The Industrial Revolution of Knowledge Work:

How $100B is Fueling AI's Rise

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Andy Sack: This is AI First with Adam and Andy, the show that takes you to the front lines of AI innovation and business. I'm Andy Sack and alongside my co-host, Adam Brotman. Each episode, we bring you candid conversation with business leaders, transforming their businesses with AI. No fluff, just real talk, actionable use cases, and insights for you. Welcome to the audience to yet another 10 minute episode with Adam Brotman and Andy. We're going to do we're doing this on Sunday afternoon and we think this may become a Sunday ritual for us. So Adam, we talk every day about AI. Today is no different. I think the topic that we want to talk about today is really about some of the deals that have been occurring, the news, Nvidia, Oracle, OpenAI, et cetera, and sort of what it means to, like, what advice or observations do we have about those deals that are relevant to the executive in business?

Adam Brotman: Okay.

Andy Sack: So Adam, you have a take us anywhere you want to go about what's interesting about those deals and what you think executives need to know.

Adam Brotman: Well, I think the interesting thing about both those deals, one was I think Nvidia agreeing to invest in the stock of OpenAI and that the more that OpenAI bought of Nvidia's chips, the more they would invest in OpenAI up to $100 billion of investment in OpenAI. Related but different was, I want to say OpenAI agreeing to buy a hundred billion dollars worth of infrastructure from Oracle. And so the question would be like, what do I, question that we, we, we should try to answer and talk about is what do we make of those deals? How are they relevant in the world that we live in?

And I'd say what they, what they both have in common is this idea of, do you believe that there is going to be this continual building out of infrastructure to allow this AI train to just keep rolling as fast and as broad as it has been. And because the numbers are so staggering, they seem like, it's just circular and one company is investing in the other and it's funny money or whatever. But when you step back, I actually think the deals may make sense to me. And I'm biased. I'm coming from the perspective of, it seems like these big models, for example, every time they need to go either create a new model, they went from like $100 million of compute cost to create a model to like a billion to like 10 billion.

They seem like they're going up in how much it costs us to train the model. And then on top of that, because of the thinking and reasoning models, there's so much of the chat compute that you need, which is called InFront. And that you need a factory of servers for that as well. So there's like infrastructure to train the models, and infrastructure to talk to the models, especially with all this reasoning. And even though these numbers seem huge, my quick take is, yeah, like it just shows how much further we still have to go. so for that reason, I look at those and go, personally go, don't get, you know, I personally think don't get like too wowed that think that, boy, this is a big bubble, although it may be a bubble, I'm not saying it's not, I just think that these folks are just getting going. And that's kind of my thoughts on it. mean, what are your thoughts on it?

Andy Sack: Yeah. Yeah. So look, I think in terms of executive, like if I were to boil this down, I think the, the, the questions that I hear that go off in my mind, but that I also hear executives asking me about it, like, is this just like sort of Ponzi-nomics and money shipping from one enterprise to another? like, you know, this dates back to really Microsoft's deal with OpenAI in the first place, their first billion dollar investment in 2019. And now all that money is, all the money is being spent by OpenAI on Azure and it's inflated Azure's revenue in a good way. I think I'm with you deals are not simply yes it's inside baseball it's tech companies with tech companies the numbers are staggering hundred billion dollar check here hundred billion dollar check here.

But I think you're I would say that you're missing the point if you're focused on the flood that flow and the Ponzi economics of that which is enough to raise an eyebrow at you're you're missing that the bigger point which we are in the process of a total transformation of the global economy to ~ the AI era. Just like we were at the beginning when factories came out and the steam engine came out, we became an industrial era. This is the AI era. And we're at the beginning of that. It is moving insanely fast and it's going to require a phenomenal amount of infrastructure build, is data centers and energy and hundred billion dollar deals times 10, maybe even times 100 in order to make this transformation happen. And that's gonna happen over the next five years. And we're at the beginning of it.

Adam Brotman: Yeah.

Andy Sack: So like, I would say, yeah, you can look at it in the trees and go, it's a hype or isn't that inside baseball? Probably yes and yes, and you're missing the forest. The forest is where we're totally transforming the global economy, period, full stop.

Adam Brotman: Yeah, well said. It's like you, when you listen to the CEO of Nvidia, Jensen Wong talk, he was just on the BG2 podcast and you and I both listened to that this weekend. And he does such a nice job of, like you said, zooming out and just saying, well, you know, what percentage of work is going to be affected by AI and use AI and what percentage of work has already been transformed in this way? And the answer is all of it's going to be affected practically. And it's just a sliver of started to become effective so far. And that's at today's models capability. So you think about all the computers needed to improve the models, all the compute needed to expand access to every part of our economy and our species doing all these things.

So when you look at it from that perspective, you don't get too overwhelmed with these numbers because you start to realize, like you said, this is an industrial revolution of the modern era and we're watching it happen. And it's happening so fast that, and things are improving so fast that you can't fully wrap your brain around it. Like these reasoning models, for example, that came out a year ago and barely a year ago. And they changed everything. Like the ability for you to get the answer you need, it just changed so quickly. But it also just rapidly, 10x or 100x or 1000x, the amount of compute that was needed. So there's a question of whether or not the ROI is there. But yeah.

Andy Sack: Can I build on that, Jensen Wong? Because if you haven't listened to the Jensen Wong interview on BG Squared, I think we recommend it. It's long. I'm not going to try and, I mean, think I have such admiration for Jensen Wong as an executive and a communicator. I'm not going to try and steal his thunder, but he did two things and at least I haven't even finished it. I'm only 45 minutes through. He did two things in that interview that I think are worth highlighting. One is he talked about how the industrial revolution automated manual labor and how the AI era, the AI revolution is gonna automate basically knowledge work.

So he contextualized it in manual labor versus knowledge labor. Then the second thing he did was he really just talked about the global GDP at $50 trillion. And so in the context of $50 trillion, valuations and investments of $100 billion to actually to materially improve the $50 trillion GDP of the globe and increase productivity, that context shift at that scale, actually, mean, self-serving, Dan, yes, but I actually think he's more right than wrong. audience, thank you for sharing your Sunday with us or whatever day of the week it is that you're listening to this.

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