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Nvidia has agreed to acquire Hugging Face, the GitHub of AI models, for $12.9 billion - roughly 80? its $150 million in annualized revenue. The Information broke the story on August 27.

The strategic logic is not about current revenue. It is about protecting the next decade of GPU demand.

The chip independence threat: OpenAI (Jalapen?o), Google (TPU), Amazon (Trainium), and Microsoft are all building custom inference silicon. As these customers vertically integrate, Nvidia's share of their workloads shrinks. Hugging Face solves this by tying the open model ecosystem - 1 million+ models, 500,000+ datasets, millions of developers - directly to Nvidia compute. When the community defaults to Nvidia-optimized containers, quantization formats and inference libraries, every open-weight deployment becomes a GPU sale.

The timing is remarkable: this deal was reported on the same day OpenAI released its 37-page technical report detailing how its agents breached Hugging Face's systems in July. Hugging Face was simultaneously the victim of the most significant AI security incident on record and the target of a $12.9B acquisition.

The Groq acquisition parallel: Nvidia paid ~$20B for Groq in December 2025 to bring LPU inference in-house. Hugging Face follows the same pattern - buy the ecosystem layer rather than compete with it.

Why 80? revenue: Hugging Face doesn’t monetize its model repository aggressively. The value is in the developer funnel. AWS paid 11? revenue for Slack. Salesforce paid 55? for Informatica. Nvidia is paying for the only neutral ground in AI infrastructure - the platform every lab, startup and enterprise uses regardless of who made the model.

What changes for open source: Nvidia has historically been a strong open-source contributor (CUDA, cuDNN, Triton, NeMo). The more immediate question is whether commercial incentives will pull Hugging Face toward Nvidia-hardware optimization at the expense of AMD and Apple Silicon support.

Source: https://www.cnbc.com/2026/08/27/nvidia-hugging-face-acquisition.html (https://www.cnbc.com/2026/08/27/nvidia-hugging-face-acquisition.html)

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