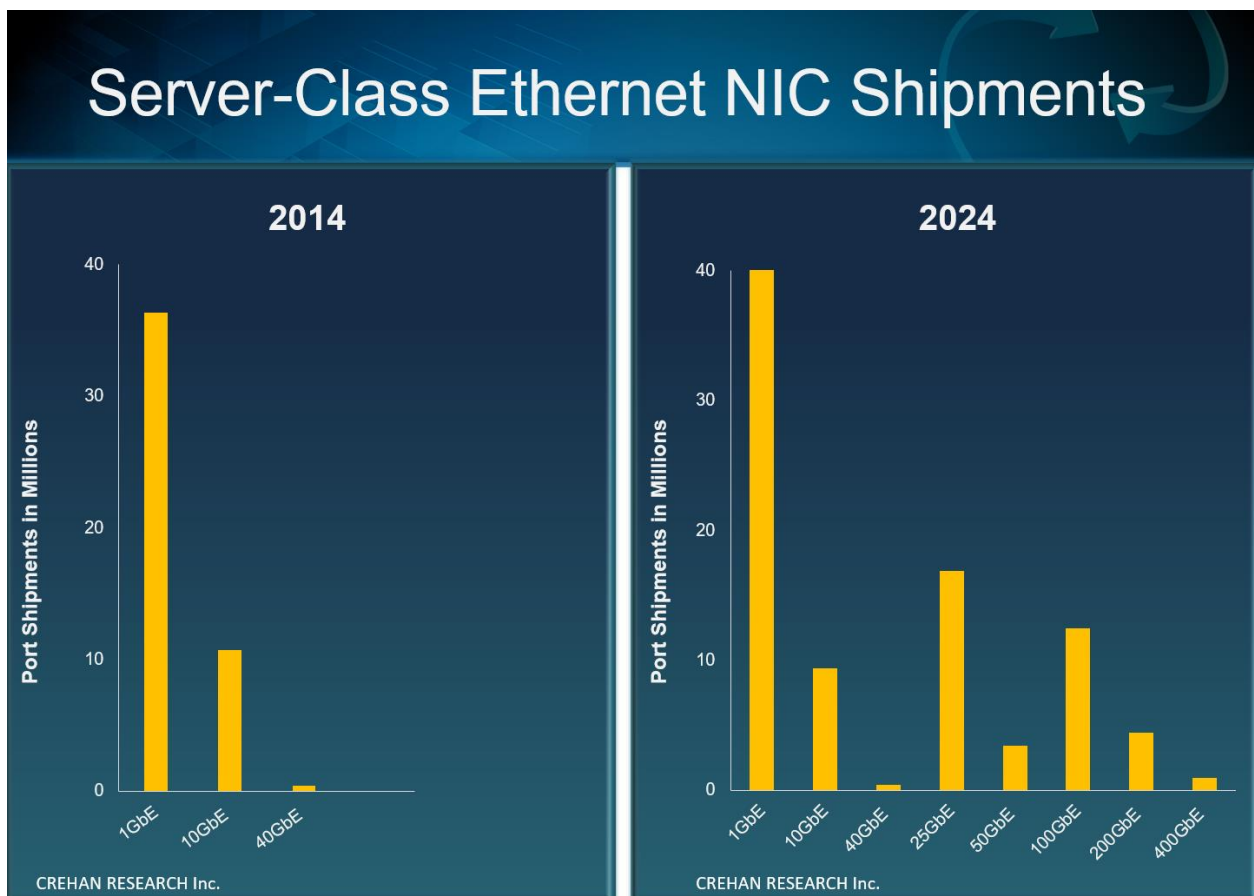


Server-Class Ethernet Merchant NIC Revenue Surges to Approach \$5 Billion Annualized Run-Rate in Q2 2024, Reports Crehan Research

Foundational/Performance NIC Revenue Increases Over 30%; DPU/IPU SmartNIC Revenue Increases Over 50%

SAN FRANCISCO, CA, September 9, 2024 — Data center customers spent strongly on merchant-built server-class Ethernet NICs (including adapters, controllers and LOMs) in calendar Q2 2024 with total market revenues increasing 40% year-over-year, according to a recent report from [Crehan Research](#). As a result, revenues approached a \$5 billion annualized run-rate. Foundational/Performance Ethernet NICs and DPU/IPU Ethernet SmartNICs each had very strong year-over-year revenue increases of over 30% and 50%, respectively. The numerous concurrent Ethernet speed and technology upgrades have been a key contributor to the strong market growth (see accompanying chart).



“The current server-class Ethernet NIC landscape is very different than what it was in the past, with a lot more – and a lot faster – upgrade cycles to meet the needs of very diverse customers and workloads,” said Seamus Crehan, president of Crehan Research. “A decade ago, we had three Ethernet speeds and now we have almost three times that amount, with numerous concurrent upgrades, resulting in a very robust and dynamic market.”

In looking at the Q2 2024 Server-Class Ethernet NIC vendor results:

- Intel’s Foundational/Performance Ethernet NIC business delivered very strong results, improving on its majority shipment share in this market segment. Furthermore, Intel’s IPU business increased approximately 50% sequentially as it continued to hold the top shipment and revenue share position in the Merchant-Built DPU/IPU/SmartNIC category.
- Broadcom also delivered a strong increase in the Foundational/Performance Ethernet NIC market and its Thor 2 AI optimized NICs are expected to drive strong growth starting in 2H 2024.
- Nvidia posted very robust growth in the DPU/IPU/SmartNIC market on the strength of its BlueField AI deployments.

"The emergence of the AI server networking opportunity has the potential to drive significant Ethernet NIC market share shifts as we see faster upgrades, sudden technology shifts and new customers emerge," Crehan said.

About Crehan Research Inc.

Crehan Research Inc. produces reports with very detailed statistics and information on the data center switch and server-class adapter & LOM/controller (NIC) markets. The company’s reports are supported with rich insights and context to deliver increased value. For more information visit www.CrehanResearch.com.

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