1) What are the **main components** (i.e., inputs) necessary to build, train, deploy and distribute generative AI systems? Please explain the importance of these components

Data + commercial systems to allow for the attributed usage of owned copyright data.

1. 2) What are the **main barriers to entry** and expansion for the provision, distribution or integration of generative AI systems and/or components, including AI models? Please indicate to which components they relate.

   Data. Large players have built expensive systems to scrape the internet. These large players can establish partnerships with large content repositories like publishers. These partnership agreements are expensive to strike and practically unavailable to upstarts.

2. 3) What are the **main drivers of competition** (i.e., the elements that make a company a successful player) for the provision, distribution or integration of generative AI systems and/or components, including AI models?

   Interoperability. Luckily, however, it appears AI players are aligning to a standard AI interface (following OpenAI's pattern). This makes competition readily available, provided.

3. 4) Which **competition issues will likely emerge** for the provision, distribution or integration of generative AI systems and/or components, including AI models? Please indicate to which components they relate.

   All competition issues, we believe, can be resolved by formalizing the scalable licensure of data required to ship these models. AI will likely move to the edge. That needn't challenge any open source developer however so long as there's robust licensing frameworks to facilitate the easy deployment and revenue participation in models.

4. 5) How will generative AI systems and/or components, including AI models likely be monetised, and **which components will likely capture most of this monetization**?

   AI deployments will likely move to the edge (mobile or desktop). Instead of companies paying the cloud (e.g., OpenAI or Google) for inference, inference will happen directly on device. This has great benefits to the user, who gets more privacy and lower latency. In that sense, the value capture will go straight to the consumer. To the extent that inference remains in the cloud, the revenue will go to the distributor (e.g., OpenAI). Here it's critical that, to the extent OpenAI acts as a vertical integration of all information, those who produce content are compensated for their powering of the OpenAI service.

   CRITICALLY – there must be market mechanisms to facilitate the efficient and equitable pricing of information. Current content markets are oligopsonies (markets

of few buyers) and suffer from inverse adverse selection (where content buyers know more about the value of the content than the content seller). This leads to market failures.

5. 6) **Do open-source** generative AI **systems** and/or components, including AI models **compete effectively** with proprietary AI generative systems and/or components? Please elaborate on your answer.

   They'd be able to compete more effectively if there were an efficient and open market for the data upon which models are trained.

6. 7) What is the **role of data** and what are its relevant characteristics for the provision of generative AI systems and/or components, including AI models?

   Data is everything. It's true synthetic data holds promise for capable systems, but of course, this synthetic data is only made possible from the original contributions of scraped information.

7. 8) What is the **role of interoperability** in the provision of generative AI systems and/or components, including AI models? Is the lack of interoperability between components a risk to effective competition?

   AI models are readily interoperable for the application layer. Some models may be specific to chip design, but that's another issue.

8. 9) **Do the vertically integrated companies**, which provide several components along the value chain of generative AI systems (including user facing applications and plug-ins), **enjoy an advantage** compared to other companies? Please elaborate on your answer.

Yes. The aspect of vertical integration that *must* be addressed is the scraping of information. Private AI labs have an unfair data advantage garnered by their large scale scraping apparatus, not available to smaller players.

10) What is the **rationale of the investments** and/or acquisitions of large companies **in small providers of generative AI systems** and/or components, including AI models? How will they affect competition?

Consider Mistral AI. The rumor is that 4 French guys created a model that competes with Google!

11. 11) Do you expect the emergence of generative AI systems and/or components, including AI models to trigger the **need to adapt EU legal antitrust concepts**?

    No. Efficient mechanisms for the licensure of data could readily solve these prospective issues.

12. 12) Do you expect the emergence of generative AI systems to trigger the **need to adapt EU antitrust investigation tools and practices**?

No. The EU needs efficient market mechanisms to unlock the scalable and efficient licensure of information. Today these mechanisms don't exist and private AI companies exploit this to competitive advantage.