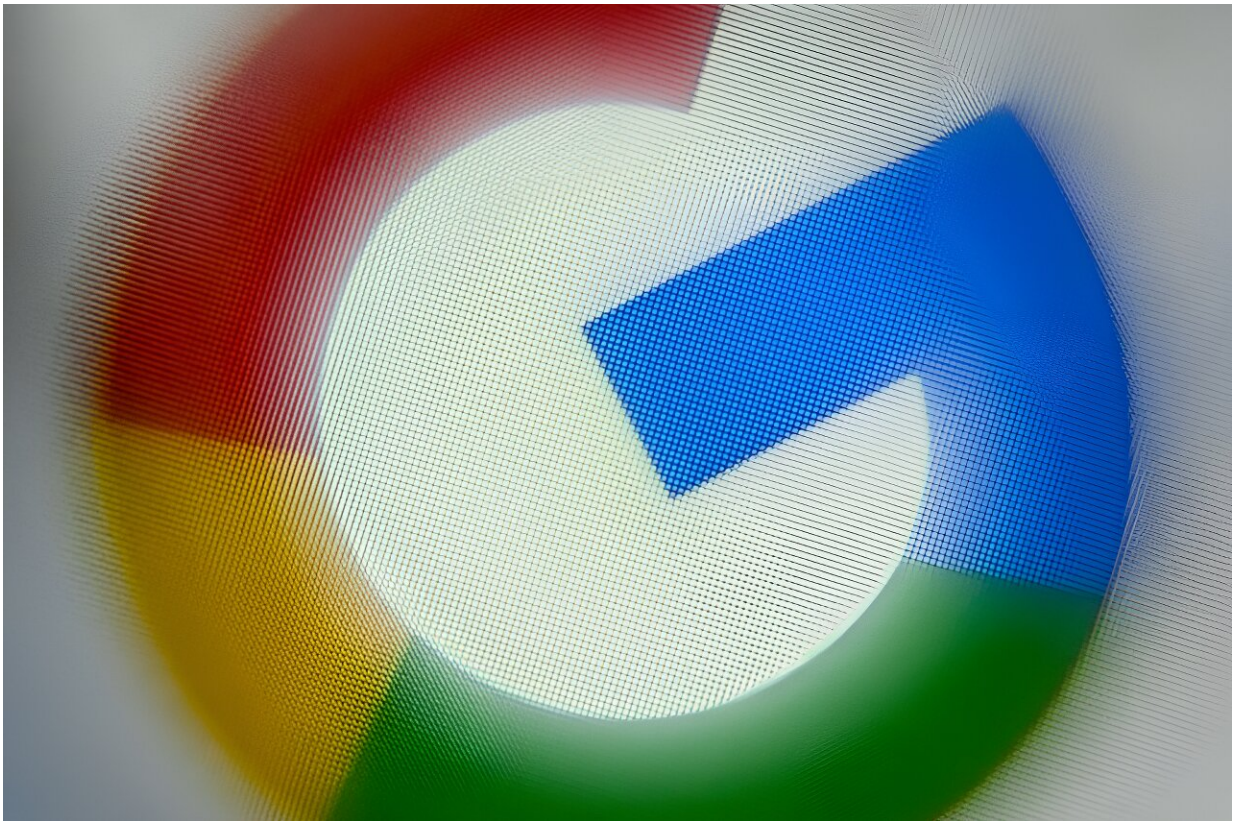


Google says AI helped it beat profit expectations

January 31 2024, by Glenn CHAPMAN



Google parent Alphabet says it remains committed to keeping costs in check, in another sign more layoffs are on the way at the tech titan.

Google parent Alphabet on Tuesday credited artificial intelligence with helping boost profits in the final quarter of last year.

Alphabet reported a profit of \$20.7 billion on revenue of \$86.3 billion, with strong contributions from video-sharing platform YouTube and its cloud computing unit.

"Each of these is already benefiting from our AI investments and innovation," Alphabet chief executive Sundar Pichai said in an earnings release.

Google ads brought in a total of \$65.5 billion in the quarter, compared with \$59 billion in the same period the prior year, according to the earnings report.

Ads served up at YouTube accounted for \$9.2 billion in revenue, up from \$8 billion in the final three months of 2022, earnings figures showed.

Some \$9.2 billion was brought in by Google's cloud computing unit, compared with \$7.3 in the same quarter a year earlier.

The earnings come as Google, Microsoft, Amazon and other rivals competing in the hot field of AI face scrutiny from regulators in the US and Europe.

The US Federal Trade Commission recently launched a study of AI investments and alliances as part of an effort to make sure regulatory oversight can keep up with developments in artificial intelligence, and stop major players shutting out competitors in a field promising upheaval in multiple sectors.

"Our study will shed light on whether investments and partnerships pursued by dominant companies risk distorting innovation and undermining fair competition," said Lina Khan, head of the Federal Trade Commission, in a statement.

One major concern is that generative AI, which allows for human-level content to be produced by software in just seconds, requires a massive amount of computing power, something that big tech companies are almost uniquely capable of delivering.

Amazon—through its Amazon Web Services arm—Microsoft and Google are the world's biggest providers of cloud-based data centers, which store and process data on a vast scale, in addition to being some of the world's richest companies.

Microsoft has moved the fastest in the generative AI revolution with a reported \$13 billion investment in OpenAI, the creator of ChatGPT.

More layoffs?

In another sign that there may be more layoffs on the way at Alphabet, chief financial officer Ruth Porat said in the [earnings report](#) that the tech giant remained "committed to our work to durably reengineer our cost base as we invest to support our growth opportunities."

Pichai earlier this month warned employees that more layoffs are in store at the search engine giant as it focused on new priorities, including [artificial intelligence](#).

"These role eliminations are not at the scale of last year's reductions, and will not touch every team. But I know it's very difficult to see colleagues and teams impacted," Pichai said in an email to staff seen by AFP on Thursday.

"Many of these changes are already announced, though to be upfront, some teams will continue to make specific resource allocation decisions throughout the year where needed, and some roles may be impacted," he added.

Google laid off around 12,000 people this time last year, about six percent of its workforce, in the face of inflation and rising interest rates.

The company this month confirmed it is eliminating "a few hundred" positions from its global ad team, amid a push to use AI for efficiency and creativity.

The company on Wednesday also laid off about 100 employees at its YouTube arm, the company confirmed to TechCrunch.

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