# Intel pivots to in-house AI chip development amid pause on acquisitions



During an earnings call on Friday, Intel CEO Lip-Bu Tan announced the company's strategy to develop its own artificial intelligence (AI) chips, signifying a shift from its previous approach of acquiring external AI startups that had already created these technologies. Tan clarified that while Intel is committed to this transition, "This is not a quick fix," as he emphasised the necessity of refining the company's existing product lines to align with the evolving demands of the AI market.

"We are taking a holistic approach to redefine our portfolio, to optimize our products for new and emerging AI workloads,” Tan stated, asserting the company's ambition to become the preferred platform for customers. He acknowledged that achieving this objective would require a fundamental evolution in design and engineering perspectives, alongside proactive anticipation of customer needs.

Historically, Intel has faced challenges in the competitive AI chip sector, particularly in its attempts to rival Nvidia, which boasts a market valuation of approximately $2.65 trillion. Intel's prior strategy involved the acquisition of various AI startups, including Movidius, Nervana, and Habana Labs between 2016 and 2019. However, many analysts believe these acquisitions did not effectively bolster Intel's market position against established competitors such as Nvidia.

In a conversation with Reuters, Intel's chief financial officer, David Zinser, confirmed that future acquisitions would be paused as the company refocuses on strengthening its financial standing. "Our priority will need to be, at this point, getting the balance sheet to a better place,” he remarked.

Analysts have expressed a range of opinions regarding Intel's new strategy. Bob O'Donnell, chief analyst at Technalysis Research, remarked, "Intel has a long history of building important new silicon developments within its own walls, so I'm not shocked to see them focus on in-house developments for AI." He noted that the success of the new chips would largely depend on whether Intel can develop a set of software support that simplifies deployment.

Conversely, some analysts suggest that Intel's efforts might be too late. They argue that Nvidia's stronghold, along with competitive advances from companies like Amazon and Google, may limit opportunities for new entrants. Hendi Susanto, a portfolio manager at Gabelli Funds, shared insights into Intel's overarching AI strategy during the call, highlighting a focus on chips and systems for AI applications and edge devices. However, she cautioned that while these areas show promise, "the scale and pace of their growth remain uncertain,” indicating a need for cautious optimism regarding Intel's future in the AI chip market.

Source: [Noah Wire Services](https://www.noahwire.com)

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