Jennison

Where is the team seeing opportunities in AI

Owen Hyde, CFA – Managing Director, Large Cap Growth Equity Research Analyst

Audio Starts

Owen:

Where we are seeing the biggest opportunities right now is across semiconductors for AI accelerators, which are the chips that power artificial intelligence. We're also seeing big opportunities in the semiconductor equipment side, where they actually help to manufacture those semiconductors. We're seeing opportunity inside of power as the demand for power grows with every single new data center we build, and these chips are very, very energy intensive. And then we're also seeing really big opportunities in the public cloud because they're taking all this capacity using these AI accelerators and actually turning that into revenue by selling these AI models into enterprises and consumers who are turning around and getting a lot of productivity gains from them. On the risk side and the areas that are more challenged, we do see some questions around application software as there's been a lot of new competition introduced around the user interface and whether or not that will continue to reside with those application vendors or whether or not it will move to these new large language models as a way that people interact with their software day to day inside of enterprises. We do see opportunities inside of infrastructure software though, because that continues to be more attached to volume, growth of software, which overall has exploded as we've seen the bar to actually building software come down dramatically. We have aslo see an incredible amount of opportunity inside of cybersecurity because one by product of all this new TAM expansion is that you've seen a lot of people that traditionally have not developed software start to develop software and that's caused more security patches to be needed across the board. Also we found that some of the newer AI models that have been released lately have the ability to actually do offensive cyber capabilities so they are dual purpose. They're both valuable for defensive cybersecurity purposes but by the same token they're also capable of scaling up breaches. So we've seen the demand for cyber security actually grow as a result of that and dual-purpose nature of the technology.

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