

OpenAI's ChatGPT has competition on the generative AI monetization front

Article

Generative AI startups to watch: The generative AI space is gaining formidable players.

- **Beautiful.ai** launched **DesignerBot**, a generative AI tool that can create 10 to 20 PowerPoint slides from a single prompt, including layout, text, photos, and icons.
- **Seek AI** nabbed **\$7.5 million** in pre-seed and seed funding to harness open-source generative AI models such as **Google's BERT** to allow non-technical business users to run data analytics, per [Insider](#).
- Founded in part by Google alums, **Cohere** has earned a spot in **Radical Ventures'** portfolio after raising **\$125 million** for its commercial generative AI endeavors, per [BetaKit](#).
- **Jasper AI** has risen as a unicorn, having raised **\$125 million** in Series A funding in October for its generative AI copywriting tool.
- In December, **Runway**, which provides generative AI video editing, raised **\$50 million**, pushing the startup to a **\$500 million** valuation.

OpenAI's advantage: With venture capitalists showing [enthusiasm for generative AI](#) during a funding dryspell, we can expect more startups to garner capital to implement the technology in novel ways.

- This means competition for **OpenAI**, which is rising to behemoth status: It was valued at **\$14 billion** in 2021 and is now eyeing a **\$29 billion** valuation thanks to interest from VC firms like **Thrive Capital** and **Founders Fund**, per [The Wall Street Journal](#).
- Its target valuation is also gaining steam from talks over a [potential \\$10 billion investment from Microsoft](#), which would add to the tech giant's **\$1 billion** investment in 2019, followed by another **\$2 billion** quietly invested in the intervening years, per [The New York Times](#).
- The funding has been crucial to OpenAI overcoming a major stumbling block for advancing the technology—**the enormous compute costs incurred from building and running the AI models**.
- In addition to allowing OpenAI to leverage its cloud division, Microsoft has also helped OpenAI build a supercomputer specifically for [ChatGPT](#) and similar tools.

Regenerating the tech industry: We expect generative AI to evolve from a specialized form of machine learning to form the foundation for much of tech in the years ahead.

- Despite generative AI only recently emerging as a commercial possibility, companies like **Adobe** and **Canva** are quickly integrating the tech into their products.

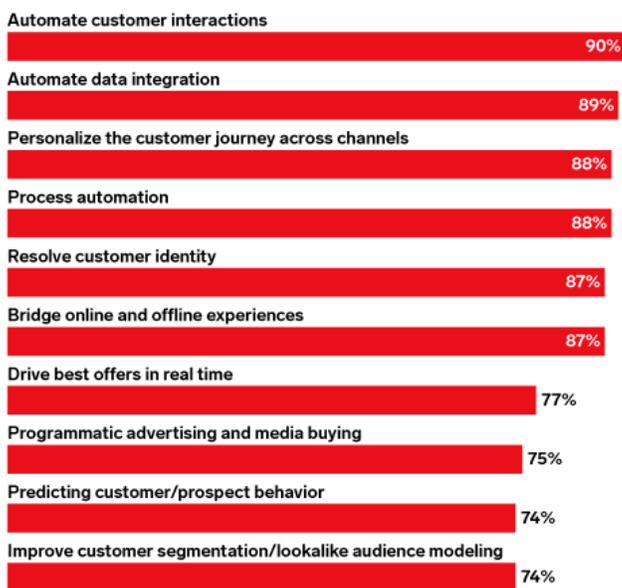
- Microsoft is betting that generative AI will yield **\$7 billion** for its cloud division revenue within three years, per NYT.

One big problem with this revolution is that **social, educational, and legal systems aren't equipped to deal with the level of disruption the technology poses.**

- The challenge ahead for startups is to **effectively monetize generative AI while skillfully mitigating its harm.**
- **Expect Big Tech companies to be on the acquisition prowl** for startups that can thread that needle.

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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