

Generative AI Apps: Prospective Users Identifying Who and Why



Context & Problem

Generative AI's low enterprise adoption; risk-benefit uncertainty.

The largest consumer applications like Meta have about 2.9 billion active users across their apps (Facebook, Instagram, WhatsApp and Threads), while ChatGPT has garnered as many as 180 million registered users. Business applications like Salesforce likely have up to 10 million licensed enterprise users, and many more guest/portal users without a license. Generative AI is coming to the enterprise but today user penetration is very low, partially because some companies have issued a moratorium on usage until they understand if the benefits outweigh the risks. This white paper explores insights from customer conversations and their themes.

2.9B

**Number of active users
across all Meta properties
(Facebook, Instagram,
WhatsApp and Threads)**

Professional Consumer

Generative AI's fleeting user engagement; high initial dropoff.

There is a consumer community of generative AI curious early adopters willing to both actively use and subscribe to paid tiers of these services. Their usage is spiky and fleeting, meaning they are unlikely to be retained as active users after the initial 7 day, 30 day, and 90 day dropoff periods. These folks are searching for productivity hacks, playing with this week's high momentum apps that have caught a marketing undercurrent, and are enjoying the novelty of a new computing paradigm. Even ChatGPT is suffering attrition that would make Netflix in a huge local price increase blush, so it's not personal — it's just a crowded space.

Founders of AI companies should be tempted to engage this community and funnel in users. There are various forms of discovery like newsletters, but these are a redundant step. Thinking about it critically, the newsletters are probably generated so reductively users could just

ask natural language copilot or assistant to find them. Humans aren't doing a whole lot of curation here, but they are doing marketing and we respect that this is a valid and potentially wide acquisition channel. Alas.



Enterprise Users

Businesses resist AI tools over IP and copyright concerns.

While employees are engaging in viral IT and bringing their own gen AI apps to the workplace, businesses have not adopted and in some cases have asked all employees to sign an agreement pledging these won't be used for work purposes or on company machines. There are numerous reasons for this.

First, companies are worried about leaking their intellectual property to a (perceived careless) AI startup or worse a \$2 trillion tech company that might learn from it and steal it. While a large language model itself has zero data retention is perfectly forgetful from one request to the next, there are a lot of computers in between which can log, cache or record the data.

Second, companies have legitimate concerns about the use of generated intellectual property. Who owns the copyright to this material? Was this

information stolen from another copyright or license holder, who did not explicitly give permission? This concern is especially acute with the source code of software, which is a big value driver in many businesses subject to legal review and frequent oversight (software bill of materials or SBOM).



Value Proposition

Generative AI can be boiled down to statistical computing, and it's searching for a use case in the enterprise that justifies its significant hardware investment, development expense, and astronomical ongoing operational costs to serve active users.

Reduce Specialization

A value unlock from this tech is to take a specialty skill requiring subject matter experts and make it so 10x or 100x as many people (that can describe their intent) can achieve the task. What if instead of 20 million professional developers to we broadened "coding" to support to 200 million "builders" that want personal applications. Look at the small pool of Adobe Photoshop professionals which is being challenged by >100 million Canva users. Gen AI tools can address a larger audience of people that depend on someone else at work to achieve their goal. Many corporate employees still rely on analysts to get complex reports, but they know what they want to see. This new generation of tools can interpret a natural language request for a report and then run a regression analysis on the data to ultimately provide a forecast.

Reduce Busy Work

One unit of value is to sell software robots into the enterprise that can partially automate tedious and unrewarding tasks. Imagine an army of robots that helps corporate recruiters with answering basic questions over email, scheduling interviews, monitoring interviews for quality, and determining offers with a high acceptance rate. Robots in software development can find bugs in the code and open issues, then attempt to fix them in a subsequent pull request for a professional to review. Robots can provide dynamic service monitoring and protection, working alongside humans operating a data center and double checking configuration/topology changes for errors. Robots can generate boilerplate legal documents, like demand letters to insurance companies for personal injury claims with attached medical bills and reference case settlements from recent history.

Value Proposition

Private Knowledge Graphs

The Google Search appliance of the 2000s era was supposed to unlock the corporate intranet and organize private information, and it spectacularly failed to deliver on this vision before being famously discontinued. The new generation of AI models has novel ways of indexing documents into high dimensional vectors, expanding search queries to non-obvious synonyms and neighboring terms, and ranking results intelligently. The first benefit is it may be easier to find a needle-in-a-haystack when looking for information on a topic. Summarization and aggregation of information from multiple sources is a solved problem, but the brass ring of generating net new research and strategy guidance (as a McKinsey consultant or Amazon product manager would provide) remains elusive with today's technology. There is a need but no viable solution on the horizon.

Technology Problems

A few things stand in the industry's way to delivering on the above:

- Accuracy of gen AI responses, as reported by users, is around 65% at best
- Sentence transformers struggle to read data out of tables in documents, understand what it means, store it appropriately, and answer ad-hoc questions about it (e.g. forecasts, historical analysis)
- Language models know language, not facts and inverses of facts (logic)

A lot of business value can be unlocked if a product engineering team is laser focused on overcoming these obstacles, to deliver a reliable solution for a corporate audience.

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