# OpenAI shifts focus to consumer gadgets amid enterprise AI challenges



As OpenAI intensifies its focus on consumer applications, the dynamics surrounding Artificial Intelligence (AI) in enterprise settings play a pivotal role in this shift. Traditionally, new technologies infiltrate businesses either through top-down mandates from executives or through the grassroots initiatives of employees keen to apply what they find valuable in their personal lives. This latter, back-door approach has become increasingly significant, particularly as organisations grapple with the complexities of AI integration.

The enterprise landscape has witnessed its fair share of AI pilots that have faltered. A report from IBM highlighted that only a quarter of AI initiatives undertaken by CEOs yielded expected returns on investment. This has led companies like Johnson & Johnson to scale back their AI experiments, focusing instead on more promising projects. The evidence suggests that while certain teams have successfully harnessed AI for mundane tasks—such as summarising legal documents in law firms or automating repetitive coding tasks—the overarching strategy of imposing AI from the top down has not proven effective. As one expert noted, even in the realms of finance and legal services, AI’s limitations surface quickly, requiring human scrutiny to avoid costly errors.

Amidst these challenges, OpenAI's recent corporate changes signal a strategic pivot. The appointment of Fidji Simo, previously the CEO of Instacart and a former executive at Meta, as OpenAI’s chief of applications underscores a focus on delivering consumer-oriented products. Simo's background in consumer technology and operations suggests that OpenAI is not merely restating its commitment to enterprise solutions but is sincerely turning its gaze towards innovative consumer applications. This move aligns with Sam Altman’s vision of AI as the next major tech platform, underscoring the belief that future AI breakthroughs will require dedicated consumer hardware—an area OpenAI is beginning to explore through substantial investments, including a $6.5 billion acquisition of Jony Ive’s design startup.

Ive, celebrated for his work at Apple, is expected to lead efforts to develop consumer gadgets that could redefine how individuals interact with AI. The ambition here is clear: OpenAI plans to introduce AI-enabled devices that could appeal to a vast market, perhaps mirroring the transformative impacts of personal computers and smartphones. This initiative comes at a time when the landscape of AI in enterprise has faced scrutiny, as many companies question the viability of large-scale deployments without clear precedents for reliable performance.

Such strategic shifts come with inherent risks. While OpenAI capitalises on consumer sentiments and trends, the reality remains that enterprises will eventually have to contend with how AI manifests in the workplace. Employees, having adopted AI tools independently, may introduce unregulated software to their teams, necessitating IT departments to devise control mechanisms to prevent misuse and to establish guidelines for responsible AI usage. As AI capabilities expand, the dual challenge will be to maintain productivity while safeguarding against the repercussions of ineffectively managed technology.

Moreover, the discussion surrounding AI's role in business operations extends to the legal repercussions of its use. Historically, the backlash to erroneous outputs has often meant accountability lands squarely on company leaders. The critical environments of finance and healthcare, where erroneous decisions can lead to substantial losses or risks to life, illustrate that a mere 80% accuracy in AI outputs is insufficient. Companies will need robust checkpoints to mitigate these risks, which may involve integrating human oversight in processes heavily reliant on AI.

Ultimately, the trajectory of AI in both consumer and enterprise spheres suggests an evolving narrative wherein end-users drive adoption, compelling IT departments to adapt and innovate alongside. As OpenAI charts its future course from consumer breakthroughs to enterprise solutions, the interplay between these realms could redefine the fabric of modern work, operational efficiencies, and ultimately, the very essence of productivity in a rapidly changing technological landscape.

## Reference Map:

* Paragraph 1 – [[1]](https://www.theregister.com/2025/05/25/ai_is_a_consumer_technology/), [[4]](https://www.reuters.com/technology/openais-altman-pitches-chatgpt-enterprise-large-firms-including-some-microsoft-2024-04-12/)
* Paragraph 2 – [[1]](https://www.theregister.com/2025/05/25/ai_is_a_consumer_technology/), [[2]](https://www.axios.com/2025/05/22/openai-hardware-bet-jony-ive), [[3]](https://www.axios.com/2025/05/08/openai-fidji-simo-instacart-sam-altman), [[6]](https://www.reuters.com/technology/pwc-become-openai-largest-enterprise-customer-wsj-reports-2024-05-29/)
* Paragraph 3 – [[2]](https://www.axios.com/2025/05/22/openai-hardware-bet-jony-ive), [[5]](https://www.ft.com/content/6314d78d-81f3-43f5-9daf-b10f3ff9e24f)
* Paragraph 4 – [[1]](https://www.theregister.com/2025/05/25/ai_is_a_consumer_technology/), [[3]](https://www.axios.com/2025/05/08/openai-fidji-simo-instacart-sam-altman)
* Paragraph 5 – [[4]](https://www.reuters.com/technology/openais-altman-pitches-chatgpt-enterprise-large-firms-including-some-microsoft-2024-04-12/), [[6]](https://www.reuters.com/technology/pwc-become-openai-largest-enterprise-customer-wsj-reports-2024-05-29/)

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## Bibliography

1. <https://www.theregister.com/2025/05/25/ai_is_a_consumer_technology/> - Please view link - unable to able to access data
2. <https://www.axios.com/2025/05/22/openai-hardware-bet-jony-ive> - OpenAI has made a significant investment in hardware by acquiring the remaining shares of Jony Ive's design startup, io, for $5 billion in stock. Ive, renowned for his work on Apple's iconic devices like the iPhone, brings a team of former Apple designers. This strategic move indicates OpenAI's belief that the future of AI lies not only in software but also in the development of new consumer hardware to fully realize AI's potential. CEO Sam Altman envisions AI as the next major tech platform requiring dedicated devices, similar to how personal computers and smartphones defined previous eras. The acquisition strengthens Ive’s departure from Apple, where he was once Steve Jobs' key creative partner, and aligns him fully with OpenAI’s ambitions. While details remain scarce, OpenAI plans to unveil its first hardware collaborations with Ive’s team next year, though product launch timelines are uncertain. This investment also positions OpenAI among other tech giants exploring a future beyond smartphones.
3. <https://www.axios.com/2025/05/08/openai-fidji-simo-instacart-sam-altman> - OpenAI has appointed Fidji Simo, the current CEO of Instacart, as its new CEO of applications. In this role, Simo will manage OpenAI's product development, operations, and finance, reporting directly to CEO Sam Altman, who will continue to focus on strategy, research, and safety. This move signals OpenAI’s intent to expand its business operations and challenge advertising powerhouses like Google and Meta, as it seeks new revenue streams beyond subscriptions and B2B deals. Simo, a respected tech leader, previously served on OpenAI’s board and played key roles in developing Facebook’s app and advertising platform, as well as scaling Instacart’s ad business. Her appointment follows a similar hire, with former Nextdoor CEO Sarah Friar becoming OpenAI’s CFO. These strategic additions indicate OpenAI's ambitions to grow its commercial presence, potentially laying the groundwork for a future public offering.
4. <https://www.reuters.com/technology/openais-altman-pitches-chatgpt-enterprise-large-firms-including-some-microsoft-2024-04-12/> - OpenAI's CEO Sam Altman held meetings with Fortune 500 executives in San Francisco, New York, and London to promote the company’s AI services for corporate use, including the enterprise version of ChatGPT. The events aimed to attract new revenue sources from corporate clients, potentially competing with their major investor, Microsoft, which integrates OpenAI’s technology into its own products like Microsoft 365 Copilot. At the meetings, Altman and COO Brad Lightcap demonstrated various AI tools and assured that enterprise data would not be used to train models. OpenAI has been diversifying its revenue streams, with significant growth observed in corporate sign-ups for ChatGPT Enterprise. The company, valued at $86 billion, projects $1 billion in revenue for 2024. OpenAI has also been in talks with Hollywood studios about its Sora video creation tool, stirring interest and concerns regarding its potential influence on the entertainment industry. Despite Microsoft's strong backing, some corporate clients are questioning the necessity of OpenAI's Enterprise services if they already use products incorporating the same technology.
5. <https://www.ft.com/content/6314d78d-81f3-43f5-9daf-b10f3ff9e24f> - OpenAI, having launched the viral chatbot ChatGPT, has skyrocketed its annual revenue to over $2 billion, making it one of the fastest-growing tech companies. With the goal to double this in 2025, the company has entrenched itself in various industries, although questions about long-term sustainability loom. Estimates suggest building AGI could cost up to $7 trillion, highlighting the need for substantial funding. Partnerships with companies like Rakuten and developing enterprise-grade tools have been instrumental, but competition from giants like Google and Meta, along with financial uncertainties, pose significant challenges. OpenAI's future hinges on continued innovation, with the forthcoming GPT-5 model seen as crucial to maintaining its edge. The pursuit to create superintelligent AI is ambitious and costly, leaving investors to ponder whether the monumental potential will outweigh the financial risks.
6. <https://www.reuters.com/technology/pwc-become-openai-largest-enterprise-customer-wsj-reports-2024-05-29/> - PwC announced it will become the largest customer and first reseller of OpenAI's enterprise product, ChatGPT Enterprise, as businesses rapidly adopt generative AI technologies. This version of OpenAI's chatbot, backed by Microsoft, is targeted at large companies. PwC plans to deploy ChatGPT Enterprise to 75,000 employees in the U.S. and 26,000 in the UK. The firm is already engaged with generative AI in over 95% of its UK and US consulting client accounts and is discussing AI use with many audit clients. PwC has been developing custom GPTs to aid employees with various tasks and has committed to a $1 billion investment in generative AI. This agreement marks OpenAI's efforts to expand its enterprise customer base beyond Microsoft, with CEO Sam Altman actively pitching AI services to major corporations.