

Nvidia is the early winner in the AI gold rush



By [Lindsey Schutters](#)

24 Aug 2023

Accelerated computing and graphics chipmaker Nvidia announced its impressive second-quarter earnings for fiscal year 2024. The company reported a revenue of \$13.51bn, which is more than double the revenue from the same quarter a year ago and an increase of 88% from the previous quarter. Earnings per share (EPS) were also remarkable, with generally accepted accounting practices (GAAP) EPS of \$2.48 and non-GAAP EPS of \$2.70, both showing significant growth over the same period.



Nvidia head office, Santa Clara

Nvidia also returned \$3.38bn to shareholders in the form of share repurchases and cash dividends. The company announced that it has an additional \$25bn authorised for share repurchases, without expiration, and plans to continue buying back shares this fiscal year.

“A new computing era has begun. Companies worldwide are transitioning from general-purpose to accelerated computing and generative AI,” Nvidia founder and CEO Jensen Huang said in a [company statement](#).



Microsoft Africa internet plan moves forward with fibre deal

Jeffrey Dastin 2 Mar 2023

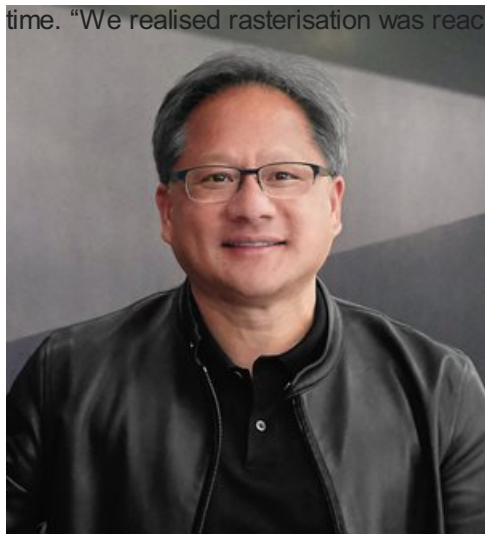


Huang mentioned that Nvidia graphics processors (GPUs), connected by Mellanox networking and switch technologies and running their pioneering CUDA AI software stack, make up the computing infrastructure of generative AI.

Pivot to AI

Nvidia saw solid growth in GPU sales during the crypto boom, but made the wise decision to pivot the business to the emerging AI economy. Crypto industry like Ethereum's shift to proof of stake and countries banning mining activity exposed the GPU market to major losses.

Huang said during his SIGGRAPH keynote earlier this month that he bet the company on AI and he didn't know it at the



Nvidia founder and CEO, Jensen Huang

adopt generative AI," he said.

time. "We realised rasterisation was reaching its limits," he said, referring to the traditional, widely used method of rendering a 3D scene.

"2018 was a 'bet the company' moment. It required that we reinvent the hardware, the software, the algorithms. And while we were reinventing CG with AI, we were reinventing the GPU for AI."

Now Nvidia has become the main supplier of the generative AI industry with its chips central to AI applications like OpenAI's ChatGPT. Demand for these demanding applications has grown steadily over the last year, and infrastructure is shifting to support them.

"During the quarter, major cloud service providers announced massive Nvidia H100 AI infrastructures. Leading enterprise IT system and software providers announced partnerships to bring Nvidia AI to every industry. The race is on to

Nvidia tide raises markets

Nvidia's bullish outlook will likely continue to boost international stock markets into the weekend. According to Reuters reports, MSCI All Country stock index jumped 0.97%, and US stocks also climbed across the board at the close on Wednesday. The Dow Jones also added 0.54%, the S&P 500 gained 1.1% and the Nasdaq Composite jumped 1.59%.

That positive outlook is also extending to the rest of the AI chip market with Synopsys, another chipmaker, reporting third quarter revenue gains of 19% to \$1.49bn, and forecast fourth quarter earnings that beat analysts' estimates.

Synopsys also announced a new contract with Intel to develop intellectual property for the company's new factories, which will increasingly involve AI.

"The world has something along the lines of about a trillion dollars' worth of data centers installed in the cloud," Huang said during the company's investor call Wednesday. "And that trillion dollars of data centers is in the process of transitioning into accelerated computing and generative AI. We're seeing two simultaneous platform shifts at the same time."

He explained that accelerated computing is the most cost-effective, most energy effective and the most performant way of doing computing now.

"This incredible application (generative AI) now gives everyone two reasons to transition to do a platform shift from general purpose computing to this new way of doing computing, accelerated computing," he said.

ABOUT LINDSEY SCHUTTERS

Lindsey is the editor for ICT, Construction&Engineering and Energy&Mining at Bizcommunity

- CompCom approves Saudi telecom deal to acquire QVC Networks - 21 May 2024
- Microsoft unveils Copilot+ PCs, sends Qualcomm stock through the roof - 20 May 2024
- #ATW24: Mukuru's customer-first approach behind Africa longevity - 20 May 2024
- #ATW24: Minister Gungubele calls for connectivity and inclusion - 17 May 2024
- Google uses AI to move Search posts for web publishers - 15 May 2024

View my profile and articles...