

Microsoft's \$10B investment in OpenAI could help fuel AI funding trend

Article

The news: Microsoft reportedly plans to invest \$10 billion in OpenAI, the creator of the popular ChatGPT generative AI. Its patronage ensures first dibs on the latest AI innovations it

can use to boost its own products, per [CNBC](#).

A win-win for Microsoft and OpenAI: The deal is part of a funding round with other investors resulting in **OpenAI's value hitting \$29 billion**.

- **Microsoft will reportedly get a 75% share of OpenAI's profits** until it makes back the money on its investment, after which the company would assume a 49% stake in OpenAI.
- The investment is in line with Microsoft's interest in AI. "If you say mobile and cloud was the last paradigm, the next really is going to be AI," CEO **Satya Nadella** said. "That's going to happen, I would say, in the next two, three years."
- Investing in the startup isolates Microsoft from potential antitrust scrutiny while ensuring that it can benefit from OpenAI's innovation.
- Upcoming versions of ChatGPT could help [Microsoft's Bing](#) be a stronger competitor to **Google Search**.
- OpenAI can also gain mass adoption through its integration with Microsoft's **Office** apps and even on **Windows**.

AI's golden age? Microsoft may be leading the charge in AI investments and clearly sees very tangible applications for OpenAI's technology, but **more tech companies could soon stake their claims on AI solutions**.

- While the tech industry is currently in [a state of contraction with mass layoffs](#) and decelerating investment on innovation and moonshot projects, investing in AI startups now makes good sense.
- [Interest in generative AI solutions has just started to peak](#) as the technology is now being productized. This means Big Tech can back existing AI players with investments in return for equity and access to technology.

An opportunity to improve AI ethics: OpenAI could benefit from Microsoft's involvement, especially in the area of AI ethics. Microsoft has distinguished itself in the field of ethical AI, and its guiding principles could help ensure ChatGPT is isolated from [potential misuse](#).

What's next? Companies like Microsoft see the productization of AI as the future and will spare no expense in securing access to the technology. This could lead to an AI turf war among Big Tech companies.

AI Uses for Marketers Worldwide, Aug 2022

% of respondents



Source: Salesforce, "The 8th Edition State of Marketing Report," Nov 1, 2022

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