

Cohere Is On Track to Raise \$1 Billion. What That Means for AI Startups in 2024

Sam Blum

Generative AI startups may very well dominate venture capital again this year.



Illustration: Inc; Photo: Getty Images

Last year, generative AI startups remained a rare bright spot amid a dimming venture capital market, netting \$22.8 billion across the globe, a [Dealroom analysis found](#).

The early stages of 2024 appear to be prolonging the trend: Generative AI startup Cohere has reportedly entered talks to raise investment between \$500 million and \$1 billion, in a bid to grow its recruitment and sales efforts, [according to a Reuters report](#). The deal would kickstart the year in generative AI, though Cohere's deal could easily be eclipsed in size by OpenAI's reported [efforts to raise new capital](#) at a valuation of \$100 billion.

Cohere, based in Toronto and San Francisco, uses so-called large language models (LLMs) that create visual and written content in response to user-generated prompts. The technology sparked a frenzy of consumer-facing growth and dominated mainstream attention last year. Cohere boasts itself as the

leading generative AI tool for enterprise use, and counts Oracle among its subscribers, [the Information reported](#). Like OpenAI and other startups such as Anthropic and Inflection AI, Cohere develops its own LLMs, but specializes in chatbots and search functionality for companies, rather than individual consumers.

Cohere's nascent discussions seem to indicate that AI will continue its grip on investor interest this year, confirming what [many VCs predicted](#) in the latter stages of 2023, though some have urged that profitability will be far more paramount in 2024. In other words, the funding waterfall [may slow to a relative trickle](#). It's unknown who is investing in Cohere in its latest cycle. Last June, the company [netted \\$270 million in Series C](#) from a variety of investors including Thomvest Ventures, Oracle and Nvidia, bringing its valuation to \$2.2 billion.

Last year, U.S. investors poured \$170.6 billion into startups overall, representing a 30 percent decline from 2022, when startups were lavished with \$242 billion, according to the [National Venture Capital Association](#).

If Cohere's plans are successful and it reaches the maximum reported value of \$1 billion, it would put the funding round in the mid-range of generative AI investments made last year, but at the top of the heap for 2024. Microsoft's \$10 billion investment in OpenAI was the most lucrative of the generative AI investments made in 2023, while Metropolis, an AI-based parking startup, raised the fifth biggest round at \$1.1 billion, a [Crunchbase report found](#).

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