

CPO Optical Module Investment Logic



Overview

Technological advancements like CPO and accelerated iteration cycles from 800G to 1.6T are reshaping the landscape. Risks include technological pathway uncertainties, competitive complexity, and high valuations, requiring investors to balance growth prospects with current. OFC 2025 made one thing clear: The transition to Co-Packaged Optics (CPO) switches in data centres is inevitable, driven primarily by the power savings they offer. From Jensen Huang showcasing CPO switches at GTC 2025 to a wide range of vendors demonstrating optical engines integrated inside ASIC. Why AI Data Centers Pushed Optics Front and Center In April 2026, the S&P 500 and Nasdaq both closed at all-time highs (7,022). The AI infrastructure narrative is the primary engine of this rally. Lumentum's order book is full through 2028, reflecting surging demand for 800G and 1.6T optical modules, amplified by Nvidia's strategic investment. This sector mirrors. According to LightCounting, sales of lasers and photonic integrated circuits for optical transceivers are expected to grow from \$2.9B by 2029, fueled largely by AI data centers. Read on to learn key CPO trends shaping AI systems in 2026 and the challenges designers will need to. NVIDIA has made its most aggressive move yet to secure the future of AI data center connectivity, committing a combined \$4 billion in strategic investments to silicon photonics leaders Lumentum Holdings and Coherent Corp. Announced in early March 2026, the twin deals — each worth \$2 billion in.



Article Content

Lumentum Growth Doubles, Coherent Orders Booked Through 2028,

Furthermore, TSMC's tight CoWoS packaging capacity has indirectly hampered the delivery schedule of optical modules; the delivery pace of NVIDIA GPUs is constrained by packaging

When Light Replaces Copper: Lumentum (LITE) — The Optical Heart

Nvidia's strategic investments in Lumentum highlight the shift towards optical interconnects in AI. Lumentum's vertical integration, spanning InP wafer fabs to optical modules and

Co Packaged Optics (CPO) – Scaling with Light for the

Co-Packaged Optics (CPO) has long promised to transform datacenter connectivity, but it has taken a long time for the technology to come

Top Silicon Photonics Stocks 2026: Breaking the

The industry knows it. The true endgame is called Co-Packaged Optics (CPO). Instead of plugging a separate optical module into the front of a

Optical Component Startup Tracker

The number of venture-backed optical component startups has exploded - the Optical Component Start-Up Tracker identifies these companies

Lumentum Orders Booked Through 2028: Can Optical

Optical communications are emerging as the next AI computing infrastructure frontier, driven by data interconnection bottlenecks. Lumentum's order book is full through 2028, reflecting

Nvidia's \$4B Photonics Venture: What You Need to Know

Nvidia's \$4B investment in optical component suppliers Lumentum and Coherent heralds an era of optical interconnects inside AI data centers.

Nvidia Invests \$4 Billion in CPO: The Next Stop for AI Factory ...

Nvidia injected \$2 billion each into photonics manufacturers Lumentum and Coherent, securing future production capacity and technology rights for advanced optical components with a total investment of

\$LITE EXECUTIVE OVERVIEW The OFC 2026 briefing materially

The market may be correct that optics eventually moves inside the rack at 400G/lane and beyond. But the timing, attach rates, package standards, and vendor profit pools are still too fluid to

A-Share AI Infrastructure Boom: CPO Optical Modules Lead Rally as ...

On April X, A-share tech stocks surged, with CPO optical modules, optical components, and AI computing infrastructure stocks hitting daily limits. NewEase Communications' market

The Rise of Co-Packaged Optics: A Deep Dive into

This article provides a comprehensive overview of CPO optical modules, exploring their technology, benefits, challenges, and the pivotal role

Five Key Trends of Co-Packaged Optics (CPO) in 2026

Meeting market expectations and building confidence in co-packaged optics will require more than performance demonstrations. CPO adoption

400G, 800G, and Terabit Pluggable Optics:

Alternative to pluggable: Co-packaged Optics Co-packaged optics (CPO) and Linear Pluggable Optics (LPO) are two implementation variants of the same idea - reduce ASIC to optics power/DSP

How Industry Collaboration Fosters NVIDIA Co

NVIDIA is developing a co-packaged optics (CPO) platform that integrates optical and electrical components to improve data-center connectivity,

Co-Packaged Optics — a deep dive | APNIC Blog

From Jensen Huang showcasing CPO switches at GTC 2025 to a wide range of vendors demonstrating optical engines integrated inside ASIC packages at OFC 2025, CPOs are everywhere.

Are you interested in investing in optics, but still struggling to ...

Damnang2 (@damnang2). 96 likes. Are you interested in investing in optics, but still struggling to connect everything into one clear picture? Optics can look complicated when you only

NVIDIA's \$4B Photonics Play: Lumentum vs Coherent

NVIDIA is spending \$4 billion on silicon photonics through Lumentum and Coherent deals. Here's which partnership looks stronger heading into 2026.

Intel's Expanding IP Portfolio in Co-Packaged Optics

Other key IP players are also investing heavily in co-packaged optics and optical interconnect technologies. Our forthcoming advanced

Investment Opportunities in the Co-packaged Optical (CPO) Modules ...

Co-packaged Optical (CPO) modules integrate optical components directly with silicon chips, enhancing bandwidth, reducing latency, and improving energy efficiency.

Top 5 Stocks For AI's Optical Revolution In 2026

Moving forward, the company expects its Vesta 200 6.4T CPX, a CPO-based optical solution targeted at hyperscalers, to be a strong growth vector for Ciena, in addition to the

CPO & Silicon Photonics: AI's Interconnect Bottleneck and Who Profits

As investments, Chinese optical modules are "cash flow stocks" (the current-order dividend), not "platform stocks" (who gets to define CPO architecture next). These two valuation

Inside Nvidia's \$4B Optical Strategy--And Why CPO Changes Everything

Last month, Nvidia Corporation made \$2 billion equity investments in two separate optical component suppliers: Coherent and Lumentum. NVDA and Broadcom are the two market leaders in

Co Packaged Optics (CPO) – Scaling with Light for the

This section will explore the evolution of the market from copper to co-packaged copper and from digital signal processor (DSP) optics to linear

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