

Nvidia reports another quarter of record revenue but faces Blackwell supply constraints

Article

The news: Nvidia's latest earnings results showed revenues climbing 94% YoY to a record \$35.1 billion. Data center revenues rose to \$30.8 billion, up 112% YoY.

- The hardware giant forecast \$37.5 billion in revenues for next quarter, above Wall Street's expectation of \$37.1 billion.
- Nvidia reported that demand is outpacing supply for its **Blackwell** AI hardware, and stocks held steady with a 0.5% increase in the day after the earnings.

Age of AI: Nvidia is known as a barometer for the AI industry's health, and its graphics processing units (GPUs) are oil to the tech world.

However, **its dominance could also lead to its slow downfall**. Several Big Tech companies are working to create their own AI hardware in house, ostensibly to become less reliant on Nvidia.

- **Amazon**, which spent \$22.6 billion on property and equipment in Q3, plans to release its **Trainium** AI hardware next month.
- At this week's Ignite 2024 event, **Microsoft** announced two silicon chips for its data centers that could reduce its need for processors from Nvidia and **Intel**.

Supply and demand: The company's Blackwell chips are running into production delays after the discovery of overheating issues, prompting last-minute redesigns.

- The hardware is sold out for 12 months, meaning those problems come at a poor time to catch up with customer orders.
- Nvidia didn't touch on the overheating issue with investors but said it's optimistic that supply will get back on track next year, according to Nvidia CFO **Colette Kress**.

Our take: Despite any investor or customer anxieties about Blackwell shipping delays, it's unlikely that any other tech company will be able to shift their reliance away from Nvidia's platforms in the near future, though that market power could spark more antitrust scrutiny.

Other Big Tech earnings:

- Apple's Q4 services revenue surges, but a regulatory fine takes billions off its profits
- Alphabet's Q3: AI powers growth while transforming the workforce
- AI boosts Meta's Q3 revenue and user engagement, but costs continue to surge
- Amazon's AI investments soar in Q3 as it balances data center demand
- Microsoft earnings: AI engine powers growth despite cloud revenue miss

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