



Best AI yet? Six ways GPT-5 matters

August 8, 2025

GPT should stand for "Gradually Progressing Tech"

It's the most eagerly awaited launch since the release of "The Minecraft Movie" – and it's not just nerds who care.

OpenAI yesterday finally unveiled GPT-5, its most powerful artificial intelligence model yet, almost three years since it became the poster child for AI with the launch of ChatGPT. The company -- and the industry -- need it to succeed to prove that the AI boom is not running out of steam.

Our report rounds up six ways that GPT-5 matters:

1. More useful, smarter, faster, but not superintelligent
2. ChatGPT goes from manual to automatic
3. GPT-5 is GPT-vibe(coding)
4. OpenAI is back in business – just in time
5. Expect competitors to react noisily
6. Chips are still on the menu

The new model, which powers ChatGPT, is designed to be more capable than its predecessor across tasks from coding and writing to reasoning and speech. It is available to all users in flagship, mini and nano versions, with paying customers getting more options and capacity.

"PhD-level experts in your pocket"

"GPT-5 is a major upgrade from GPT-4 and a significant step along the path to artificial general intelligence (AGI)," CEO Sam Altman said on an 80-minute livestream to mark the launch. By contrast with "college student" level GPT-4, "you get access to an entire team of PhD-level experts in your pocket."

The model itself seems in no doubt that it is superior to its predecessors, based on the image we generated asking it to encapsulate the difference.

Authors

Adrian Cox
Research Analyst
+44 20 754-17775

Stefan Abrudan
Research Associate
+44-20-7545-0755



Figure 1: How GPT-5 sees itself



Source : OpenAI's GPT-5: Response to prompt: "create an imaginative and dramatic image that encapsulates the difference between gpt5 and its predecessors"

OpenAI is seeking to attract enterprise spending to show that AI can be monetised. Although it now has competitors, it still has an outsized impact in justifying the surge in asset prices that has buoyed the public markets over the past couple of years.

The value of the Magnificent Seven big tech stocks has risen by two-and-a-half times since the launch of ChatGPT on Nov. 30, 2022. They now account for almost 32 percent of the market capitalisation of the S&P 500, up from 20 percent back then.

Figure 2: Market capitalisation (USD) for Magnificent 7 and S&P 500



Source : Bloomberg Finance LP, Deutsche Bank



Six ways that GPT-5 matters

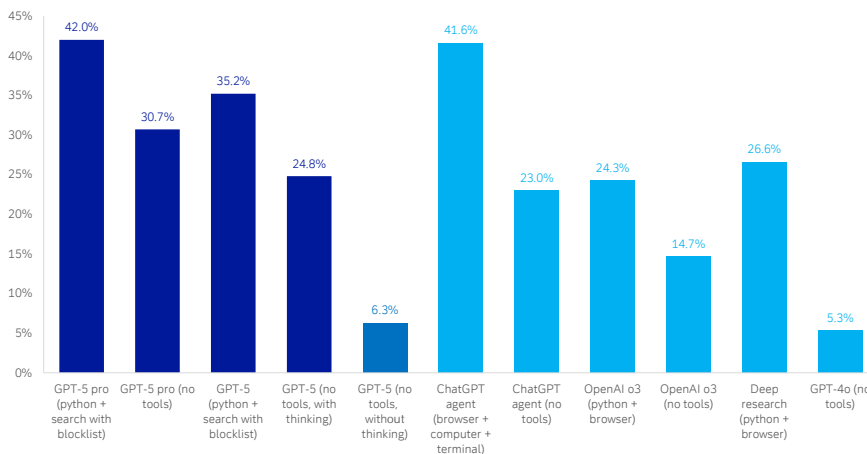
1. More useful, smarter, faster, but not superintelligent

Most of the talk on the livestream was of doing the same things better rather than transformation, superintelligence or even autonomous agents, the topic of the year in tech circles.

"It's useful, it's smart, it's fast and it's intuitive," Altman said, steering away from the dramatic language he used last month when he teased the launch on the "This Past Weekend" podcast. At the time, he said "GPT-5 is smarter than us in almost every way" and compared it to moments in science such as the test of the atomic bomb when "people look at their creation and just say, you know, what have we done?"

We have not had the chance to test GPT-5 extensively, but Ethan Mollick, a professor at the Wharton School who had early access, praised it. "It just does stuff, often extraordinary stuff, sometimes weird stuff, sometimes very AI stuff, on its own," he wrote.

Figure 3: Humanity's Last Exam (Full Set): expert-level questions across subjects



Source : OpenAI, Deutsche Bank

Developer Simon Willison, who also had preview access, said it is his "new favourite model". He added: "It's not a dramatic departure from what we've had before – but it rarely screws up and generally feels competent or occasionally impressive".

Nonetheless, the advance should be sufficient to damp down resurgent doubts about whether more scaling will pay off.

OpenAI had reportedly been struggling to come up with a model worthy of the GPT-5 label, with what had been planned as GPT-5 eventually released as GPT-4.5 and the advanced reasoning model o3 degrading in quality when converted to a chatbot.

Long-time sceptic Gary Marcus wrote that the new model shows "good progress on many fronts", including pricing, even if it is ultimately not the "huge leap forward" that some had expected and certainly not AGI.



2. ChatGPT goes from manual to automatic

A bugbear for users in the past was that OpenAI forced them to choose between an ever-deeper alphabet soup of versions that emphasised one quality or another: 4o was a generalist, o3 was best at reasoning, o4-mini-high was “great at coding and visual reasoning”, others were fast, and so on.

Now users get one system which automatically toggles between an efficient model that answers easy queries quickly and a deeper reasoning model that takes it time to think through harder problems.

That makes it much more accessible and may open the door to uses that non-experts were simply never aware of. It is also, according to Mollick, very proactive in suggesting what to do.

Pre-set personalities

Beyond that, there appears to be a greater focus than before on the user-interface and experience, with features such as pre-set personalities for the chatbot, customisable interfaces and a verbosity parameter that enables users to choose whether answers are short and to the point or long and detailed.

Crucially, users will be able to link the tool up to their Google Calendar and Gmail accounts, potentially opening the floodgates to myriad everyday personal uses. OpenAI's backer Microsoft also announced that it is incorporating GPT-5 into a wide variety of products such as 365 Copilot for consumers, enterprises and developers.

3. GPT-5 is GPT-vibe(coding)

After giving accessible examples of GPT-5's capabilities for regular folks, the OpenAI team returned to its research lab roots, explaining in detail how GPT-5 will work in its API platform.

They listed its performance on key benchmarks for developers. They also gave examples of how it could create websites, games and applications from scratch, manage long-running agentic tasks and fix bugs. Developments like this will make so-called vibe coding, based on a simple text prompt, more widely accessible.

Monetising AI

The focus on developers makes commercial sense. Coding is increasingly being seen as the leading-edge case for monetising generative AI.

Almost \$3bn of OpenAI's \$12bn annual recurring revenue is accessed by application programming interface (API), typically from developers using it to help with coding, according to data from The Information. Indeed, rival Anthropic makes more than \$3bn of its \$5bn ARR from API access, almost half of it from the coding assistants Cursor and GitHub Copilot.

4. OpenAI is back in business – just in time

The stakes are high for OpenAI with this launch.

It has been on a publicity drive in recent days as it reportedly embarks on talks about a secondary sale of employee shares. Citing people familiar, Bloomberg reported this week that a deal would value the company at about \$500bn, up from \$300bn in its financing round in April.



This week alone OpenAI announced that it will make ChatGPT Enterprise available to the entire US federal workforce at a cost of just \$1 per agency for the coming year. It also released its first open-weight models in over five years, likely reflecting a recognition that it cannot entirely cede the open-source ecosystem to challengers like Meta's Llama and xAI's Grok.

On top of that, it announced that it expects ChatGPT to reach 700 million weekly active users this week, up from 500 million at the end of March and four times as many as this time last year. Last week it said it has five million paying business users, up from three million in June, as companies increasingly integrate AI tools.

\$100m pay packages

It needed a shot in the arm: it has increased its cash burn projection to \$8bn in 2025, according to The Information, and has lost a number of top employees to Meta, which has reportedly been offering pay packages worth over \$100m. Over little more than a year, two of Altman's three top lieutenants have left to start their own AI companies.

It is also mired in longstanding discussions about whether it should (or can) become a for-profit company. Microsoft is resisting the move, reflecting broader disagreements over OpenAI's deals with rival cloud partners and failed \$3bn attempt to buy the coding startup Windsurf, which competes with Microsoft, and Microsoft's support for rival AI startups and development of its own AI models, according to media reports.

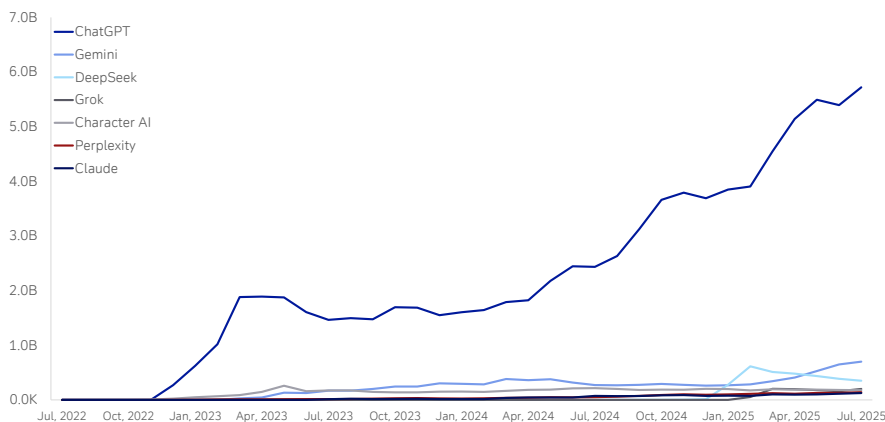
5. Expect competitors to respond noisily

With OpenAI upping its game, competitors are likely to respond noisily.

Among pure-play chatbots, ChatGPT currently gets around 5.7 billion visitors a month, according to data from SimilarWeb. Second-placed Gemini from Google comes in just short of 700 million and China's DeepSeek, which caused such a stir in January with its cheaply trained model, gets half that again.

It doesn't hurt that ChatGPT has become the Band-Aid, Velcro or Post-It of AI as the commonly used generic name for the technology in all its forms.

Figure 4: Monthly visits for ChatGPT and competitors



Source : SimilarWeb, Deutsche Bank

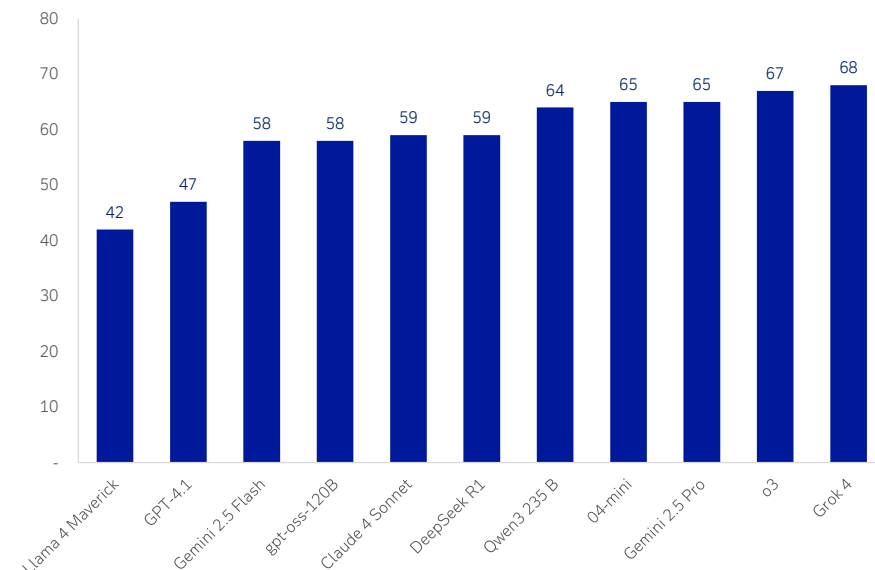


Elon Musk, the owner of xAI, responded to yesterday's launch even while it was still underway, posting on X that xAI's own fourth Grok model, released last month, is "already a lot better" and that, nonetheless, "OpenAI is going to eat Microsoft alive". Microsoft CEO Satya Nadella pushed back, replying that "people have been trying for 50 years and that's the fun of it!"

Despite its robust visitor traffic, ChatGPT still has to compete with incumbents whose products are embedded in ubiquitous search engines and applications. Google's (free) AI Overviews, which summarise search results, have about two billion monthly users, CEO Sundar Pichai said last month.

The competition has also been narrowing the quality gap with ChatGPT and in some cases overtaking it. While ChatGPT has commonly been seen to have the edge in reasoning, deep research and image generation, Google's Gemini has increasingly gone toe-to-toe against it in most aspects.

Figure 5: Artificial Analysis Intelligence Index (higher is better)



Source : Artificial Analysis estimates before the launch of GPT-5, Deutsche Bank

Anthropic's Claude has become regarded as more than a match for ChatGPT in writing and coding, fuelling a funding round that would reportedly value the company at [\\$170bn](#).

Grok also performs handily as xAI looks to raise finance at a valuation of as much as \$200bn. Perplexity, which scored an \$18bn valuation last month, is a strong challenger in AI web search.

6. Chips are still on the menu

Big general models require significant computing power. The hyperscalers – Amazon's AWS, Microsoft's Azure, Alphabet's Google Cloud Platform and Meta – have said they will spend nearly \$400bn this fiscal year in capital expenditure, most of which will go on data centres packed with Graphics Processing Unit (GPU) chips from Nvidia.

The launch of DeepSeek shook the market by suggesting that smaller, less



compute-intensive models could be the way forward, rendering much capex unnecessary. However, yesterday's launch of GPT-5 suggests there is still life in models with all-round capabilities.

More likely is that there will be a bifurcation between commoditised, open-source models that function quickly and cheaply on devices and in cars, and general purpose, heavy-duty AI that is used by enterprises, governments and sophisticated consumers to do the heavy lifting in coding, data analysis and content generation.

[Recent AI-related coverage](#)

[Three charts explain US "race" to dominate AI](#) (July 24, 2025)

[Arm Holdings: F1Q26 \(Jun\) Results: Playing the long game](#) (July 31, 2025)

[Software: Drinking GenAI Champagne](#) (Aug 6, 2025)

[Advanced Micro Devices: 2Q25 Results: Reacceleration reflected](#) (Aug 8, 2025)



Appendix 1

This material has been prepared by the Deutsche Bank Research Institute and is provided to you for general information purposes only. The Institute leverages the views, opinions, and research from Deutsche Bank Research, economists, strategists, and research analysts. Accordingly, you should assume that content in this document is based on or was previously published and provided to Deutsche Bank clients who may have already traded on the basis of it.

Any views or estimates expressed in this material reflect the current views of the author(s) and may differ from the views and estimates of Deutsche Bank AG, its affiliates, other Deutsche Bank personnel, and other materials published by Deutsche Bank. The content in this material is valid as of the date shown on the first page and may change without notice. Deutsche Bank has no obligation to provide any updates or changes to the information herein.

This material should not be used as a basis for trading securities or other financial products and should not be considered to be a recommendation or individual investment advice for any particular person. It does not constitute an offer, solicitation, or an invitation by or on behalf of Deutsche Bank to any person to buy or sell any security or financial instrument. Nothing in this material constitutes investment, legal, accounting or tax advice. Deutsche Bank engages in securities transactions, including on a proprietary basis, and may do so in a manner inconsistent with the views or information expressed in this material.

While information in this material has been obtained from sources believed to be reliable, neither Deutsche Bank AG nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this material and therefore any liability is expressly disclaimed. This material is provided without any obligation, whether contractual or otherwise. Information regarding past transactions or performance is not indicative of future results.

In the US this report is approved and/or distributed by Deutsche Bank Securities Inc., a member of FINRA. In Germany this information is approved and/or communicated by Deutsche Bank AG Frankfurt, licensed to carry on banking business and to provide financial services under the supervision of the European Central Bank (ECB) and the German Federal Financial Supervisory Authority (BaFin). In the United Kingdom this information is approved and/or communicated by Deutsche Bank AG, London Branch, a member of the London Stock Exchange, authorized by UK's Prudential Regulation Authority (PRA) and subject to limited regulation by the UK's Financial Conduct Authority (FCA) (under number 150018) and by the PRA. This information is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. and in Singapore by Deutsche Bank AG, Singapore Branch. In Japan this information is approved and/or distributed by Deutsche Securities Limited, Tokyo Branch. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product.

By accessing this material, you agree that its content may not be reproduced, distributed or published by any person for any purpose, in whole or part, without Deutsche Bank's prior written consent. You also agree that you shall not scrape, extract, download, upload, sell or offer for sale any of the content in this material, and you agree not to use, or cause to be used, any computerized or other manual or automated program or mechanism, tool, or process, including any scraper or spider robot, to access, extract, download, scrape, data mine, display, transmit, or publish, any of the content in this material.