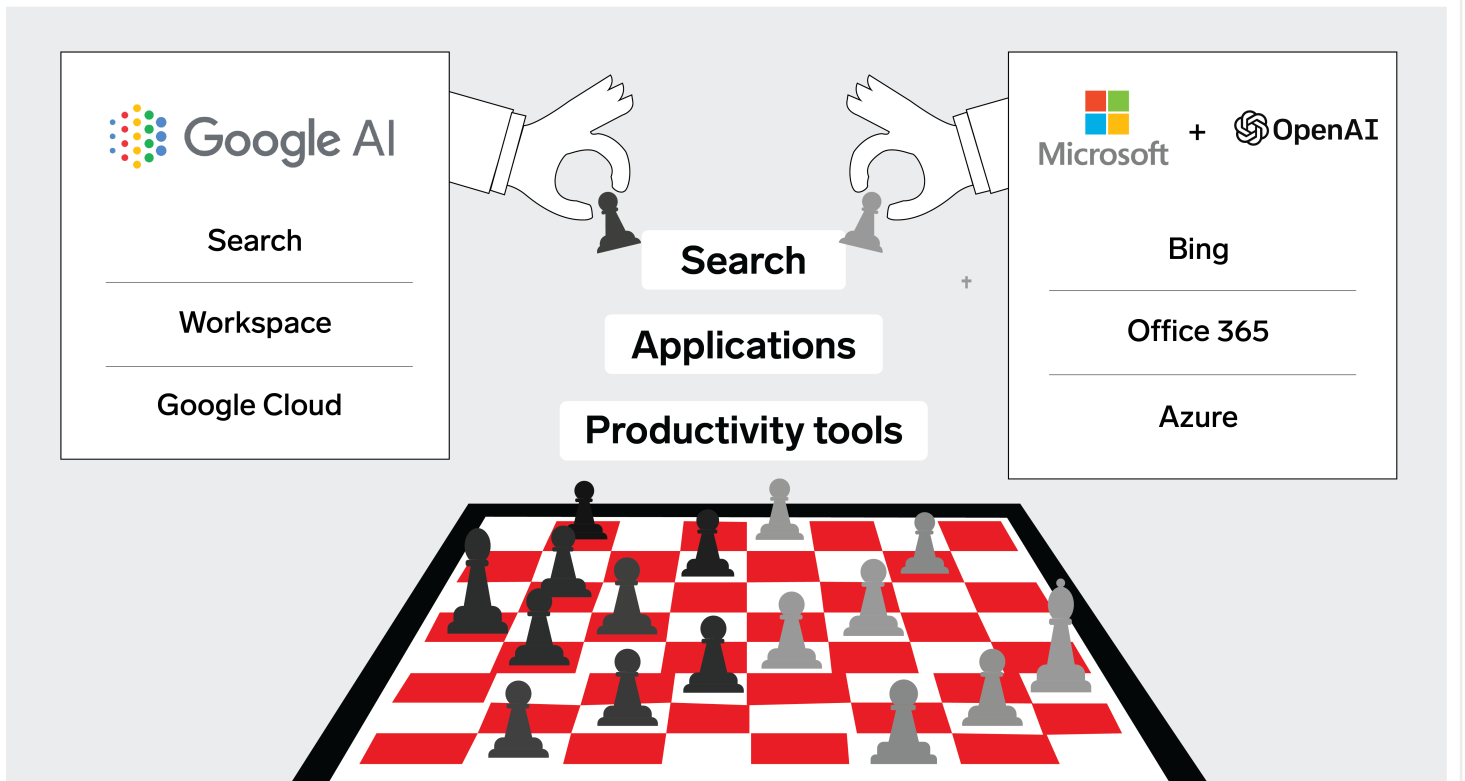
Google and Microsoft both have leading search engines, cloud services, and productivity tools—and both are all in on AI. A battle looms.

- **Google is a world leader in Generative AI.** Its basic research in Google Brain, DeepMind, and Google AI has made numerous breakthroughs, including transformers, the technology that

makes GPT possible.

- **Google's worries about reputational risks leave an opening.** Google is well aware of the shortcomings of the current generation of generative AI and has been cautious to productize it, but that's left an opening for others. Following ChatGPT's success, Google now seems poised to **launch a competitor**—but OpenAI and Microsoft have had a big head start.
- **Microsoft's partnership with OpenAI makes it formidable.** Microsoft seems determined not to miss the AI revolution as it did the mobile revolution. The company appears ready to take more risks than Google by moving OpenAI technologies into its products.

How Generative AI Changes the Game Between Google and Microsoft



Other players lurk in the background—including Amazon, Meta, IBM, Watson, and numerous smaller outfits
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Report by Yoram Wurmser, and Daniel Van Dyke Feb 02, 2023

ChatGPT and Generative AI

