

AI FUEL:

A \$602 Billion Opportunity



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By Ian King, Editor, *Strategic Fortunes*

PICTURE this: It's your first day at a new job working for a massive corporation. Part of your job includes archiving information, but when it comes to actually saving client data, your new employer asks you to use a square-shaped disk — an 80s-style floppy disk.

You're completely shocked. They must be joking. You can't believe they're *that* behind the tech curve. You feel like you've taken a 30-year trip back in time.

Now, obviously, this scenario would never happen today.

The tech of the 1990s is like a fossil in today's tech-driven world — because no company could survive without innovation.

That's because our daily data usage is steadily increasing, forcing both leading corporations and the average person to rely heavily on mass storage options.

These days, nearly everything we do is digital.

We make payments, shop online, stream movies and sports, and even our requests from government agencies — all digital.

Not to mention the ways we save files...

Where, in the past, we had floppy disks, today we have the cloud.

Storing data in the cloud isn't as literal as it may sound.

It's actually much simpler.

The cloud is actually run by a network of internet servers that locate the data you're trying to save and then store it on a particular service or software program.

It's where we save files ... from your newly signed lease or the copy of your medical records — to that picture of your grandchild's first day at kindergarten or the photo you snapped in the parking garage to remind you where you parked — much of it is stored in the cloud.

The bottom line is that we're constantly using *some* form of the internet.

Thanks to artificial intelligence (AI), the internet has evolved beyond the days of dial-up to literally being in the palm of our hands.

With each of us generating so much data, we've had to get smarter about how we store all of this information.

And none of this would be done as quickly, securely, and conveniently as they are today without data centers.

Data centers play a fundamental role in our digital world.

Data centers are physical facilities that organizations use to store critical applications and data safely. They're filled with computer servers that hold and calculate data.

What started with the beginning of the internet and the dotcom era has evolved into a rising global demand for solutions in data storage and cloud computing — where vast amounts of digital information are kept and produced.

Data centers are now the physical epicenter of AI.

That's exactly what makes the company I recommend buying into today — an AI gold mine.

Ready to Meet Rising Demand

As I mentioned, the world is more digital today than it has ever been before. And that's partly due to the COVID-19 pandemic.

During the pandemic, companies raced to expand their tech tools and online presence, which boosted the demand for additional digital infrastructure.

According to company data and McKinsey Research, before the pandemic, less than 40% of customer interactions with companies were digital.

Post-pandemic, that number rose to 58% in just one year.

In fact, per Statista, it is estimated that 90% of the world's data was generated in the last two years alone.

This has caused companies to embrace a digital future and invest in it.

McKinsey estimates this will lead to data center demand growing 10% per year until 2030.

According to Grand View Research, the global data center market is expected to rise by 25% per year until 2030.

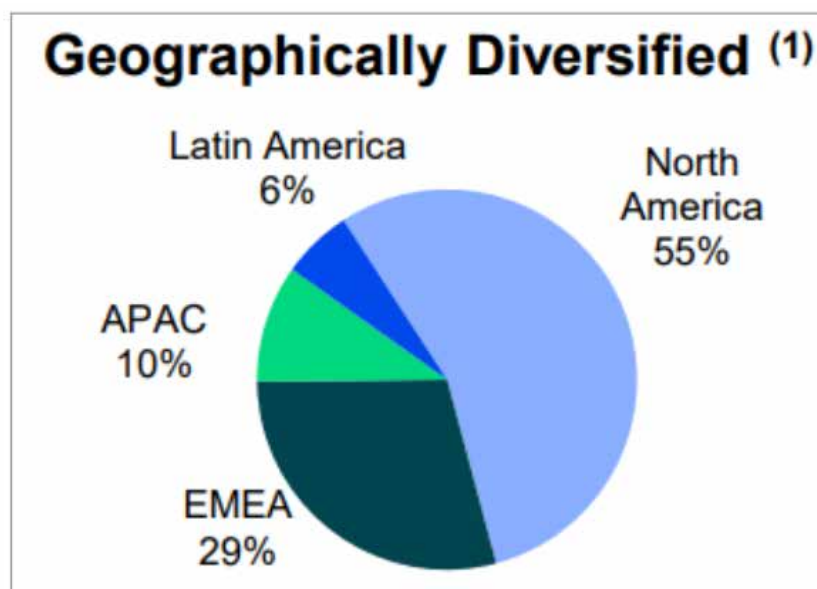
One way companies began blazing their digital path is through AI.

Over the past two years, we've seen the biggest names in tech — I'm talking about Google, Microsoft, Amazon, Meta, and more — use AI to boost the functionality of their services.

Whether it's to optimize their search engines or generate videos and images for advertising, these companies have invested major money into AI.

Per Pitchbook data, Microsoft, Google and Amazon alone invested more than \$18 billion — two-thirds of the global venture investment — into generative AI startups in 2023.

Generative AI, which focuses on creating new content and ideas, including conversations, stories, images, videos, and music, is one of the most popular among the trend.



It requires data centers with an array of graphics processing units to train and operate such complex models.

That’s what makes today’s recommendation, **Digital Realty (NYSE: DLR)**, such an important investment as part of AI’s tipping point — because it is well equipped to handle such massive demand.

And it has the track record to prove it.

DLR is a real estate investment trust (REIT) that owns, acquires and manages data centers that house thousands of servers and allow vast amounts of data processing to protect your data.

It has more than 300 data centers that serve over 4,000 customers worldwide.











However, its data centers are largely located in North America, which accounts for 55% and Europe, made up of 25%.

And it has a *massive* customer base.

Nearly every major player in the AI space — from Microsoft to Google ... Meta to Nvidia ... to Amazon, IBM and Oracle — is clawing for a chance to access all that data.

Those deals are *already* worth nearly \$1 *billion* in revenue a year.

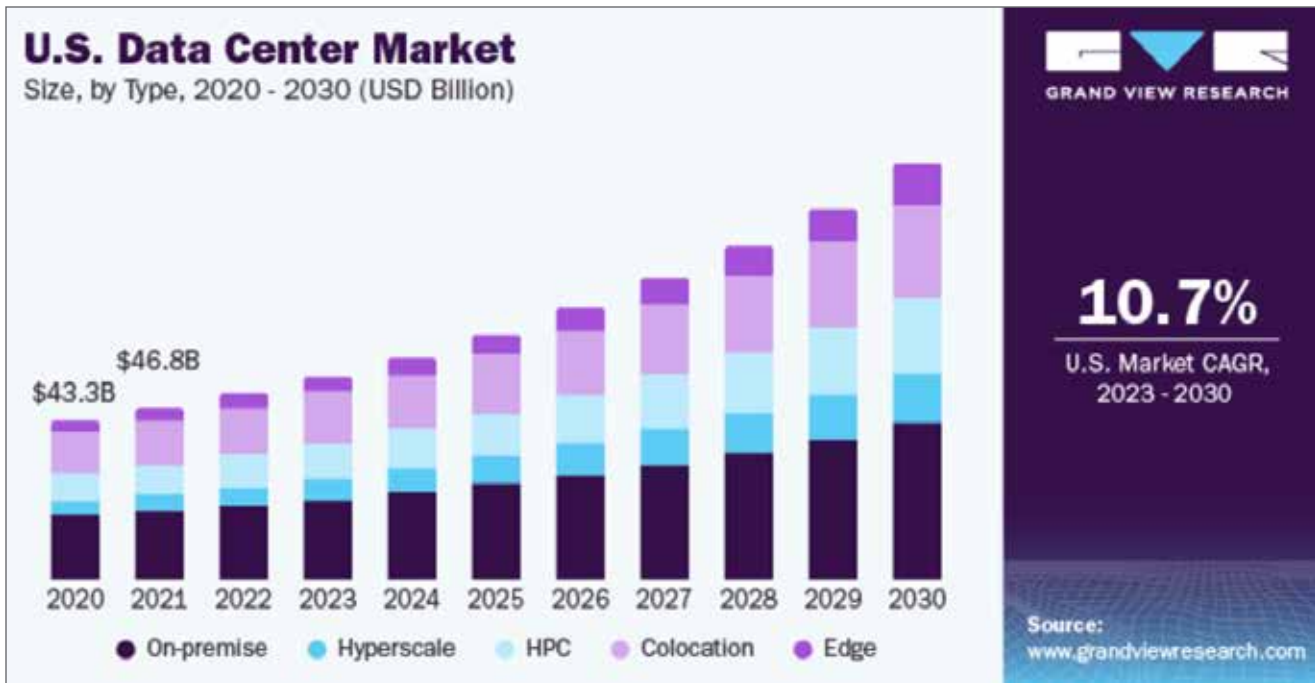
The top 20 of its customers are responsible for nearly half of its annual recurring revenue.

Customer Rank	Locations	% of ARR (1)	Customer Rank	Locations	% of ARR (1)
1. Fortune 50 Software Company	71	10.9%	11. Fortune 500 SaaS Provider	13	1.6%
2. Social Content Platform	25	5.5%	12.  Meta	48	1.6%
3.  ORACLE	38	4.3%	13. LUMEN	123	1.3%
4. Global Cloud Provider	60	4.1%	14.  Cyxtera ⁽³⁾	11	1.3%
5.  IBM	34	3.4%	15.  AT&T	75	1.1%
6.  EQUINIX	16	2.4%	16. COMCAST	41	1.1%
7.  LinkedIn	7	2.1%	17. JPMORGAN CHASE & CO.	16	1.0%
8. Fortune 25 Investment Grade-Rated Company	29	2.0%	18.  rackspace	24	1.0%
9. Fortune 25 Tech Company	53	1.8%	19.  verizon	89	0.9%
10. Social Media Platform	8	1.6%	20.  zayo	115	0.9%
TOTAL ANNUALIZED RECURRING REVENUE					49.9%

Since all of its top 20 investments and half of its total customer base are made up of investment-grade companies, there’s no danger that these companies will suddenly go bankrupt or fail to pay their data center lease.

That means DLR has a predictable and stable cash flow each year.

With experts predicting the data center market will reach \$602 billion by 2030 — a near 300% surge over the next six years — I think it’s safe to say DLR fits the bill of an AI gold mine.



Action to Take: Buy Digital Realty Trust (NYSE: DLR).

I believe that as we head further into the AI revolution, the need for data centers will continue to grow — so this market has the potential to grow even higher.

If you have any questions about today's trade, feel free to email us at StrategicFortunes@BanyanHill.com.

Regards,

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