

Bitcoin

Struggling bitcoin miners seek deals with AI companies

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Data centres are being repurposed for artificial intelligence-processing as crypto revenues flag

Nikou Asgari and **Tim Bradshaw** in London 12 HOURS AGO

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Bitcoin miners are rushing to sign deals with artificial intelligence developers in a bid to revive their flagging revenues by finding new customers for their vast data centres.

Crypto miners run powerful computing sites, often covering acres of land, where they solve complex mathematical puzzles in order to authenticate transactions and produce digital coins. But with high energy and computing costs, and with the rewards for mining having recently halved, many are struggling to turn a profit.

They now hope to benefit from a surge in demand for powerful but scarce chips — known as graphics processing units or GPUs — which are used in both crypto mining and AI processing. Tech companies are racing to get access to chipmaking giant Nvidia's GPUs as they try to build more capable AI systems, and are increasingly doing deals to allow them to use miners' chips or to put their own chips in miners' data centres.

Core Scientific, one of the world's biggest bitcoin miners, is “aggressively pursuing” AI deals, chief executive Adam Sullivan told the Financial Times. “It's an incredibly important part of the business,” he added.



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The Nasdaq-listed miner, which has data centres in Texas, North Carolina and Georgia, struck a deal with AI cloud provider CoreWeave last month that the companies estimate will be worth \$4.7bn in revenue over 12 years. Nvidia-backed CoreWeave — itself a former crypto miner that [pivoted to AI](#) several years ago and saw its valuation leap to \$19bn in May — will use Core Scientific's data centres to host its AI chips.

AI companies require a large amount of energy and computing infrastructure, two things that bitcoin miners typically have access to. AI groups are betting that using miners' high-performance computing (HPC) data centres will be faster and cheaper than building their own.

Big Tech companies including Microsoft, Google and Amazon have said they plan to spend tens of billions of dollars to develop data centre infrastructure to support their AI ambitions. Demand for AI capabilities has also fuelled investor interest in new cloud start-ups such as CoreWeave and [Lambda Labs](#), which focus on renting access to GPUs.

“It [normally] takes 3-5 years to build an HPC-grade data centre from scratch,” JPMorgan analysts wrote in a recent note, adding that this timeline has grown even longer because of the increased demand for AI projects.



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“This scramble for power puts a premium on companies with access to cheap power today,” they added.

Other big bitcoin miners are using some of their data or processing capacity for AI.

US hedge fund Coatue Management, founded by “Tiger cub” fund manager Philippe Laffont, recently invested \$150mn into Hut 8 to help the bitcoin miner upgrade its infrastructure to meet AI companies’ needs. The mining company also recently created a new AI division.

Asher Genoot, Hut 8 chief executive, said the company — which takes its name from a building at Bletchley Park where mathematician Alan Turing worked during the second world war — has focused on the “massive demand and growth within the data centre segment, primarily driven by a lot of the AI demand”.

Bitcoin miners hope that shifting their strategy towards AI will give them higher, more stable revenues.

Many miners, including Core Scientific, collapsed into bankruptcy in 2022 after the failure of crypto exchange FTX and a plunge in the price of bitcoin below \$16,000.



Even though crypto prices have soared since then — bitcoin hit a record high above \$73,800 in March and is now trading at around \$63,800 — the financial rewards they can earn from mining each new block of bitcoin have been reduced by the quadrennial [bitcoin halving](#) event in April. The high cost of energy and technology have also hit their profitability.

Canadian miner Hive is also focusing on “increasing revenue from its suite of Nvidia GPU chips powering data services for the AI revolution”, the company said, while New York-based Bit Digital agreed a \$275mn three-year contract in January to rent out its data centre space to a company building large language models.

“We understood the halving was imminent and we felt that with margins being compressed overnight by 50 per cent it doesn’t always make sense to run on the hope that bitcoin goes up, it’s just not a great business practice,” said Sam Tabar, chief executive of Bit Digital.

“We’re simply renting computational power to people who are building AI models, we’re dealing with the hardware part of that,” he added.

However, the race to build out new data centres is [straining electricity grids](#) in some parts of the world, given the huge power requirements of HPC. Bitcoin mining is also [highly energy intensive](#), and both sectors have been [criticised](#) for the vast amounts of power they consume.

Google’s greenhouse emissions [have surged 48 per cent](#) in the past five years, amid the expansion of its data centres for AI processes, while bitcoin mining uses more energy than Pakistan or Ukraine annually, according to data from the University of Cambridge.

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