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[AMD Plans to Re-organize to Become Profitable](#)



Although the strategy exists, we get no word on it

Advanced Micro Devices held all the details regarding its "asset-smart" strategy to itself and did not present any of its concrete decisions regarding the future of the company at the annual meeting with its shareholders. The only thing that the company unveiled is that it plans to focus only on core businesses and that it intends to become profitable with current revenue stream. "The year 2007 was a difficult transition year for AMD. I could not be more disappointed with our financial results. [...] We will return to profitability. We are committed for sustainable profitability," said Hector Ruiz, chairman of the board and chief executive officer at AMD. Ruiz accentuated that some re-organizing of the company's management is currently undergoing "so that to be profitable at our current revenue stream". Last year, AMD faced an issue regarding its microprocessors and graphics processors that provided less performance than the competitors' products, which resulted in the company's profit margins experiencing a significant drop, and also forced it to lower its prices. The chief executive said that the company should be profitable even if its products are as inexpensive as they do. "While the short-term goal is to achieve operational profitability in the second half of this year, our long-term goal is to achieve consistent profitability in good times and bad times. We are re-architecting the business so that our financial success is not invariably dependent on continuous component performance leadership over our rich and dominant competitor," said the head of AMD. Ruiz promised to share more details regarding "asset smart" strategy in the future, but gave no new information at the moment. "We are progressing with our 'asset-smart' strategy [under which] we will deploy our manufacturing assets [in the most] cost-effective [way], but stay on the leading edge and deliver customer value," were his words. To increase profitability, AMD also plans to exit businesses that bring no profit to the company. According to Ruiz, Advanced Micro Devices is constantly scrutinizing its non-core businesses "and revisiting their strategic fit in the company." This is a part of AMD's strategy of making "fewer things better". The company will focus on the microprocessors and graphics processing units businesses which tend to be of great importance for the company, as the CEO of AMD stressed out. Last year, the company experienced a sudden profitability drop after acquiring ATI Technologies. In the fourth quarter of 2007, ATI's market share reached its lowest point in many years, 18.3%. After the falling down period, things look better now for ATI. The next-generation ATI Radeon graphics chips are expected to bring the company back to its previous position on the market or make things even better. "The next-generation ATI Radeon graphics looks impressive. We believe in our potential for market share gain this quarter and beyond," promised the chief executive of AMD. You can read more about ATI's future graphics card in [this article](#) published on our site four days ago.