

San Jose Mercury News

www.MercuryNews.com

Business

SUNDAY, MARCH 12, 2006

CATCHING UP WITH DIRK MEYER

No more underdog role for AMD

COO SAYS CHIP MAKER HAS FINALLY EMERGED FROM INTEL'S SHADOW

By Dean Takahashi

Mercury News

In 1999, Dirk Meyer and Fred Weber, two computer chip architects at Advanced Micro Devices, had a fateful 20-minute meeting with then-Chief Executive Jerry Sanders.

For years, they had trailed behind Intel as a follower in the multibillion-dollar personal computer microprocessor market. Restricted by a legal settlement that prohibited AMD from copying Intel's designs, Meyer and Weber struck out on their own to create a new kind of microprocessor that was compatible with Intel's chips.

They thought their plan would give AMD a lead for years to come. Sanders said, "I love it. I'm in."

The chip they conceived, the AMD Opteron, made its debut in 2003, and it has given the underdog a chance to gain market share against Intel in both server and desktop chips. Intel has fired back, but Meyer, who became president and chief operating officer of AMD in January, isn't worried. He spoke with Mercury News Staff Writer Dean Takahashi last month.

Q Is there a lesson in how you should run AMD from that meeting you had with Jerry Sanders?

A Jerry Sanders always held the view that everything starts with people.

AMD's Opteron chip, conceived by chip architects Dirk Meyer and Fred Weber, has given the underdog company a chance to gain market share against Intel in both server and desktop chips.

Pick the right people. Put them in the right jobs. Do what you can to make them successful in the company, and then everything is possible.

Q What does it mean to combine the insights as a technical person with the job of running the operations of a multibillion-dollar company?

A That's an interesting question. I almost feel my 10 years at AMD have been composed of two careers. The first five years were engineering-focused. The last five years have been running the company. It's important not to spend my time running the company as if I were still an engineer. It's important to give guidance to the engineering team but not to run it.

Q Intel hired a non-engineer, Paul Otellini, as its CEO. What difference does it make in how a company is run?

A It would be easy for me to say we are more in tune to the technology. Honestly what is most important is picking the right people, locking down on the right vision and putting in place people who can execute. That can be done by a person with any background, whether it's sales, marketing, engineering.

Q What has prepared you for this job?

A I learned very early in my career to not look to management to solve the problems I saw in the organization. I learned that for the first time at Digital Equipment. It was a chaotic place in the first few years I was there. There is no point in whining. Roll up your sleeves and help solve problems.

FIVE THINGS TO KNOW ABOUT DIRK MEYER

1. He enjoys anything outdoors, from skiing to hunting.
 2. The biggest thing he bagged while hunting was a deer.
 3. He caught a 200-pound Marlin while deep-sea fishing off the coast of North Carolina.
 4. Meyer has helped design 15 chips in his career.
 5. He worked for Intel's microcontroller business in the early 1980s.
-

Q There were periods when AMD had a tough time. What made you stay?

A The vision and passion around creating a leading microprocessor company. Obviously, it's a huge economic opportunity for the company. It's really exciting technology on the leading edge. It's critical in the modern economy. We can impact the industry, yet we are still small enough that individuals can make an impact.

Q How did the Opteron stay on schedule?

A People working on the program understood what was at stake for the company. It was AMD's future. There was never any question. There was a feeling it could be important to the whole information technology industry's future.

Q The case that AMD made in its antitrust lawsuit spelled out how tough it is to compete with Intel. How can you possibly hope to succeed in your job?

A By first and foremost doing a better job than the competition. Servicing our customer.

Q How do you stay competitive with a company like Intel, where you could try to respond to everything they do?

A That's one of the transformations we made over the last five years. We get together and plot our strategy. It no longer starts with what Intel is doing. It is the last check that we do on our checklist. It starts with customers and what they want.

Q Who focuses on getting Dell as a customer?

A That's a tag team. We don't see Dell as a customer we need to acquire to fully utilize our capacity. Having said that, Dell is a big potential customer and one we would like to have, but not one we are desperate to have.

Q Do you have to view Intel as an evil empire to do this job?

A No. That is a transition we made. We used to define ourselves by how we viewed Intel. The code words used to be Intel is bad. Now the code word is our customers. That sounds hokey but it's true.

Q Keeping afloat isn't as big a concern as it used to be?

A Our balance sheet is healthy now. We are optimistic about the business in the near term. We see the business generating sufficient cash. We are cautiously optimistic.

Q Intel has big new chip architecture coming in the second half of this

DIRK MEYER

Dirk Meyer

■ **Age:** 44

■ **Birthplace:** Chicago

■ **Position:** president and chief operating officer, Advanced Micro Devices

■ **Previous jobs:** Joined AMD in 1995; 1996, named director of engineering for Athlon microprocessor; 1999, vice president of engineering for computation products group; 2001, vice president of computation products group; 2002, senior vice president and executive officer; 2004, executive vice president. Prior to AMD, he was co-architect of two Alpha microprocessors while at Digital Equipment for a decade; served at Intel in Chandler, Ariz., for four years designing micro-controller chips.

■ **Education:** Bachelor's degree in computer engineering from University of Illinois; master's degree in business administration from Boston University.

■ **Family:** Married, three daughters ages 13, 10, and 8

■ **Residence:** Austin

■ **Pay:** \$1.4 million in cash, stock and other compensation in 2004

■ **Other interests:** Outdoor activities include skiing, hiking, golfing, fishing and hunting.

Source: AMD

year. If you are not matching them one for one, what is your competitive response?

A I haven't seen enough details on what that is in reality. What I can say is, I judge our competitiveness in the near and intermediate term by the decisions our customers make. Our customers see our road map. They see

our competitors. They make their own decisions. Our customers are choosing to broaden their AMD-based solutions in servers, desktops and laptops.

Q There is a 10-to-1 difference with Intel in the number of your employees. Does that concern you?

A It honestly doesn't. There is a level of investment you have to make to invest so that you have critical mass in the microprocessor business. We are a little below that. From outside looking in, Intel has too many people.

Q Has the center of gravity shifted from Silicon Valley to Austin for AMD?

A It's not intentional. It's based on the fact that the center of mass for AMD's microprocessor business has always been in Austin. By spinning out Spansion (flash memory division), we took down representation in Silicon Valley. We will always have a deep presence in the valley. I spend my fair share of time there as well.

Q IBM's chip chief said recently that the center of innovation has moved beyond the PC to game consoles and cell phones.

A Spoken by guys who can't sell chips into PCs. That's my glib answer. The more thoughtful response is (PC microprocessors) can play in all those places those folks can talk about as well. I would rather do battle in any market with PC chips than anything else.

Contact Dean Takahashi at dtakahashi@mercurynews.com or (408) 920-5739.