

[Transcript] AI Hustle: News on Open AI, ChatGPT, Midjourney, NVIDIA, Anthropic, Open Source LLMs / ChatGPT App Hits \$4.5M Monthly Revenue, Growth Slows

Welcome to the OpenAI podcast, the podcast that opens up the world of AI in a quick and concise manner.

Tune in daily to hear the latest news and breakthroughs in the rapidly evolving world of artificial intelligence.

If you've been following the podcast for a while, you'll know that over the last six months I've been working on a stealth AI startup.

Of the hundreds of projects I've covered, this is the one that I believe has the greatest potential.

So today I'm excited to announce AIBOX.

AIBOX is a no-code AI app building platform paired with the App Store for AI that lets you monetize your AI tools.

The platform lets you build apps by linking together AI models like chatGPT, mid-journey and 11 labs, eventually will integrate with software like Gmail, Trello and Salesforce so you can use AI to automate every function in your organization.

To get notified when we launch and be one of the first to build on the platform, you can join the wait list at AIBOX.AI, the link is in the show notes.

We are currently raising a seed round of funding.

If you're an investor that is focused on disruptive tech, I'd love to tell you more about the platform.

You can reach out to me at jaden at AIBOX.AI, I'll leave that email in the show notes.

The mobile landscape for AI chatbots, I think right now is kind of witnessing a whole whirlwind of activity.

ChatGPT of course is the leading contender in the whole arena and I think it has given the market both some very positive things and also some areas where we're a little bit concerned.

First off, let's start with the good.

ChatGPT's momentum in mobile, I think, can be overlooked.

In September alone, the platform had around 15.6 million downloads.

This was record breaking for them and this is across its iOS and Android apps worldwide.

Now, I mean, one thing I will mention here that I think is kind of noteworthy in this, this kind of uptick in downloads, I for one am an avid ChatGPT user.

I use it, you know, every single day, every work day at least, probably less so on the weekends, but I have not used it on my phone up until recently.

First off, I have an Android, so it wasn't available for a while on Android when they just did iOS and so I think the fact that they're kind of setting breaking new records right now, a big part of this could just be with, you know, having the Android app and now I know this is a couple months old, but still, I think it's probably picking up steam.

There was a whole bunch of like knockoff Android apps before that were kind of on the market that were like, you know, it's called like AI chat app and like a bunch of random things, you know, and I think that those got a lot of just traction, a lot of people downloaded them.

They were like, they were ranking in the top charts and they were literally just, they just had the API to open AI, so it was literally just chadgpt, they were just trying to get

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you to pay more for it on Android.

In any case, eventually, of course, chadgpt came out with their actual app and kind of squashed this a little bit, but the interesting thing was as soon as they came out, they weren't instantly like ranked the number one AI chat app because they'd taken a few months and they'd given these other companies time to get tons of reviews, tons of traction, tons of downloads, kind of build their portfolio and their profile on the, you know, Android app store and the Google Play store or whatever.

And it was kind of hard for open AI, I think, for a moment to kind of like edge their way up.

So I think by now, open AI has kind of broken through, they're probably viewed as the top, you know, the actual chadgpt app.

And now that I think they have that spot on iOS and Android, they're probably getting a lot more of those downloads because honestly, of those 15 million downloads, I'm sure you could go to a handful of like knockoff chadgpt apps on Android and they'll have like five million downloads each.

So, or maybe more, maybe 10, it'll, it's kind of crazy.

In any case, I think that this definitely contributes to them kind of breaking their own record with that 15 million downloads last month.

I think this takes its lifetime tally to around 52.2 million downloads total on their app, as this is according to data from market intelligence company app figures.

I think notably Google Play was kind of the dominant force driving this trend, accounting for about 9 million of the September down your loads with Apple's App Store having about 6.6 million.

And again, this could just be because, you know, they held out longer for Android.

And so now Android's kind of just catching up to what Apple was doing.

And in addition, I'm sure this is really popular at for quite a global audience.

Of course, a lot of people in India, I have found statistically use androids and there's a huge population there that is very interested in AI what's going on here.

So I think that will contribute to the Android app becoming very popular.

I think furthermore, the AI chatbot didn't stop at just amassing downloads.

It also celebrated a high in terms of gross revenue.

So it raked in around 4.6 million dollars across its apps globally.

The growth narrative for chat, you can kind of started off robust with gross revenue at about 2.1 million in June and then went up to 2.7 million in July, then 3.8 million in August.

And finally, it hit 4.5 million in September.

So let's talk about some things that might not be so good.

A couple areas of concern that chat, GPT and open AI are probably experiencing right now.

So I think while gross revenue figures might paint a picture of, you know, this company that's a rocket ship, it's got an unstoppable scent, I think a deeper dive kind of reveals the onset of perhaps a potential storm, right?

So the platform's revenue growth rate, which had been sizzling at 31% in July, and it was even hotter in August at 39%, it hit about 20% in September.

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So it definitely slowed down.

I think this deceleration may hint at chat GPT kind of approaching its saturation point where when it comes to mobile users and what they're willing to spend for their premium chat GPT plus subscription, it's priced at about \$20 a month.

And essentially, when you get chat GPT plus, it just gives you faster response times priority usage during peak usage hours, and a first look at some of the fresh features and enhancements that they add.

So if you want to be in line to get the, if you want to be the first person to get the new features, if you want it to be a little bit faster, and if you want to get, you know, priority during peak usage hours, which to be honest, I think is a good value add. Like I remember using chat GPT when it was like at the peak of its hype, and I was just on the free account, and it'd be like, you know, like, sorry, we're kind of maxed out, try again later, and you just like hit refresh, refresh, refresh out your question, and it's kind of, it is kind of a bummer.

And so I upgraded to chat GPT plus and have never had that problem since maybe the usage also is down.

But in any case, I use it every day, I use it for work, like I need it to work exactly when I like need it, I need answers immediately, I don't want to wait, I wanted as fast as possible. So for me, this is like a no brainer, and it's a great price, I'm happy to pay.

Let's look at the broader landscape.

So I think there are some surprises in the kind of broader AI chatbot space.

So for instance, despite chat GPT is really impressive numbers, it's not the revenue king ping.

So that actually, the title for that actually goes to ask AI, which is another player in the space, which despite a slight dip in September to 5.1 million has outpaced chat GPT thanks in part to its really aggressive ad spend.

So in contrast, another competitor called Genie and also AI chat Smith haven't actually managed to grow as large as ask AI.

So those ones are not there, but it's really interesting to see that someone essentially made a knock off, you know, chat GPT, they probably like on Android took advantage of the fact that they weren't on Android immediately.

And they were able to get up to 5.5 million dollars in revenue.

Now, like I mentioned before, they have spent very aggressively on advertising.

So I wouldn't be surprised if like, let's say they spent that \$5 million just straight on ads.

But what that does, it allows them to grow really big.

Like I mentioned earlier, they are seen as an authority in the app store, they get a ton of reviews, a ton of downloads, a ton of people using them.

And when people are using them, we kind of like them, they may not even feel the need to switch to chat GPT.

So even if let's say, you know, they spend \$5 million in September, they get \$5 million in revenue.

Well, next month, because this is a monthly fee, they might be actually outpacing that.

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And in addition, that's a ton of people that have it on their phone.

And if it's a good user experience, they'll just tell their friends like, hey, go download ask AI, instead of telling them to go download chat GPT.

So you know, may have been a really good move by ask AI to be very aggressive on this at the beginning.

I think, however, when you take into account net revenue, the tables might actually turn, especially considering ask AI's ad expenses.

So as for chat GPT, it had nearly \$3.2 million in September post the deductions by Apple and Google and in-app purchases, right?

So of course, the, you know, the \$4 million that they made or whatever is impressive, but Apple and Google take 30% of your revenue if you make more than a million dollars a year.

If you make less than that, like, like my, I have some apps on the app store that make less than a million dollars a year, I'm in total revenue.

And so I applied for like a kind of like a small business thing where they essentially they only take 15% of your revenue, only take right compared to like a credit card processor that takes 3% and the 15% still kind of hurt sometimes, but you know, definitely not as bad as 30%.

This is something that's been very contentious Spotify is like upset because Spotify is a massive company and you know, Apple is essentially milking them for 30% of all their in-app purchase

revenue and then launches a competitor which is Apple Music.

So yeah, that's got some anti-trust stuff written all over it, I feel like.

But in any case, I think regional dynamics are important in this whole conversation.

So the AI chatbot app market also has its geographical preferences.

So while Google Play may be driving chat GPs downloads, the app stores where the money's at.

It contributes \$3 million of the total in-app purchases in September.

Only the US emerges as the AI chatbots, you know, biggest fan accounting for around 60% of the revenue.

And this is another thing that I have seen in my own apps on the app store again, right?

So like, let's play that back, right?

The app store on iOS was \$3 million of the total in-app purchases in September of their like 4. something million.

So if like that's significant, right?

And I think this is what I've seen as well, iOS always pays a lot more.

I think it's part part of it is just like people that have iPhones spent a lot more on their phones.

They're willing to spend a proportionately higher amount on the software.

They're also usually from a higher, you know, a higher salaried demograph than Android users.

A lot of Android users are from other countries that don't have the same that have, you know, less wealth than America, for example.

So I think that's just something that's to be very expected.

I think for me, it's something like 60 or probably like 70% of all revenue I make from

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apps, even if they're apps on both iOS and Android, 70% of the revenue is always going to be from Apple.

That's just what I always find.

So, so I think that while, you know, chat, GPT's mobile journey is definitely like a story of massive downloads and then significant revenue milestones.

The emerging trend of slowing revenue growth is something that I think we're going to want to watch out for.

Only time is going to tell if this is just a blip or if this is kind of a sign of things to come and the revenue has permanently slowed.

We'll definitely be following the story.

If you are looking for an innovative and creative community of people using chat GPT, you need to join our chat GPT creators community.

I'll drop a link in the description to this podcast.

We'd love to see you there where we share tips and tricks of what is working in chat GPT.

It's a lot easier than a podcast as you can see screenshots, you can share and comment on things that are currently working.

So if this sounds interesting to you, check out the link in the comment.

We'd love to have you in the community.

Thanks for joining me on the open AI podcast.

It would mean the world to me if you would rate this podcast wherever you listen to your podcasts and I'll see you tomorrow.