

Andy Sack: With that, I think it's worth talking about because Claude isn't just on our radar, it's on our clients' radar. And we've gotten questions from people that we work with at companies that we work with about, we're either a Microsoft shop or we're an open AI shop. We keep hearing about Claude and really co-work. What is Adam and Andy, what is your recommendation should we be switching? Like how should we be approaching anthropics momentum in the market?

This is AI First with Adam and Andy, the show that takes you straight 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 conversations with business leaders transforming their businesses with AI. No fluff, just real talk, actionable use cases and insights for you. Greetings everyone. Today's episode. It's really about the market momentum that we're seeing from Anthropic Claude and what that means for businesses and what we're seeing with our own clients.

We've been getting questions from our clients who have either Microsoft, Copilot or. Open AI and as their primary LLM and they're asking us. Wow, we keep hearing about Claude and Cowork and should we be experimenting with that? And if so, how? So with that, Adam, do you want to pick up on either the market momentum or on the client's angle and kick us off?

Adam Brotman: Yeah, the market momentum is something to behold, first of all. It's clearly and literally unlike anything anyone has ever seen before. I think it's the fastest momentum any company's ever had in a quarter of business in the first quarter of this year, January through the beginning of April.

Andy Sack: Can you frame that up? Do you have any numbers for us?

Adam Brotman: Yeah, so my understanding is at the end of December, so January 1, Anthropic had about a \$9 billion annualized revenue run rate. By the end of the quarter, by the end of March, they were up to close to \$30 billion annual run rate. So they did a \$21 billion increase in one quarter of run rate. that's an surpassed OpenAI at that point.

Andy Sack: Which is like, like, which just is like an insane rant. Like first off, forget it's now we're in billions of dollars to go from nine to what would you say the number was 30 billion. That's, that's more than a three X increase in the annual run rate and, three X annual run rate is greater than most companies achieve in a year. And they did it in a quarter.

Adam Brotman: 30 billion. Yeah, and at a scale that is, can't remember, but back when I was at Starbucks back in the day, I think at one point, I'm sure it's higher than this now by decent amount, I think the annual actual revenues were something like 25 to 30 billion. So they added an entire Starbucks of revenue run rate in a quarter. Think about it.

Andy Sack: Mammoth. That's mammoth. That's a good way to frame it. And what do we know? I mean, I haven't looked and I mean, I've looked at those high level numbers, and I know the

mark of momentum. Do you have any insight into what's driving the lion's share of that revenue where that's coming from?

Adam Brotman: Yeah. Yeah, so obviously, they've got enterprise revenue and they've got consumer revenue, so to speak. And I actually saw something this morning that showed that their consumer revenue is now up to over half of OpenAI's consumer revenue. And you can see a curve where it's like doing it. So they're getting a good chunk of individuals using it themselves and paying for Claude max plans or Claude whatever plans. It's mostly driven by enterprises. Enterprise is a combination of subscription and API revenue, both.

And so it's mostly enterprise, but a good chunk of consumers as well. They're basically like, there's a lot of reasons why. Basically, it is understood, I think, by most people, or at least now, that all of sudden, these guys are as good as you get. Now, I do want to say that. Gemini and OpenAI are extremely capable labs and platforms. Microsoft's doing what it's doing as well. I think our message to people, and we can kind get into the implications for business leaders here, our message to people is that Anthropic has, for the moment, seemingly sort of taken the lead in terms of demand and in terms of capability as well, in my opinion.

But it's not like a moment where it's like throw everything out and just switch everything to Claude, which I think we're going to talk about in a second.

Andy Sack: Yeah, before we get there, think one follow up question is, I have a follow up question and then I have a follow up comment. Let's do the question first. My question is, do you think that Anthropic's progress in the enterprise puts them on a collision course with Microsoft?

Adam Brotman: Yes, I do. Because even though Microsoft is showing how they can partner with Anthropic, which we've talked about before, they introduced Claude Copilot for Copilot. And there's this whole thing about like Anthropic and Microsoft getting together while Amazon and OpenAI kind of form a tighter partnership. The thing is Anthropic is better right now. So Claude is better at help creating a PowerPoint than Copilot is, and then PowerPoint is. I actually read that they were doing something for.

Andy Sack: Whoa.

Adam Brotman: So I would say right now, if you want to create a PowerPoint, which is a Microsoft format, the better tool for doing that is Copilot than Copilot. So Copilot surpassed Microsoft's ability to sort of produce AI-driven products within Microsoft's own ecosystem before Microsoft was able.

Andy Sack: Yeah, which is like, and that's, mean, that's no small task in and of itself. And I think it's emblematic of the speed with which I'll just say the AI first boat, includes OpenAI, both Anthropic and OpenAI, the speed with which they are shipping features just so far exceeds what both Microsoft and Google are able to do. And the fact that Anthropic did that and beat Microsoft

in its own native PowerPoint, I think is emblematic. I think it does not bode well. I mean, does not bode well for Microsoft.

The comment that I was going to make about Anthropic is, and this is in part anecdotal for my own usage is, is that I think part of what's driving the revenue and the usage of Anthropic certainly was the launch of Cowork, and how cowork is not. It's not just a chat tool. It's actually about getting work done, automating workflows and like actually really seeding into the enterprise. And I think it's reputation for that, not to mention what happened with the defense department. It's also perceived as the most ethical of the LLMs.

I think all that is, is translating into actual work getting done, by people and enterprises. So, that was a comment I wanted to make. With that, I think it's worth talking about because Claude isn't just on our radar, it's on our clients' radar. And we've gotten questions from people that we work with at companies that we work with about, we're either a Microsoft shop or we're an open AI shop. We keep hearing about Claude and really co-work. What is Adam and Andy, what is your recommendation should we be switching?

Like how should we be approaching anthropics momentum in the market? Adam?

Adam Brotman: Well, I'll tell you how we've been answering it. I'll tell you know how we've been answering it. I mean, it's a really hard question to answer because this sort of shocked everybody, including us, in the last three, four months. And we generally understand that when you're working with a mid-sized company or bigger, you're not just going to willy nilly just thrash around with like, decisions on technology. So you got to be thoughtful and up until November we were telling our clients and I think a lot of people were like Anthropic was not the number one choice of where you'd go.

But then with co-work like you just said and the strength of their models combined and all this PR that they're You know generating from themselves or getting with you know, the Department of War kerfuffle the mythos Incredible like so good. We're not even gonna release it model. They just you know got talked about in the last couple weeks It's on everybody's radar screen and I'll give you another key piece that you know But I want to make sure our audience understands the with co-work You have to understand it's not just an improvement, it's an actual process improvement.

It's not so you mentioned it Andy you're gone from like a powerful chatbot that has some agentic capabilities to a full blown agent system where you're giving it a task, you're connecting it to software, it's able to sort of do the task, not just tell you how to do the task. And that difference has got people in the enterprise that are using it going, my God, this really...is a game changer. it's coupled also with things like a new way of thinking about memory, like projects. There's memory itself, but then there's like projects, there's skills, there's plugins, there's connectors, all of those things, if you set them up well, it is a system of work, right?

As opposed to just like a chat bot and an AI system of work that people in the enterprise are starting to go, my God, this really can be a way for us to take advantage of AI as opposed to sort of letting a thousand flowers bloom, which is kind of how things were happening before in the chat bot era. And so in this new agentic era, for all those reasons, people are paying attention. They're like, Whoa, whoa, I could do this with Claude right now in a way that they don't believe they could do with Gemini or open AI or anybody else.

And so they're coming to us and what are we saying? What we're telling people is your right to be asking the question. And our advice is to go ahead and try Claude. As in, don't just switch the whole company over. If you're already on Copilot or on OpenAI, I wouldn't just switch everyone over tomorrow to Claude, although I get why they're tempted to, or they're asking us about it. But I'd say, start with five people. There's a plan you can get on Claude, for example. I get confused. I think it's called business or team or something.

The naming conventions from these labs is tough. there's a plan you can get on, like a business plan, let's call it, that you can get on for Claude, where it's like a minimum of five people. I think it's something like \$25 to \$30 per head per month. And you could, in a responsible way, play with Claude or have a small group that could play with Claude. And that would allow the people to use Cowork and download the desktop app play with coworking code, and start seeing what all this attention for Claude is all about.

And I would suggest they start there. then they might, based on that, decide to switch everybody over to Claude within a month or two.

Andy Sack: Which I think you would say is not a mistake. It's just that this interim step of setting up a small island of users using Claude will give people the opportunity to either the council or the business leader the opportunity to evaluate, increase confidence in the decision, and ultimately make a call.

Adam Brotman: Yeah, because it's an interesting needle to thread, Andy? You basically, don't want, if I was in charge right now of some company, and let's say they were on OpenAI or Gemini, as an entire company, they already kind of rolled it out and started training people on it. People were getting used to it, using it, et cetera. And then they were like, Adam, you're our new head of AI. Should we switch to Claude right now? I would be like, maybe, but not right this second. Maybe we do that. Because here's the problem.

You don't, you, guarantee you Gemini and OpenAI are going to be super capable and have all these same bells and whistles fairly soon. But the issue is, is Claude going to maintain a lead and they seem to be sort of stretching their lead out because whatever they're doing product wise, I've never seen anything like this. they're releasing and shipping products, new features, new capabilities, seemingly every day. And it definitely multiple times a week. And so if that continues for the next month.

And the other platforms are not doing that. There's going to come a moment where you're like, I get the other guys are going to catch up, but right now they're not caught up. And I want to be with the one that's able to really help me transform my business. And so there's a real moment here where we might recommend people just fully switch over and not just experiment. I don't think we're at that point now, but we might be 30 days away from that.

Andy Sack: Yeah, I would say just in our own company, for what it's worth, we used to identify ourselves as an open AI shop and we adopted open AI right after Chachibet 3.5 and we would try, we're technology agnostic, but for our primary work, Adam and mine, as well as our staff, we were open AI centric. I would say today we are Claude centric. I think we've made that transition and it's really been a transition that started probably in December. Um, it's been the last three to four months and I don't think we're alone.

So I don't know, Adam, do you have a final comment you want to make about, uh, entropic and Claude for our audience or should we close up?

Adam Brotman: Yeah, I just want to close on saying that's right. If we're being honest with our audience and with ourselves, we have flipped to being a Claude shop for now and probably for a while. But I really want to say that for Microsoft shops and Co-pilot shops and Gemini shops and OpenAI shops, I wouldn't just be rushing to switch yet. I feel like all three of those companies while they might not be moving as fast as Claude right now, I don't want to minimize the thrash that can happen because this is just going to keep happening.

And we have to just go into this next six months knowing this is going to keep happening where OpenAI and Gemini are going to come up with great things and people are going to get confused. And so keep steady, learn how, this is actually a great opportunity. I'll leave with this thought. This is a great opportunity to learn how to experiment, to say, hey, one of the things that Forum3 teaches our clients is, in this AI era, you're not just going to be one model, one platform all the time.

You're going to have to like learn how to have a couple things going and learn how to comfortably experiment within an enterprise environment. And this is a great moment if you're not already switched over to Claude to just try it without thinking I'm going to throw the baby out the bathwater, so to speak. You got to like understand these other platforms are very powerful. They're great companies. They're going to do great things. So just keep calm and think of this as a great moment to experiment and learn.

Andy Sack: Yeah, I think that's a great spot to end on. Adam, as always, thanks for participating. To our audience, thank you for listening to AI First with Adam and Andy. For more resources on how to become AI First, you can visit our website, [Forum3.com](https://forum3.com) Download case studies, research briefings, executive summaries, and join our email list. We also invite you to connect with our AI First community, a curated hub and network for leaders turning AI hype into action. We truly believe you can't over-invest in your AI learning. Onward.