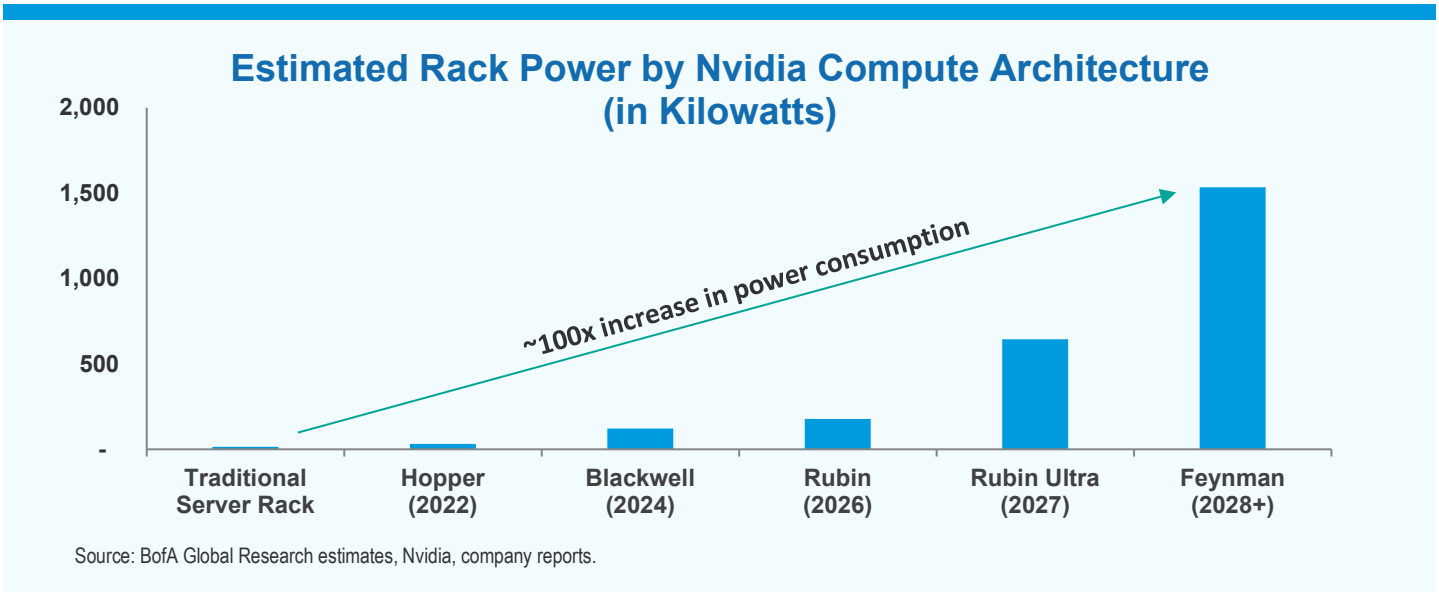
Power Hungry

The artificial intelligence (AI) infrastructure buildout has encountered several supply bottlenecks, including memory, optical networking components and leading-edge chips. Procuring enough power remains a significant challenge, but distributing that power within the data center may be the next bottleneck. The next generation of AI racks is forcing operators to redesign how they deliver power inside the data center, with potentially important implications for investors.



Source: BofA Global Research estimates, Nvidia, company reports.

- Traditional cloud data centers were built for server racks drawing roughly 10 to 15 kilowatts, about as much electricity as ten homes use at once. AI server racks require many GPUs, memory chips and networking components to operate together, packing far more computing power into the same footprint and requiring substantially more electricity per rack. As shown in the chart above, power consumption has increased with each successive Nvidia computing architecture, with future rack systems projected to exceed 1 megawatt, enough to power 1,000 homes at once, by the end of the decade.
- Today's data centers distribute power at voltage levels established when computing workloads required less power. Because AI racks consume meaningfully more power, distributing it at low voltage creates several challenges. Among the largest are physical space and power efficiency: bulky copper bars and cables take up valuable space that could otherwise accommodate servers and other computing equipment, while more energy is lost in the form of heat.
- Raising the voltage addresses both of these challenges. At higher voltage, the same power flows with less current, reducing both the copper required and the energy wasted as heat. Nvidia has announced that its server racks will shift to a new 800-volt design in the next few years, roughly 15 times today's standard. A broad ecosystem of semiconductor and electrical equipment suppliers has also committed to the transition. We believe these changes could drive demand for companies providing the equipment that converts, distributes, stores and safely manages electricity, positioning power delivery as an important layer of the AI buildout.

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