

Tab 1

Try o3-pro in ChatGPT for \$1 (is AI a bubble?)

Will AI progress slow down? Current frontier AI models cost \$100M+ to train, but in the old scaling law pre-training paradigm this was a one-off cost that scaled well i.e. it had a low marginal cost per query. Now this paradigm has now hit diminishing returns: New models trained with ~10x more compute than GPT-4 don't wow enough to justify spending another 10x more—~\$1B—on pretraining.

And so now, we're in a new 'inference scaling paradigm'¹ AI firms scale inference by executing long internal chains of thought—then discard the scratch-pad and show the user a short answer. This takes a lot of compute. For one, OpenAI just released their latest inference model—o3-pro. While it shows modest gains over the o3 base model on reasoning, math, science and coding benchmarks,² it often takes ~10 mins per query and costs \$200 / month.

But I've found a promo code (see below) so you can trial o3-pro with ChatGPT Plus Team for just £1/\$1/€1, so you can see what all the buzz is about! How's this possible? For one, it's a one month trial with a limited number of queries for each of the 5 accounts you can set up.

More crucially, it's subsidized by VC money to inflate OpenAI's user number metrics and to prop up their ~\$500B valuation.³

Consider the ever faster increase in weekly ChatGPT users:

Feb '23: 100M⁴

Sep '24: 200M⁵ of which 11.5M paid, Enterprise: 1M⁶

Feb '25: 400M⁷ of which 15M paid⁸ / Enterprise: 2M

Mar '25: 500M of which 20M paid^{9, 10}

May '25: ~1B¹¹ / Enterprise: 3M¹²

¹ [Inference Scaling Reshapes AI Governance — Toby Ord](#)

² [o3 Turns Pro - by Zvi Mowshowitz](#)

³ [OpenAI CFO talks possibility of going public, says Musk bid isn't a distraction](#)

⁴ [ChatGPT sets record for fastest-growing user base - analyst note](#)

⁵ [OpenAI says ChatGPT's weekly users have grown to 200 million](#)

⁶ [OpenAI hits more than 1 million paid business users](#)

⁷ [OpenAI tops 400 million users despite DeepSeek's emergence](#)

⁸ [ChatGPT Subscribers Nearly Tripled to 15.5 Million in 2024](#)

⁹ [OpenAI closes \\$40 billion funding round, largest private tech deal on record](#)

¹⁰ [ChatGPT Fuels \\$300 Billion Valuation, Waymo Taps Uber, AI Wins SXSW](#)

¹¹ [ChatGPT Hits 1 Billion Users? 'Doubled In Just Weeks' Says OpenAI CEO](#)

¹² [OpenAI tops 3 million paying business users, launches new features for workplace](#)

You can see that they converted 11.5M out of the first 200M users but only got 3.5M users out of the more recent 200M to pay for ChatGPT. Your \$1 trial adds another five **paying** enterprise customers to these numbers. And if you use o3 a lot, you also add to the \$15B in (mostly compute) costs OpenAI burns through every year—subsidized by VC money.¹³

Is that realistic? Only ~350M iPhone users from richer countries have downloaded the ChatGPT iOS app¹⁴ and many of the other 650M come from poorer countries, where many use ChatGPT via WhatsApp¹⁵ or even flip phones,¹⁶ and they won't pay \$20/month (e.g. in 2024, user numbers tripled in India, which is now OpenAI's second largest market¹⁷). Some create multiple free accounts to get around rate limits messages and image generation (e.g. turning photos into anime), which props up user numbers further.^{18,19} OpenAI incentivizes this: phone numbers or email addresses are no longer required during sign up²⁰ (ChatGPT search requires no sign up at all now).²¹

Now OpenAI can claim:

1. they have **1 billion** users
2. are the fastest growing company **ever**
3. If they time the subsidized user push right their model of *expected annual recurring revenue to \$12B in 2025 is possible*^{22, 23} up from the hard metric of annual revenue of \$3.8B in 2024²⁴ They expect **\$174B in revenue and 3B users by 2030**²⁵

While OpenAI uses the standard playbook to boost its valuation (Uber took years to become profitable and FB and Coinbase²⁶ etc.²⁷ inflated user numbers; [even GoJo does it in a subplot in Succession](#)), AI stocks could crash.²⁸ Manifold users deem this realistic²⁹ and indeed, the market

¹³ [OpenAI closes \\$40 billion funding round, largest private tech deal on record](#)

¹⁴ [ChatGPT's mobile users are 85% male, report says](#)

¹⁵ [ChatGPT is now available on WhatsApp, calls: How to access](#)

¹⁶ [Google Trends 'ChatGPT'](#)

¹⁷ [India now OpenAI's second largest market, Altman says | Reuters](#)

¹⁸ [Anyone else have multiple accounts r/ChatGPT](#)

¹⁹ [How to Bypass ChatGPT Usage Limitations](#)

²⁰ [OpenAI tests phone number-only ChatGPT signups](#)

²¹ [ChatGPT drops its sign-in requirement for search](#)

²² [OpenAI expects subscription revenue to nearly double to \\$10bn](#)

²³ [OpenAI CFO Sarah Friar: \\$11 billion in revenue is 'definitely in the realm of possibility' this year](#)

²⁴ [OpenAI sees roughly \\$5 billion loss this year on \\$3.7 billion in revenue](#)

²⁵ [OpenAI revenue, growth rate & funding](#)

²⁶ [Roblox: Inflated Key Metrics For Wall Street And A Pedophile Hellscape For Kids – Hindenburg Research](#)

²⁷ [Claude DeepResearch on Strategic metric presentation in corporate America](#)

²⁸ [AI stocks could crash - Benjamin Todd](#)

²⁹ [Manifold Market on OpenAI 2025 revenue](#)

expects AI to create trillions of value by 2027.³⁰ Meanwhile hundreds of OpenAI's current and ex-employees sold their stock.³¹

To get \$10B/y in revenue, you need to:

1. Sell 1-10*\$1-10B/y government contracts: one or a handful of 'country-scale' contracts (e.g., national cloud, health-care backbone, defense; e.g. like Lockheed). So far OpenAI has only smaller contracts (e.g. a \$200M DoD contract).³²
2. Sell 4M * ~\$2.5k/y o3 pro-seats (High-value per-seat licenses to professionals (think design, data, or dev tooling).
3. Sell 40M * ~\$250/y ChatGPT subscriptions - they are far off and want to double prices to \$44 a month by 2029.³³

This seems unrealistic. The precedent of the fast growing social media winner-take-all industry had much stronger network effects that 'lock in' users longterm. LLMs will be commoditized like public utilities³⁴ where users, and especially enterprise customers, will switch if a better/cheaper LLM comes out.³⁵ And indeed, because recent AI progress has hit diminishing returns, there are now many frontier models that are of similar quality for most many use cases - many people use LLMs merely as a writing assistant ³⁶ (e.g. Gemini, ChatGPT, Claude, Grok, LLAMA, DeepSeek, etc.) and there's tough competition driving down profits.

And so, AI could be a bubble, which has implications for forecasting the progress of AI. Given that inference scaling is very costly, it's even less clear how to break even for models that use 100x more compute that are predicted to emerge by 2027.³⁷

But I digressed, here's the [Promo code](#) (DON'T FORGET TO CANCEL YOUR TRIAL WITHIN THE TRIAL PERIOD UNDER THIS LINK AFTER YOU SIGN UP IF YOU DON'T WANT TO PAY \$30 PER SEAT). (tip: if you want to add more seats and you own bob@gmail.com, you also own b.ob@gmail.com, b.o.b@gmail.com, etc.)

³⁰ [The market expects AI software to create trillions of dollars of value by 2027](#)

³¹ [Hundreds of OpenAI's current and ex-employees are about to get a huge payday by cashing out up to \\$10 million each in a private stock sale](#)

³² [OpenAI wins \\$200M US defense contract](#)

³³ [OpenAI might raise the price of ChatGPT to \\$44 by 2029](#)

³⁴ [Andrej Karpathy: Software Is Changing \(Again\)](#)

³⁵ [Satya Nadella – Microsoft's AGI Plan & Quantum Breakthrough](#)

³⁶ [The Widespread Adoption of Large Language Model-Assisted Writing Across Society](#)

³⁷ [How Many AI Models Will Exceed Compute Thresholds? | Epoch AI](#)

notes

Circular Financing: Does Nvidia's \$110B Bet Echo the Telecom Bubble? | Hacker News

<https://news.ycombinator.com/item?id=45473033>

<https://www.nytimes.com/interactive/2025/10/31/technology/openai-fundraising-deals.html>

How Nvidia and OpenAI Fuel the AI Money Machine

Hardware or Software Investment Services Venture Capital
Circles sized by market value

