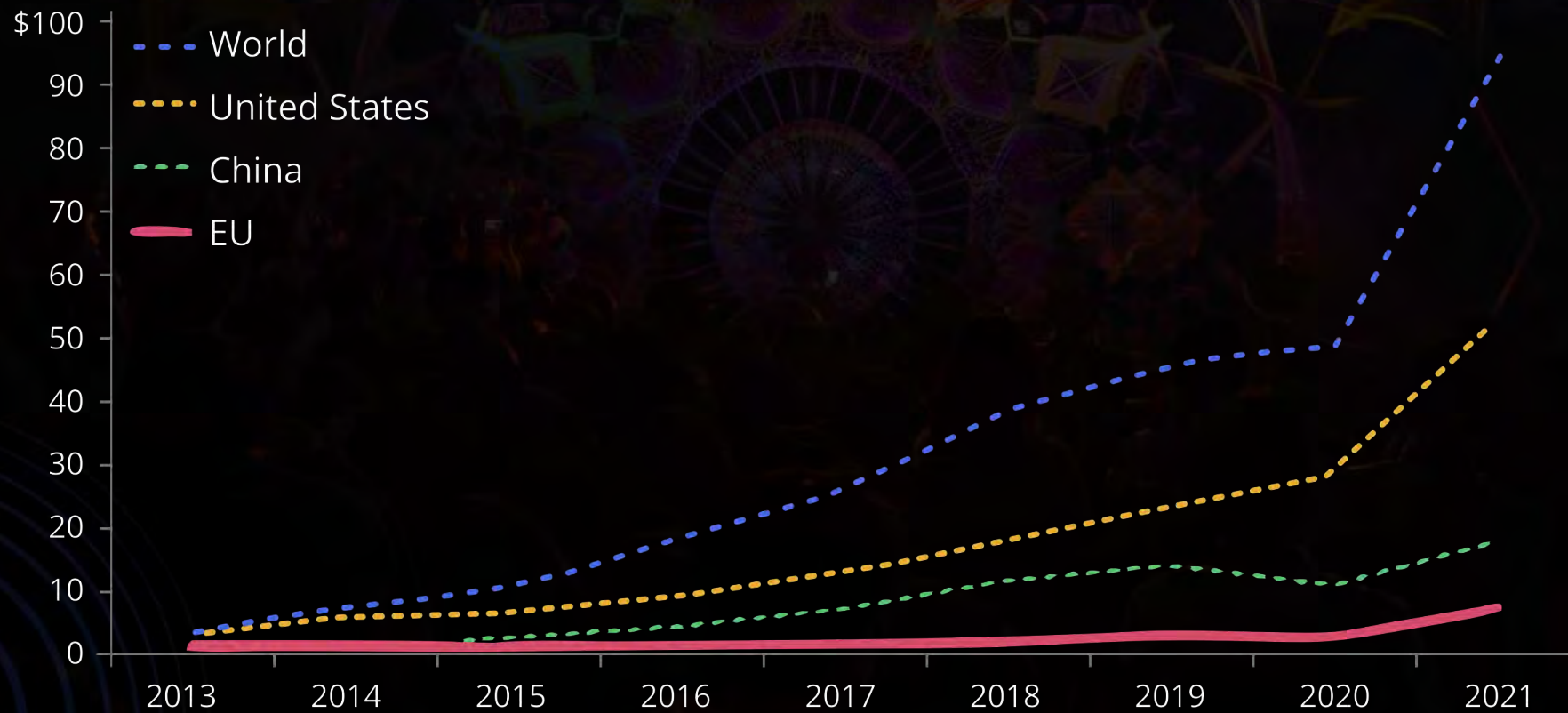


Private investment in AI surged in 2021

USD billion annual investment



Source: JPMorgan: <https://www.jpmorgan.com/insights/investing/private-equity/private-market-growth-and-innovation-have-only-just-begun>

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Most active investors in generative AI

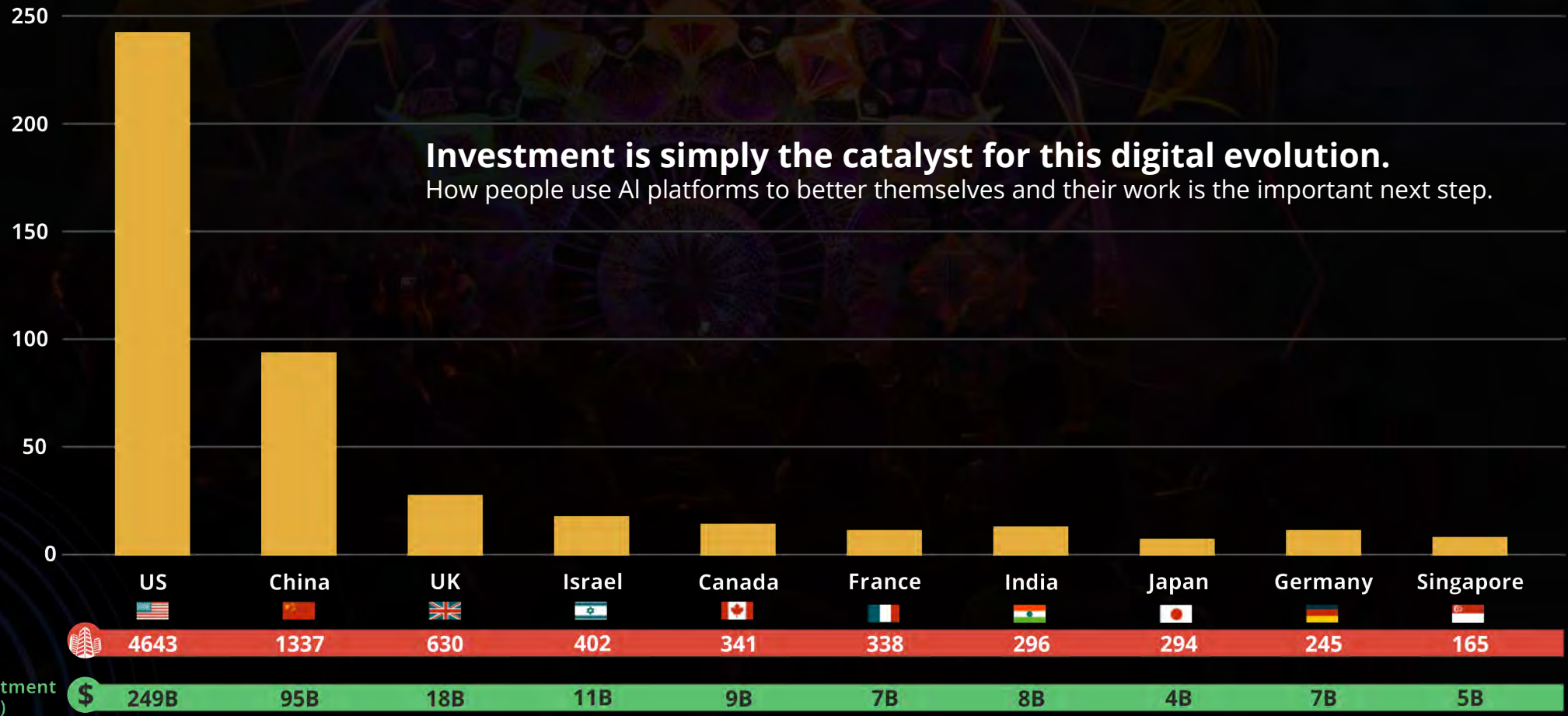
Number of deals (as of 06/30/23)

Investor	Total deals backed as lead investor	Generative AI startups backed as lead investor
1  INSIGHT PARTNERS		 uizard  Lightricks  Hour One  AssemblyAI  Mittny  Deepdub.ai  Jasper  WRITER
2  SEQUOIA		 Mittny  neeva  glean  tavus  warp  Harvey.
3  Index Ventures		 Twelve Labs  Weaviate  Lightning AI  cohere  Hebbia 
4  andreessen horowitz		 ElevenLabs  replit  Hippocratic AI Do No Harm  character.ai
5 ADDITION		 ADEPT  Primer  Hugging Face
5  GENERAL CATALYST		 glean  Hippocratic AI Do No Harm  ADEPT  Fig
5  Lightspeed		 glean   Rephrase.ai  stability.ai
5  SPARK CAPITAL		 ADEPT  descript  ANTHROPIC  Boosted.ai
5  TIGERGLOBAL		 cohere  Mittny  scale

Source: CB Insights, Aug 2023: <https://app.cbinsights.com/research/generative-ai-funding-top-startups-investors/>

Who is winning the AI race?

Since 2013, the U.S. has invested 1.9 times more in AI Companies than China and EU combined.



Source: Visual Capitalist, Sep 2023; <https://www.visualcapitalist.com/sp/global-ai-investment/>

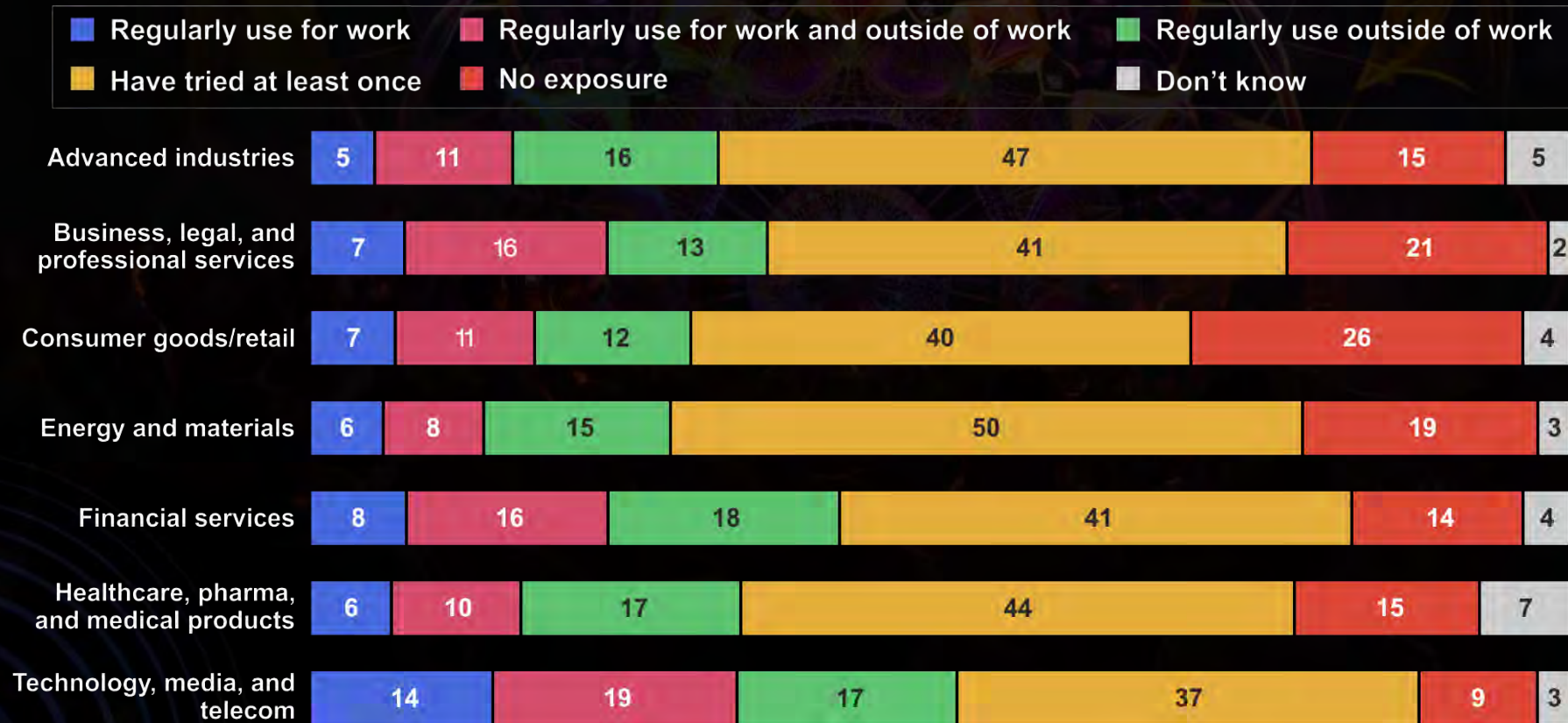
Disclaimer: Figures as of 2022 and rounded to the nearest billion. Source: Netbase Quid via AI Index 2023 Annual Report, Apr 2023

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Generative AI usage, by sector

Respondents across regions, industries, and seniority levels say they are already using generative AI tools.

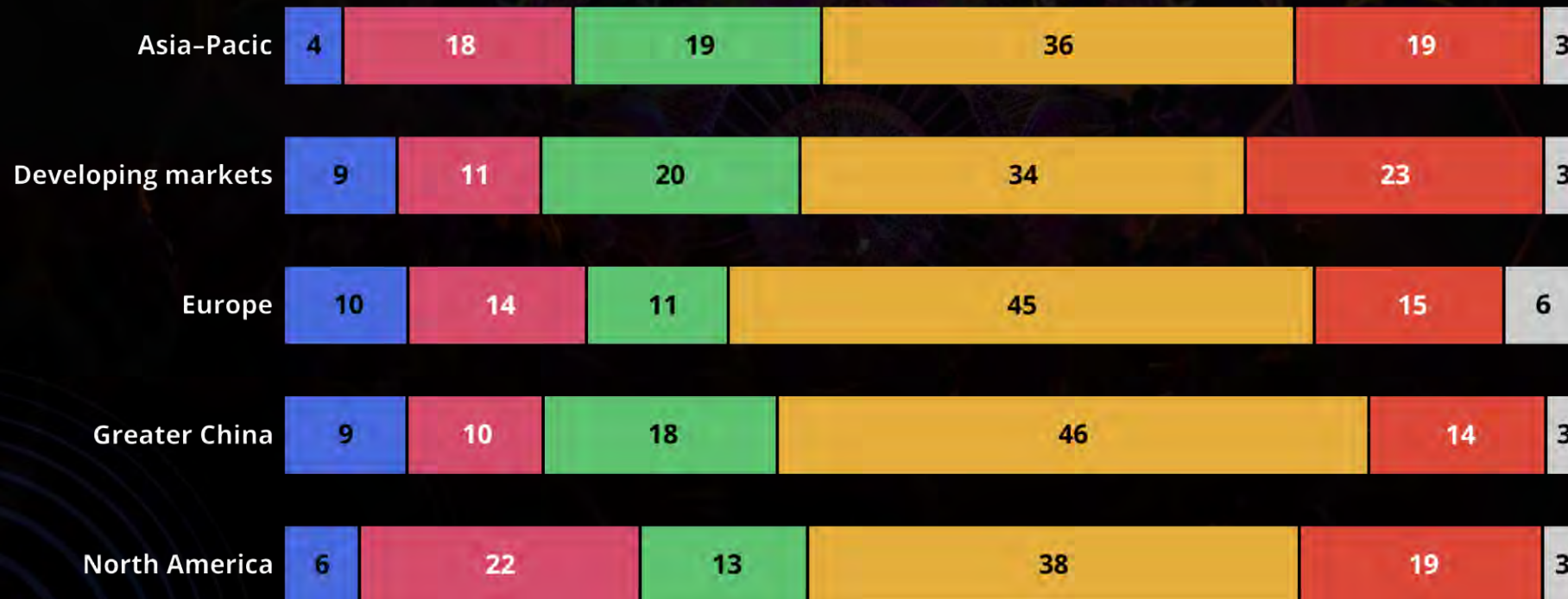
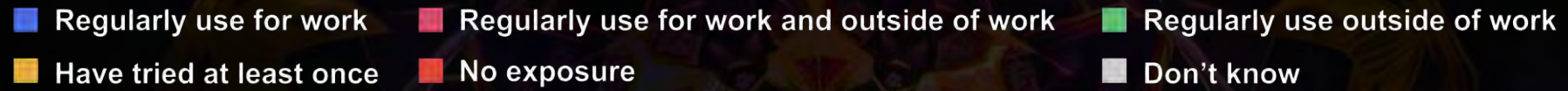
Reported exposure to generative AI tools, % of respondents



Source: McKinsey & Company (McKinsey Global Survey on AI), Aug 2023; <https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai-in-2023-generative-ais-breakout-year/>

Note: Figures may not sum to 100%, because of rounding. In Asia-Pacific, n = 164; in Europe, n = 515; in North America, n = 392; in Greater China (includes Hong Kong and Taiwan), n = 337; and in developing markets (includes India, Latin America, and Middle East and North Africa), n = 276. For advanced industries (includes automotive and assembly, aerospace and defense, advanced electronics, and semiconductors), n = 96; for business, legal, and professional services, n = 215; for consumer goods and retail, n = 128; for energy and materials, n = 96; for financial services, n = 248; for healthcare, pharma, and medical products, n = 130; and for technology, media, and telecom, n = 244. For C-suite respondents, n = 541; for senior managers, n = 437; and for middle managers, n = 339. For respondents born in 1964 or earlier, n = 143; for respondents born between 1965 and 1980, n = 268; and for respondents born between 1981 and 1996, n = 80. Age details were not available for all respondents. For respondents identifying as men, n = 1,025; for respondents identifying as women, n = 156. The survey sample also included respondents who identified as "nonbinary" or "other" but not a large enough number to be statistically meaningful.

Generative AI usage, by geography

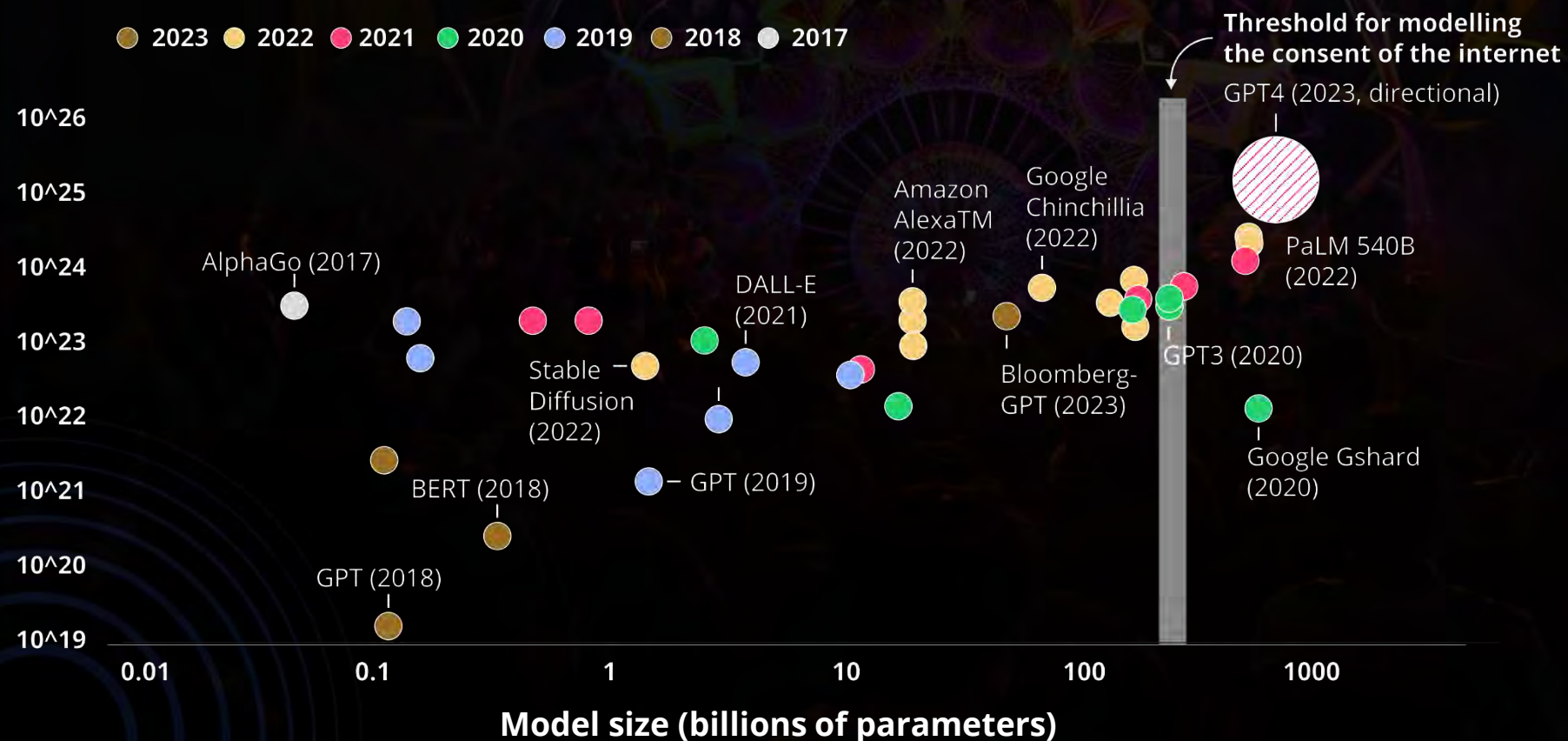


Source: McKinsey & Company (McKinsey Global Survey on AI), Aug 2023: <https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai-in-2023-generative-ais-breakout-year/>

Note: Figures may not sum to 100%, because of rounding. In Asia-Pac, n = 164; in Europe, n = 515; in North America, n = 392; in Greater China (includes Hong Kong and Taiwan), n = 337; and in developing markets (includes India, Latin America, and Middle East and North Africa), n = 276. For advanced industries (includes automotive and assembly, aerospace and defense, advanced electronics, and semiconductors), n = 96; for business, legal, and professional services, n = 215; for consumer goods and retail, n = 128; for energy and materials, n = 96; for financial services, n = 248; for healthcare, pharma, and medical products, n = 130; and for technology, media, and telecom, n = 244. For C-suite respondents, n = 541; for senior managers, n = 437; and for middle managers, n = 339. For respondents born in 1964 or earlier, n = 143; for respondents born between 1965 and 1980, n = 268; and for respondents born between 1981 and 1996, n = 80. Age details were not available for all respondents. For respondents identifying as men, n = 1,025; for respondents identifying as women, n = 156. The survey sample also included respondents who identified as “nonbinary” or “other” but not a large enough number to be statistically meaningful.

Foundation models have grown in size and cost

Model training (floating point operations)

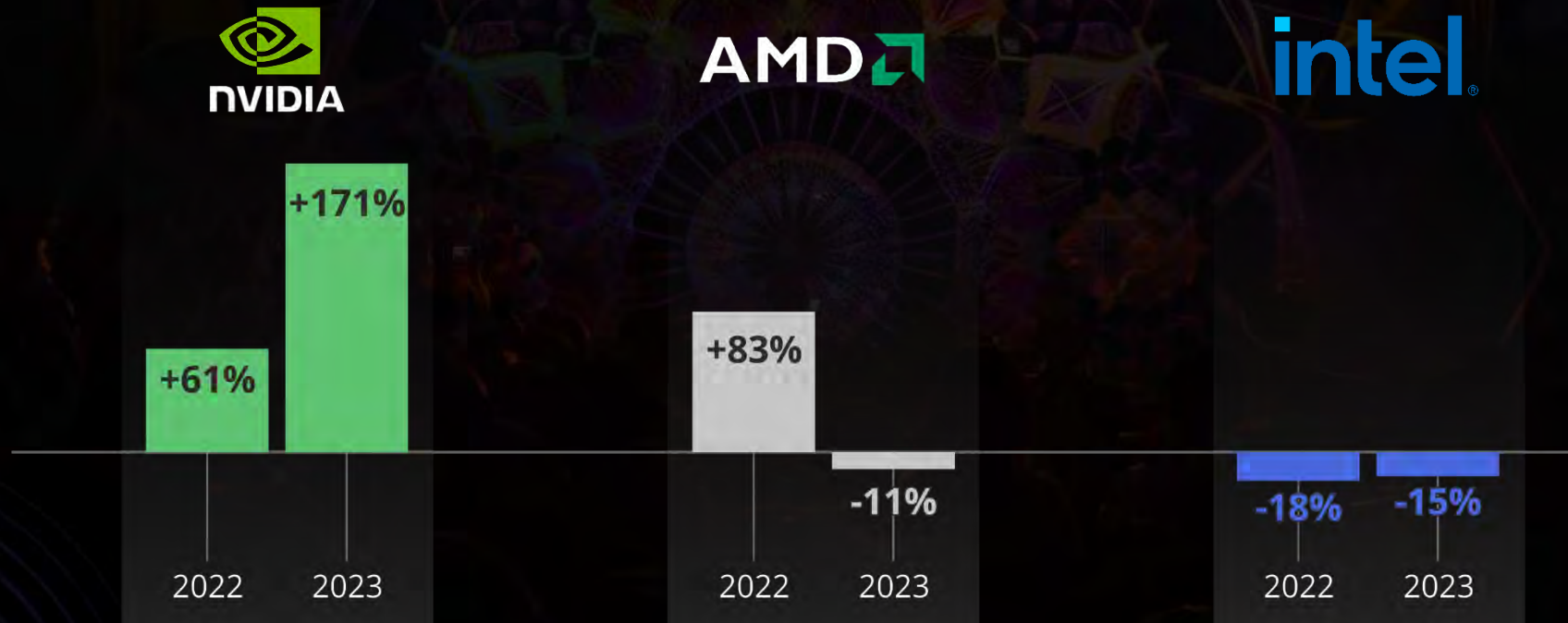


“ Until recently, AI work (and talent) has been concentrated among the big cloud service providers. Now, with the dramatic reduction in the economics of AI experimentation and application, it’s spilling over into a broader spectrum of industries and capabilities, where innovation is happening quickly and already creating new value. ”

Source: Bain & Company, Sep 2023: <https://www.bain.com/insights/youre-out-of-time-to-wait-and-see-on-ai-tech-report-2023/>
 Note: Floating point operations show the computing power necessary to train the models and thus is also a proxy for cost

Leading AI chip providers

Data Center Revenue Growth
(Year-Over-Year Change in Q2 Sales)



Nvidia's Data Center revenue has quadrupled over the last two years, far outpacing the growth of competitors AMD and Intel.

The Data Center segment includes graphic processing units (GPUs), which are the preferred chips to power AI models like ChatGPT.

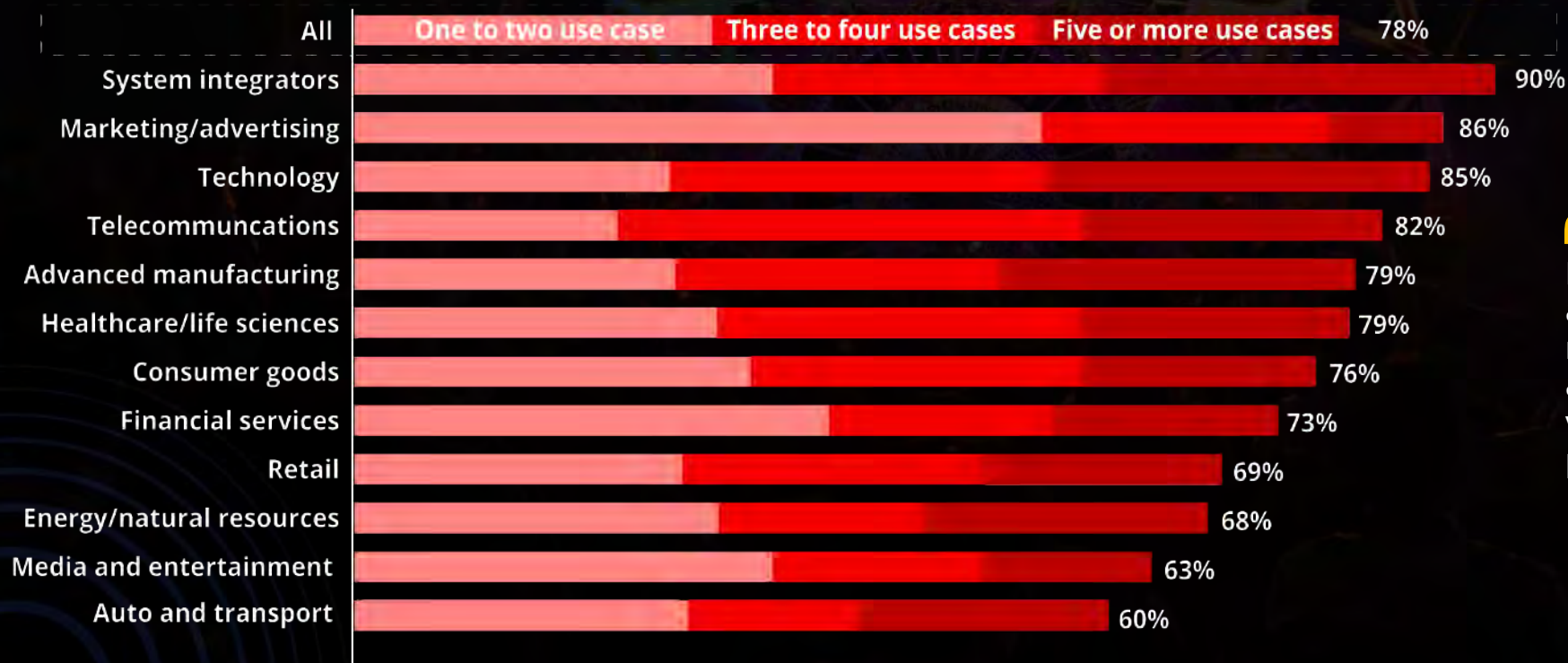
Source: Visual Capitalist, Aug 2023: <https://www.visualcapitalist.com/nvidia-vs-amd-vs-intel-comparing-ai-chip-sales/>

Source: NVIDIA, AMD, Intel. Quarters are based on the calendar year. In cases where revenue was revised at a later date, we have used the latest available revision. Intel integrated its Accelerated Computing Systems & Graphics (AXG) group into its Data Center Group in 2023. We have included revenue from the AXG group in the Data Center revenue for quarters prior to 2023 except for Q2 2022, where revised Data Center revenue was provided by Intel. Intel and AMD report net revenue, which accounts for certain adjustments like returns, refunds, and discounts.

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AI adoption pace, by industry

Percentage of respondents currently adopting or evaluating at least one of the top six foundation model use cases



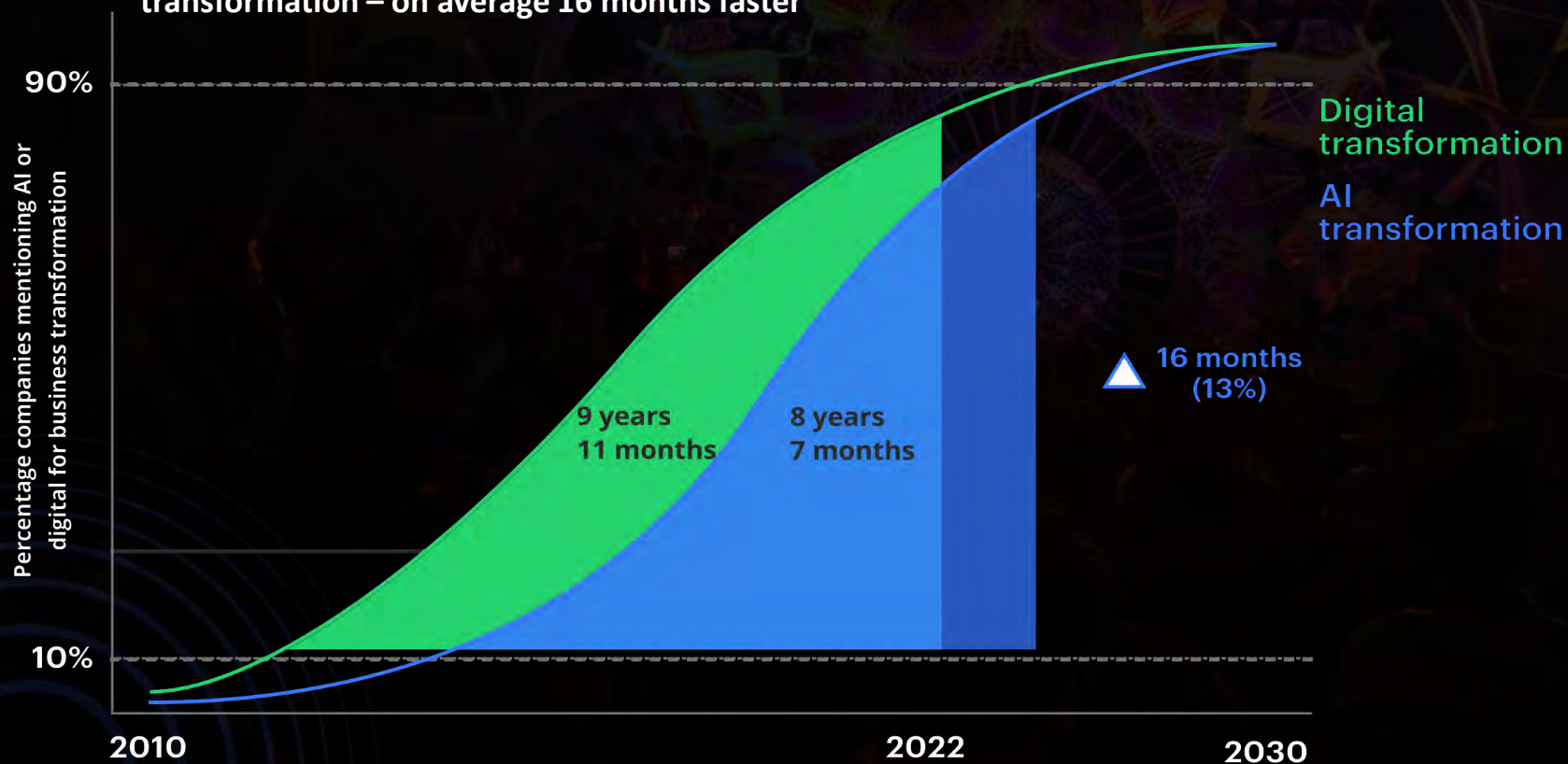
“

Beyond “cheaper, faster, and better,” foundation models and generative AI are already creating new value in cases that weren’t possible before.”

”

AI transformation is going to faster than digital

We estimate that AI transformation will happen much faster than digital transformation – on average 16 months faster



“ The incentive to move quickly is strong. The share of companies’ revenue that is “AI-influenced” more than doubled between 2018 and 2021 and is expected to roughly triple between 2018 and 2024. ”

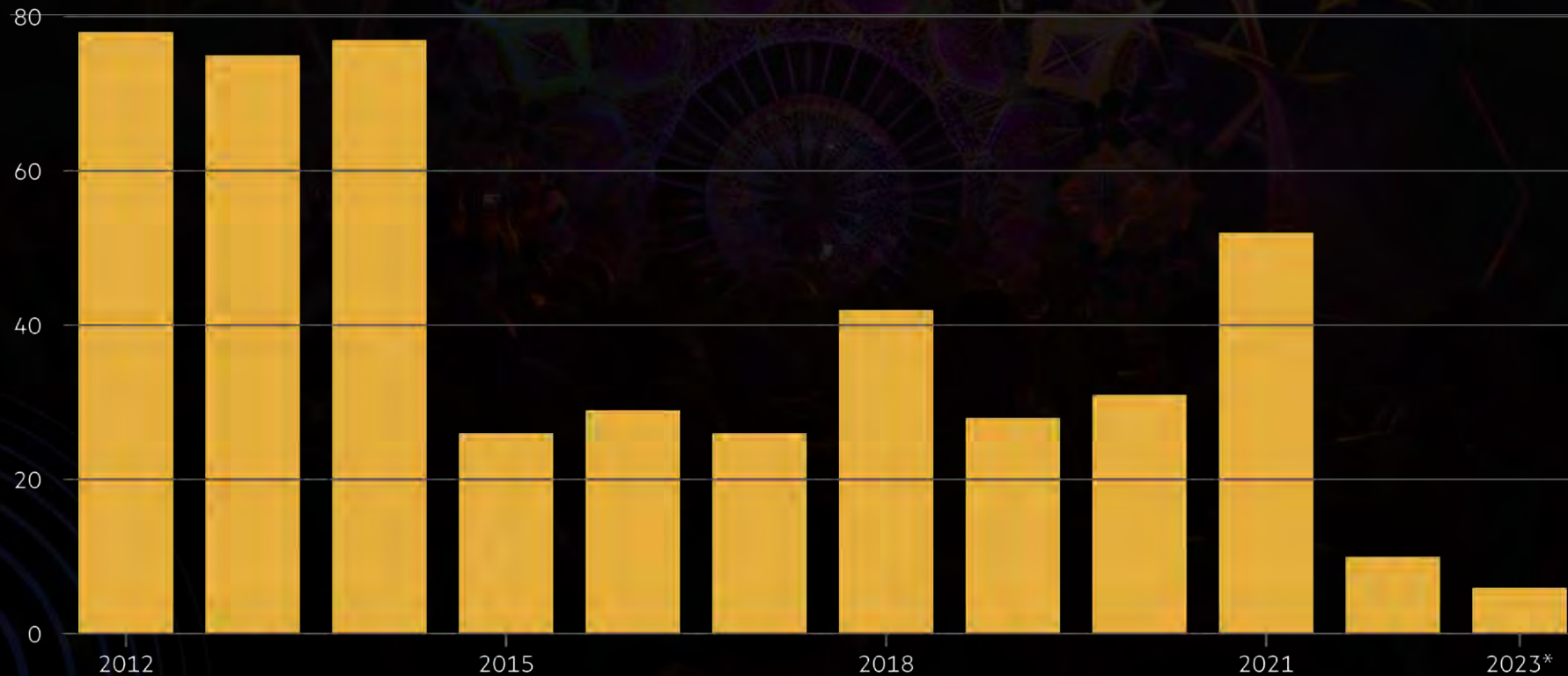
Source: Accenture Research, 2022: <https://www.accenture.com/us-en/insights/artificial-intelligence/ai-maturity-and-transformation#>

Note: Our estimate is derived from a natural language processing analysis of investor calls of the world’s 2,000 largest companies (by market cap), from 2010 to 2021, that referenced “AI” and “Digital” in tandem with “business transformation,” respectively. Data was sourced from S&P earnings transcripts.

US investors face uncertain future in China

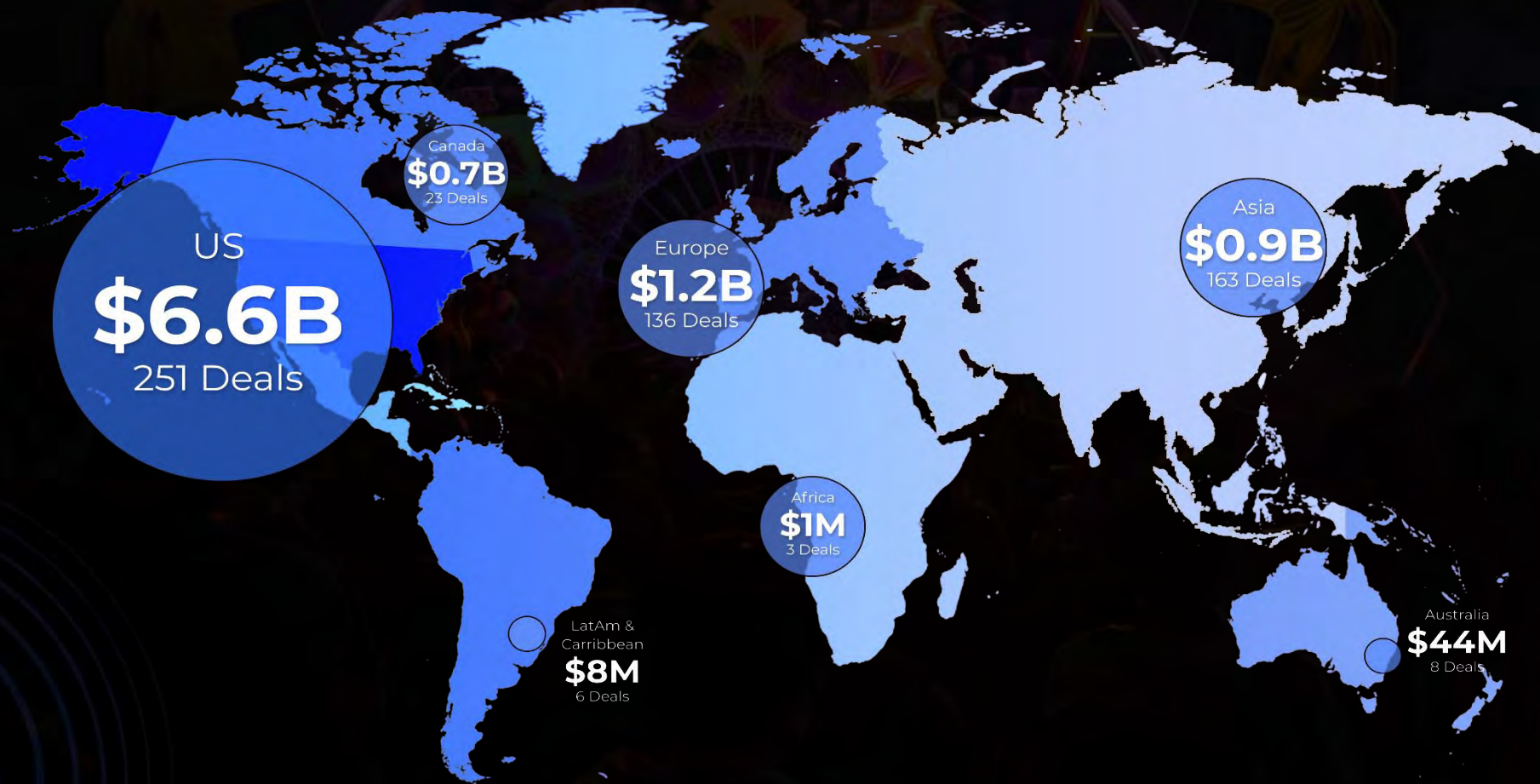
Private equity deals in China plummet

Buyout groups' acquisitions in China, \$mn



Source: Financial Times (Dealogic), Aug 2023: <https://www.ft.com/content/8de1cd77-fe94-45d5-aa23-09faf7f89f15>

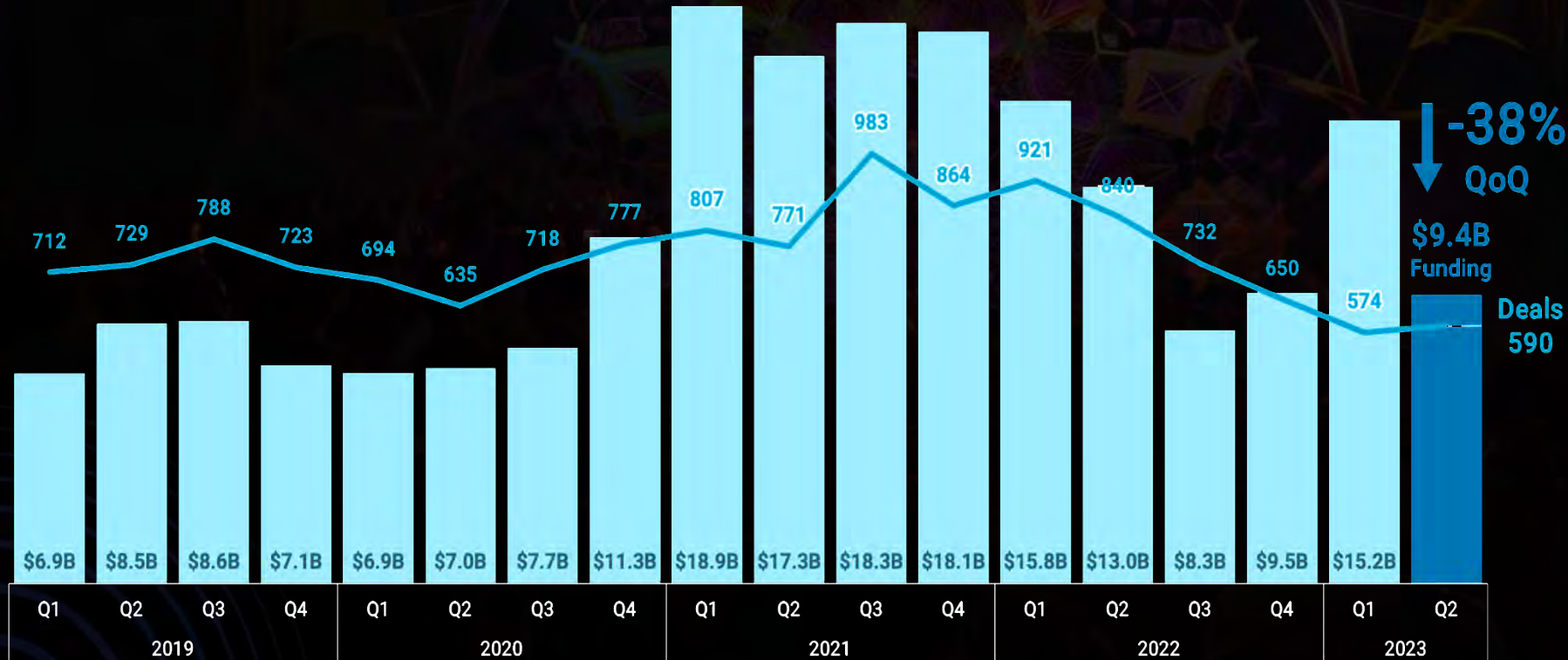
Q2'23 AI funding: majority goes to U.S.



Source: CB Insights (State of AI Q2'23), Aug 2023: <https://app.cbinsights.com/research/report/ai-trends-q2-2023/>

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Global AI funding dropped in 2023 Q2



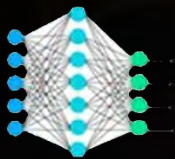
“ Deals to AI start-ups ticked up for the first time in 5 quarters to reach 590 in Q2’23. Over 40% of these went to US-based startups. ”

Source: CB Insights (State of AI Q2’23), Aug 2023: <https://app.cbinsights.com/research/report/ai-trends-q2-2023/>

AI in SaaS is changing the tech landscape

NEURAL NETWORKS

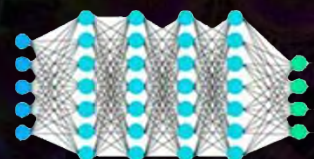
Aka, ANNs



Hundreds of Parameters

DEEP NEURAL NETWORKS

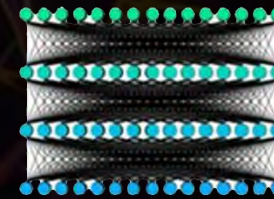
Including RNs, CNNs & more



Millions of Parameters

FOUNDATION MODELS

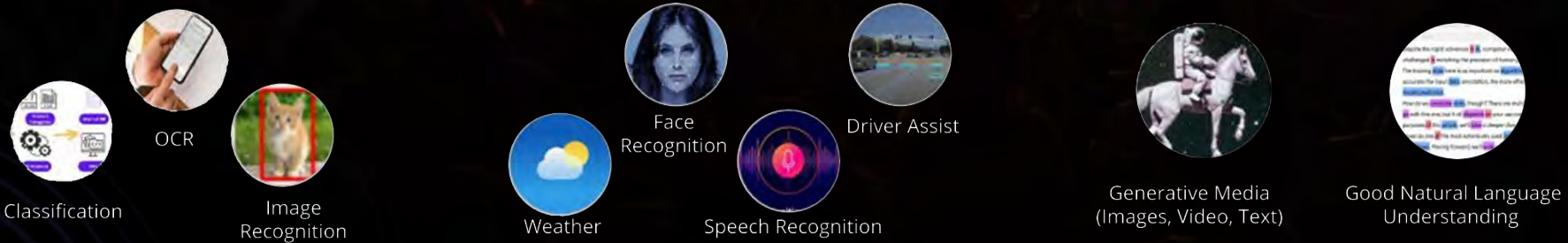
Built on DNN, using Transformers, Aka Large Language Models



Hundreds of Billions of Parameters



USE CASES










"NARROW AI"

Do one thing each. Train individual model. Used AI engineers.
Used custom labeled sets & hand-crafted rules

"GENERAL AI"

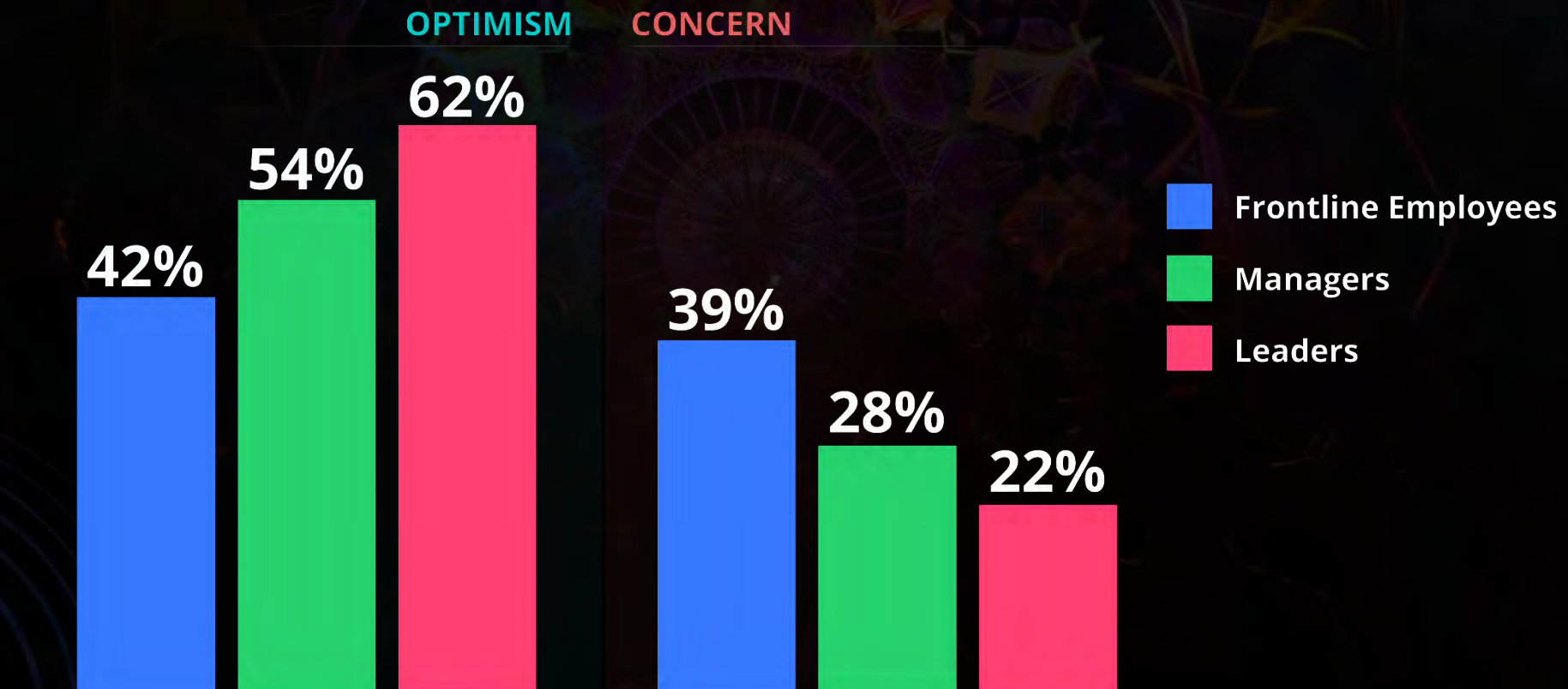
Can handle lot of use cases without being specifically trained to do so

The emergence of SaaS 4.0

SaaS Era	1.0	2.0	3.0	4.0
Paradigm	System of record	System of engagement	System of (early) intelligence	System of cognition
Tagline	Move from on-prem to cloud	Apps talk to each other; data activation	Automation starts to form key part of value prop	Gen AI native capabilities fundamentally augment workflows
Generational Companies	 	  	 	Area of Opportunity

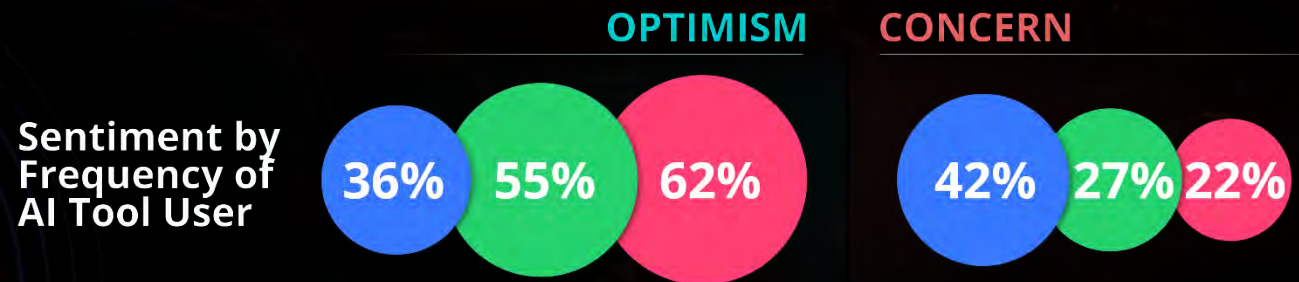
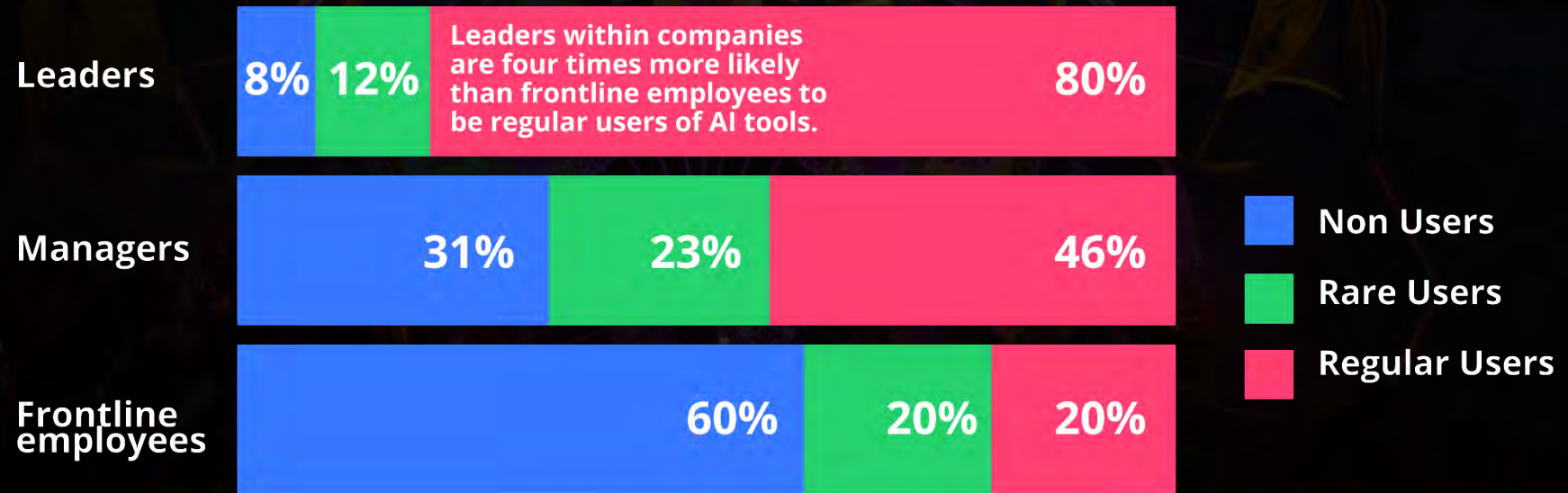
Employee sentiments on AI

Workers at different seniority levels have diverging views

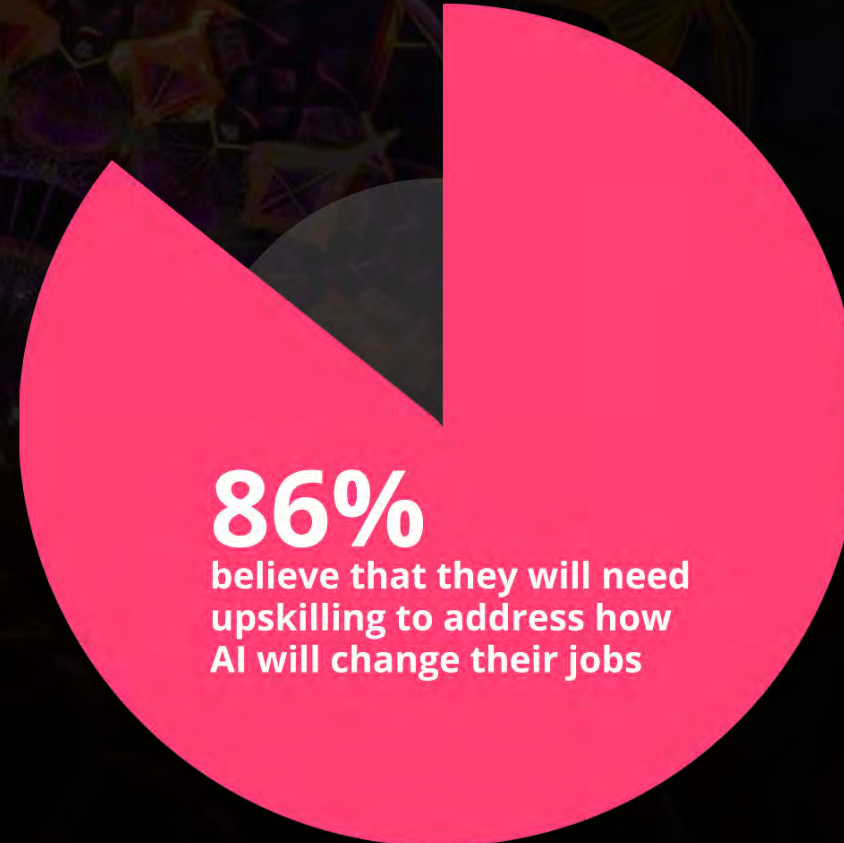
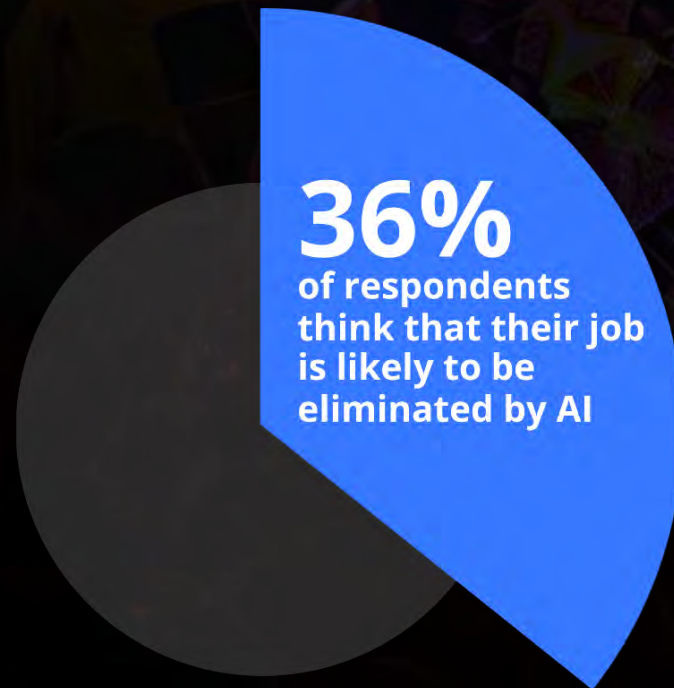


More use, more optimism around AI

Frequency of AI use by seniority

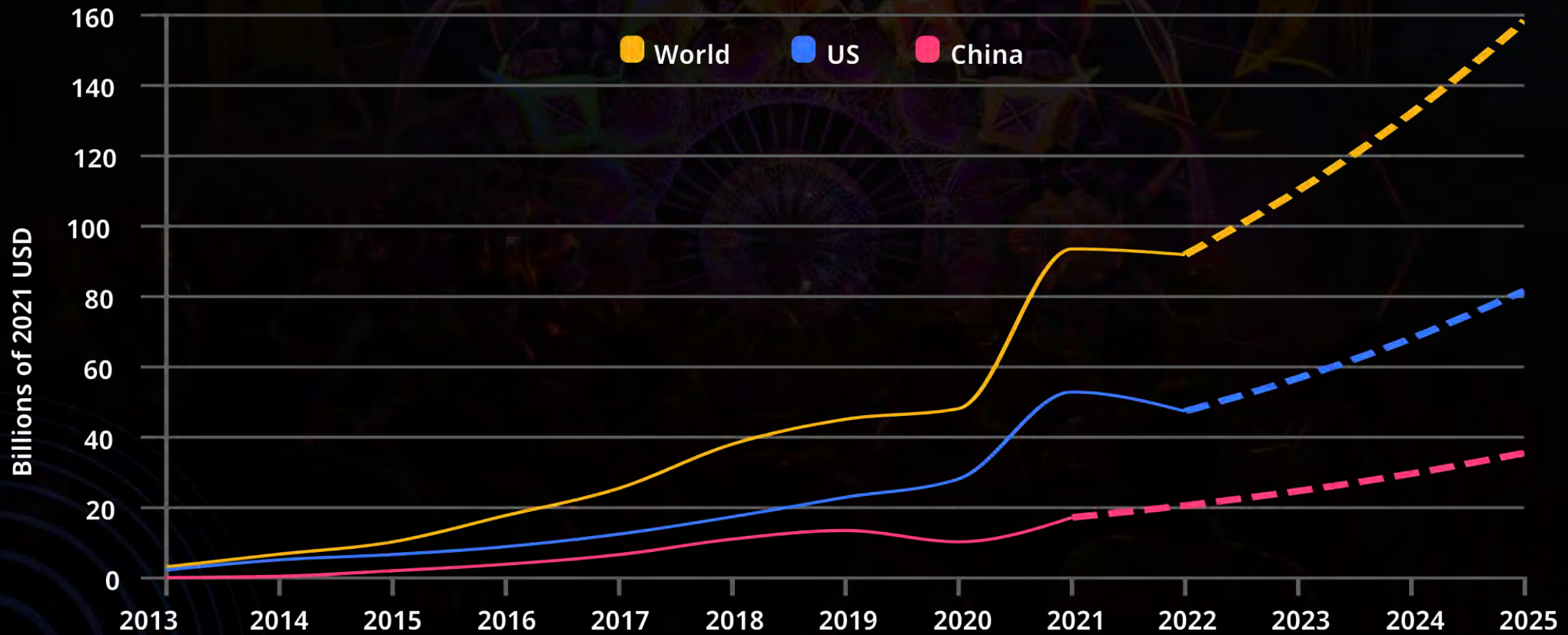


AI's Impact on workplace and employment



Investment in AI will continue to grow

Private AI investment (dotted lines show GS revenue projections*)



Source: Goldman Sachs Research (Stanford Institute for Human-Centered Artificial Intelligence), Aug 2023: <https://www.goldmansachs.com/intelligence/pages/ai-investment-forecast-to-approach-200-billion-globally-by-2025.html>

*Average of GS Research 2022-2030 revenue growth estimates for Microsoft Azure, NVIDIA, Google Cloud, and Amazon Web Services (when available)

AI market size, global



Source: Statista, Mar 2023: <https://www.statista.com/statistics/1365145/artificial-intelligence-market-size/>

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“ Just as electricity transformed almost everything 100 years ago, today I actually have a hard time thinking of an industry that I don't think AI will transform in the next several years ”

Andrew Ng
Founder of DeepLearning.AI

“ A.I. will probably most likely lead to the end of the world, but in the meantime, there’ll be great companies ”

Sam Altman
CEO of OpenAI

“ I think we should be very careful about artificial intelligence. If I had to guess at what our biggest existential threat is, it's probably that ”

“ I'm increasingly inclined to think there should be some regulatory oversight, maybe at the national and international level, just to make sure that we don't do something very foolish ”

Elon Musk
Founder of xAI

“ One of the ways these systems might escape control is by writing their own computer code to modify themselves ”

Geoffrey Hinton
Godfather of AI, ex-Google researcher

“ One thing that’s clear from everything that has been written so far about the risks of AI - and a lot has been written - is that no one has all the answers ”

“ Another thing that’s clear to me is that the future of AI is not as grim as some people think or as rosy as other think ”

“ It’s the most transformative innovation any of us will see in our lifetimes,” ... “and a healthy public debate will depend on everyone being knowledgeable about the technology, its benefits, and its risks ”

Bill Gates

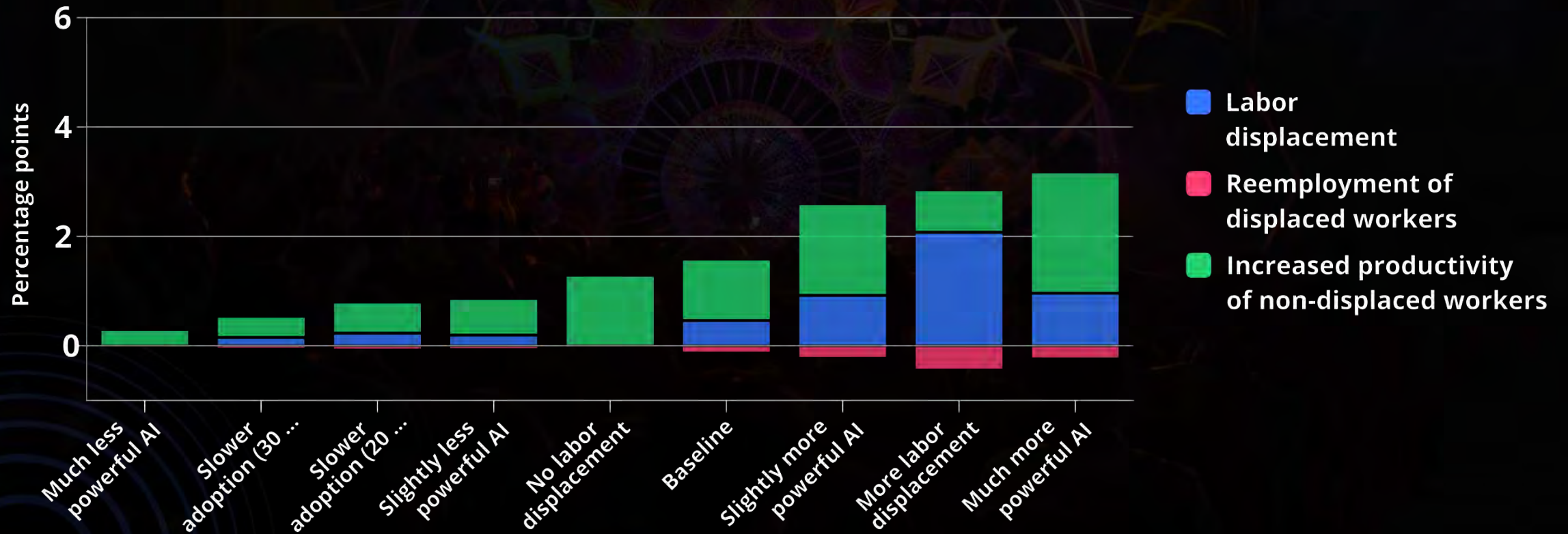
Co-Founder and CEO of Microsoft Corporation

“ AI is already making it easier to search the Internet, helping us drive to our destinations while avoiding traffic in real time. AI is going to change the way we teach, learn, and help solve challenges like disease and climate change — and giving — giving the time to focus on the things that matter most to you personally ”

Joe Biden
President, US

AI's impact on productivity

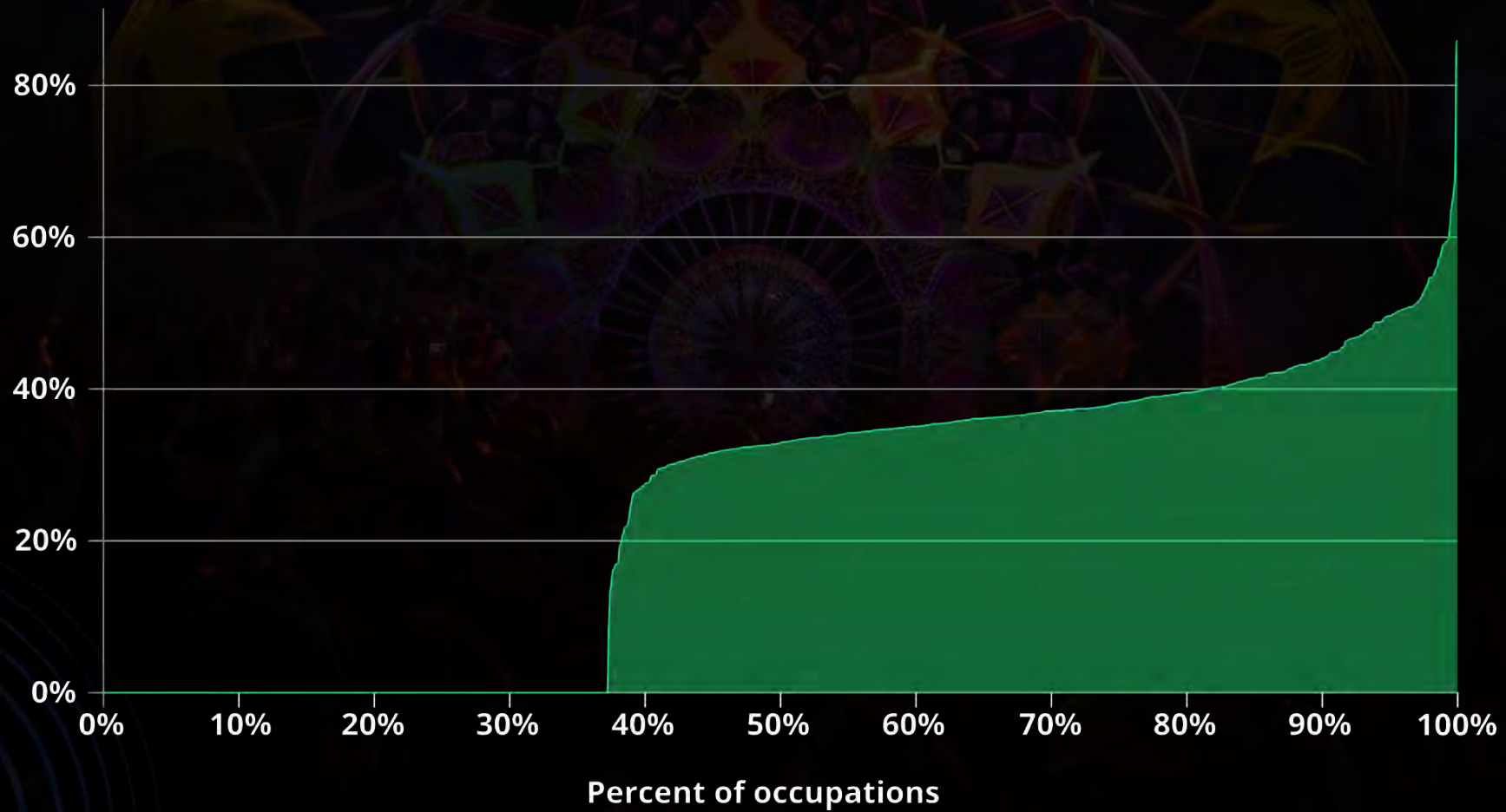
Effect of AI adoption on annual labor productivity growth, 10-year adoption period



Source: Goldman Sachs Research, Apr 2023: <https://www.goldmansachs.com/intelligence/pages/generative-ai-could-raise-global-gdp-by-7-percent.html>

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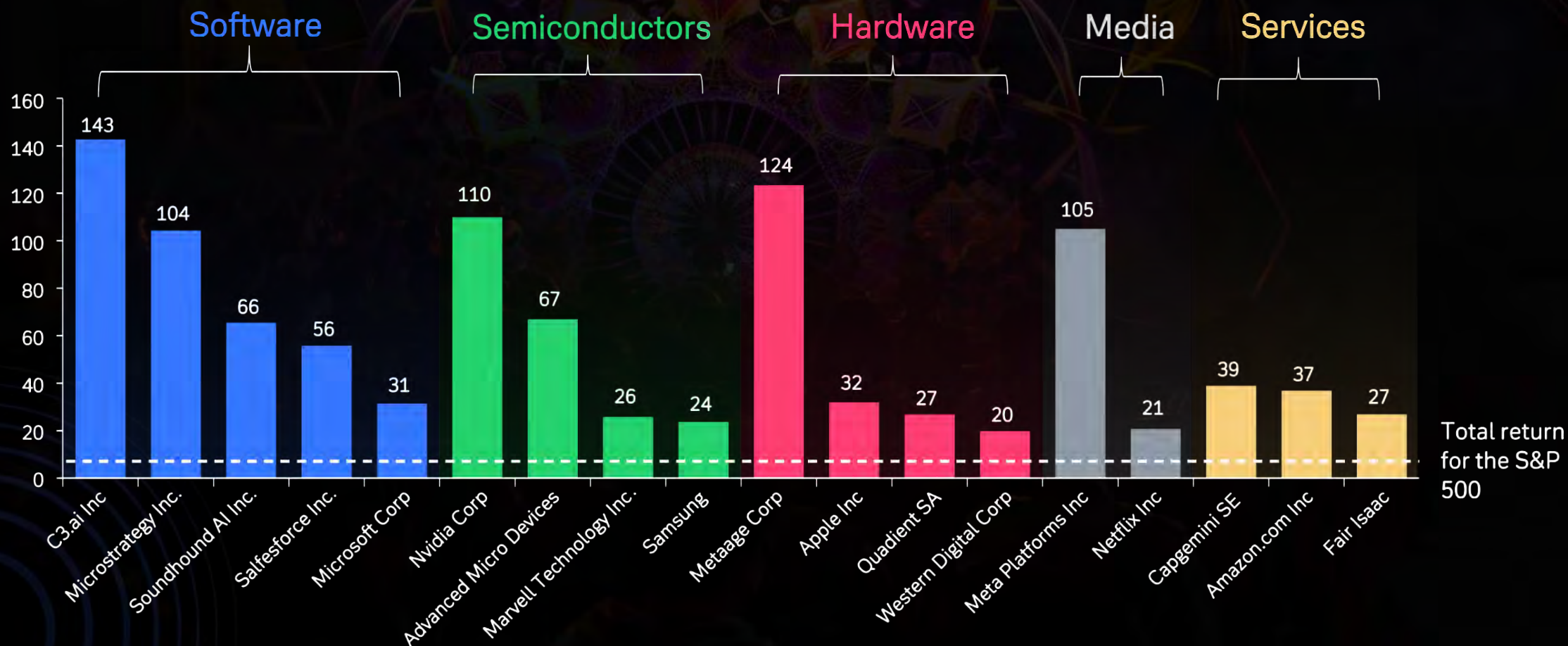
Jobs exposed to automation by AI



Source: Goldman Sachs Research, Apr 2023: <https://www.goldmansachs.com/intelligence/pages/generative-ai-could-raise-global-gdp-by-7-percent.html>

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Returns for AI exposed top performing firms

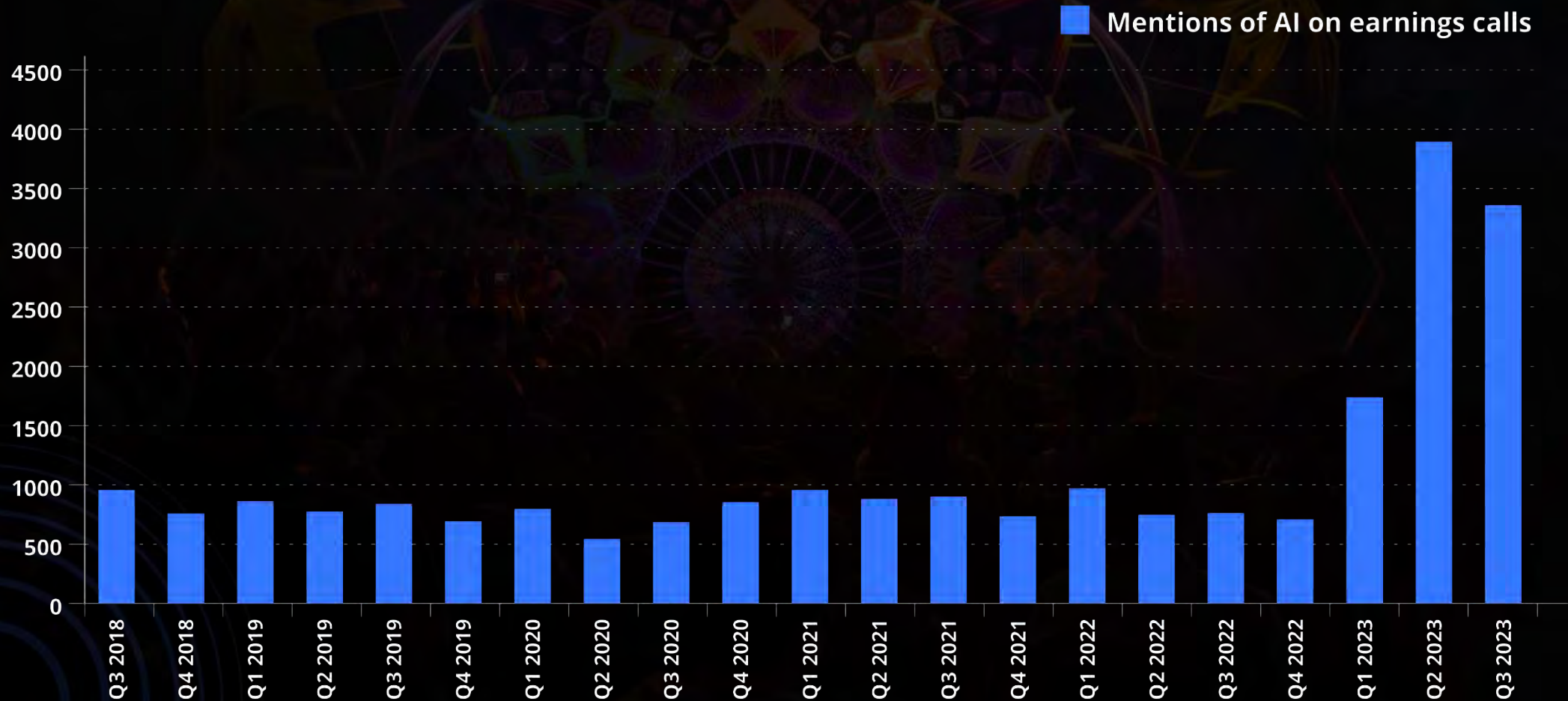


Source: Deutsche Bank, Bloomberg Finance LP, May 2023 (https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000528291/AI_in_action%3A_where_is_the_smart_money_going%3F.pdf)

*Total return accounts for both income (interest or dividends) and capital appreciation. *Updated 23 May 2023.

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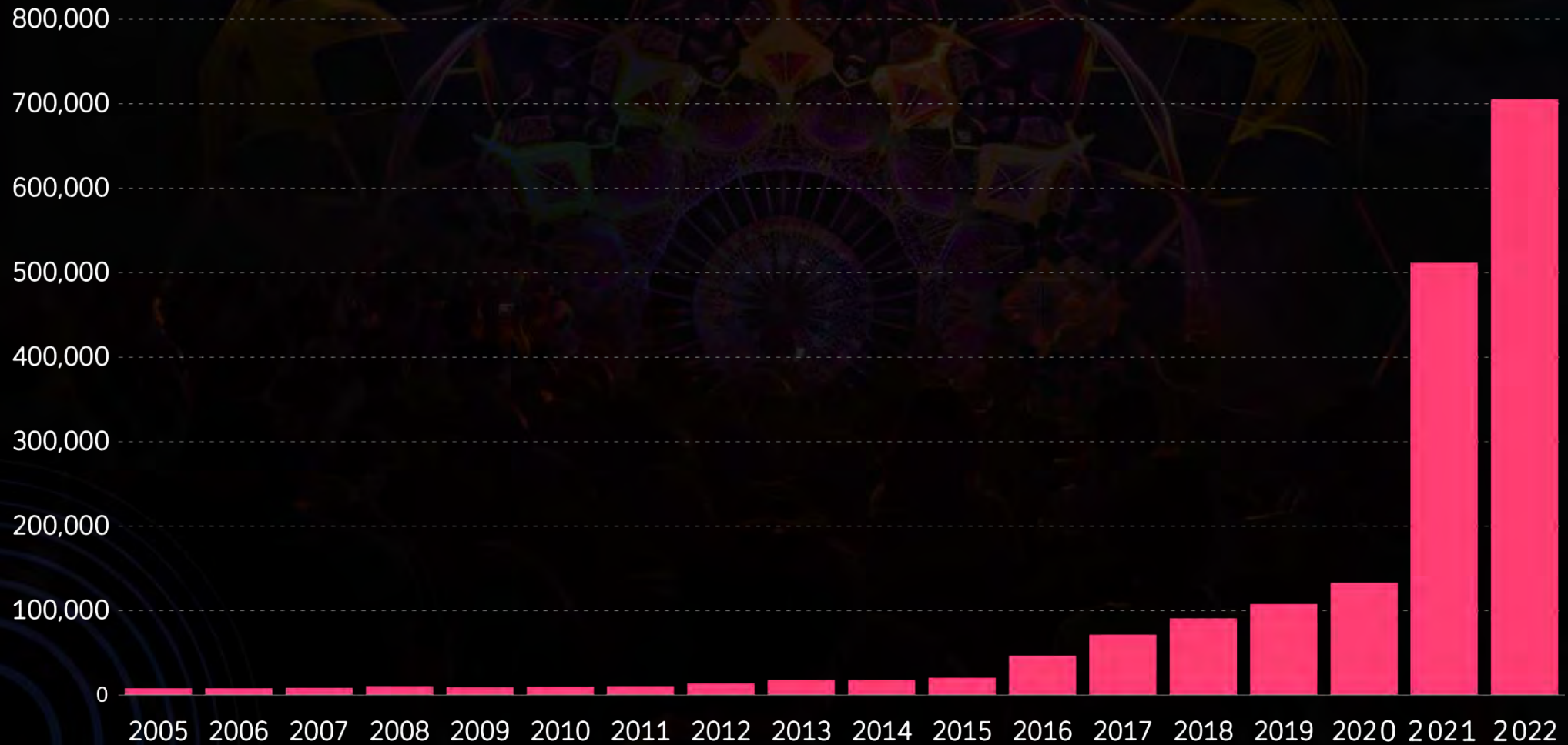
Increased mentions of AI on earnings calls



Source: Charles Schwab (Bloomberg), Aug 2023: <https://www.schwab.com/learn/story/investing-artificial-intelligence-ai>

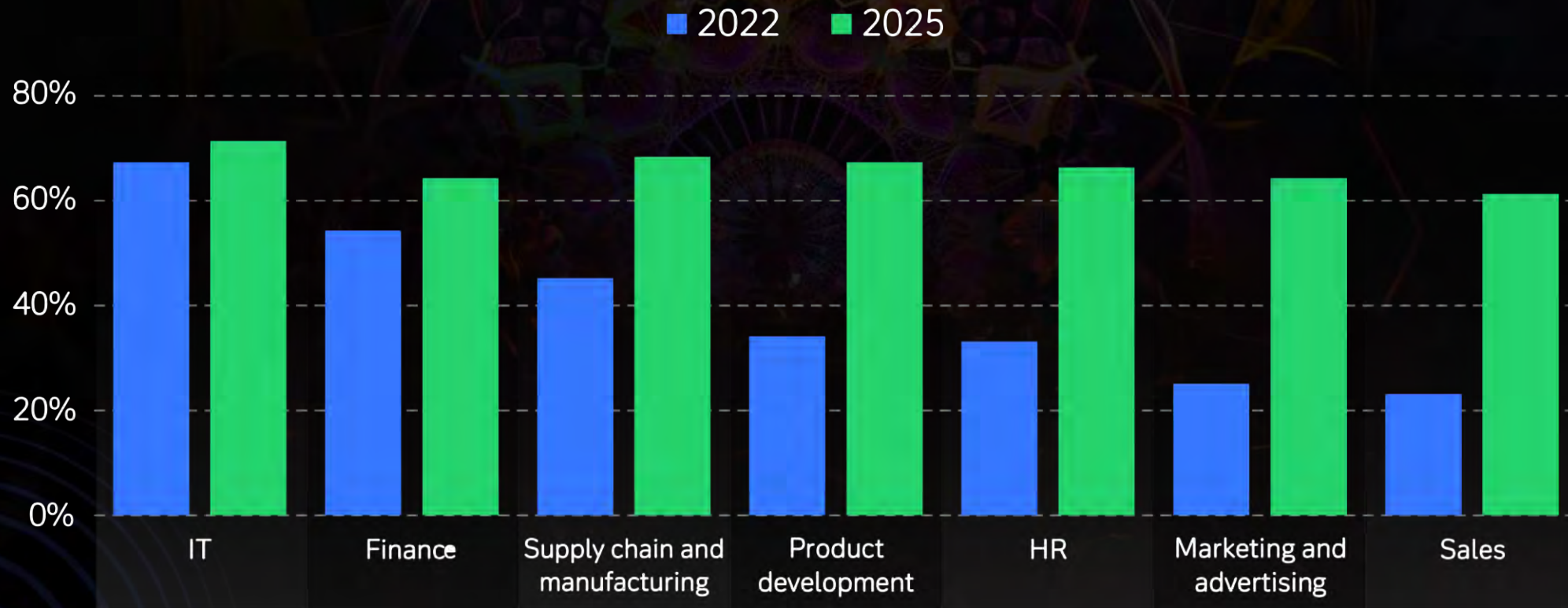
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Corporate documents mentioning AI



Source: Deutsche Bank (Bloomberg Finance LP), May 2023: https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000528291/AI_in_action%3A_where_is_the_smart_money_going%3F.pdf

AI usage by core business functions



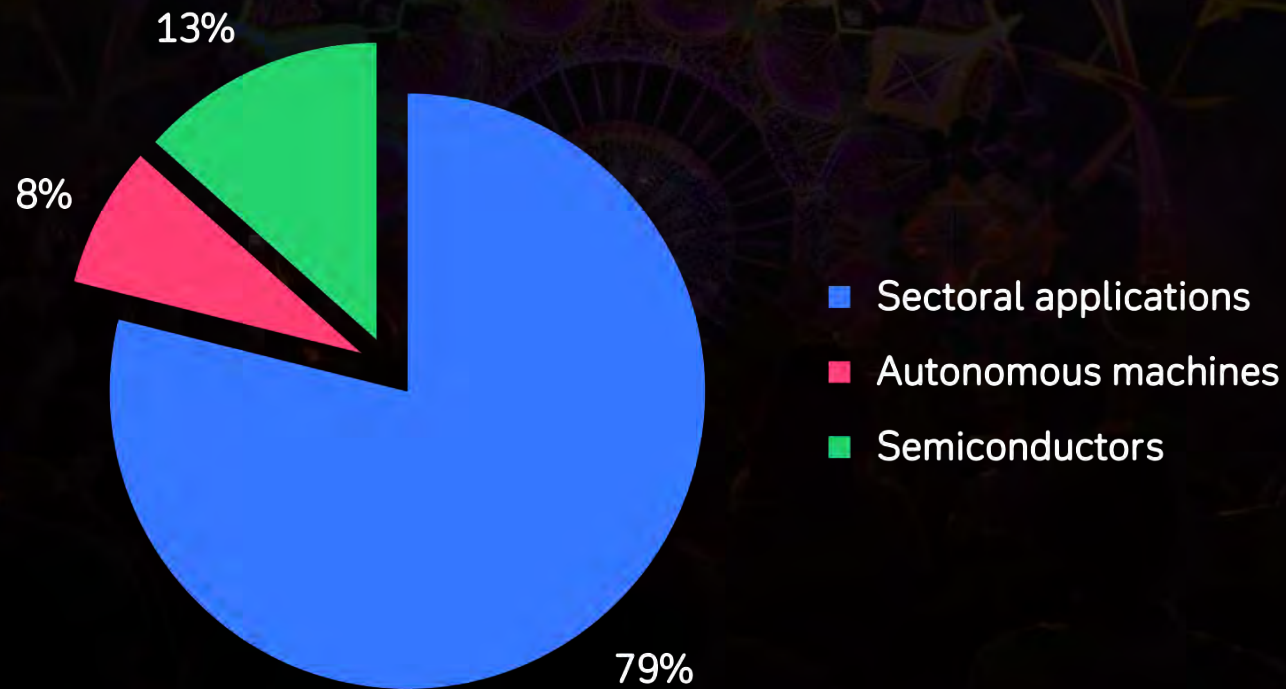
Source: Deutsche Bank (Bloomberg Finance LP), May 2023: https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000528291/AI_in_action%3A_where_is_the_smart_money_going%3F.pdf

AI related patents published, by year



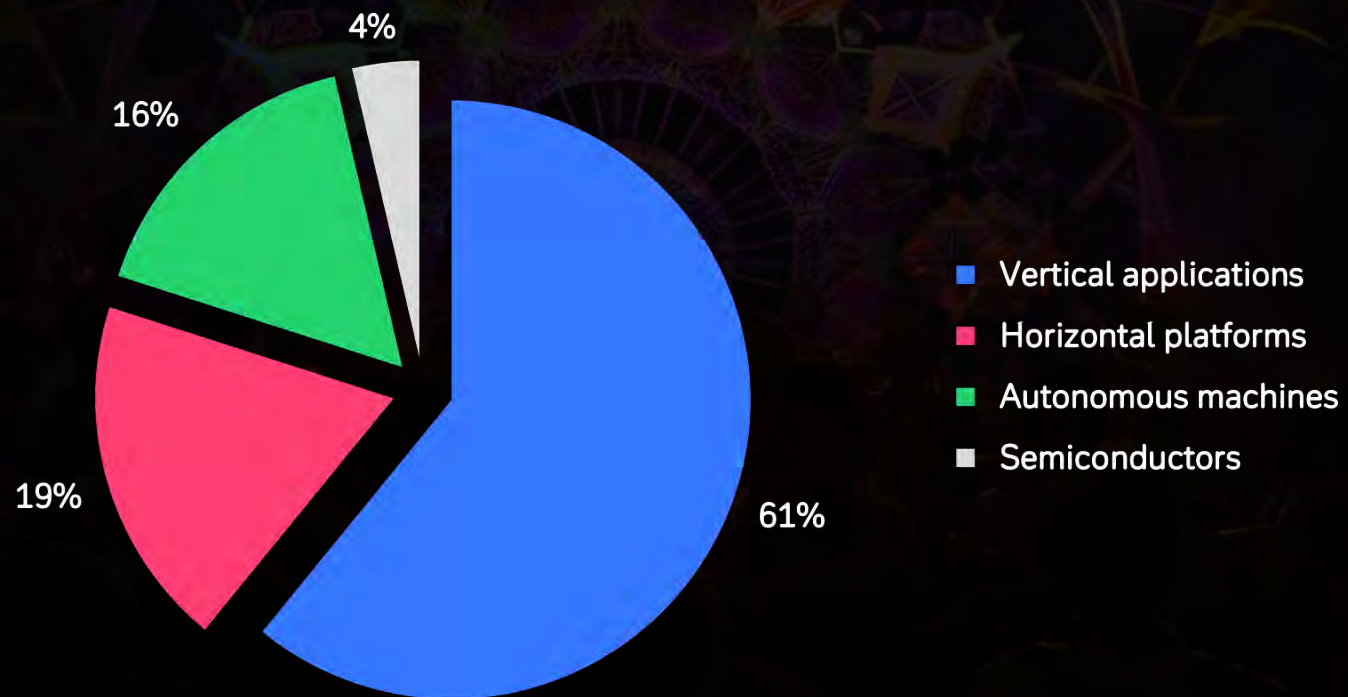
Source: Deutsche Bank (Bloomberg Finance LP), May 2023: https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000528291/AI_in_action%3A_where_is_the_smart_money_going%3F.pdf

AI-related VC deals: 2012-2022



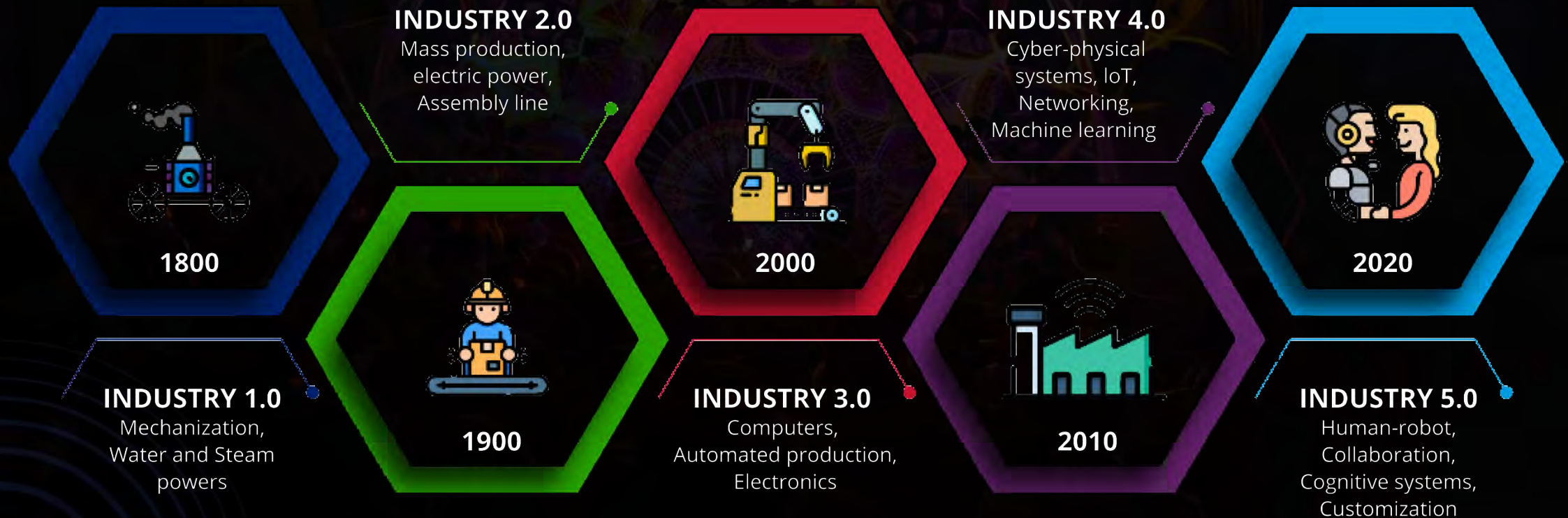
Source: Deutsche Bank (Bloomberg Finance LP), May 2023: https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000528291/AI_in_action%3A_where_is_the_smart_money_going%3F.pdf

AI-related patents 2012-2022



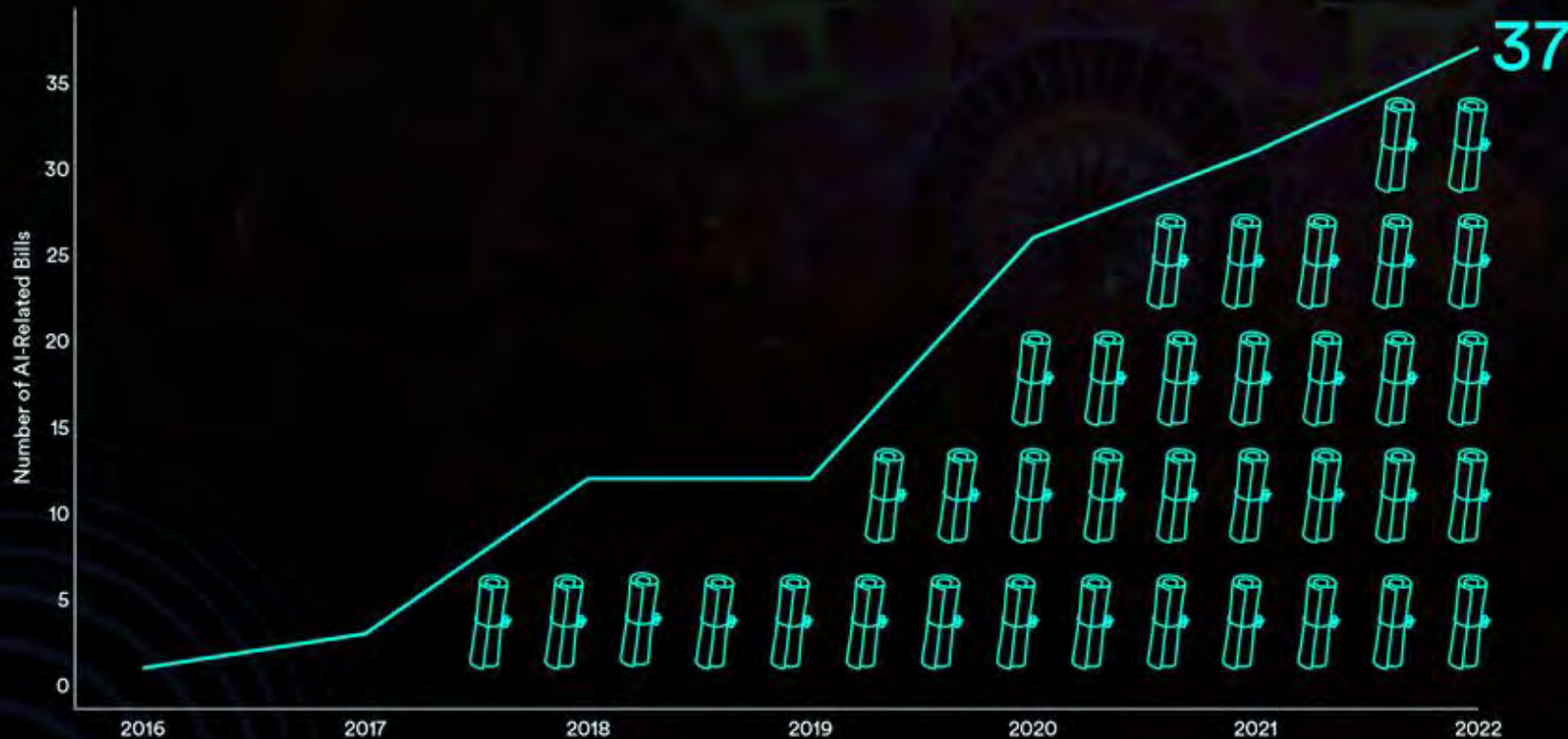
Source: Deutsche Bank (Bloomberg Finance LP), May 2023: https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000528291/AI_in_action%3A_where_is_the_smart_money_going%3F.pdf

Five waves of the industrial revolution



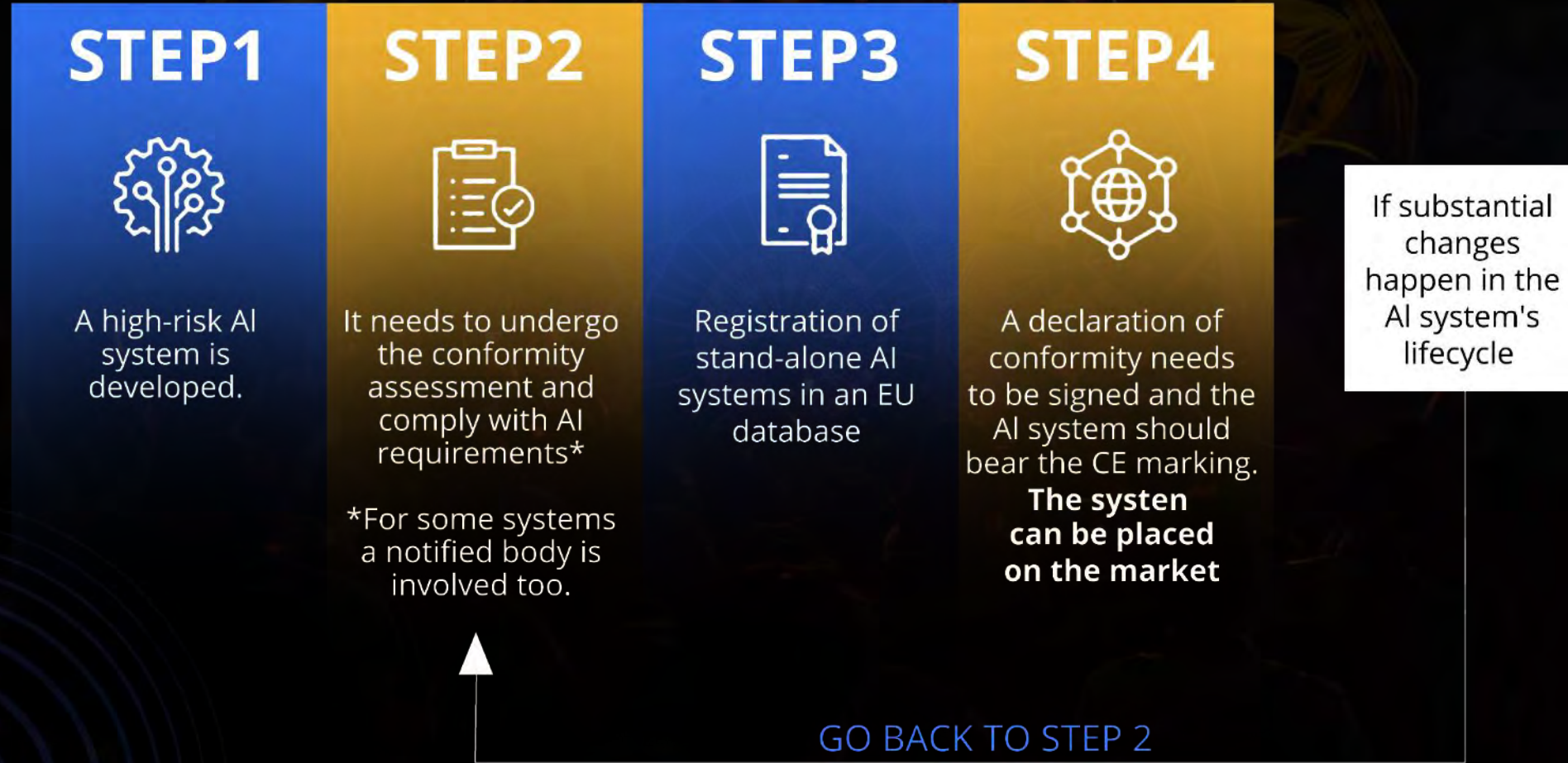
Global push to regulate AI

Number of AI-Related Bills Passed into Law Globally



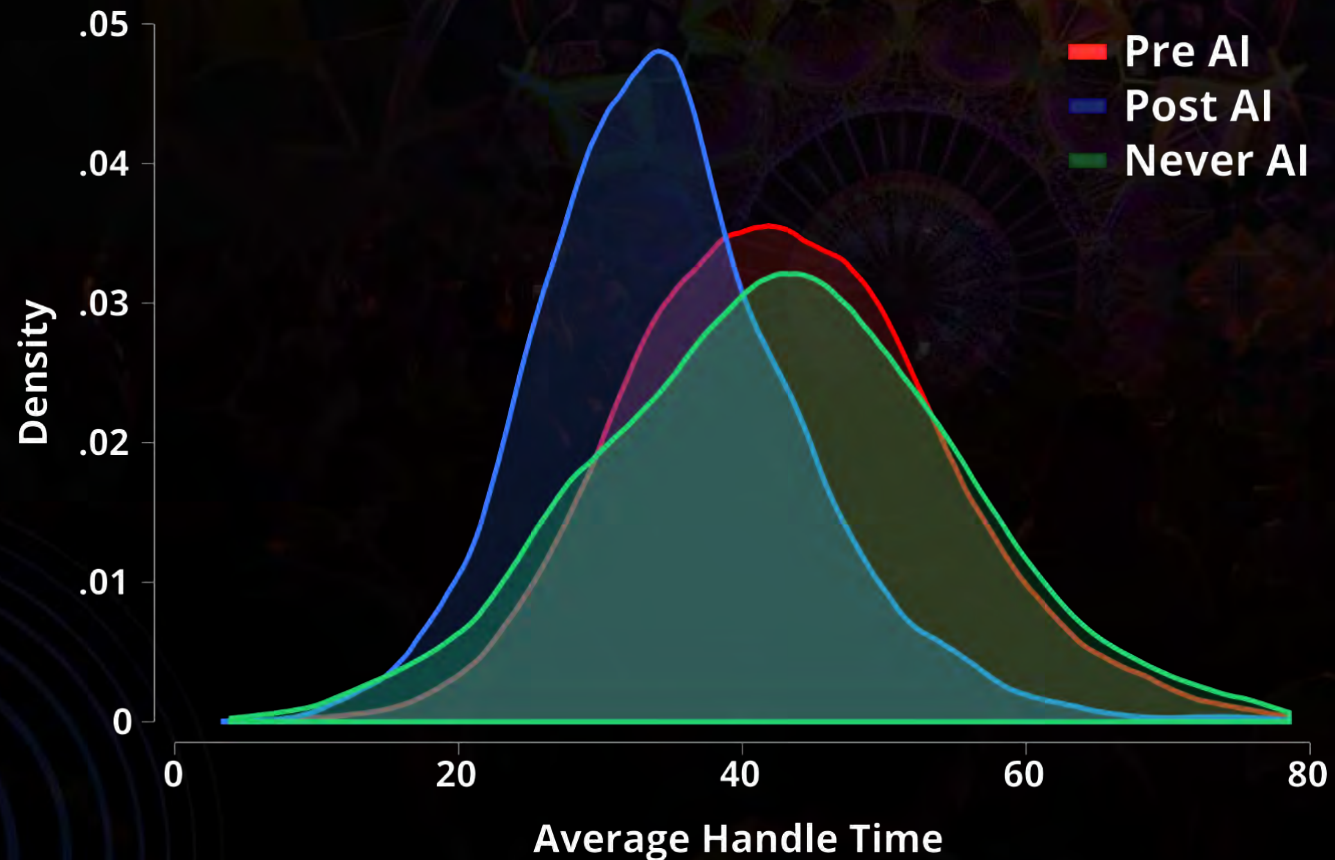
“ Political bodies and policy-makers are accelerating efforts to put laws in place controlling the potential risks of AI and making developers accountable for the actions of their systems. ”

EU AI regulatory framework



Source: European Commission (<https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai>)

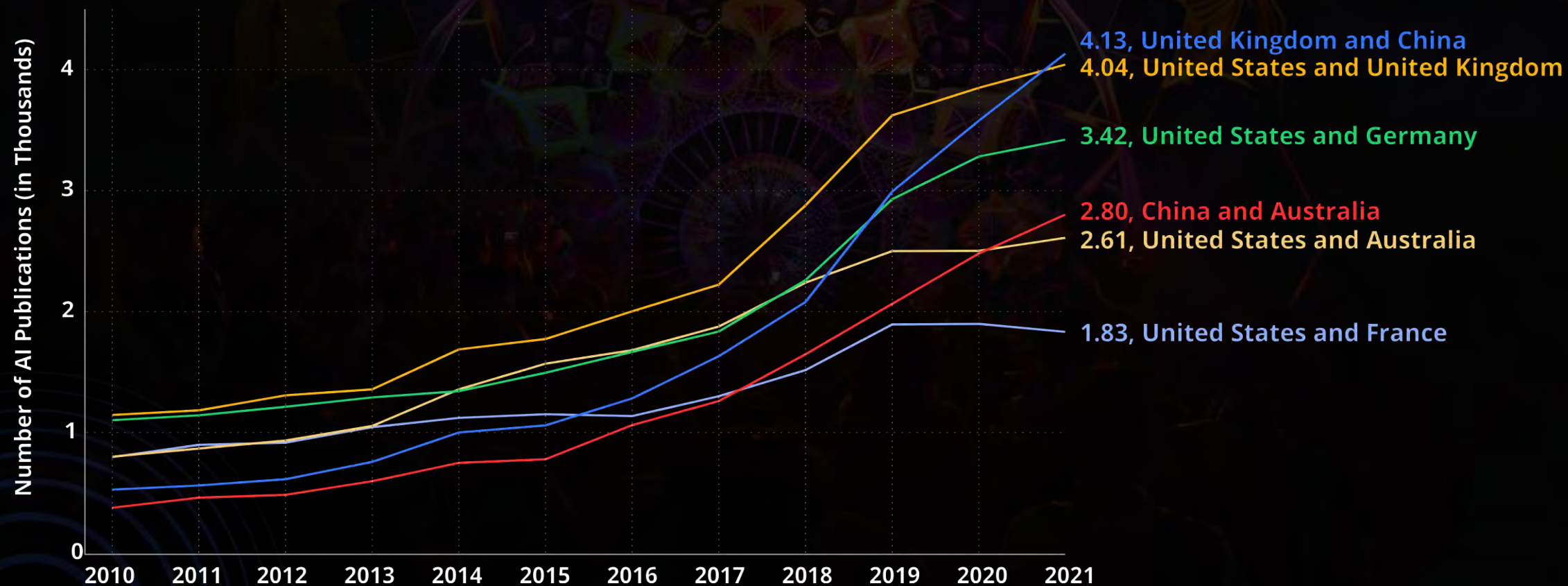
AI has increased productivity



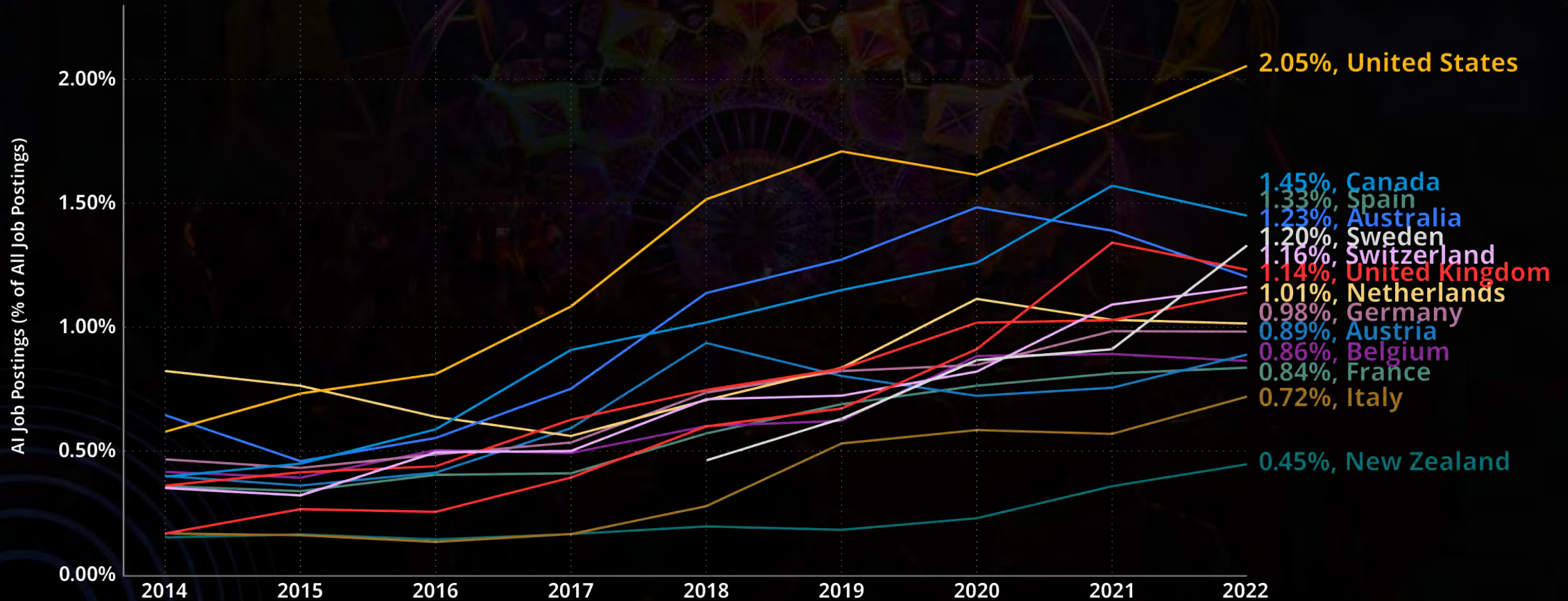
“

Pairing workers with an AI assistant proved much more effective with novice and low-skilled employees, according to the research. The technology's impact on highly skilled staff was minimal.”

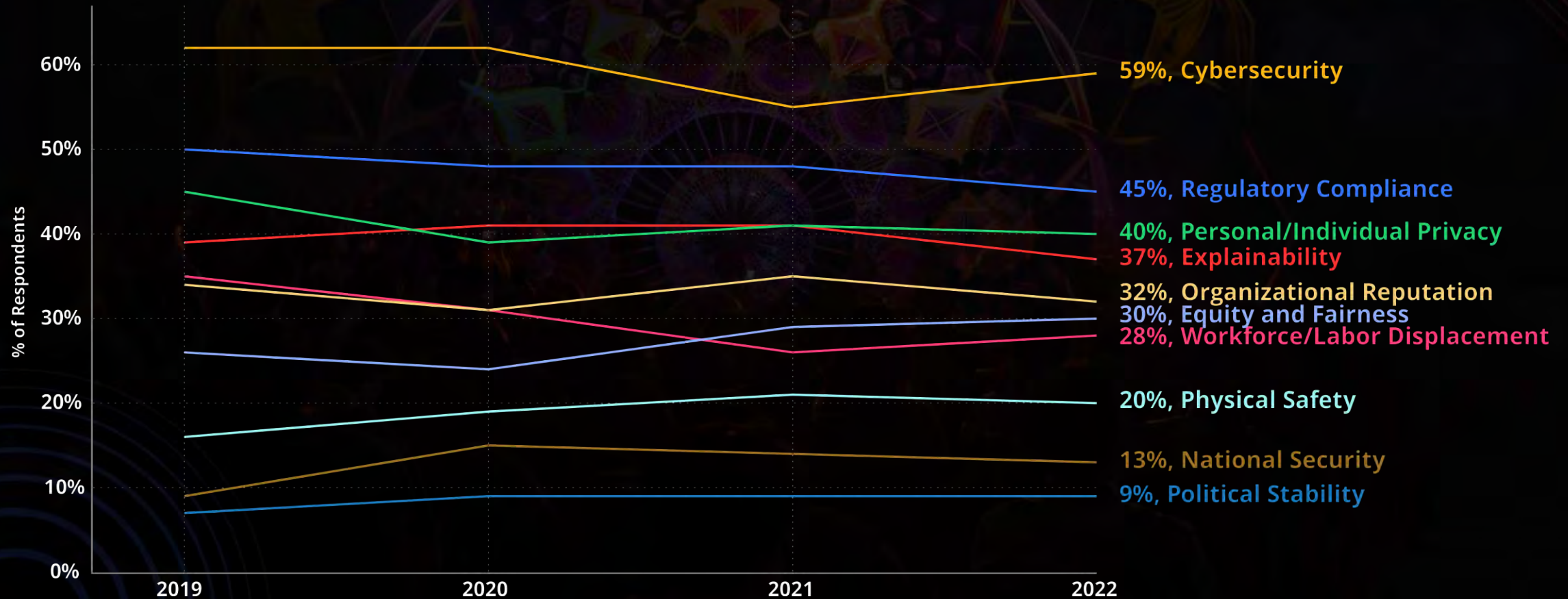
Cross country collaboration in AI publications



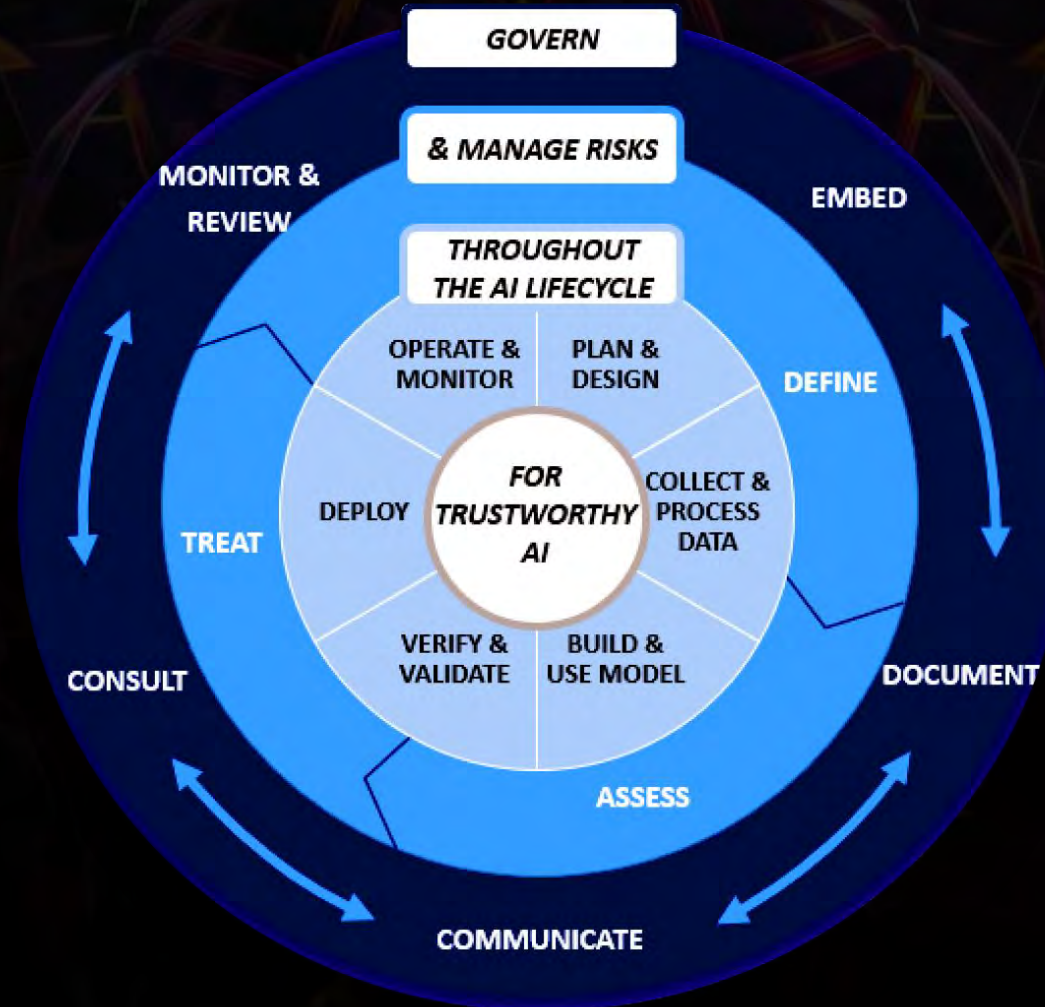
AI job postings, by geography



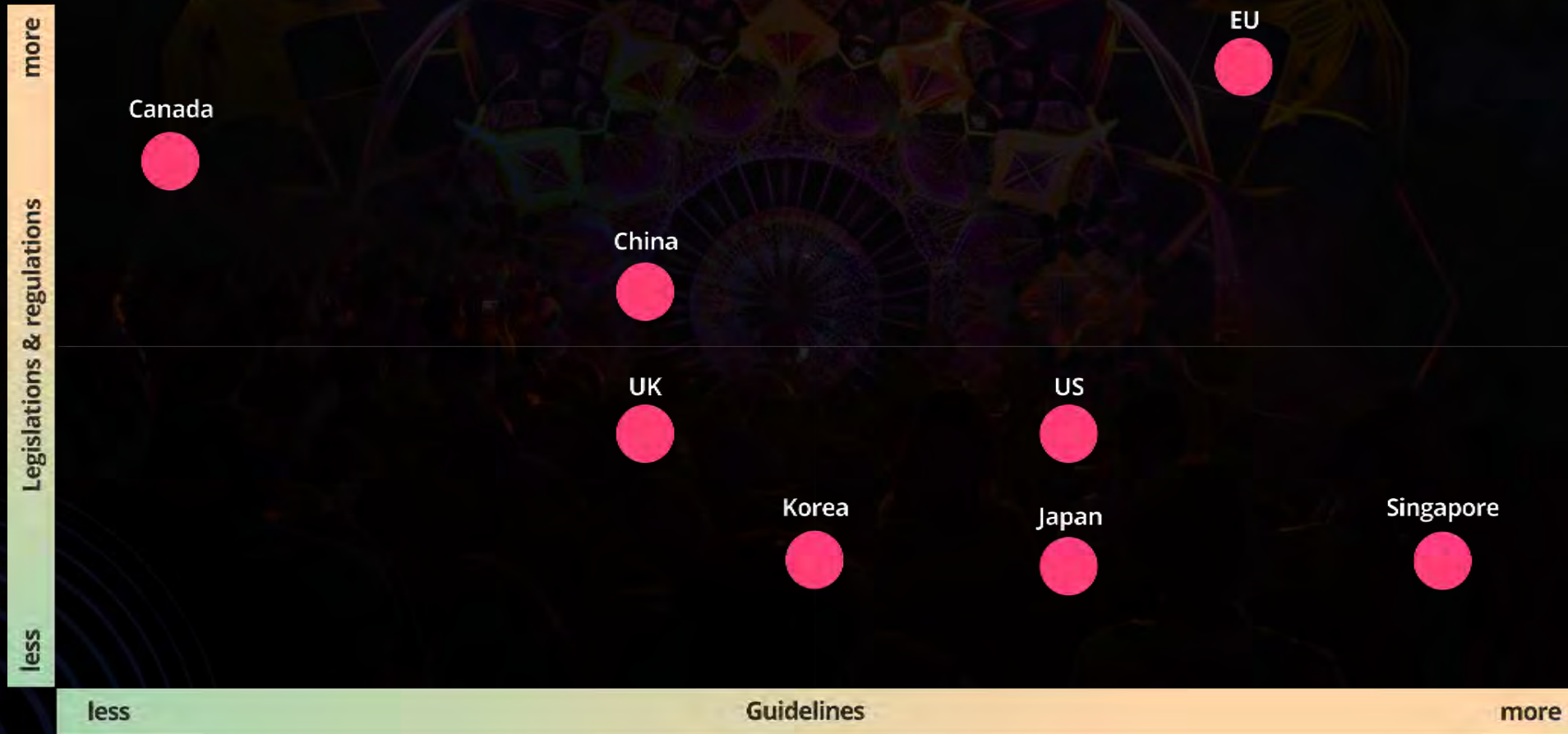
Organizational risk to adopting AI



AI risk-management framework

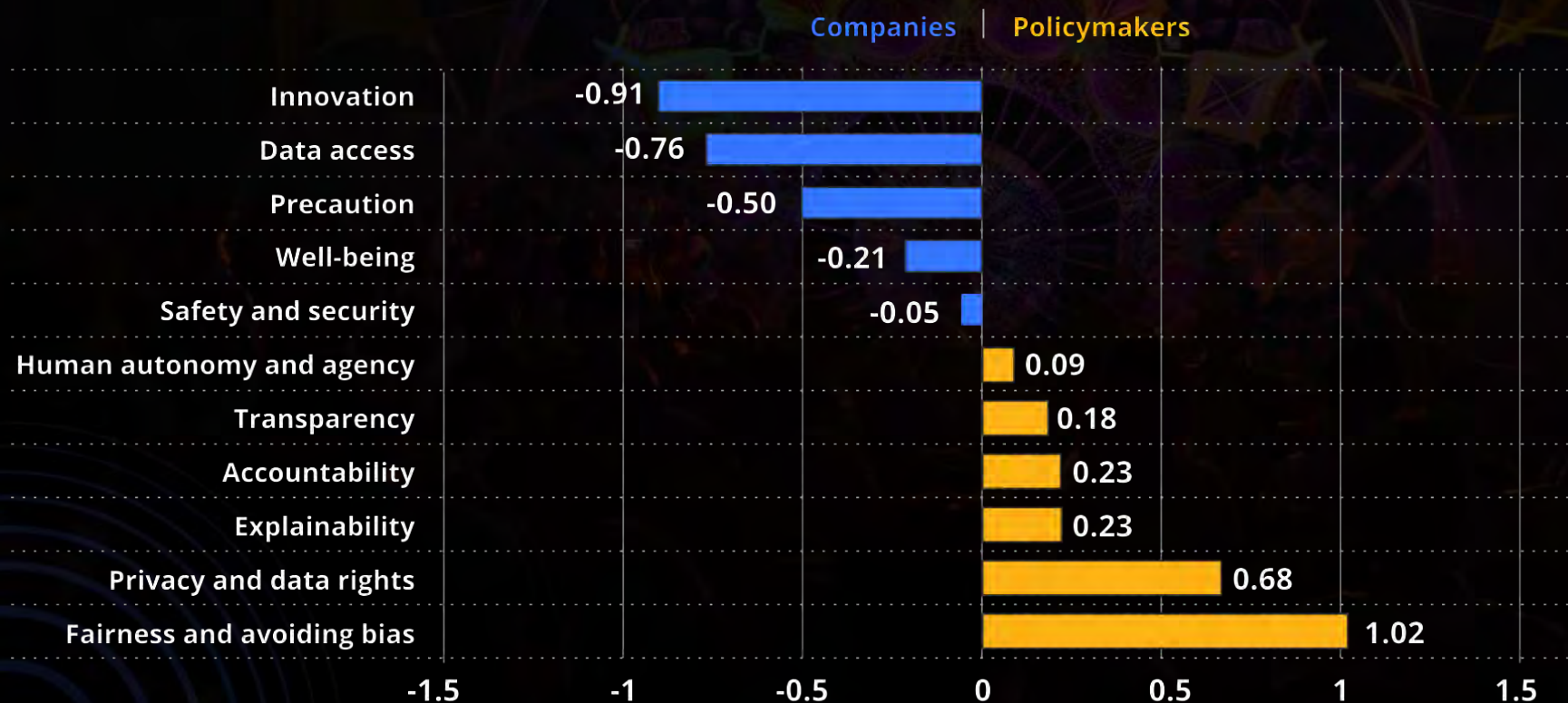


Policymaker's approach to AI rulemaking



Source: EY Global, Sep 2023: https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/ai/ey-the-artificial-intelligence-ai-global-regulatory-landscape.pdf?download

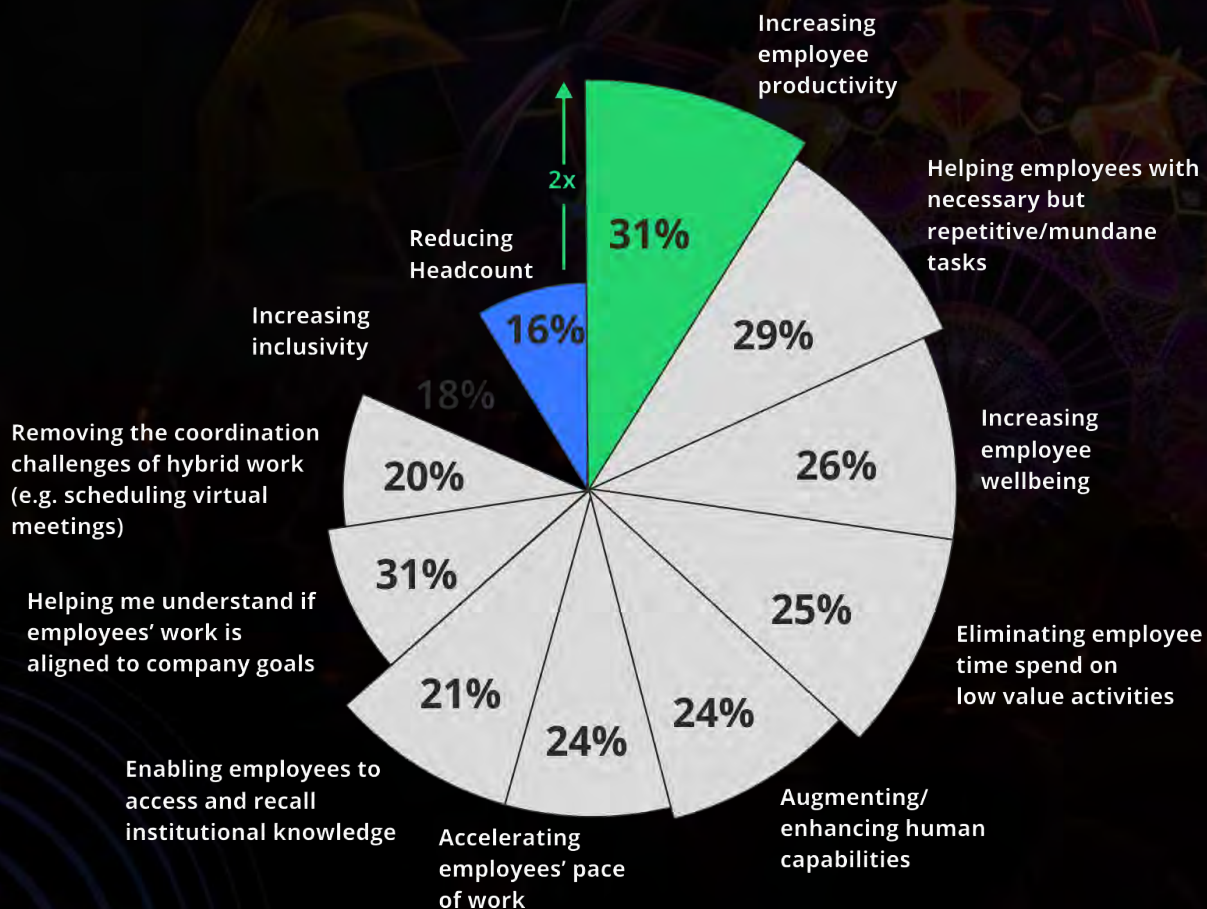
AI ethical principles: companies and policymakers



“ Positive values indicate ethical principles preferred by policymakers. Negative values indicate ethical principles preferred by companies. ”

Source: EY Global, Sep 2023: https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/ai/ey-the-artificial-intelligence-ai-global-regulatory-landscape.pdf?download

AI's productivity promise



A new AI-employee alliance is emerging

70%

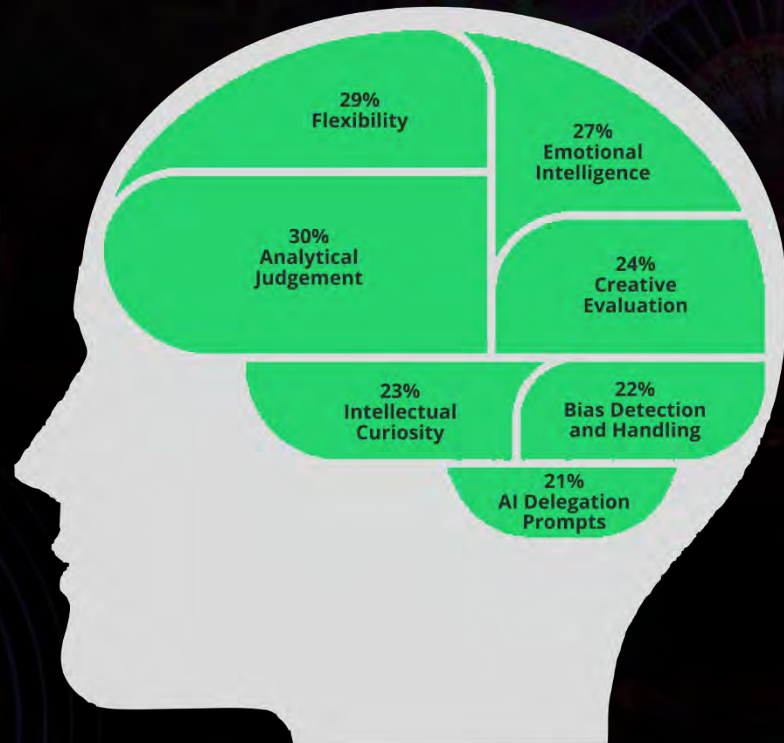
of people would delegate as much work as possible to AI to lessen their workloads.

Business leaders want to empower people with AI rather than replace them - they're 2x more interested in increasing productivity than cutting headcount

Source: Microsoft, Aug 2023: <https://news.microsoft.com/en-xm/2023/08/02/microsofts-2023-work-trend-index-report-reveals-impact-of-digital-debt-on-innovation-emphasizes-need-for-ai-proficiency-for-every-employee/>

Need for AI proficiency for every employee

New skills for a new way of working with AI !

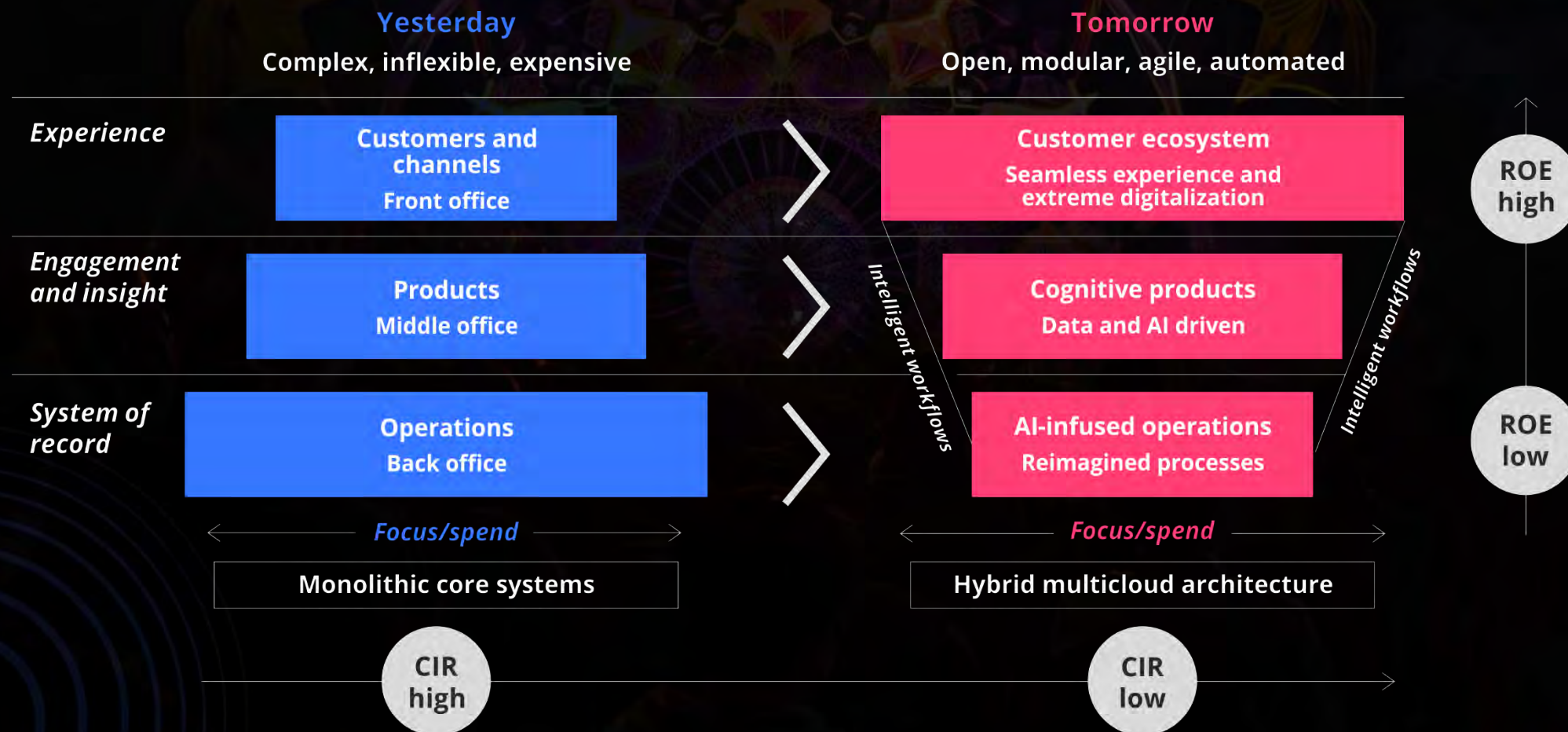


80%

of leaders say employees they hire will need new skills to be prepared for the growth of AI.

The future of banking

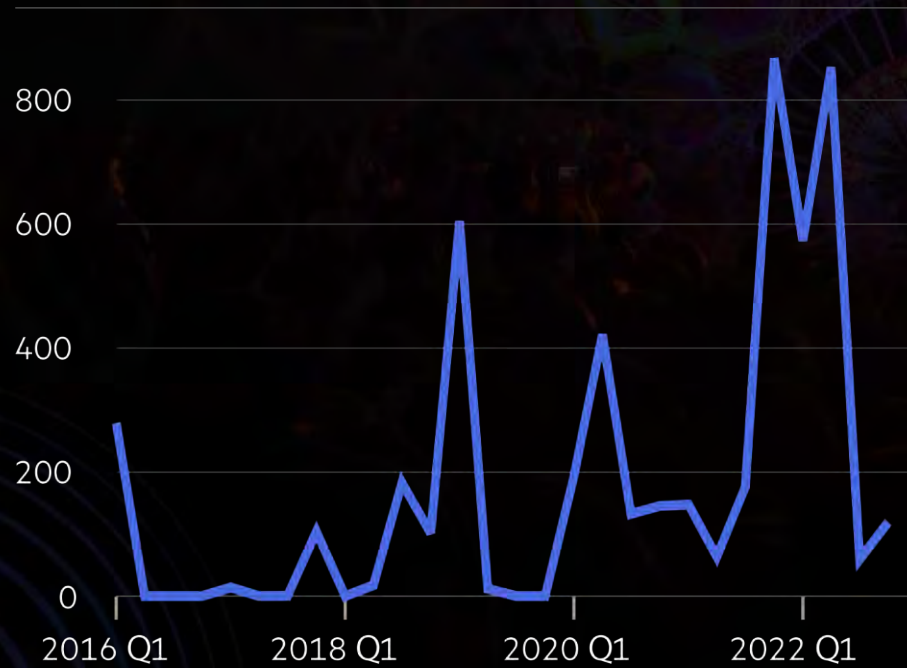
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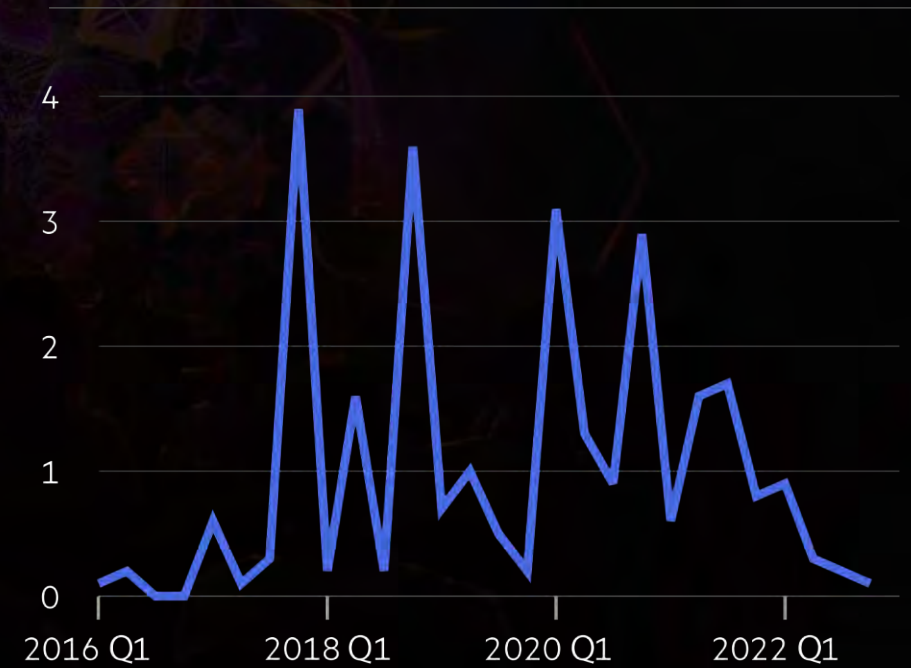
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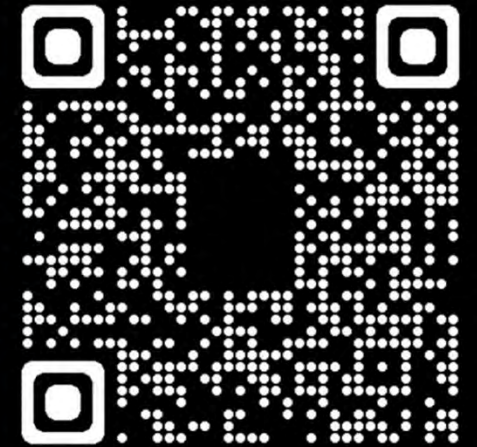
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