

Microsoft emerges as big winner as Sam Altman returns to OpenAI

Article

The news: Sam Altman's reinstatement as CEO of OpenAI, following his abrupt firing, marks a significant turn in the organization's leadership and direction. His return comes after intense negotiations and considerable internal turmoil.

- The new initial board comprises Bret Taylor (former chair of **Twitter's** (now **X**) board), Larry Summers (former US Treasury Secretary), and Adam D'Angelo (CEO of **Quora** and a previous board member who voted to oust Altman). This change reflects significant changes in OpenAI's governance.
- Altman has agreed not to take a board seat initially and is backing an internal investigation into his conduct leading to his dismissal. Microsoft, having a significant stake in OpenAI, played a crucial role in reversing Altman's firing. Microsoft CEO **Satya Nadella** publicly supported Altman, and Microsoft's shares rose following the announcement of these changes.
- Nearly all of OpenAI's staff threatened to leave if Altman wasn't reinstated, leading to heightened negotiations. Co-founder **Greg Brockman**, who resigned in protest of Altman's firing, also announced his return. Notably, former **Twitch** CEO **Emmett Shear**, who was briefly named interim CEO, and other previous board members will depart from the company.

The turmoil: This upheaval has boosted interest in rivals like **Anthropic** and **Cohere**, reports The Financial Times.

- **Salesforce** CEO Marc Benioff reached out to OpenAI employees via social media, encouraging them to apply to his company and promising to match their current salaries.
- Microsoft had committed to employing Altman along with any departing OpenAI employees, adding to the uncertainty surrounding the startup's future.

Why it matters: For many marketers, the story of the year has been generative AI—and OpenAI has been at the center of that.

- Altman's return could signal a more profit-focused and potentially less risk-averse direction for OpenAI, balancing AI safety and growth. The company, which created a capped-profit unit in 2019, faces the challenge of developing AI responsibly while needing substantial capital for its computing infrastructure.
- Altman's reappointment comes amid strategic disagreements within the board, particularly regarding the pace of AI development and commercialization. Altman has also been exploring significant new ventures, including a potential AI chip startup and collaborations with high-profile investors and designers.

Still a winner: Microsoft undoubtedly played a role behind the scenes in Altman's return. The Seattle-area tech giant owns 49% of OpenAI, and Altman's exit cast doubt on the AI

company's leadership and stability, jeopardizing its \$86 billion valuation. That posed risks for stakeholders, including investors like Microsoft.

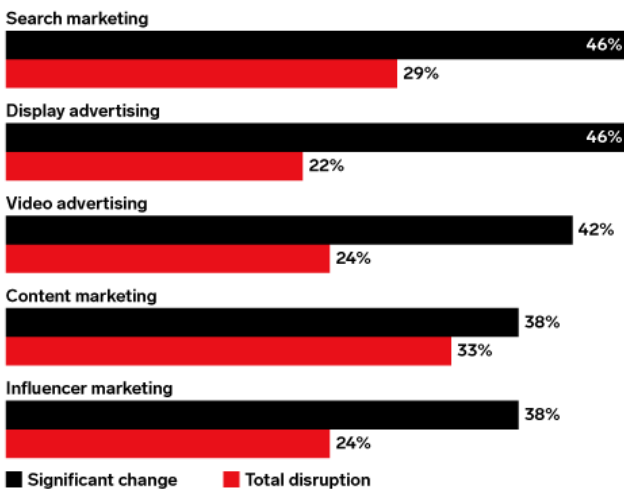
- The tech behemoth was in a position to not only stabilize its position but also strengthen it by possibly [integrating Altman and Brockman](#), OpenAI's former president, into its newly established advanced AI research team. Investors and analysts welcomed the move, leading to a record high in Microsoft's stock after the announcement.
- Microsoft's agile handling of the OpenAI situation showcases its dedication to AI, reinforcing its strong, innovative brand and attractiveness to top AI talent.

Our take: Altman's reinstatement and the associated changes at OpenAI reflect broader debates in Silicon Valley about AI's future and its governance, highlighting the complex dynamics between innovation, leadership, and responsibility in the tech industry.

While Microsoft appears to have turned the Sam Altman drama into a strategic advantage, leveraging its brand strength and management acumen, competitors like [Google](#), [Meta](#), [Amazon](#), among others, are also looking to exploit AI's opportunities.

Expected Impact of Generative AI on Select Ad/Marketing Channels According to Marketers in North America, July 2023

% of respondents



Note: n=119

Source: MMA Global, "The State of Generative AI in Marketing," Sep 6, 2023

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