

ChatGPT and GPT4: A Disruption on the Horizon

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ChatGPT and GPT4 will not replace businesses, but businesses that fail to adopt the technology will be threatened by those who do.

Businesses often experience external shocks such as pandemics, wars, or disruptive technological innovation, and it takes time for leaders to understand how to adapt. The ChatGPT and GPT4 shock the world of business is currently facing makes no exception as it threatens the existence of well-established companies across many industries.

On November 30, 2022, OpenAI launched an AI-based text generator called ChatGPT. Just three months after its launch, it had over 100 million users and approximately 13 million daily users. In comparison, it took TikTok, the fastest growing social network to date, about nine months to reach 100 million users, and it took Instagram before TikTok two and a half years to reach the same number.

The rapid uptake of ChatGPT and GPT4 are breaking charts, and the implications are challenging businesses in established markets including tech-giants, cloud solutions, digital marketing, and e-commerce from companies like GOOGLE, Amazon, and Microsoft. GOOGLE has already activated a crisis protocol out of fear of losing USD 160 billion in advertising and search revenue. Microsoft has invested USD 10 billion in OpenAI and entered into an agreement to use ChatGPT in the Bing search engine. Amazon has yet to respond.

Other businesses are adopting the technology and incorporating it into their market offerings to become more attractive in the market. Consider customer service. A McKinsey & Company analysis shows that the technology will strengthen the value proposition and increase operating profit in the apparel, fashion, and luxury sectors by between \$150 billion and \$275 billion.

The disruption process, which marks the first stage of failure for businesses, occurs when successful companies fail because they continue to make choices that drove their previous success. This often happens due to the complexity of changing the business model and



organization that specializes in efficient production and delivery of current solutions, uncertainty about which technology will prevail, and the costs incurred when novel solutions "steal" revenue from the old ones.

Today, it is more important than ever to take the technological shift brought by generative AI such as ChatGPT and GPT 4 seriously. The mobile industry would wait and see when Apple launched the iPhone in 2007, and companies like Ericsson, Sony, LG, BlackBerry, HTC, Motorola, and Nokia disappeared from the market since. What we must remember is that, unlike the iPhone, ChatGPT is not limited to one industry. The technology can be applied by anyone, anywhere.

The prediction is clear: ChatGPT is not going to replace businesses, but businesses that fail to adopt the technology are going to be replaced by those who do.