

BRIEFING NO. 2

Why is ChatGPT free?

Nobody runs a building full of supercomputers for charity. Here's the actual deal.



It's a fair question. Roughly 800 million people use ChatGPT every week, and most of them have never paid a dime. Meanwhile, answering all those questions takes some of the most expensive computing hardware ever built, running around the clock, in data centers that cost billions. Somebody is paying for that.

The answer is the same one behind most free things on the internet: you're not paying with money. You're paying with something else. With free AI, it's three somethings.

1. Your conversations teach their models

The consumer versions of the big AI tools may use what you type to train their future models. The setting that governs this usually arrives switched *on*, in a menu most people never open. Turning it on can also change how long your conversations are kept — with one major vendor, from 30 days to five years. Nothing sneaky about it: it's all in the terms. It's just that nobody reads the terms.

2. Your conversations target ads

As of this January, OpenAI shows ads to its free and entry-tier users — matched to the topic of your conversation and your chat history, the same way social media ads work. Google has confirmed ads are coming to Gemini. The more the tool knows about what you're working on, the more those ads are worth.

3. The meter sells the upgrade

Free tiers are metered: slower models, capped messages, a busy signal at the hours you most want to work. That friction isn't an accident — it's the sales pitch for the paid tier. The free product's job is to make you want the paid one.

“So why's it free?” Because your conversations are the payment — they train their models on them, and now they'll sell ads against them.

To be clear: none of this is a scandal, and none of it is illegal. These are genuinely useful tools, built by companies that need to pay for them somehow. The deal just deserves to be understood before you take it — the same as any other deal.

Three habits worth having

Find your training toggle. Whatever AI tool you use, the setting is in there — usually under “data controls” or “privacy.” Five minutes, once. Decide on purpose instead of by default.

Think before you paste. Vacation ideas and recipe questions are fine anywhere. Your company's financials in a free personal account is a different kind of decision. Sorting one from the other is a big enough topic that it gets its own briefing — watch for it.

Know what kind of account you're on. Paid business accounts generally come with a written contract about training and data use. Free personal accounts generally don't. If you're doing company work, that difference matters more than the monthly fee.

The tools are good. Use them with your eyes open — that's the whole trick.

Want to learn more about keeping your data private? Email PrivateAI@sterling.net