

Nvidia says future growth will come from 'sovereign AI'



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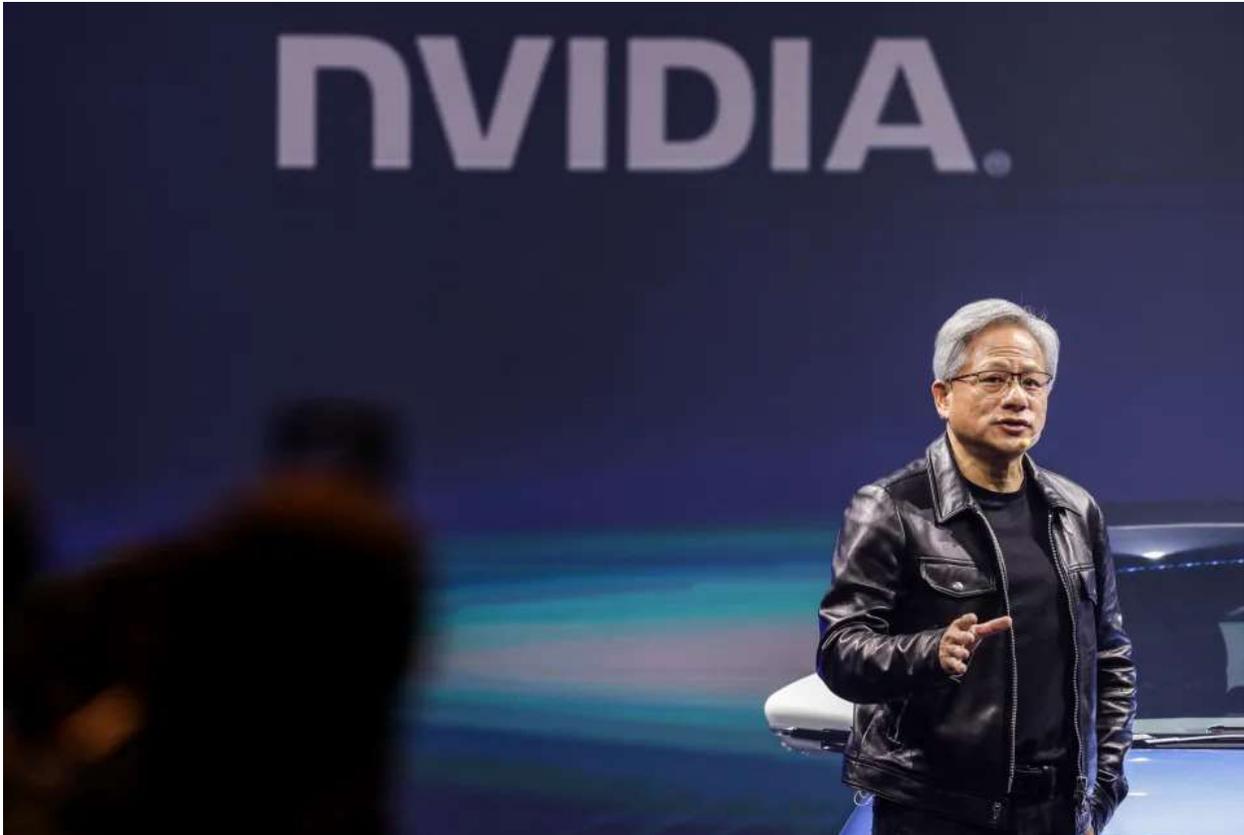
Shares of Nvidia ([NVDA](#)) rocketed higher on Thursday after [the company reported Q4 earnings](#) and revenue that beat Wall Street's lofty expectations, thanks to sky-high data center graphics chip sales.

But CEO Jensen Huang isn't just banking on selling AI chips to companies. He's also looking at selling to entire countries as part of a concept known as sovereign AI.

"The language, the knowledge, the history, the culture of each region are different," Huang said during Nvidia's earnings call. "And they own their own data. They would like to use their data, train it to create their own digital intelligence, and provision it to harness that raw material themselves."

Sovereign AI boils down to a single country or region setting up its own AI capabilities, allowing its AI to meet its own needs.

"In regions outside of the US and China, sovereign AI has become an additional demand driver," said Nvidia CFO Colette Kress.



Jensen Huang, co-founder and CEO of Nvidia Corp., speaks during the Hon Hai Tech Day in Taipei on Oct. 18, 2023. (I-HWA CHENG/AFP via Getty Images) (I-HWA CHENG via Getty Images)

“Countries around the world are investing in AI infrastructure to support the building of large language models in their own language on domestic data and in support of their local research and enterprise ecosystems,” she added.

According to Huang, Japan, Canada, France, and a number of other regions are already setting up their own sovereign AI systems.

Of course, sovereign AI isn’t the only thing driving Nvidia’s sales. In fact, the company said that more than half of its Data Center sales, which accounted for \$18.4 billion of the firm’s \$22.1 billion in overall revenue, came from large cloud providers.

A number of those large cloud providers, however, are working on their own specialized AI chips that will prove more efficient in terms of performance and power compared to Nvidia’s chips. Amazon, Google,

and Microsoft already have or are developing their own chips as a means of weaning off of their dependence on Nvidia.

ut Nvidia isn't taking the challenge lying down. [According to Reuters](#), the company has reportedly reached out to the three cloud providers with the hopes of producing those custom chips for them.

It's not as though Nvidia is hurting at the moment, though. The chip giant raked in nearly as much revenue in Q4 as it did in all of last year: \$27 billion. And it's expected to bring in even more next quarter, with guidance calling for revenue of \$24 billion plus or minus 2%.

And if it can sell to entire countries the way it's been selling to Big Tech companies, there's no telling how much higher Nvidia could go.

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