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Sunnyvale, California-based AI chip startup Cerebras Systems has filed for an initial public offering (IPO) with plans to trade under the ticker symbol "CBRS" on the Nasdaq. This announcement came from the company on Monday, marking a significant milestone in its journey since its founding in 2016 by Andrew Feldman, the current CEO. Feldman is also known for his previous venture, server startup SeaMicro, which he sold to AMD in 2012 for $355 million.

Andrew Feldman discussed the company's future at the Collision conference in Toronto on June 20, 2024. The filing reveals that Cerebras is seeking to carve out a notable presence in the competitive and rapidly expanding AI chip market, where it goes head-to-head with industry giants like Nvidia.

Cerebras’ flagship product, the WSE-3 chip, is known for having more cores and memory than Nvidia’s H100, and is also significantly larger in size. The company also offers cloud-based services utilising its proprietary computing clusters, positioning itself as a comprehensive solution provider for AI computing needs.

AI chips are a burgeoning sector with established players such as Nvidia, and tech giants like Amazon, Google, and Microsoft developing their own bespoke AI chips. According to the filing, Cerebras identifies Nvidia, AMD, Intel, Microsoft, and Google as its primary competitors, along with custom application-specific integrated circuits developed by various private companies.

A key aspect of Cerebras' business model is its strong relationship with Group 42, an AI firm based in the UAE. Group 42, which lists Microsoft among its investors, was responsible for 83% of Cerebras' revenue last year. Moreover, in May, Group 42 committed to orders worth $1.43 billion from Cerebras, effective until March 2025, highlighting a robust sales pipeline.

Financially, Cerebras has seen mixed results. The company reported a net loss of $66.6 million on sales of $136.4 million in the first half of 2024. This was an improvement from a net loss of $127 million on revenue of $78.7 million in 2023, despite being a 14% increase in losses compared to the $77.8 million net loss in the first half of 2023. However, revenue showed a substantial increase, with Q2 2024 revenue rising to $69.8 million from $5.7 million in the same period the previous year.

Valued at over $4 billion in a $250 million funding round in 2021, Cerebras has attracted notable investors. These include the Abu Dhabi Growth Fund, Altimeter Capital, Benchmark, Coatue, Foundation Capital, OpenAI CEO Sam Altman, and Sun Microsystems co-founder Andy Bechtolsheim. The CEO, Andrew Feldman, is the only individual holding a stake of 5% or more in the company.

The tech IPO market has been relatively quiet in 2024 due to higher interest rates guiding investors towards more profitable assets. However, there have been notable exceptions: Reddit went public on the New York Stock Exchange in March, and data management software maker Rubrik followed suit in April. With the recent rate cut by the Federal Reserve earlier this month, optimism has increased in the tech sector, and the Nasdaq Composite index has seen gains.

Interestingly, Morgan Stanley and Goldman Sachs, typically major players in tech IPOs, are not leading the Cerebras deal. Instead, Citigroup and Barclays are heading this public offering.

As Cerebras prepares to go public, the move is anticipated to set the stage for further growth and innovation in the AI chip market, bolstered by its existing technological advancements and strategic partnerships. The company's prospects will be closely watched by industry observers and investors alike.

Source: [Noah Wire Services](https://www.noahwire.com)

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