

A Barrel of Intelligence for \$0.50: What It Means for Your Budget

MANAGEMENT SUMMARY & CORE TAKEAWAY

Token prices are collapsing: Chinese models sell a barrel of intelligence (1m tokens) for \$0.50, Anthropic charges \$56. But token cost is only 10–30% of true project cost. Capture the decline through model routing and AI outsourcing – without mistaking cheap tokens for free AI.

CONTEXT & EXECUTIVE RELEVANCE

Chamath Palihapitiya coined the 'barrel of intelligence': one barrel equals one million tokens. Anthropic's latest model costs about \$56, Chinese models roughly \$0.50 – a factor of 112. In between: OpenAI (~\$26), xAI (~\$1), Meta (~\$1.50), Google (~\$1).

The trend is broad-based: Stanford HAI documents a drop from about \$20 per million tokens (Nov 2022) to \$0.07 (Oct 2024) for GPT-3.5-class capability – roughly 280x in two years. a16z reports a 1000x decline over three years for GPT-3-equivalent quality; Epoch AI estimates a median 50x per year, and about 200x per year since January 2024.

COMPARISON & BENCHMARK MATRIX

Token/model costs	10–30% of total cost – still falling
Integration & operations	Often 2–4× build costs over 24 months
Compliance (revDSG)	DPIA CHF 5,000–15,000 one-off
Data protection advisory	CHF 8,000–20,000 per year

SWISS COMPLIANCE & ARCHITECTURE GUIDELINES

- ☑ Full compliance with revised Swiss Data Protection Act (revDSG).
- ☑ Zero vendor lock-in on closed proprietary models.
- ☑ Seamless integration into Abacus, Bexio and M365 ecosystems.

Non-Binding Process Analysis

Let us review in 20 minutes where AI agents create immediate measurable efficiency in your workflows.

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