

Big, Bigger AI

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Theme: [History](#)

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People Astonished

Many people are astonished by the AI driven value-explosion in companies like NVIDIA.

Recently, NVIDIA's stocks rose 25% from \$ 800 million to nearly \$ 1 trillion in market capitalization value (market cap). This currently means, that NVIDIA is valued at 123 times its current annual earnings, and [some people](#) question whether that is justified. But very few average people appreciate the enormous scope of AI. Even inside the tech industry, many were taken by surprise at the sudden boom in AI. Only the US government and the biggest US tech companies knew about it – and still, probably just the specialized financial traders and the big funds have found their way to know all about it.

The AI Industry Mirrors a Tsunami

The enormity of the coming impact of AI is difficult to measure. Because it is only beginning now. Because it will have a zillion influences. Because it will be everywhere. Because the AI systems and the industry are developing extremely fast. How do you *measure* such a thing? One sure way to fathom the enormity of the AI tsunami is to watch the industry – and follow the money.

How many people know that Microsoft alone is building 120 gigantic data centers all over the World this year alone? Yep. One new data center the size of three football fields filled with computers every 3 days.

I used AI to find out how much one such a data center might cost in investment. Using AI, you need to check concrete sources, references, which validate what you state. You need to find the *right* AI apps. Doing so, I found two concrete articles showing one data center costing \$ 300 million and another data center costing \$ 500 billion to build.

Knowing that Microsoft's new data centers are gigantic, let's use the \$ 500 million as a proxy for what each of Microsoft's 120 data centers will cost in total – and you come to \$ 60

billion !! Quite some money. Just in *one* year. And believe me – out of these \$ 60 billion, the concrete walls and the roof aren't the costly items. The chips inside are ! Guess who makes most of those chips? According to Microsoft itself – it is NVIDIA.

Now, add to the above four more facts.

First – Microsoft is not done after building 120 gigantic AI data centers World-wide in 2023. How many more data centers are to come in 2024 and after, we don't know. But just for getting a sense of it, let's assume another 120 data centers to be erected by Microsoft. That'll be another \$ 60 billion on top of the first \$ 60 billion, much of which will go to NVIDIA.

Second – Microsoft is also not the only company building gigantic data centers to run AI in the cloud for the whole World (minus Russia, of course). Google just announced that it too will run enormous cloud computing for AI. And recently, IBM did the same. I haven't seen any statements from Google or IBM about their investments in building AI data centers, but AI requires petabytes of data (yes, that is more than a lot), and you simply need specialized enormous data centers if you want to be in that game where Microsoft, Google, and IBM play. Oh... by the way. I nearly forgot Amazon. Don't believe Amazon earns its uncountable billions just on books on the internet. One of Amazon's biggest businesses – perhaps Amazon's biggest business – is cloud computing (incl. for the US government & security state).

Suddenly **you have all of the usual suspects, Microsoft, Google, IBM, and Amazon all building countless of gigantic AI data centers** – all needing the raw computing power that NVIDIA delivers.

Third – and here comes the best part for someone like NVIDIA. Chips get old, Fast. Well, they don't age physically. But every 18 months (Moore's law) chips get outdated by new chips with double their capabilities. That is, you not only have hundreds of gargantuan AI data centers to be filled with NVIDIA chips. **These chips will every so often be thrown out and replaced** with new and much better chips – also from NVIDIA.

Fourth – Government. The biggest business of all will want its own gigantic AI data centers. First, Government will use Microsoft AI data centers. But soon, Government wants its own – and bigger. And who else than the US security state Pentagon, CIA, FBI, and NSA will need this for analyzing and managing all the individuals they collect data about all over the World. Predictive policing – arrest or “stop and frisk” people before they do anything. Speak also of “social scoring” – that is not just a town in China. AI for Government will be BIG – even bigger than the gigantic JEDI data center project the US security state planned. Much bigger.

A Trillion Makes Sense

Suddeny, NVIDIA's share value makes a lot more sense – even at a market cap of \$ 1 trillion. And that is just NVIDIA.

There are special cable manufacturers who are the only ones capable of the high speed cables needed for AI data centers. There are memory chip manufacturers, like the Koreans. There are CPU manufacturers like AMD (also a giant). And there are lots of other hardware manufacturers and hardware designers, who will participate in the gold rush of AI data centers.

Then of course, additionally you have all the big software houses and upstart entrepreneurs in software building upon AI. They are going to get showered in gold too. IBM recently announced how EVERY company should not just use the AI of others (like of OpenAI) but build their own AI models with their own data set – of course using IBM’s AI-building tools and IBM’s AI computer centers. Enormous business. And of course KPMG, Cap Gemini, Deloitte, EY, SAP, ORACLE ... you name it... will fill their pockets digging in the AI gold mine.

Wall Street is into AI too. AI trading will make big investors even richer.

No Stopping the Dynamic of AI

Even in a possible economic down-turn, the AI bonanza won’t stop. The US Government, like all governments, will always increase spending, even more in down-turns. Particularly on things the US can use to manage global citizens. And in a down-turn, many companies will double-down on their plans for AI in order to reduce costs, understand customer needs better, communicate better with customers and partners, expand sales, speed up product development, add unique AI-based customer services, optimize finances, and sell their ideas better to investors, in order to stay in business. Even Elon Musk wants to add AI to Twitter, and wants to found his own AI company X.AI drawing AI technology from self-driving Tesla cars over to Twitter. Meta wants something bigger than that, but just has problems to execute.

There is a whole new dynamic driven by AI coming up. This dynamic will have an enormous impact on EVERYTHING. Government. Financing. Manufacturing. Services. And it will drive its own set of AI industrial suppliers. Recently, a meeting of AI enthusiasts turned into a 5,000 people gathering in California, and they affectionately dubbed it the “Woodstock of AI”. Big companies. Small companies. Government. Start-ups. Everybody is going into AI. Everywhere, the AI opportunities will be like gold spread out on the street, just waiting to be picked up.

Only China and Russia are at a disadvantage. And that is by US design.

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