92.9% · Data Center share of total Q3 FY2027 revenue



THE POWER TO REFUSE / 25 NOVEMBER 2026

Jensen Huang Is Back. Who Can Still Say No at NVIDIA?

NVIDIA's largest market supplied nearly 93 cents of every sales dollar in its latest quarter. Its board also reversed a leadership change in eleven days. Both facts tell us where power sits, but only one appears in the income statement. For customers building infrastructure around NVIDIA, the important question is whether the institution can challenge its founder and still deliver.

WTM CEO CORNER · INDEPENDENT ANALYSIS · 8 MIN READ

Illustrative cover; not the executives, staff or facilities of the companies discussed.

FIELDNOTE 01 / LEADERSHIP

Eleven days that earnings cannot explain

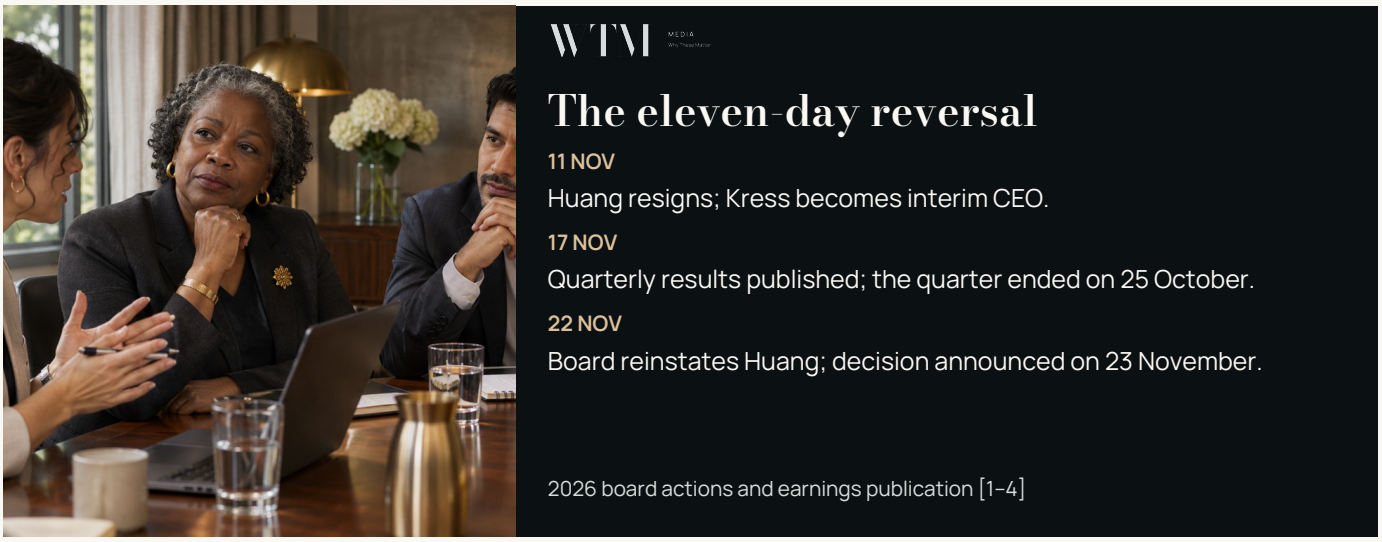


Illustration. Directors hear a compliance analyst explain a concern.

On 11 November, NVIDIA's board accepted Jensen Huang's resignation and named finance chief Colette Kress interim chief executive. On 22 November it reinstated Huang as president, chief executive and a director. The company announced the reversal on 23 November. An earnings release issued in between names a different CEO for good reason. [1–3]

The latest financial quarter ended on 25 October. Its record sales were earned before either leadership decision. They cannot establish how well NVIDIA functioned without Huang, any more than his return can retrospectively explain revenue already recognised. [4]

The board said it took account of input from senior US government officials. That is NVIDIA's description of one input to its decision. It does not establish that officials directed the board or that a government endorsement substitutes for a director's independent judgement. [3]

NVIDIA said independent directors were investigating reports that Huang had been the target of a foreign intelligence effort. Being a reported target is not being found culpable. Harvey Jones remained board chair; a separate independent export-control committee had been formed, and the search for a chief compliance officer was still ahead. [2, 3]

Imagine the practical decision this creates for an employee asked to clear a sale. They need to know who can pause shipment, whether that pause survives commercial pressure and which director sees the disagreement. The name on the CEO's door answers none of those questions.

Huang's ability to persuade partners may be a genuine strategic asset. The board's ability to refuse him is a different asset, and no less important. A functioning institution needs both. Only the first is easy to demonstrate on a stage.

FIELDNOTE 02 / FINANCIALS

Ninety-three cents of the sales dollar

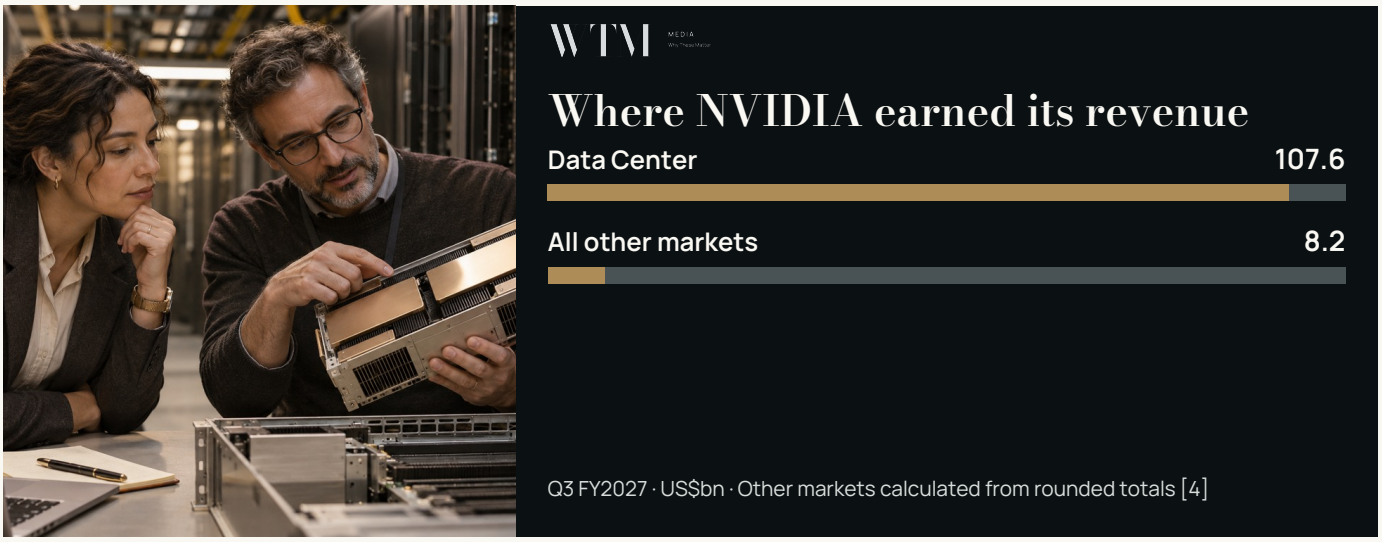


Illustration. A buyer and architect inspect an accelerator module.

NVIDIA reported US$115.8 billion of revenue in its third quarter of fiscal 2027, up 103% year on year. Data Center supplied US$107.6 billion. On those rounded figures, 92.9% of sales came from one end market. That is not the same as 92.9% from one customer. [4]

The quarter produced a 74.8% GAAP gross margin and US$65.3 billion of GAAP net income. Gross margin measures what remains after the costs assigned to sales. Net income includes other expenses, taxes and non-operating items. Neither measures the return earned by the customer buying the systems. [4]

What the customer buys is not just a faster chip. A working installation has to move data between processors, support the software already written and stay available when a component fails. Delay anywhere in that chain can be dearer than the quoted saving on an alternative accelerator.

This is how a supplier can hold pricing power even when buyers understand its margins. Replacing a processor is a procurement decision. Replacing the environment in which a research team has learnt to work is an engineering programme with its own budget and deadlines.

Concentration works in the other direction, too. A large cloud operator has an incentive to develop a cheaper way to serve a predictable workload. It need not replace NVIDIA everywhere. Moving the routine, high-volume jobs can weaken the economics of the premium ones left behind.

The number to ask for is cost per completed, useful task at the buyer's required quality and latency. Include engineering time, energy and idle capacity. An impressive shipment establishes that NVIDIA sold a system; it leaves open whether the buyer made a sound investment.

FIELDNOTE 03 / GLOBAL IMPACT

A rack is delivered; a community supplies the power

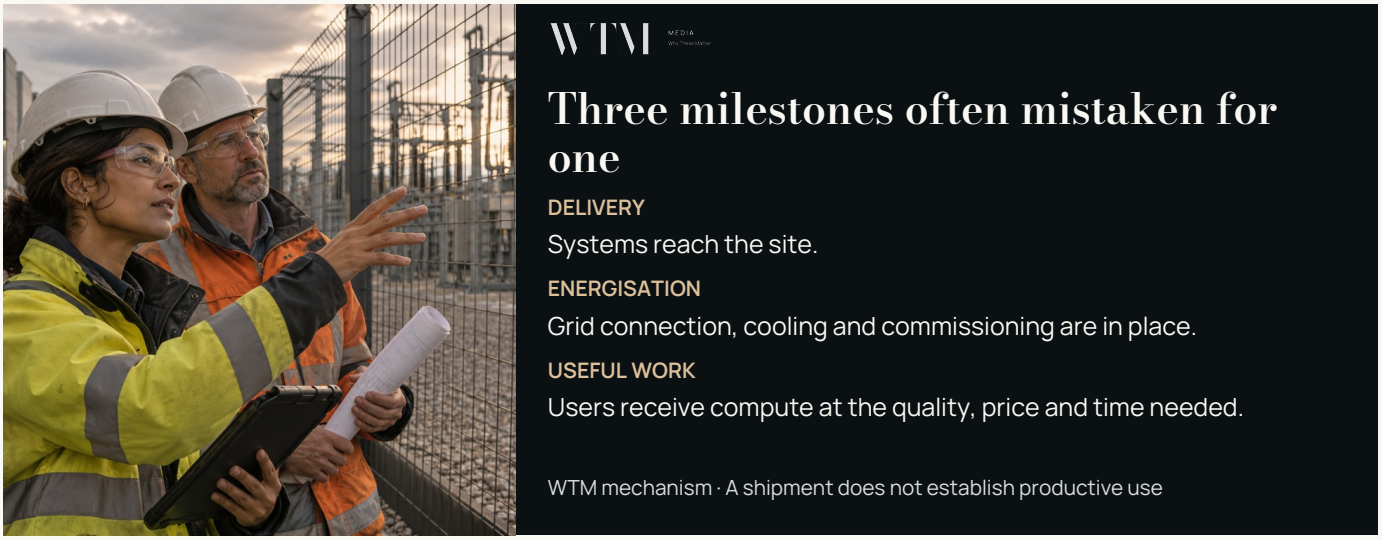


Illustration. An electrical engineer and utility colleague inspect a site connection.

Consider two sites buying identical systems. One has an available grid connection and customers ready to use it. The other is waiting for a substation. NVIDIA may have earned revenue from both, yet only one site can presently turn the equipment into productive work.

That distinction matters for governments bidding to attract data centres. An announced investment can contain imported equipment, construction, grid upgrades and future operating costs. The headline total says little about local wages, enduring research capacity or who pays for a stronger network.

A university faces a different bargain. Familiar tools can put a research group to work quickly. If its grant pays for a cluster but not the engineers or electricity to keep it useful, national ownership of the asset does not confer reliable access on a postgraduate researcher.

For the engineer on call, mature software and diagnostic tools are not abstract advantages. They shorten the period between a system failing and useful service returning. A serious comparison of rival platforms includes those hours, particularly when a hospital, laboratory or public service depends on the workload.

Geography also enters the accounts through what NVIDIA does not forecast. Its next-quarter outlook assumes no China Data Center compute revenue. That is a specific assumption about a product category and a forecast period, not a statement that all NVIDIA business in China has ceased. [4]

Public purchasers should put access into the contract: allocation rules, published queue times and a plan for migrating workloads. Otherwise a country may possess the machines yet leave decisions about who gets to use them to whichever institution controls the booking system.

FIELDNOTE 04 / RATINGS

CreditWatch is a governance signal, not a downgrade

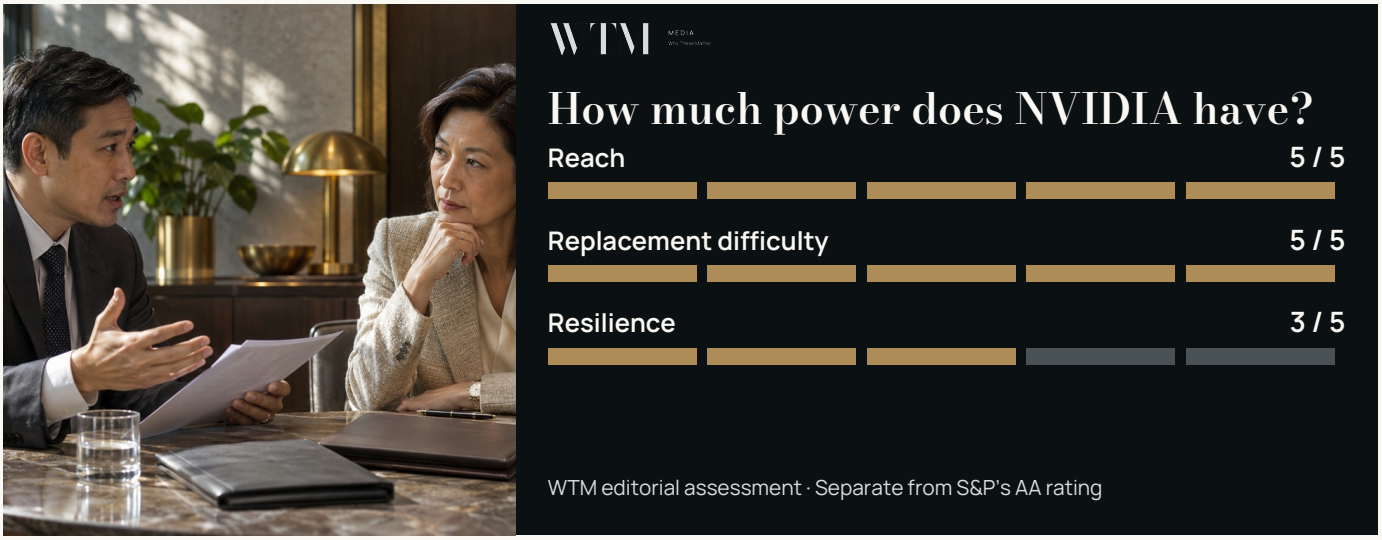


Illustration. A compliance officer raises a concern with a director.

On 25 November, S&P Global Ratings placed NVIDIA's AA ratings on CreditWatch negative, citing management and governance risk. The grade remained AA. The action expresses the possibility of a downgrade; it is neither a downgrade already made nor an allegation proved. [5]

WTM gives NVIDIA 5/5 for reach. Decisions about hardware availability and software support can influence how cloud operators, research institutions and governments spend. A supplier whose design can shape a building's power and cooling specification exercises influence well beyond the price of its component.

Replacement difficulty is also 5/5. The strongest barrier is the combination of tools, networking, accumulated engineering knowledge and delivery deadlines. It is hardest to displace the whole system at once. Substitution in a single well-defined workload is a more credible first challenge.

Resilience earns 3/5. High margins buy time and technical options, but the company is exposed to concentrated capital spending, export decisions and a newly visible governance question. Short-term indispensability and long-term resilience should not receive the same mark by default.

What would change that judgement? An independently verifiable escalation process, with evidence that a contested commercial decision can be paused without retaliation. On the commercial side, durable utilisation at the customer would be more reassuring than a further round of capacity announcements.

S&P and WTM are answering different questions. Credit analysts ask whether the borrower can meet its obligations. This editorial asks how far others must organise themselves around NVIDIA, and what happens when the arrangement is stressed. An AA borrower can be a brittle point in somebody else's system.

FIELDNOTE 05 / OUTLOOK

Three tests for the next order

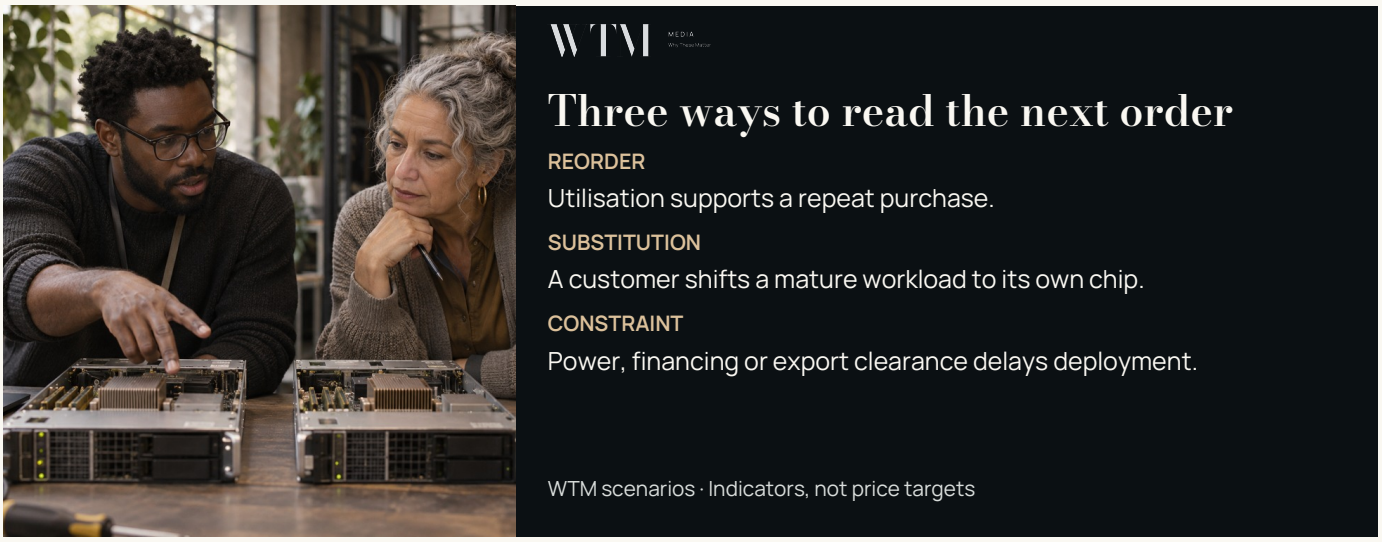


Illustration. Cloud engineers compare hardware for the same workload.

Management's next-quarter revenue outlook was US$130 billion, plus or minus 3%, with a 71–72% gross margin. The quarter includes an extra week. Comparing unadjusted sequential sales growth with an ordinary-length quarter would make the acceleration look stronger than a like-for-like comparison. These are forecasts, not results. [4]

The favourable case is straightforward: customers put new racks to work rapidly and earn enough on useful tasks to reorder without special inducement. Watch utilisation and repeat purchases. A machine that pays its way does not need a keynote speech to explain the next order.

The substitution case is narrower and therefore more credible than a sudden collapse. A cloud operator moves one mature workload to its own silicon and keeps complicated jobs on NVIDIA. It can weaken the supplier's negotiating position without announcing a change of allegiance.

The constraint case begins outside the chip. Grid delays, tighter export conditions or slower customer funding can defer deployments even if the hardware performs exactly as promised. Watch the gap between orders, delivery and energised capacity; it matters which stage has stalled.

For the board, the parallel question is whether independent directors can get unwelcome information before the market does. A compliance officer reporting to a board committee could help. The reporting line becomes meaningful only when staff can use it and directors act on what they hear. [3]

These tests do not predict the share price. They specify the evidence that would change the argument. A founder's return can steady a company in a week; proving that the company is stronger than its dependence on that founder takes considerably longer.

EDITORIAL CONCLUSION / EVIDENCE NOTES

Why This Matters

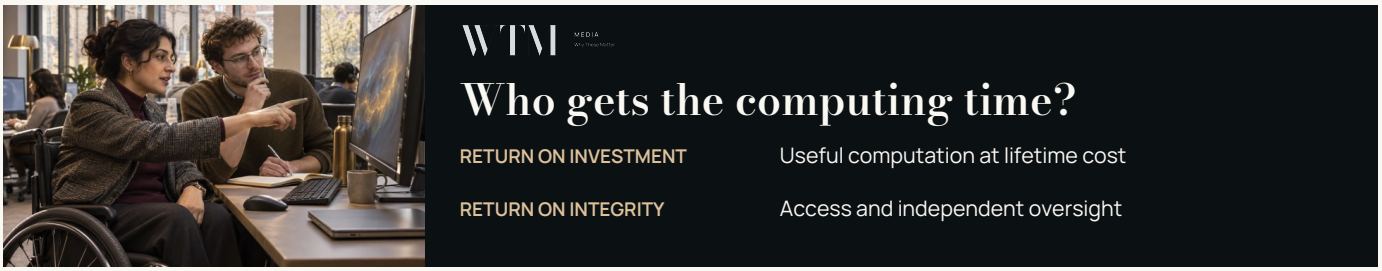


Illustration. A university researcher and a colleague examine a computed result.

When a university writes its software, a utility plans its substation or a government funds a cluster, NVIDIA's choices can become their choices for years. The public interest is not served by rooting for or against one executive. It is served by knowing where the right to challenge a decision actually sits.

For a university laboratory, an order becomes valuable when a researcher can book time, reproduce an experiment and keep the resulting work. An access policy with a published queue gives the funding body something it can test after the ribbon is cut.

For a utility, the important unit is the site that will draw power and the date the connection is needed. Bringing procurement and grid planning together early can expose an expensive mismatch while the terms of the project can still be changed.

For an employee who raises a concern, independence has a more personal measure. They need to know that a director will hear the concern, that the decision will be recorded and that the employee can return to work with their standing intact.

Boards buying this infrastructure can ask for two records at renewal. One shows completed work against the service promised. The other shows how exceptions were handled, who had authority to pause a decision and when the customer was informed.

Return on investment means useful computing delivered at a defensible lifetime cost. Return on integrity means a researcher can obtain the access promised, and an employee can stop a transaction that warrants scrutiny. Neither return can be read from the number of chips shipped.

WTM scores three things: reach (whose choices change), replacement difficulty (the cost and time to switch) and resilience (whether the advantage survives a shock). Scale: 1 limited; 2 narrow; 3 material but conditional; 4 strong with constraints; 5 system-shaping. Scores are editorial judgements, not agency credit grades, share-price forecasts or investment advice.

Sources & reporting notes

01 **NVIDIA • Form 8-K, event of 11 November 2026** OPEN
02 **NVIDIA • Form 8-K, event of 22 November 2026** OPEN
03 **NVIDIA board • Statement released 23 November 2026** OPEN
04 **NVIDIA • Fiscal Q3 2027 results, 17 November 2026** OPEN
05 **S&P Global Ratings • Ratings actions, 25 November 2026** OPEN
06 **Reuters • S&P puts NVIDIA on CreditWatch negative, 25 November** OPEN

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