The Five-Year AI Question

A one-page brief for the companion calculator — what your AI actually costs when you stop looking at month one.

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Nobody decides to rent AI forever. It happens one renewal at a time — a few seats, easy to expense. Then the power users multiply, per-seat creeps toward per-token, and the bill quietly starts indexing to your headcount. Month one is the number that lands in the budget meeting. It is also the least useful number for deciding anything.

> **The criterion:** run the comparison over the asset's life, not a single month — and put back the lines the vendor leaves off the demo price. Renting is an operating expense that never ends and never builds anything. Buying is a capital expense: one machine, owned outright, depreciated like any other asset, the same whether ten people lean on it or two hundred.

WHAT THE CALCULATOR DOES

You fill in the yellow cells — your seats, your usage, your seat price — and it returns *your* five-year figure, built from published rates you can change. The defaults are a deliberately conservative 50-person example: the seat-license floor, mid-range API rates, and the compliance lines left at zero so you enter your own. Even at that floor, owning wins before year three is out. Finance-grade levers — residual value, a discount rate for your cost of capital, and a line for any cloud you keep — are built in, and default to the plain cash view. Past ~200 users it scales by capacity, adding a box per 200 — so the owned line steps up gradually, never per seat.

THE LINES VENDORS LEAVE OFF

- **BAA / compliance tier.** A signed Business Associate Agreement often forces a higher per-seat plan than the one on the pricing page.
- **PHI-egress & dedicated capacity.** Letting regulated data touch a hosted model can carry data-residency or dedicated-instance surcharges.
- **SaaS inflation.** Subscription prices have climbed ~12% a year — several times general inflation. The bill ratchets; the box doesn't.

THE CONSERVATIVE 50-PERSON EXAMPLE

FIVE-YEAR TOTAL COST OF OWNERSHIP	
Cloud — rent (50 seats, seat floor)	**~$136,650**
Owned — FactoryOS box ($50K + power)	**$50,875**
You keep by owning, over 5 years	**~$85,800**
The box pays for itself in	**~26 months**

Conservative on purpose: the $30/seat floor and zero compliance lines. Move the seat price toward $60 (ChatGPT Enterprise) or enter a real BAA uplift and the gap widens fast — payback drops toward a year. Lower, genuinely light usage narrows it; the model will show that honestly too.

HOW TO USE IT

Open the spreadsheet, type your numbers into the yellow cells on the **Calculator** tab, and read **The Headline** at the bottom; assumptions and sources are on the second tab. Nothing leaves your computer — the point of the owned option it models, FactoryOS by Comptrio.

THE HONEST CAVEAT

This isn't a case for zero cloud. Frontier models still win the hardest ~10% of tasks, so most owned setups keep a little cloud for exactly that — and the calculator has a line for it. The point isn't to never rent — it's to stop renting the everyday 90% at a price that tracks your own growth. The five-year window shows it plainly: owning wins before year three is out, and years four and five just widen the gap.

And price is only one axis. Even on the rare light-usage profile where renting comes out cheaper, your prompts and client files still sit on a vendor's servers — commonly retained to train their models — which rules cloud out of HIPAA-bound and client-sensitive work at any price. Owning is the only option that keeps the data on your own machine.

Not tax advice: both renting and owning are generally deductible, but the box is a capital asset that may qualify for Section 179 or bonus depreciation — a timing advantage this model doesn't try to compute. Check with your accountant.

Sources: Comptrio, *What Does Cloud AI Actually Cost Per Year* & *CAPEX Versus OPEX for AI* (comptrio.com) · Microsoft 365 Copilot pricing ($30/user/mo) · Vertice *SaaS Inflation Index* (~12%/yr) · Reuters, Microsoft business price increase, Dec 2025 · Flexera *2025 State of the Cloud Report* (84% of organizations struggle to manage cloud spend).

— Shawn Snarski · FactoryOS by Comptrio · your data stays on your machine. · comptrio.com