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# Firms Hesitant Over Rising AI Costs After Spending Surge

## Description

Artificial intelligence (AI) is becoming more expensive, and companies are rethinking their use of this technology. Many AI firms charged low prices at first to attract customers after the success of ChatGPT. Kevin Simback from Delphi Labs calls this time "subsidized intelligence," meaning investors covered costs, allowing companies to sell AI cheaply.

Now, things are changing. Companies like OpenAI and Anthropic need to make money and aim to attract investors soon. Prices are rising, especially for AI agents. Unlike chatbots that only answer questions, AI agents can perform tasks like booking appointments and writing code. This makes them costly to operate, as one task can run many agents, leading to high charges.

For example, charges are based on tokens, the units used to bill for AI work. A single task can use many more tokens than a simple chat. Furthermore, the demand for computer chips and data centres supporting AI is causing shortages, adding to rising costs.

Some firms are now switching to free AI models or smaller, specific versions to save money. Meanwhile, companies are finding ways to do larger tasks in smaller, cheaper parts. This shows AI is becoming more like a regular product, where cost is very important.

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## Vocabulary List:

1. **subsidized** //ˈsʌb.sɪ.daɪzd// (adjective): paid for by someone else to lower cost
2. **investors** //ɪnˈvestərz// (noun): people or groups who give money for profit
3. **agents** //ˈeɪdʒənts// (noun): computer programs that do tasks for users
4. **tokens** //ˈtɒk.ənz// (noun): small units used to measure or pay for work
5. **shortages** //ˈʃɔː.tɪ.dʒɪz// (noun): times when there is not enough of something
6. **centres** //ˈsɛn.təz// (noun): large buildings that store and run computers

## Comprehension Questions

### Multiple Choice

1. What term does Kevin Simback use to describe the initial phase of low AI pricing?



- Option: Subsidized intelligence
- Option: Free intelligence
- Option: Smart pricing
- Option: Cost-effective AI

2. Which companies are mentioned as needing to attract investors soon?

- Option: Delphi Labs and OpenAI
- Option: OpenAI and Anthropic
- Option: ChatGPT and Delphi Labs
- Option: AI firms and Anthropic

3. What is one key difference between chatbots and AI agents?

- Option: Chatbots can perform tasks
- Option: AI agents cannot book appointments
- Option: AI agents can perform tasks
- Option: Chatbots are more expensive to operate

4. What do companies base their charges for AI work on?

- Option: Tasks completed
- Option: Projects delivered
- Option: Tokens used
- Option: Time spent

5. What is causing shortages that contribute to rising AI costs?

- Option: Labor costs
- Option: Data centres
- Option: Computer chips
- Option: Software updates

6. What strategy are some firms using to save money on AI?

- Option: Adopting expensive AI models
- Option: Switching to free AI models
- Option: Hiring more staff
- Option: Reducing the use of AI

### True-False

7. AI firms initially charged high prices to attract customers.



8. One task for AI can use many more tokens than a simple chat.
9. Companies are currently finding ways to do larger tasks in smaller parts to reduce costs.
10. Costs of AI are decreasing due to reduced demand for resources.
11. AI is becoming more like a regular product where cost is less important.
12. Investors covered costs during the early days of AI pricing.

### Gap-Fill

13. AI firms initially provided low prices during a phase called \_\_\_\_\_.
14. The demand for \_\_\_\_\_ is causing shortages and rising costs for AI.
15. AI agents can perform tasks like booking appointments and writing \_\_\_\_\_.
16. Some firms are now switching to free AI models or smaller, specific versions to save \_\_\_\_\_.
17. AI pricing is based on \_\_\_\_\_, the units used to bill for AI work.
18. This trend shows AI is becoming more like a regular product where \_\_\_\_\_ is very important.

### Answer

**Multiple Choice:** 1. Subsidized intelligence 2. OpenAI and Anthropic 3. AI agents can perform tasks 4. Tokens used 5. Computer chips 6. Switching to free AI models

**True-False:** 7. False 8. True 9. True 10. False 11. False 12. True

**Gap-Fill:** 13. subsidized intelligence 14. computer chips 15. code 16. money 17. tokens 18. cost

### CATEGORY

1. Business - LEVEL2

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**Date Created**

2026/05/31

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