

# Global Data Center Chip Market: 5G Network Expansion to Drive Market Growth: says The Niche Research

*Global Data Center Chip Market to Witness CAGR of 14.4% from 2023 to 2031, Anticipated to Reach US\$ 28.48 Billion by End of the Forecast Period*

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/EINPresswire.com/ -- Global Data

Center Chip Market Synopsis

The data center chip market is

primarily driven by increasing demand

for high-performance computing, cloud services, and data-intensive applications. Growing adoption of artificial intelligence, 5G technology, and IoT further fuels the need for advanced data processing. Energy efficiency and cost reduction are also key drivers as data centers strive to optimize operations.

Before the COVID-19 pandemic, the data center chip market showed steady growth due to factors like increased data demands and the adoption of technologies like AI and 5G. However, post-COVID-19, the market experienced even greater expansion as remote work and digital services surged, emphasizing the vital role of data center chips in supporting this increased digital activity, both in the US and globally.

Read Full Report: [Global Data Center Chip Market Study](#)

Global Data Center Chip Market Growth Factors:

- **Edge Computing Adoption:** The rapid adoption of edge computing is a key driver in the data center chip market. As more data processing occurs closer to the data source, demand for edge data centers and chips to power them are growing. According to the study, the edge computing market will reach over \$40 billion by 2027. This shift towards edge computing requires specialized data center chips that can handle decentralized data processing, thus bolstering the demand for such chips.
- **Emergence of AI and Machine Learning:** The rise of artificial intelligence (AI) and machine learning (ML) applications is a significant driver in the data center chip market. According to the study, AI adoption grew by over 250% in the past four years. AI and ML rely on high-performance



data processing, making data center chips crucial. As businesses increasingly integrate AI into operations, the demand for specialized chips tailored for AI workloads continues to surge.

- **5G Network Expansion:** The rollout of 5G networks is driving demand for data center chips to support the increased data traffic and low-latency requirements. A report by Ericsson predicts that by 2026, 5G will cover 60% of the global population, leading to a substantial uptick in connected devices and data generation. Data centers are essential for processing 5G data, amplifying the need for efficient and high-performance chips.

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Global Data Center Chip Market Developments:

- The data center chip market is constantly evolving, with new technologies and treatments being developed all the time. Chipmakers are developing new chip architectures that are specifically designed for data center workloads. These new architectures are able to deliver higher performance and efficiency, while also reducing power consumption. AI and ML chips are designed that are typically much faster and more efficient than traditional CPUs for processing large amounts of data.
- The Asia Pacific region exhibits highest growth rate in the data center chip market. This growth is fueled by increased investments in data center infrastructure, particularly in China and India. A survey by DCD (Datacenter Dynamics) indicates that Asia Pacific is one of the fastest-growing regions in terms of data center construction, aligning with the surge in digital transformation and data requirements across the region. Consequently, Asia Pacific emerges as a vital area for expanding data center chip demand.

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Global Data Center Chip Market: Competitive Landscape and Key Developments

- o Advanced Micro Devices, Inc.
- o Arm Limited
- o Broadcom
- o GlobalFoundries
- o Huawei Technologies Co., Ltd.
- o Intel Corporation
- o NVIDIA Corporation
- o Qualcomm Technologies, Inc.
- o Samsung
- o Taiwan Semiconductor Manufacturing Company Limited
- o Other Industry Participants

In November 2022, Advanced Micro Devices launched its latest data center chip and confirmed that it has secured customers such as Microsoft, Google, and Oracle.

In September 2022, Arm Ltd introduced its next generation of data center chip technology, known as Neoverse V2, in response to the surging data demands stemming from 5G and

internet-connected devices.

#### Global Data Center Chip Market:

##### By Chip Type

- o GPU
- o ASIC
- o FPGA
- o CPU
- o Others

##### By Data Center Size

- o Small and Medium Size
- o Large Size

##### By Industry Vertical

- o BFSI
- o IT and Telecom
- o Manufacturing
- o Government
- o Retail
- o Transportation
- o Energy and Utilities
- o Others

##### By Region

- o North America (U.S., Canada, Mexico, Rest of North America)
- o Europe (France, The UK, Spain, Germany, Italy, Nordic Countries (Denmark, Finland, Iceland, Sweden, Norway), Benelux Union (Belgium, The Netherlands, Luxembourg), Rest of Europe)
- o Asia Pacific (China, Japan, India, New Zealand, Australia, South Korea, Southeast Asia (Indonesia, Thailand, Malaysia, Singapore, Rest of Southeast Asia), Rest of Asia Pacific)
- o Middle East & Africa (Saudi Arabia, UAE, Egypt, Kuwait, South Africa, Rest of Middle East & Africa)
- o Latin America (Brazil, Argentina, Rest of Latin America)

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