

[Transcript] AI Hustle: News on Open AI, ChatGPT, Midjourney, NVIDIA, Anthropic, Open Source LLMs / Databricks Secures \$500M Investment, Valued at \$43B with Nvidia and Capital One

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 11Labs.

Eventually, we'll 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.

So in a move that really defies current trends in startup valuations, Databricks, which is a frontrunner in data analytics and artificial intelligence software, recently closed their series AI funding round, amassing over \$500 million, like I said, their valuation is now at \$43 billion.

The funding round is notable, especially as a lot of other late-stage startups, like I was mentioning, have seen their valuations slashed due to a funding slowdown.

So this doesn't seem to apply to Databricks.

The last time the company did a round of funding, I think, was actually back in August of 2021.

It got \$1.6 billion, and it had a valuation of \$38 billion.

So now it's up to \$43 billion.

I'm assuming like their valuation actually went down from \$38 billion after that round because they did that in 2021.

So they probably tanked a little bit, then they've done a lot of really good plays, bumped the valuation up, and now are able to raise at an increased valuation, so big kudos to them on getting over that valuation slump that most companies have been stuck in.

The additional \$5 billion really tacked into the latest valuation indicates that not all of the ships out there are sinking with the tide.

So the investor lineup for this series I round, they just did, was a bunch of pre-IPO and strategic funding.

They had T-Row Price, Morgan Stanley, Fidelity, Franklin Templeton, among a bunch of the investors

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that were filling the pre-IPO quota, and this I think is suggesting an anticipated transaction to the public market.

They're raising a ton of money, their valuation is going up a lot.

Once you get into the \$40 billion, you're getting pretty dang close to an IPO.

I think Instacart, their valuation recently kind of tanked, but they're looking at doing something like \$27 billion if the numbers I was seeing recently are accurate.

So you can say like that is definitely like a household name, and Databricks is not, but Databricks will be quite a big player in the space, and so I think this is going to be really interesting to see where this goes exactly.

One other thing I will say is that on the strategic end, they had Capital One Ventures and NVIDIA that also put some money into this round, so it looks like they're also grabbing some really solid strategic partners.

I think the partnership with NVIDIA is definitely not a surprise.

Databricks has kind of been doubling down on its AI capabilities, contemplating its traditional strength and data and machine learning software, and NVIDIA concurrently is witnessing heightened

demand for its AI-driven chips and software so much that countries are reportedly working to secure chip supplies for their own economic interests.

It's like an economic interest thing.

You're seeing the US block certain chips from NVIDIA from not being able to go to China and other places because it's like a national security thing.

So in addition to all of these new investors, I think you also had private investment firms like Andre St. Horwitz and Tiger Global also participated in the series iFunding.

So really, they had all the big players in the space.

How has Databricks managed to secure a quote-unquote up-round in the landscape, which is full of investment strategies and people that are a lot more conservative, looking for more conservative revenue multiples?

So according to the company, its revenue run rate for the quarter ending in July 31st exceeded 1.5 billion and it also has a global customer base exceeding 10,000 with 300 of those clients contributing at least a million dollars in annual revenue for its software and services.

So they have over 300 clients paying at least a million dollars in annual revenue, 300 million dollars boom right there.

They have 10,000 clients.

These guys are printing money right now.

So while some earlier data hinted at slowing revenue growth, Databricks contends that its fiscal second quarter saw the quote, strongest quarterly incremental revenue growth end quote in its history.

So such performance, I think, is making investors really bullish about the company's potential to surpass even its current loft evaluation once it goes public, right?

So the kind of this valuation is in the end of, I think, where we're going to see Databricks rise, I think post IPO, all things remaining, Databricks is going to see some solid growth into the future.

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So however, I don't think this means that Databricks is a, is like in a rush to make an IPO, given its effective revenue multiple of 29x, the company's pricing seems slightly high for the current market.

And I think that this implies a strategy of continued growth to justify its current valuation once it hits the public market, which is kind of signaling a deferred IPO.

So I think the new influx of capital seems less like a lifeline and more like an enabler for Databricks, which is hardly scraping the bottom of its cash reserves.

It has a ton of cash.

It's making a ton of cash.

And I think the additional funding may very well offer the company the kind of the latitude for other strategic maneuvers.

It has this massive AI market.

And I think the fresh half a billion dollars is going to serve as a significant booster for Databricks is kind of competitive ambitions.

This is also actually after I've recently seen a report saying that almost 50% of CEOs said that AI was one of their biggest spending expenses that they're forecasting for in the future.

And so I think that Databricks is going to get a ton of that cash.

And we're going to see this company continue to climb in the future.

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

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.