Japan's Sakura Internet Loads Up on Nvidia Gear for Data Center Project

■ Sakura Internet needs tens of thousands of Nvidia GPUs a year
■ Japan clients' need for compute trumps cost concerns, CEO says

Sakura Internet's data center in Ishikari, Hokkaido. *Source: Sakura Internet Inc.*

By Takashi Mochizuki and Yuki Furukawa
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Sakura Internet Inc.'s upcoming data center will likely be fully booked by the time it comes online in three years, spurring the Japanese government's homegrown network provider to ramp up purchases of Nvidia Corp. graphic processing units.

The Osaka-based company, an alternative in Japan to data centers operated by Microsoft Corp., Alphabet Inc.'s Google and Amazon.com Inc., is seeking to dial up the pace of investments with discussions to buy some 10,000 Nvidia GPUs every year to meet snowballing demand, according to its founder Kunihiro Tanaka.

"We need some 50,000 to 100,000 Nvidia GPUs to comfortably handle the demand we see today," the 46-year-old chief executive officer said in an interview. "We would need a million GPUs 10 years from now, if demand rises at the current pace."

Sakura Internet is benefiting from Japanese policymakers and companies' eagerness to build up AI infrastructure throughout the archipelago. The company is building a data center expected to house around 10,800 Nvidia GPUs when it goes online by 2027 on Japan's northern island of Hokkaido, with the government footing about half of the more than ¥100 billion ($650 million) cost.

The most advanced Nvidia GPUs can cost millions of dollars, buoyed by persistent global demand. Sakura Internet plans to capitalize on its years-long relationship with Nvidia to secure the GPUs, Tanaka said, without elaborating.

Kunihiro Tanaka *Source: Sakura Internet Inc.*

Sakura's current capacity is now fully booked, with a waiting list that extends for years and that includes national research institutions, universities and companies, Tanaka said. The company, which so far caters to Japan-based clients, expects to field requests from overseas as it ramps up computing power, he said. Sakura Internet said 🖵 it plans to spend another ¥8.7 billion on GPUs in the next two months.

Demand for computing may come in fits and starts, but growth will continue over the long term, Tanaka said. Data center use will increase exponentially when cars and household appliances are able to tap AI, he said, although he expressed doubt that AI would fundamentally change the smartphone or PC experience.

To meet demand, the data center industry may ultimately need to build its own power plants, said Tanaka, who also chairs the Japan Data Center Council. In Inzai City, where many data centers are clustered just northeast of Tokyo, Tokyo Electric Power Co. and businesses cooperated to build a substation, he said.

Founded in 1996, Sakura Internet was the first Japanese company tapped by the country's government to build a public cloud infrastructure. It competes with NTT Data Group Corp. and SoftBank Corp.

Nvidia's GPUs are "the only option" for Sakura Internet in terms of delivering the required computing power, although the company will continue to weigh alternatives, such as offerings from Intel Corp., Advanced Micro Devices Inc. and Qualcomm Inc., Tanaka said.

"Our customers want progress and results," he said. "What's important for them is power, not cost."

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