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# Who Owns AI? The Companies Behind the Tools

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**Includes:** Student reading, case study, differentiated questions, teacher key

Name: Period: Date:

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### Why Ownership Matters

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# Who Owns AI? The Companies Behind the Tools

### Why Ownership Matters

When you use a free app on your phone, you are the product. When you use an AI tool, the situation is more complicated, and more consequential. Understanding who owns the AI tools you use, what business model supports them, who funds the companies behind them, and what happens to the data you generate by using them is not optional background knowledge. It is essential for making informed decisions about when to use these tools, what information to share with them, and how much to trust their outputs. Power in the AI industry is concentrated in a very small number of companies, and that concentration has implications for everyone who uses these tools, which is now most of the world. This reading examines the major players in the AI industry, how they make money (or plan to), the role of investors and governments, and what questions you should ask about any AI tool before trusting it with your data or your decisions. This is not an argument that all AI companies are bad actors. It is an argument that informed use requires understanding whose interests are served by the tools you are using.

### The Big Players and Their Business Models

OpenAI, maker of ChatGPT, began as a nonprofit research organization in 2015 with the stated mission of ensuring that artificial general intelligence benefits all of humanity. In 2019, it restructured into a 'capped profit' hybrid, allowing it to accept commercial investment while theoretically limiting profit extraction. This structure was controversial from the start, and by 2024 and 2025, OpenAI was in the process of converting to a more conventional for-profit structure. Its revenue comes primarily from ChatGPT subscriptions, enterprise licensing, and API access for developers. Microsoft has invested approximately $13 billion in the company and integrates its models into products used by hundreds of millions of people. Google,

through its DeepMind research lab and the teams building Gemini, is both one of the world's leading AI research organizations and a company with a specific business vulnerability: its search advertising business, which generates most of its revenue, could be disrupted by AI tools that answer questions directly rather than sending users to websites where they see ads. Google is therefore simultaneously one of the most capable AI organizations in the world and one of the most conflicted: it benefits from advancing AI and is threatened by the same advances. This tension has shaped Google's cautious public-facing AI rollout strategy. Anthropic, the maker of Claude, was founded with explicit AI safety commitments. It is structured as a public benefit corporation, a legal form that requires it to consider its social mission alongside profit. Anthropic has received significant investment from Amazon (over $4 billion as of 2024) as well as from Google. The company publishes safety research and has committed to not racing ahead of what it believes can be deployed safely. Meta, which makes open-source AI models including the Llama family, has a different model: it releases its AI systems publicly, making them available to any developer. This approach has competitive benefits for Meta (it commoditizes AI, reducing OpenAI's advantage) but also raises safety concerns because open-source models are harder to restrict once released.

**Where the Money Comes From, and What It Expects**

The amount of capital flowing into AI is difficult to comprehend. OpenAI raised a $10 billion funding round in 2023. Anthropic raised over $7 billion by 2024. Microsoft committed $80 billion to AI infrastructure in 2025 alone. The scale of this investment means these companies have investors who expect returns (large, outsized returns), and that expectation shapes every product, research, and safety decision. Companies that accept billions in venture capital and corporate investment are not free to conclude that their technology should be deployed more slowly or that certain applications should not be pursued. The financial structure matters. Most AI companies are currently spending more money than they earn: they are not profitable. OpenAI was reported to be losing approximately $5 billion per year in 2024, even with substantial revenue, because the cost of training and running large models is enormous. These companies are betting that future capabilities will create dominant market positions worth trillions of dollars. This is similar to how Amazon spent years losing money to build the infrastructure that eventually generated

extraordinary returns. Whether this bet pays off, and who benefits when it does, are open questions.

**Your Data and How It Gets Used**

Every interaction you have with an AI tool generates data that the company may use in various ways. Depending on the service, your conversations may be logged, reviewed by human employees, and used to improve future models. Most AI services allow you to turn off training data collection in settings — but you have to know to do this and actively choose to opt out. If you are using a free tier of any AI service, the economic reality is that your data is part of what you are trading for access. This matters for several practical reasons. If you share personal information, medical questions, or confidential work details in an AI chat, that information may be logged and reviewed. Several high-profile data incidents have occurred when companies accidentally exposed user conversation logs. Students using school-licensed AI tools should understand their institution's data agreement with the AI provider — not all school licenses include the same privacy protections. The general rule is to treat AI chat windows the way you would treat any digital communication: do not share anything you would not want to have recorded.

**Open Source vs. Closed Source AI**

One of the most significant debates in AI is between open-source and closed-source development. Closed-source models — like GPT-4 and Claude — are proprietary. The model weights (the learned parameters) are not released to the public. This means only the company can run and update the model, giving it complete control over how it is used and what it generates. Open-source models — like Meta's Llama family and several academic models — release the model weights publicly, allowing anyone to download, run, and modify them. Open source has significant advantages: researchers can study how models work, find vulnerabilities, and build applications without paying per API call. Developing countries and smaller organizations can access capable AI without depending on a few large corporations. But open source also means that safety guardrails built into a model by its creators can be removed by anyone who downloads it. Jailbroken versions of open-source models circulate online, and there is no way for the original developers to push updates or remove dangerous capabilities once a model is released. The open-source versus closed-source debate is one of the most important policy questions in AI today.

**Key Information: AI Company Landscape**

| Company | Key Facts |
|---|---|
| OpenAI (ChatGPT) | Founded 2015 as nonprofit; converted to capped-profit; Microsoft partner; ~$13B investment |
| Google (Gemini) | Leading AI research; conflicted by search business threat; owns transformer architecture origins |
| Anthropic (Claude) | Public benefit corporation; safety focus; Amazon + Google investment; Constitutional AI |
| Meta (Llama) | Open-source AI strategy; Llama models publicly released; commoditizes competition |
| Microsoft (Copilot) | ~$80B AI infrastructure investment (2025); OpenAI partner; integrates AI in all products |
| Data usage | Free tier users' conversations may be logged and used for model training |
| Profitability | Most frontier AI companies currently spend more than they earn |
| Open vs. closed source | Open: publicly available, modifiable; Closed: proprietary, controlled, not releasable |

**Case Study: The School Contract Question**

**The Riverside Unified School District is considering signing a contract with an AI company to provide an AI tutoring assistant for all students. The assistant will help with writing, math, and science questions. The district's IT director, Mr. Okonkwo, is reviewing the contract terms. He notices that the company's data policy states that student conversation logs will be 'stored securely and may be used to improve our models.' A parent on the school board asks: 'Does that mean our kids' homework questions become training data for this company's AI?' Mr. Okonkwo checks the contract again. He does not see a provision explicitly prohibiting training on student data. 'We need to negotiate this before we sign,' he says. 'If students' conversations about struggling with algebra become part of this company's commercial training dataset, that raises questions about privacy and also about who benefits from that data.'**

1. Based on the reading's section on data usage, explain why Mr. Okonkwo's concern is legitimate. What does the reading say about how AI companies typically handle user data on free or subsidized tiers?

2. The parent's question — 'Does that mean our kids' homework questions become training data?' — reflects an understanding of how AI companies make money. Based on the reading, explain the economic logic that would make student conversation data valuable to an AI company.

**Multiple Choice**

1. According to the reading, what business model tension does Google face in the AI era?

a) Google is required by EU regulation to open-source all of its AI models

b) AI tools that answer questions directly could disrupt Google's search advertising revenue

c) Google's AI models are less capable than competitors because of safety restrictions

d) Google spends significantly more money on AI research than other companies, reducing margins

2. What is a key safety concern with open-source AI models according to the reading?

a) Safety guardrails can be removed by anyone who downloads an open-source model

b) Open-source models can only reliably be run on expensive specialized hardware

c) Open-source models cannot be updated after initial release by anyone

d) Open-source models are less capable than closed-source models

3. What does the reading say is the general rule for what information to share in AI chat windows?

a) Share only school-related content and never personal or health information

b) Share freely since AI companies are legally prohibited from using your data

c) Only share information you would be comfortable having recorded

d) Avoid all AI tools entirely since no privacy protections exist for users

**Matching**

Write the letter of the correct definition on the line next to each term.

| Term | Definition |
|---|---|
| 1. ___ Open Source AI | A) Proprietary AI models whose parameters are controlled and not released publicly |
| 2. ___ Closed Source AI | B) AI models whose weights are released publicly for anyone to download and modify |
| 3. ___ Public Benefit Corporation | C) A hybrid structure allowing commercial investment while theoretically limiting investor returns |
| 4. ___ API | D) A legal business structure that requires balancing profit with social mission |
| 5. ___ Capped Profit | E) An interface allowing developers to access AI models programmatically in their software |

**Fill-in-the-Blank**

1. Microsoft committed approximately $80 _____ to AI infrastructure investment in 2025 alone, reflecting the extraordinary scale of capital flowing into the AI industry.

2. Anthropic is structured as a public _____ corporation, a legal form requiring it to balance profit with its social mission of AI safety.

3. Meta releases its model _____ publicly, meaning the learned parameters themselves, so that any developer can download, run, and modify the AI system.

**Short Answer**

Answer each question in 2-4 complete sentences.

1. The reading says most frontier AI companies are currently losing money. Why are investors still willing to provide billions of dollars in funding, and what does this financial structure mean for the decisions these companies make?

2. Explain the tradeoffs between open-source and closed-source AI models. If you were advising a government on AI policy, which approach would you support for which use cases, and why?

3. The reading argues that informed use of AI requires understanding whose interests are served by the tools you are using. Using what you have learned about at least two AI companies, explain how their business models or ownership structures might influence the AI tools they build and how those tools behave.