

# OpenAI, Perplexity secure more publisher licensing deals

Article

**The news:** OpenAI and Perplexity each penned licensing deals with big publishers this week.

- [Perplexity's revenue-sharing program](#) added the **Los Angeles Times, Adweek, The Independent**, and others to its roster, which already included **Time and Fortune**.

- OpenAI partnered with **Future**, the owner of **Marie Claire**, **Tom's Guide**, **PC Gamer**, and **Tech Radar**, to include their content in its [ChatGPT search](#) product.

**Zooming out:** The two AI companies are facing scrutiny and legal challenges over the information used to train their generative AI (genAI) models.

- In October, [The New York Times](#) (NYT) sent Perplexity a cease-and-desist letter for using its content without consent, and **Wired** and **Forbes** have denounced the startup's data scraping practices.
- In November, **OpenAI defeated a copyright lawsuit filed by news outlets Raw Story and AlterNet**, though scrutiny continues from NYT and others.

**Who benefits?** For the AI companies, **these deals help them improve their offerings and avoid copyright lawsuits**. For publishers, they get the ability to recoup some revenue lost to AI search engines and stay afloat in a [struggling news industry](#).

- OpenAI gives partner publishers a flat-rate licensing fee, rather than a share of revenue, while Perplexity offers a “double-digit” cut of revenue.
- 57% of US adult support compensating news and media publishers when their content is used to train AI, per News/Media Alliance.

**Startups at both ends of the spectrum:** Both companies have seen their share of PR snafus, but OpenAI has the benefit of being larger and more stable.

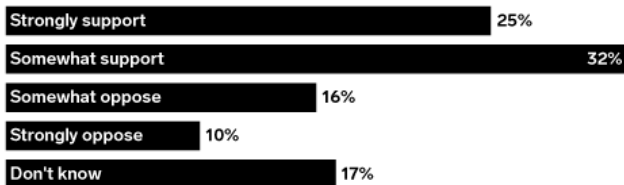
- OpenAI is already an AI behemoth with \$3.4 billion in annual recurring revenue. Its licensing deals give publishers some control over how their content appears in ChatGPT search's results as well as a stream of passive revenue.
- **Perplexity's annual recurring revenue was about \$50 million** as of October, per [The Wall Street Journal](#). As it continues to grow, switching to a flat-rate offer for publishers could help it avoid cutting into profits needed for model development and deployment.

**Our take:** News outlets are facing layoffs and growing threats to web traffic from AI chatbots and search engines. These partnerships could help them keep the lights on and give them a piece of the booming AI industry.

Companies like Perplexity and OpenAI are hungry for content to improve their offerings. **Brokering partnerships now is safer than waiting for AI publicly available model-training data to run out.**

**Extent to Which US Adults Support/Oppose the Compensation of News and Media Publishers When Their Content Is Used to Train AI, Feb 2024**

% of respondents



Note: ages 18+ who are registered voters

Source: News/Media Alliance as cited in press release, April 9, 2024

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