



Developments in Artificial Intelligence Markets

New Indicators based on Model Characteristics, Prices and Providers

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Outline of the presentation

- ❑ Motivations
- ❑ Overview of the AI value chain
- ❑ AI model supply
 - ✓ Developers and models
 - ✓ The AI economic frontier
 - ✓ Price developments
- ❑ Access to AI models through the cloud
- ❑ AI downstream applications
- ❑ Concluding remarks

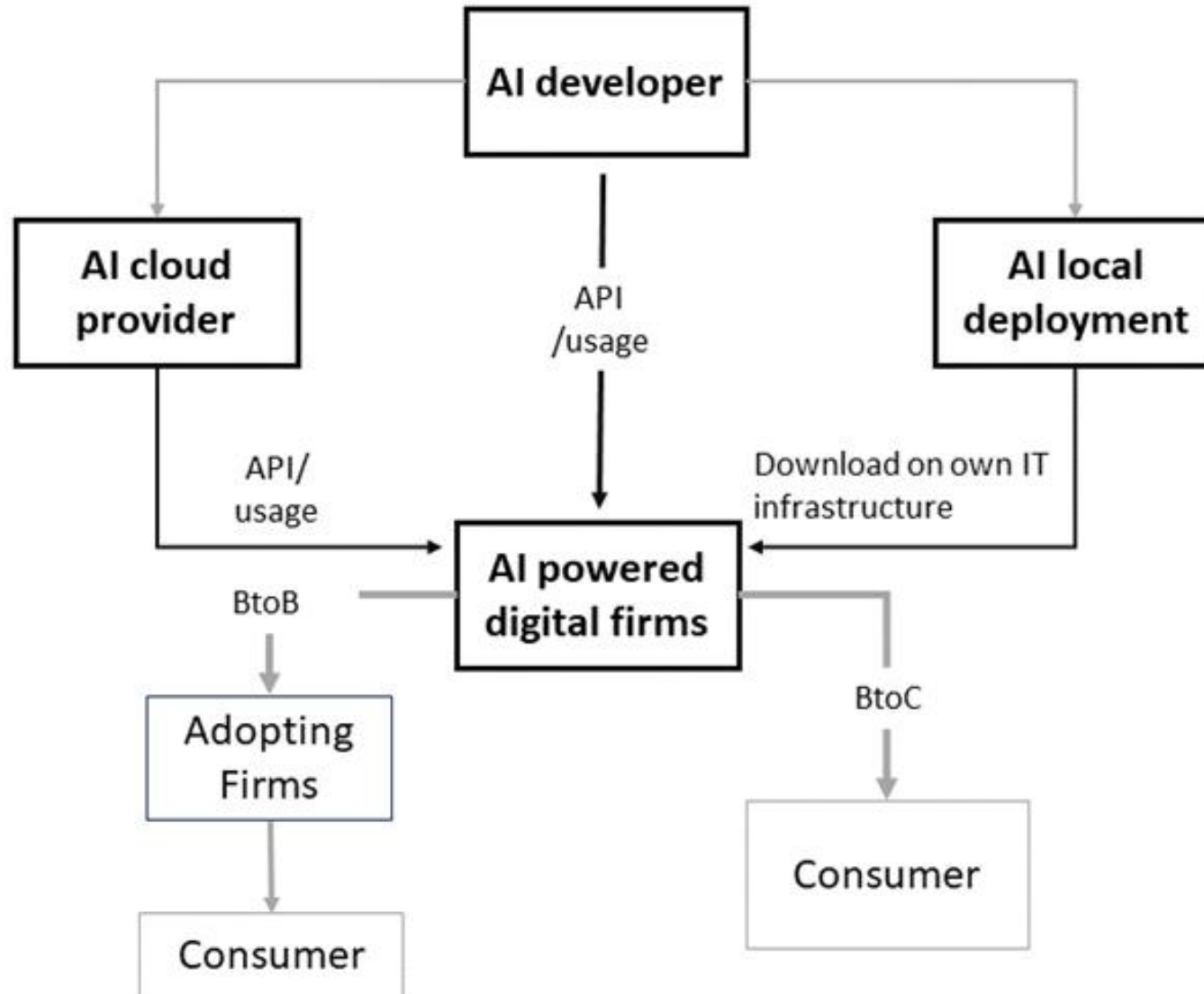


Motivations

- ❑ Artificial intelligence (AI) is widely expected to raise productivity across the economy (Filippucci et al., 2024, 2026; Aghion and Bunel, 2024), although estimates vary significantly between more pessimistic and optimistic views (Acemoglu, 2024 vs. Baily, Brynjolfsson and Korinek, 2023)
- ❑ Gains from AI will be stronger if markets remain open, innovative and contestable across the entire AI value chain
- ❑ Market power of gatekeepers in (traditional) digital markets. Ex-post competition policy is generally unable to address competition issues once positions become entrenched (Nicoletti, Vitale and Abate, 2023)
- ❑ The structure of AI markets creates significant risks for competition:
 - ✓ Access to critical inputs (compute, data and skills)
 - ✓ Powerful digital incumbents
 - ✓ Partnerships between key players



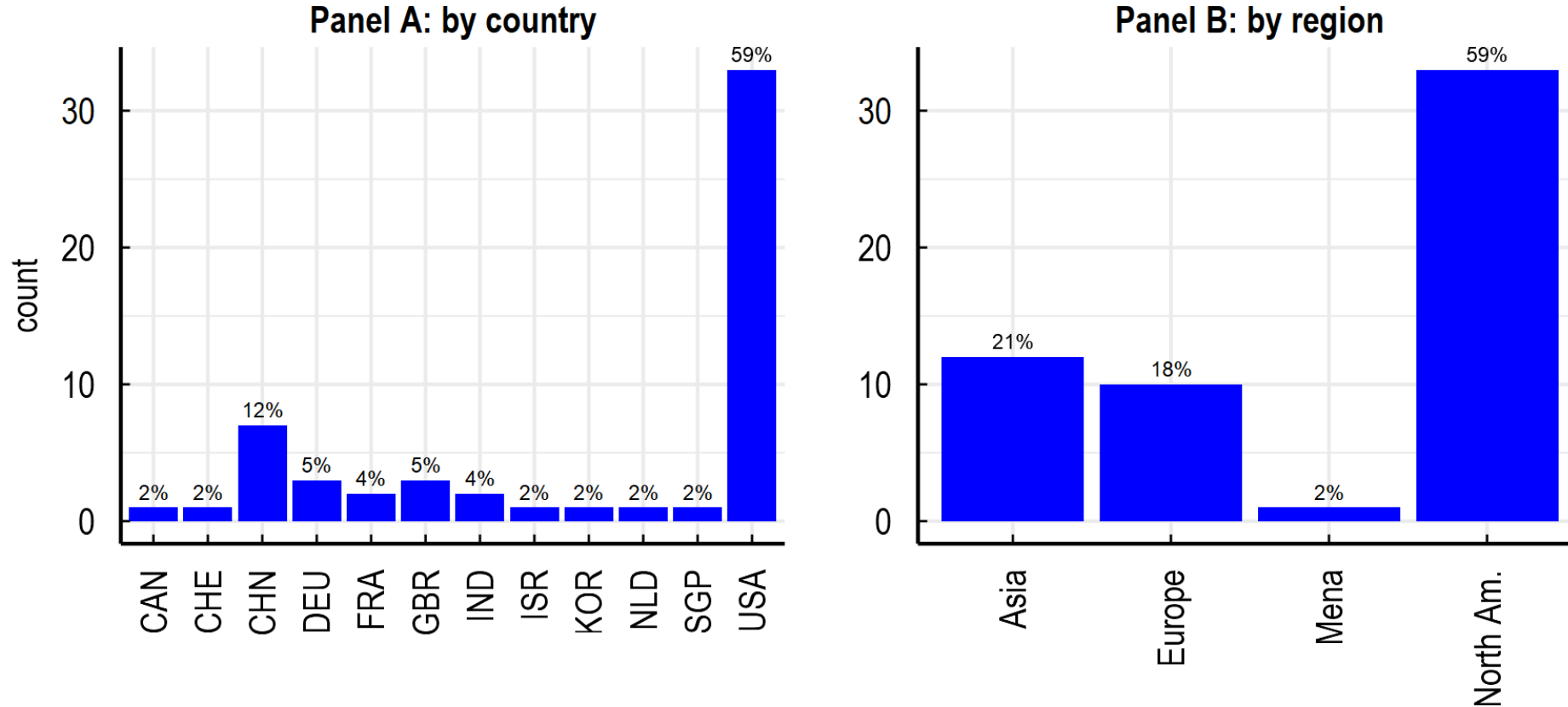
A simple value chain of AI





AI offer from the cloud

The distribution of AI cloud providers included in the sample, January 2025

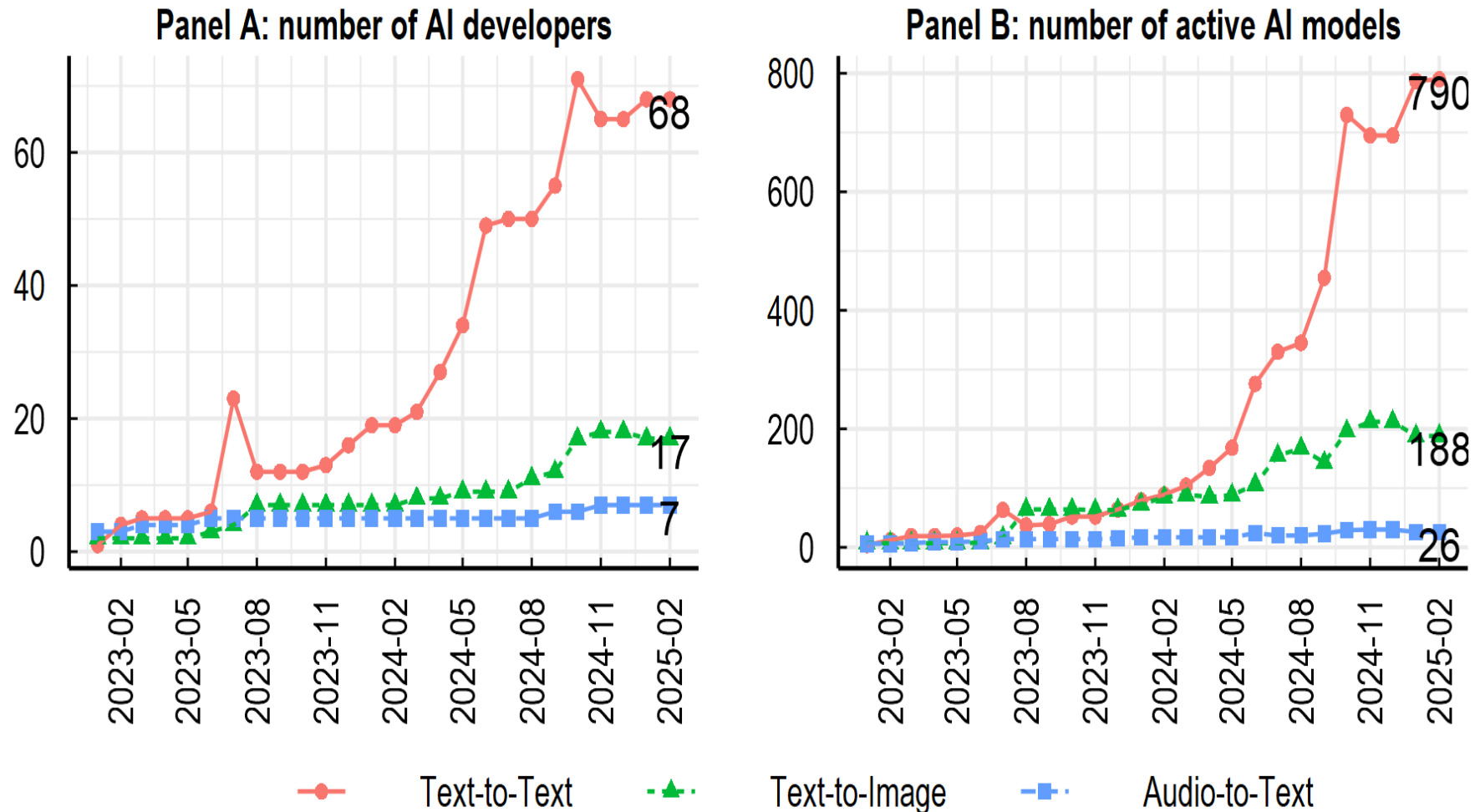


Note: Country of origin denotes the country of the cloud provider. The figures show the number of cloud providers (y-axis) and the proportion (number on top of the bars) for cloud providers with publicly available pricing webpages of AI-as-a-Service (AI accessible from the cloud) identified during the period January 2023 - January 2025 and accessible from the United States and Europe. Offers by these cloud providers constitute our database in terms of model price, quality and other characteristics.

Source: authors' calculations.



The rise of AI supply



Note: Developers refer to companies that train and optimise the AI models (e.g. OpenAI, Anthropic, Google...).

Source: authors' calculations using data from Artificial Analysis.

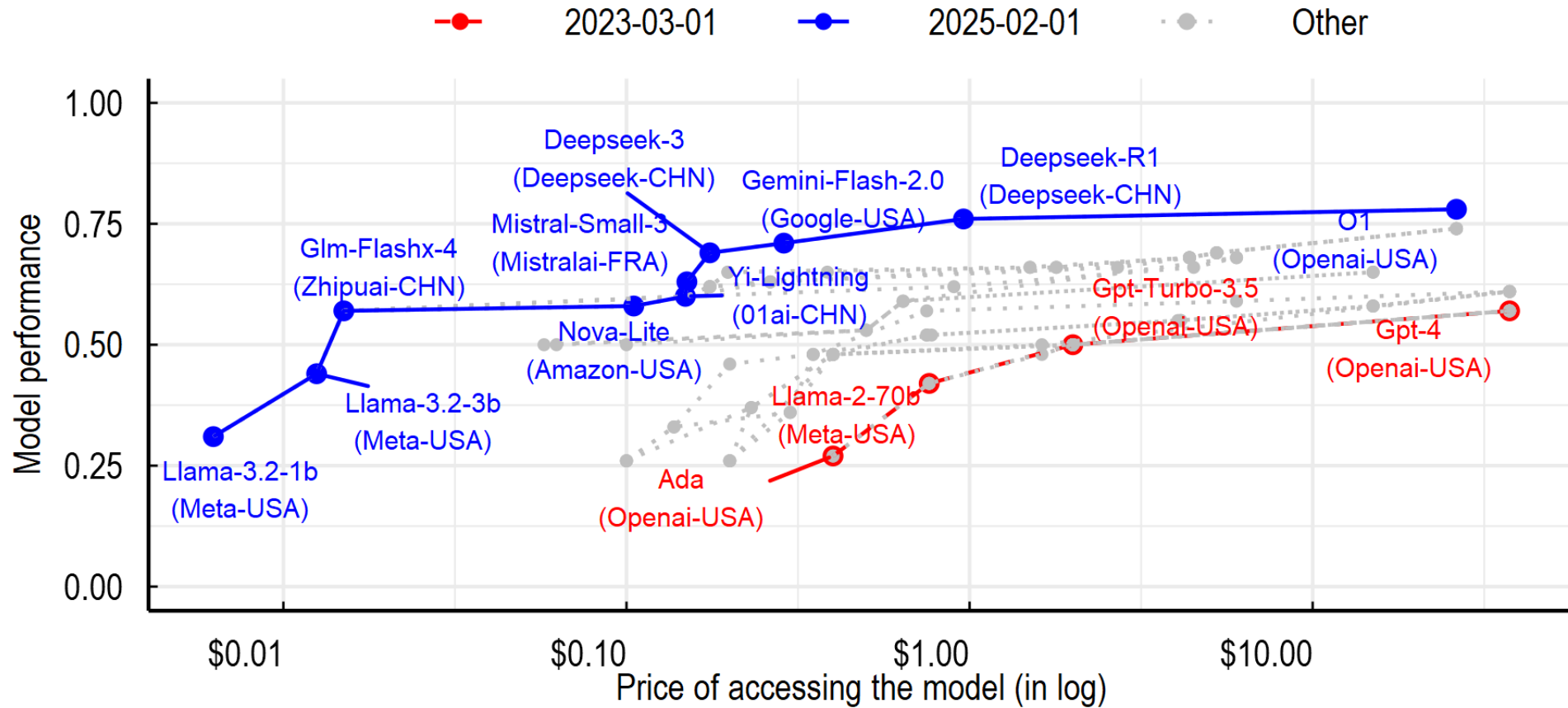


Open source

- ❑ Most of the top-performing models are proprietary, but many developers also provide excellent open-weights models (e.g. Deepseek, Z.ai, Nvidia, Meta, Mistral, Google, OpenAI)
- ❑ Why do for-profit companies contribute to open source?
 - ✓ Sales of complementary services and products
 - ✓ Benefits in a complementary market segment
 - ✓ Wider diffusion, improvements through user feedback
 - ✓ Signaling transparency – public relations and marketing tool
 - ✓ Setting of standards
- ❑ The benefits of open source in AI markets
 - ✓ Most actors in AI contribute to and benefit from open source
 - ✓ Positive effects on competition and innovation
 - ✓ Favours ecosystem growth and diffusion
- ❑ The use of open-source AI models remains relatively low, given their performances and prices (Nagle and Yue, 2025)



The AI Economic Frontier

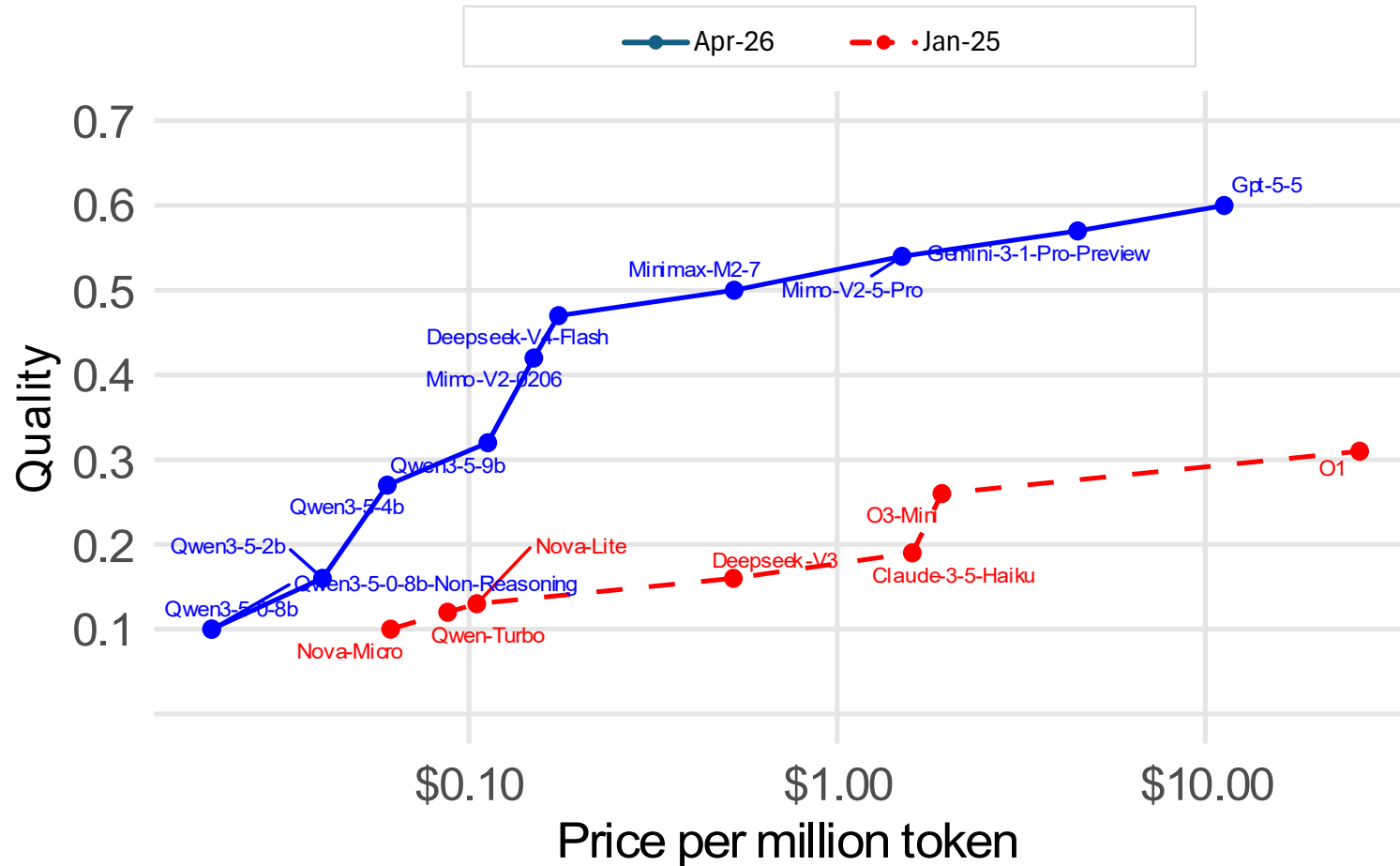


Note: Performance refers to the “Artificial Analysis Intelligence index” from Artificial Analysis. It is defined by a normalised weighted index of performance based on common industry benchmarks. For more details about the methodology, including performance and price measurement, see Section 2.2 and Annex B and C in André et al. 2025 and the documentation of Artificial Analysis.

Source: authors’ calculations using data from Artificial Analysis.



The AI Economic Frontier (April 2026 update)

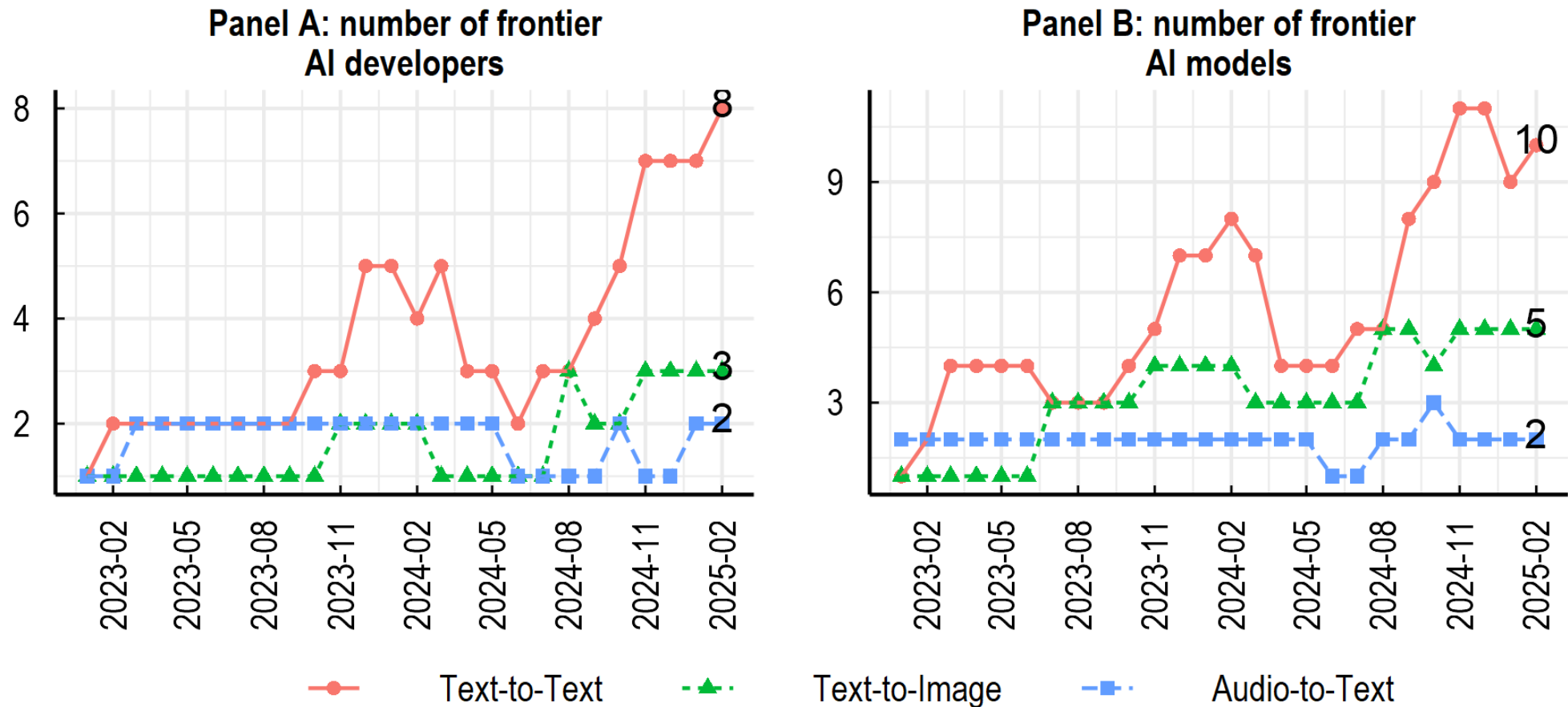


Note: Quality is defined by a normalised weighted index of model performance based on common benchmarks of the industry. Each dot represents the model with the lowest price for a given quality among text-to-text models available each month. Prices are measured on a per-token basis through application programming interface – API – access through the cloud. For details about the quality index, see <https://artificialanalysis.ai/methodology> and André et al. (2025).

Source: authors' calculations using data from Artificial Analysis.



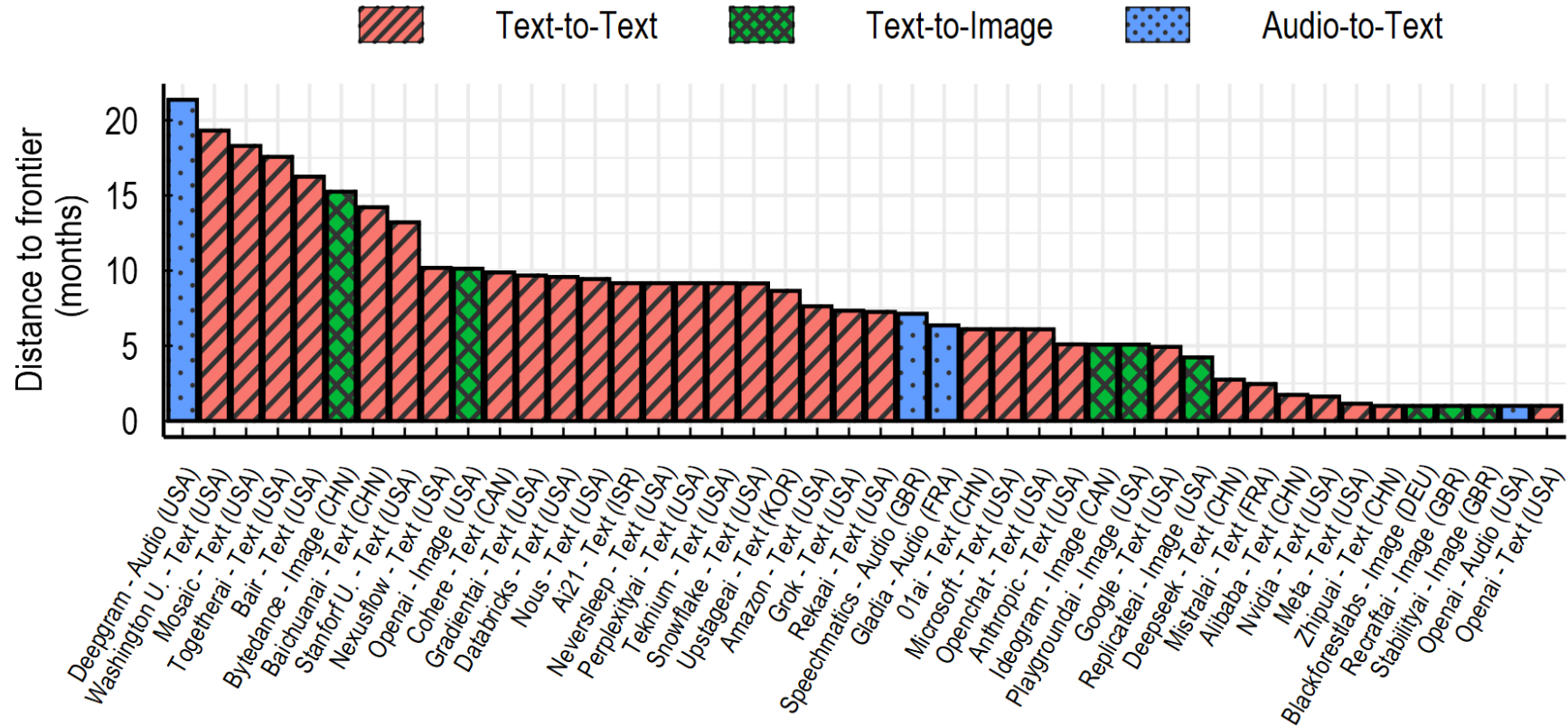
Number of AI players at the frontier



Note: The figure displays the number of AI developers and models at the AI Economic Frontier for each month during the period as defined in Annex B and C. Source: authors' calculations.



Main followers' distance to the frontier

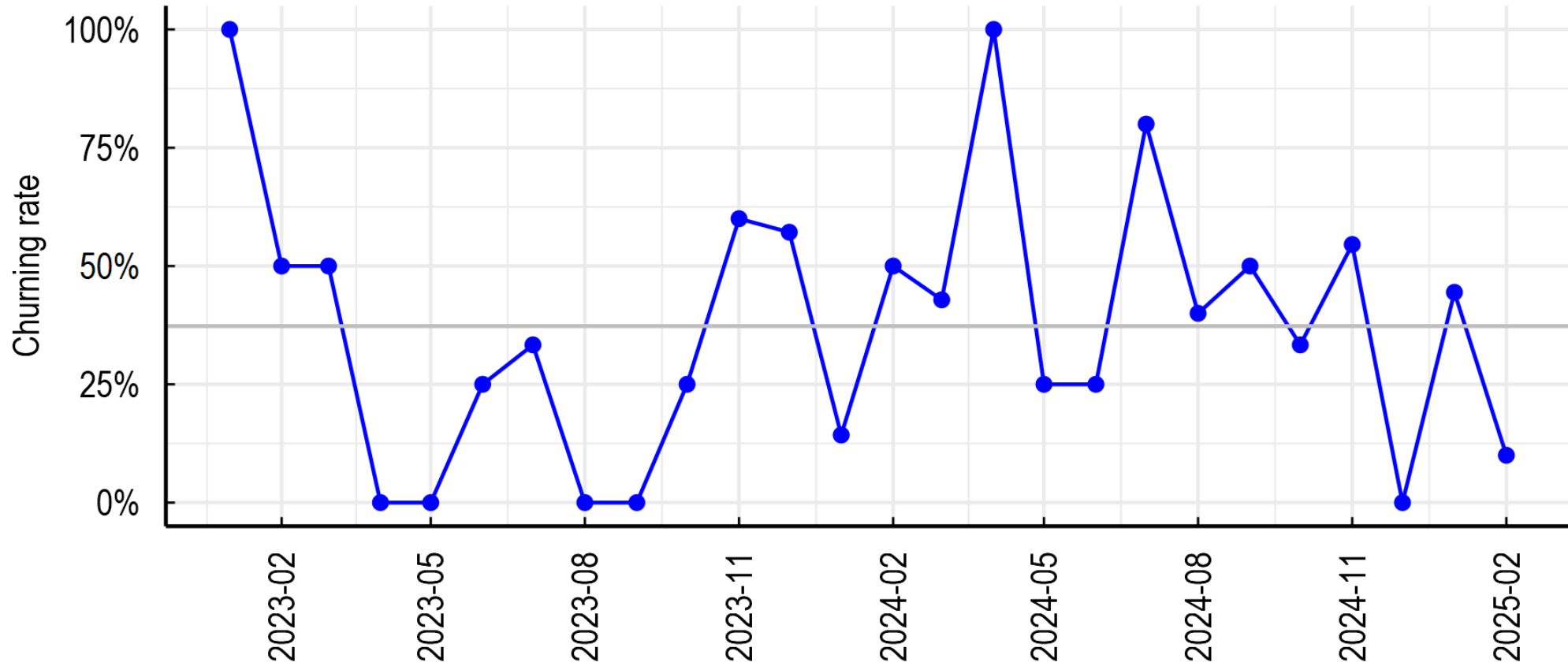


Note: The figure shows the distance to the frontier of the best model of each of the AI-developing companies by modality in January 2025. The distance to the frontier corresponds to the number of months necessary for an active model to be at the AI Economic Frontier. For example, a distance to the frontier of 3 months in February 2025 means that the current best model would have been at the frontier in November 2024.

Source: authors' calculations.



Churn at the frontier

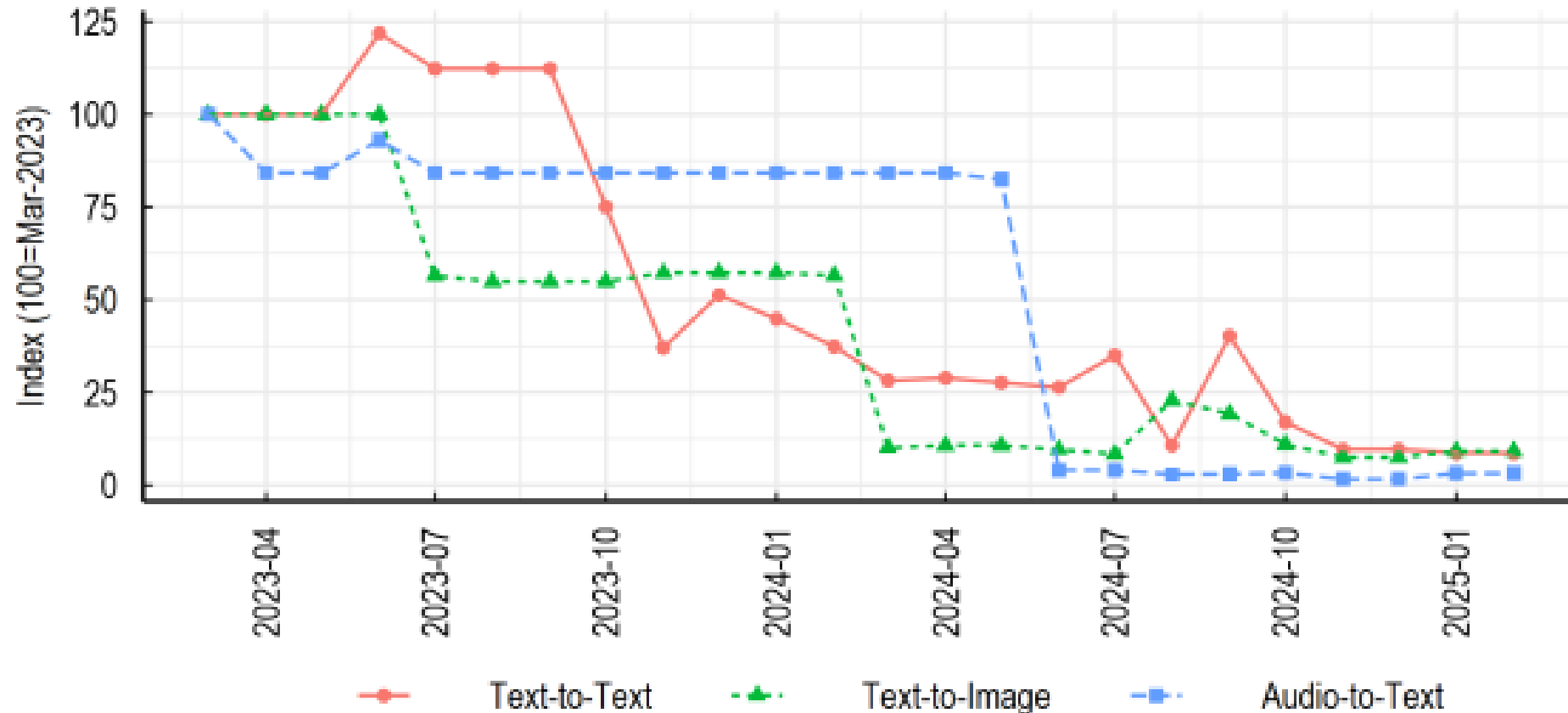


Note: The churning rate at the frontier is computed as the proportion of models at the frontier at time $t-1$ that are not at the frontier at time t . The grey line represents the average during the period.

Source: authors' calculations.



Quality-adjusted AI prices

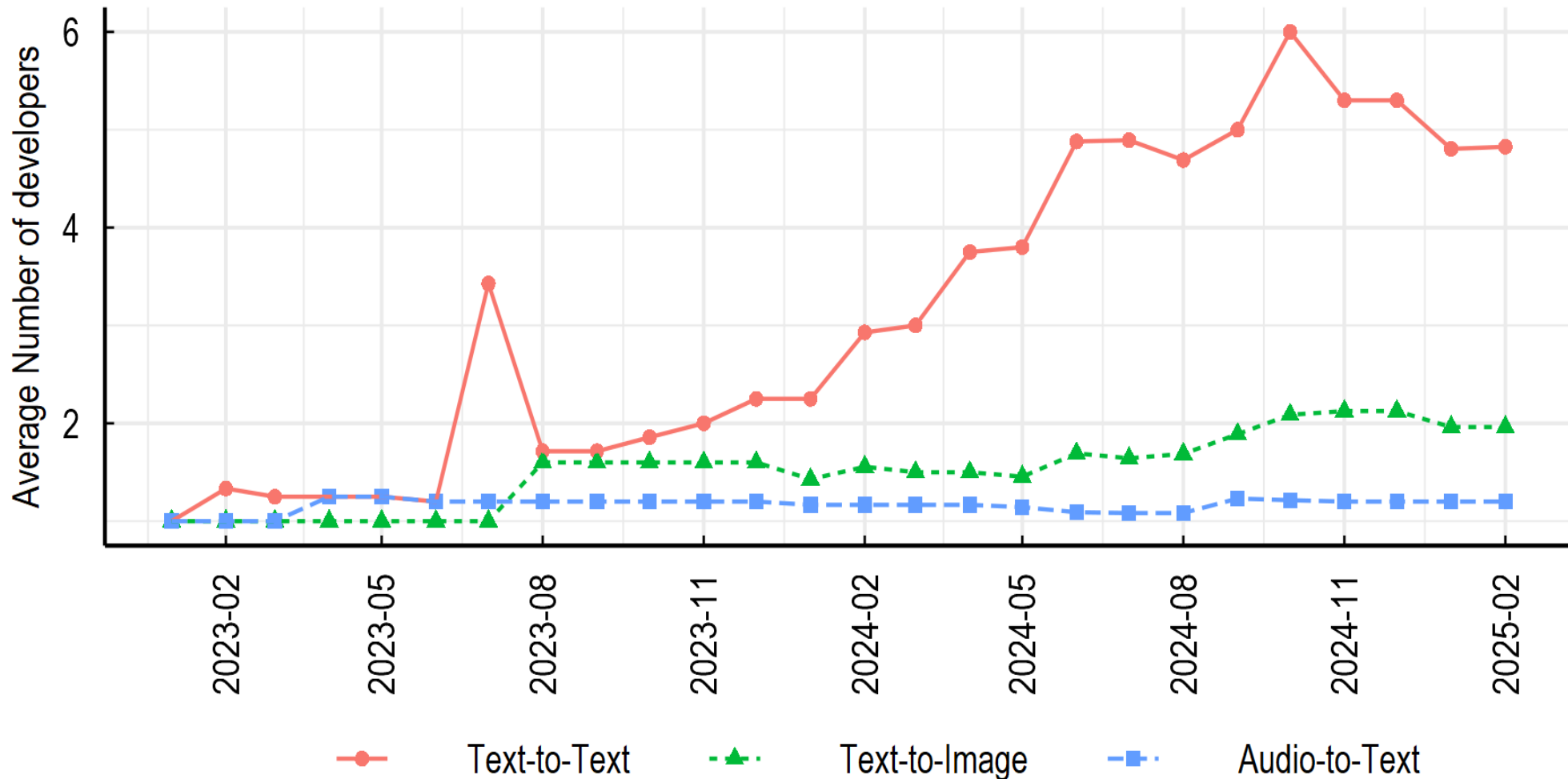


Note: The index represents the evolution (starting in March 2023) of the quality-adjusted price of using AI models from the cloud for each AI modality. The index for each modality is a weighted sum of the index for each model segment (Tier 1, 2 and 3) under the baseline demand scenario (respectively 5%, 70%, and 25% of total demand). Each model segment is represented by the model with the best price/quality trade-off available in each month at the AI Economic Frontier.

Source: authors' calculations.



Average number of AI developers per cloud provider

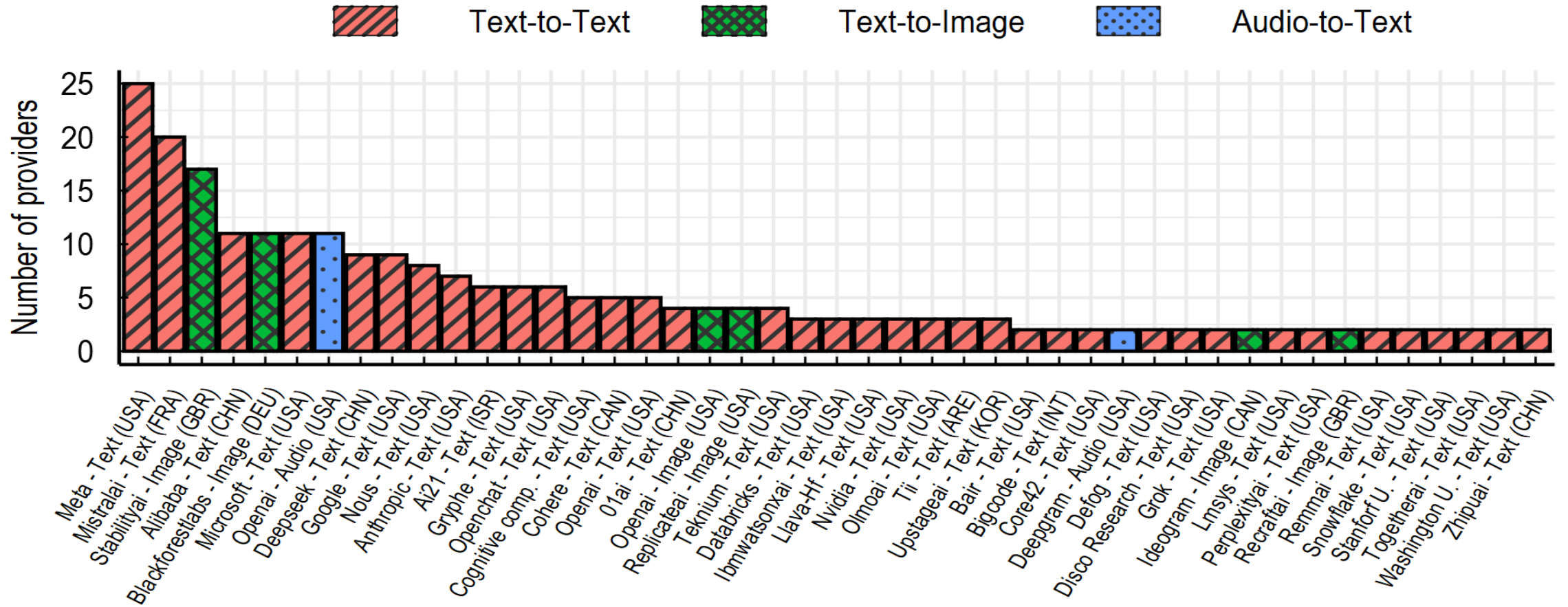


Source: authors' calculations.



Number of cloud providers serving AI models

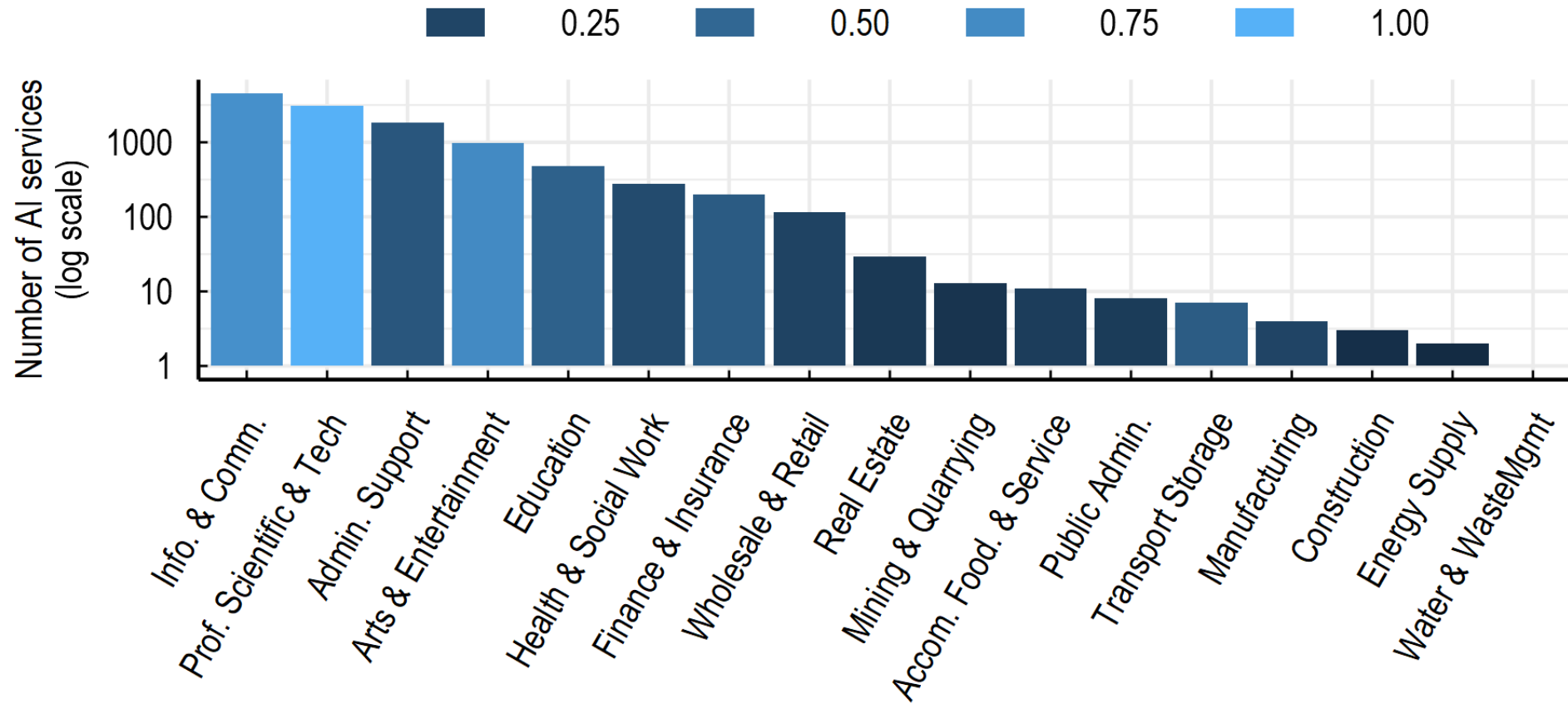
January 2025



Note: Only companies developing models served by at least two cloud providers are shown.
Source: authors' calculations.



Supply of AI services across sectors



Note: The figure shows the number of AI services and their popularity (normalized number of clicks in colour) for AI tasks available on the platform and classified by economic sectors (ISIC level 4). Popularity is normalised to range between 0 and 1.

Source: authors' calculations based on data from There is an AI For That (TAAFT).



Concluding remarks

- ❑ AI market developments
 - ✓ Rising supply of foundation models from various countries, including open-source
 - ✓ AI frontier shifting rapidly: better models at cheaper user cost
- ❑ Concentration in the cloud market but providers generally give access to several AI models
- ❑ Numerous AI downstream applications are available and there is scope for further development
- ❑ Some areas for future research
 - ✓ Demand for AI (adoption and intensity)
 - ✓ The digital investment boom
 - ✓ AI power requirements (International Energy Agency, 2025)
 - ✓ Vertical integration and partnerships
 - ✓ Distribution of AI capacity across countries



THANK YOU !

Reference:

André, C., M. Béтин, P. Gal and P. Peltier (2025), “Developments in Artificial Intelligence markets: New indicators based on model characteristics, prices and providers”, *OECD Artificial Intelligence Papers*, No. 37, OECD Publishing, Paris, <https://doi.org/10.1787/9302bf46-en>.