

A follow-up to my previous article,

“AI, Nvidia and the Temptation of Perpetual Motion”

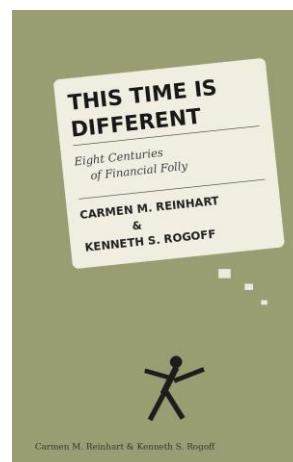
Only three days ago, I argued that one of the key risks around the AI infrastructure boom is not whether AI demand is real, but whether capital is building capacity faster than end-demand can ultimately absorb it.

Now comes an interesting counterpoint: In yesterday’s *Financial Times*, Daniel Roberts, CEO of IREN, argues very clearly that AI computing demand may effectively never be satiated. His view is that this cycle is “**fundamentally different**”: more compute enables more use cases, which creates more demand, which in turn requires even more compute.

I genuinely hope he is right...

But I have to admit that the words “**this time is different**” still make me slightly **uncomfortable**. The reaction in the FT comments section was striking. Several readers immediately recoiled at the phrase, **perhaps the most dangerous sentence in finance**.

There is a reason for that. Carmen Reinhart and Kenneth Rogoff titled their landmark study of eight centuries of financial crises ***This Time Is Different*** precisely because, before so many booms eventually turned into busts, investors convinced themselves that the old rules no longer applied.



Reinhart & Rogoff, *This Time Is Different* (2009)

IREN is also a good illustration of two themes discussed in my previous article:

- i) circularity within the AI ecosystem. IREN is deeply embedded in the Nvidia ecosystem: it buys Nvidia GPUs, Nvidia rents compute capacity from IREN, and Nvidia has rights that could result in it acquiring a significant equity stake as IREN expands its GPU fleet. None of this is inherently problematic, but it makes the circularity debate particularly tangible.

- ii) how infrastructure built for one business can be redeployed towards a more attractive source of demand. Only a few years ago, IREN was primarily a Bitcoin miner. Some of its non-recourse financing SPVs went through defaults and subsequent litigation. Today, it has raised around \$19bn to fund a rapid expansion into AI infrastructure. That adaptability is a powerful argument for the optimists.

I will stay with this second point for a moment: how quickly capital can move when a new narrative becomes overwhelmingly attractive.

We are seeing something similar elsewhere in the AI ecosystem. SpaceX, for example, is increasingly being valued not only on its existing businesses but also on enormous future opportunities around AI infrastructure and orbital compute. Capital can move remarkably quickly when the addressable market appears almost limitless.

The question from my original article therefore remains:

Are we satisfying demand that already exists... or pulling forward several years of demand that still needs to materialise?

I sincerely hope this time really is different — and that Roberts and the optimists are right.

History simply suggests we should **remain cautious whenever we hear those words.**

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