

Is the AI Industry Consolidating? Hugging Face CEO Says More AI Entrepreneurs Are Looking to Be Acquired

Multi-billion dollar AI community startup Hugging Face announced its fourth acquisition to date on Thursday, a \$10 million buy of a small AI collaboration platform called Argilla.

Hugging Face CEO Clément Delangue now says he's getting acquisition requests from many more startups – at least 10 a week.

“This year, in particular, it has increased quite a lot,” he told Bloomberg.



Clément Delangue, CEO of Hugging Face. Tom Williams/CQ-Roll Call, Inc via Getty Images

Hugging Face lets developers openly share and test AI models that anyone can use, and has partnered with companies like Google and Microsoft. The company claims to have over a million AI models, datasets, and apps on its platform.

After a \$235 million August funding round, with investments from Amazon, Nvidia, Intel, and other big tech names, Hugging Face is now valued at \$4.5 billion.

Delangue's remarks that he sees more AI startups looking to be acquired could signal that the AI industry is consolidating, or entering the stage when competitors begin merging, per Bloomberg.

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Huge tech companies have been quietly acquiring AI startups recently. According to a February report from portfolio management company Stocklytics, Apple has made the most AI

startup acquisitions compared to its peers, buying 32 startups last year and at least one more this year.

Google bought 21 AI startups and Meta acquired 18, per the same report.

AI stood out last year as one of the best-performing industries for unicorn, or billion-dollar valuation business, growth.

A February Morningstar report found that more than four of every 10 startups that became a unicorn in 2023 focused on AI and machine learning.

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