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Tech Decoded

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Delivered in association with **servicenow.****Daniel Thomas**

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Hello. Nvidia, whose chips power the AI industry, is performing exceptionally well as a business. So why did its shares slump after it posted its latest earnings report on Wednesday? Below, I explain the disconnect and why investors are still worried about the risks of an "AI bubble" in the stock market. Plus, we look at Anthropic's row with the Pentagon, Burger King's AI-powered headsets for staff, and the best (and worst) ways to talk to a chatbot.

THE DOWNLOAD

Nvidia fails to sooth 'AI bubble' fears



Nvidia boss Jensen Huang on stage with the firm's Groot N1 robot. Credit: Getty Images

Nvidia is widely considered a bellwether for the health of the AI industry. So it was quite a surprise to see the chip giant's shares drop sharply, along with many other US tech stocks, after it **smashed a series of financial records** in its latest earnings report.

The firm's **graphics processing units** (GPUS) are critical to the data centres powering the AI industry and have been doing a roaring trade. The company posted record revenue of \$68.13bn in the fourth quarter – up 73% on the same period last year – and forecast even better results for the months ahead.

Yet some investors think Nvidia has become a victim of its own success in a market where its exceptional growth depends heavily on a handful of tech giants who buy its chips.

Those firms - Alphabet, Amazon, Microsoft, Meta and Oracle - are **spending enormous sums** on their AI plans while loading up on debt, but they are yet to prove it will pay off.

Some are also worried about the **spectre of "circular financing"**, in which big investments by Nvidia in companies like OpenAI may be clouding perceptions about how robust AI demand really is.

According to Russ Mould, from AJ Bell, it is "uncomfortably reminiscent" of the late 1990s' tech, media and telecoms boom, when "lofty valuations and growth expectations proved unsustainable" and share prices ultimately collapsed.

The pessimists fear a bubble is about to burst, which could cause havoc in financial markets and put the brakes on the AI story.

But the optimists see the angst as overblown. This week, Nvidia boss Jensen Huang once again reassured investors that the industry was expanding, not overheating.

And veteran tech analyst Dan Ives said Nvidia's "gold medal" performance showed the AI revolution was "hitting its next phase of growth".

The download: *Whoever is right, concerns about an "AI bubble" are unlikely to go away unless the tech giants can prove their grand plans stack up.*

TOP STORIES



Anthropic rejects Pentagon demand to drop safeguards

The AI firm has refused to back down in its fight with the Department of Defense over how its tech can be used by the military.

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Jack Dorsey's Block cuts jobs as it embraces AI

The Twitter co-founder says his payments firm is laying off almost half its workforce due to AI efficiency gains.

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Kalshi claims that an editor for YouTube streamer MrBeast and a former California politician violated its rules.

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Burger King to use AI to track staff 'friendliness'

The fast food giant is testing AI-powered headsets that monitor staff interactions with customers and oversee operations.

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'I stopped engaging because of social media'

A young woman, who accuses Meta and Google of making addictive platforms, has told a trial her childhood was taken over by social media.

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SOMETHING DIFFERENT

Do you have to be polite to AI?



Giving chatbots the right prompts matters, experts say. Credit: Serenity Strull/ BBC

People have all sorts of bizarre strategies to get better responses from AI tools like ChatGPT. Some swear they do better if you threaten them, others think chatbots are more cooperative if you're polite and some people ask the robots to role-play as experts in whatever subject they're working on. Experts say a lot of accepted wisdom about prompting AI simply doesn't work, but some techniques really do make a difference - **Thomas Germain reports.**

VIDEO PICK



How the BBC detects deepfakes

BBC Verify's **Thomas Copeland** explains four methods it uses to identify AI videos.

[Watch here](#)

And finally...

The high-end fashion label Gucci has faced a backlash after using AI-generated images to promote a show at Milan Fashion Week. The pictures of models in various glamorous settings were clearly labelled as "created with AI". But critics said they were an example of "AI slop" and out of step with Gucci's claim to celebrate "creativity and Italian craftsmanship". **Take a look for yourself.**

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 An advertisement for a Tai Chi program. It features a stylized illustration of a person's back and arms with a dragon and floral patterns. The text reads: "Easy TAI CHI WALKING for seniors Explained like you're 5 y.o." Below the text is a red button that says "Start Now". The logo for "SIMPLE" is in the top right, and "Powered by ZETA" is at the bottom.


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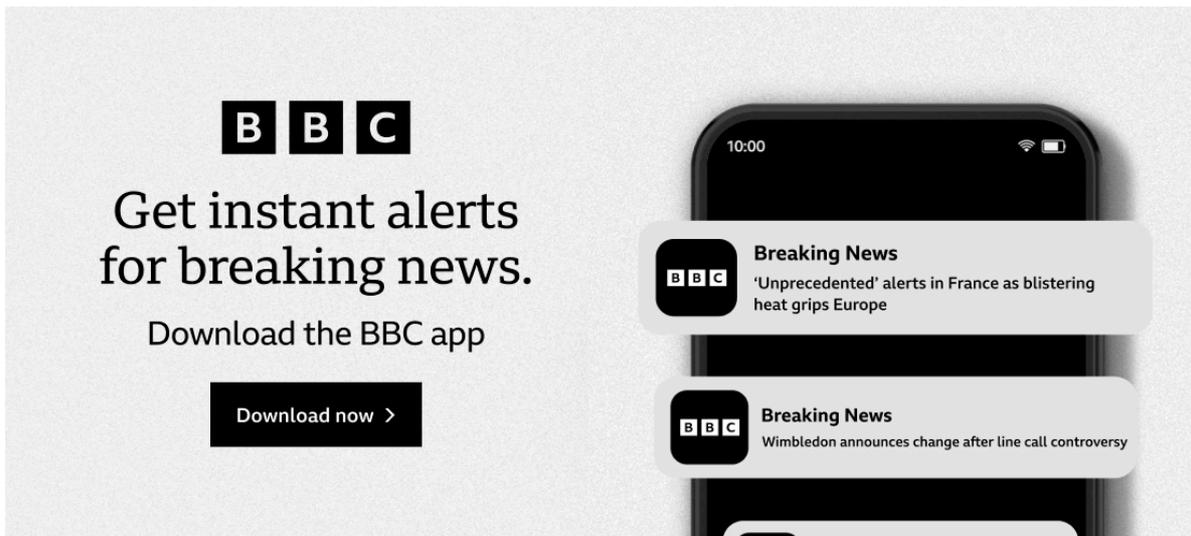
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