

Hector Ruiz
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“An Era of Greater, Real Choice”

Hello -- good morning, and welcome to Oracle Open World!

At AMD, we believe listening to our customers and users is the most important thing we can do.

And, with 40,000 attendees here, this seems like a great opportunity to learn more about you, what is important to you, and how the IT industry can better serve you. Many of you shared your thoughts with us as you were registering for the conference. Take a look.

OPENING VIDEO

I am delighted to be here for AMD's first ever keynote address at Oracle Open World. And I want to thank Larry for inviting me to speak with you; it is a tremendous honor. And thanks to everyone at Oracle who has made AMD's preparation for this week such an enjoyable experience. And finally, let me thank you for choosing to be here. It is you, and the choices you have made that have brought me to this stage.

Now, let me further explain why it was your pictures, your thoughts, on these video screens behind me.

I believe we are entering a new era in mainstream microprocessor technology -- an era that will be defined by a phenomenon our industry has rarely experienced. This phenomenon is **choice**. And the effect it will have on our industry will be as profound as anything we've ever seen.

Today, enterprise IT professionals have more real, viable choices than ever before: operating systems, applications, architectures, and yes, if AMD, our customers and our partners have their way, you will have a real choice in processors and solutions.

It was just five years ago that the semiconductor industry was in a terrible slump. But at AMD, we believed this depression was only partially due to the natural cycles of business economics. The other reason for this industry depression was that IT professionals like you simply didn't have the kinds of choices you needed.

To better understand how we could serve you, we did something that, unfortunately, is all too rare in the semiconductor industry: we went out and talked with you. About what you needed. About what innovation was most

important to you. About the role microprocessors could play in making you and your business a success.

We learned a great deal. You told us you needed the power of 64-bit processing. But, you also needed to run the 32-bit software you had already invested in. The choice you asked for was not 64-bit or 32-bit processing. The real choice you asked for was the ability to choose when and how to migrate seamlessly from 32-bit to the superior processing power of 64-bit computing.

You also told us having choices that focused only on pure performance was not enough. Rising energy costs were resulting in new cost pressures in the data center. The real choice you needed included greater power efficiencies, without compromising performance or scalability. And you told us that security, scalability and balanced platform performance were as important as intrinsic core performance.

We heard you. And in 2003, we introduced the first product based on our flagship AMD64 architecture, the AMD Opteron processor. It offered the industry's best 32-bit performance with the ability to migrate to 64-bit computing when it made sense for your enterprise. The AMD Opteron processor delivered best in class performance-per-watt and the most consistent thermal roadmap across single-, dual- and starting mid-next year, quad-core x86 server processors.

The fact that the AMD Opteron processor was a great success for AMD means one thing: that it was a great success for you. With the introduction of the AMD Opteron processor, you had a clear, substantive, choice in x86 server processors. And we're honored that so many of you chose AMD.

Just as it has with processors, this era of greater, real choice will benefit one audience in particular: you. With greater choice comes greater competition. With greater competition comes greater innovation. As your IT choices multiply throughout the next decade, you will see an acceleration of innovation unlike any you have experienced.

Most significantly, real choice in information technology is effecting the single, greatest transfer of power our industry has ever seen: A transfer of power from the vendor to you, the customer.

This will mean that the future of innovation will rest far more on the choices you -- not your vendors -- make.

Now, I recognize that choice can sometimes make our jobs more complicated. With more choice comes more decisions. More options to evaluate. More vendors to manage. More confusing advertising claims to sort through.

But **real** choice should not bring complication. Real choice should empower. And as a CEO of a company that wants your business, I understand that I bear certain responsibilities to ensure you are offered a real choice.

I have a responsibility to ensure you have the honest information you need to make the smartest choice for you and your business.

I have a responsibility to fight for a free and open marketplace, so that I can compete for your business based on the price and merit of my products, and you may choose products based on substance, not style.

I have a responsibility to understand your needs and concerns, and then translate that understanding into innovations that will offer you a meaningful choice.

And if your choice involves a solution from my company, I have a responsibility to positively reinforce, day after day, the choice you made.

So we began this morning by hearing from you.

It was your pictures, your words, your ideas on these screens this morning because, in an era of greater choice, that is where the emphasis should be.

If I -- or any of the speakers on this stage during the next few days -- are going to fulfill our responsibilities in this new era, we have a lot of listening to do.

So let me use my time this morning to share what we have learned by listening to you, and what I hope -- together -- we can accomplish in this era of choice.

In a moment, I'd like to welcome someone who is very valuable to us at AMD, not only because of the company he represents but also because of what he believes: a commitment to listening to customers to develop and deliver smarter technology choices. But first, I'd like to direct your attention to the video screens, as we see how making the smarter choice isn't always so simple.

VIDEO PLAYS

HECTOR:

If that were one of my grandchildren, they would have grabbed **both** candies.

Now I would like to introduce someone who has chosen a path -- a path that offers their customers real choice. He's Executive Vice President of Customer Services, responsible for Oracle's fast-growing on-demand business. And as many of you know, Oracle-on-Demand is a very innovative solution that delivers subscription and managed application services to enterprise customers everywhere. Please welcome Juergen Rottler.

JUERGEN:

Hello, Hector, how are you?

HECTOR:

How are you?

JUERGEN:

Very good. I wish I would be looking as good as this actor that you just used.

HECTOR:

You know, Juergen in your role, your responsibilities include the fast-growing on-demand business, as well as Oracle's CIO in internal IT organization. And I always enjoy sharing our customers' stories. And this one especially interesting because Juergen and his teams are doing some remarkable work on their cutting-edge, on-demand business. Juergen, tell us a little more about what you're doing with this Oracle on-demand business, and how it translates into real time value for our customers.

JUERGEN:

Yeah, thanks a lot, Hector. And we've been listening to our customers, too. And one of the things that you've asking us to do is to deliver more services -- operational services as well as extensions to our software platform -- that allow you to get a better return on your IT investments. And so with that, we have been looking to support our customers in their mission-critical applications. We provide global support on a 24-by-7 basis to those customers as they uh, provide-- as we keep their software current; as we drive more security in their environment, as we keep it up-to-date; and as we drive strategic focus so they can really focus on their business and key IT initiatives. To provide the scalability and performance that our customers are looking for, they want us to drive more advanced technology.

They want us to be able to drive more innovation. Of course, all of it at a significant lower cost. That's a tall order. And as one of our on-demand customers told me last night, what they simply expect from us is to make the impossible -- routine. This is where also the partnership with AMD comes to bear. We made the choice to run our database tiers on AMD Opteron processor-based systems.

These servers are deployed where our customers have the highest processing needs. They need power. They need real time information access. They need highly, highly available systems. We have many customers in our

on-demand business today. Manufacturing customers like Worthington Steel, or Hanover Compressor, require real time information as they run their business. Integra, a life sciences company, drives innovation in a highly regulated environment, where they need to absolutely be able to rely on our operations, the performance that we can bring to bear for them.

HECTOR:

Well, Juergen, some of the challenges you face in providing Oracle's industry-leading software-on-demand are pretty, pretty big. Tell us a little more about how you deal with those challenges.

JUERGEN:

It's an interesting question. This business, our on-demand business, is an extremely fast-growing business for us. In fact, we just crossed the 1.7 million end-user mark that we serve through our on-demand business. So it's been a tremendous business for us in terms of the growth that we've seen. Clearly, something that we're-- that we're driving very aggressively.

And simply put, Hector, the AMD 64 technology has enabled us to drive a degree of operational efficiency that we don't think we could have achieved otherwise, without your innovation. And so, now we're able to able to deliver more quickly, more reliably, and at lower cost the types of capabilities, the types of services that our customers are looking for. So our customers get the benefit of adopting the newest technology without having to go through the learning curve that's typically involved with doing that. Because we do a lot of the hard work behind the scenes, and then we just switch on more capacity, more capability as the customer require it.

We looked at the AMD Opteron processor family very carefully, and we saw that deploying your technology could actually help us drive down total cost of ownership, while at the same time providing more processing power to our customers. By increasing the number of end users that we can manage on our individual configurations in what is today the single largest commercial Linux grid in the world, we're able to manage our customers at much lower cost. We can take advantage of the 64-bit architecture on industry-standard servers.

And with that, we can provide much higher data throughput for customers such as Clopay and Manitowoc, just to mention a few, and keep them in a position where they can continue to drive their competitive edge. Most of you can probably also understand that with the pressing need to manage the density of our already very massive data centers, we were also looking for an opportunity to cut power consumption and to be able to increase the density in our existing data center operations. In fact, here we have some pictures.

HECTOR:

Very impressive. You know, an environmental responsibility is very important to AMD and our customers. In our new Austin facilities, where

we're going to be powered by 100% renewable energy, and this commitment extends to our products as well, because we understand that datacenter power usage is a critical challenge. Was this a consideration in your selection of AMD also?

JUERGEN:

Yeah, Hector, it was a very significant consideration for us. Obviously, reducing power has a great opportunity in terms of driving costs down. But we really like that in partnering with you, we could also make a very positive contribution to the environment. In fact, our Austin datacenter um, utilizes 25% of its energy from renewable sources. That's actually earned us the EPA Green Energy Award. And we're very, very pleased that our partnership with you has enabled us to drive both savings as well as delivering better value AND taking care of the environment at the same time.

HECTOR:

You know, I had the honor recently of visiting your Oracle datacenter in Austin -- a very, very impressive facility, and a fine example of the operational excellence that Oracle has achieved with Oracle-on-Demand. Juergen, it's a pleasure to have you here, and thank you very much for your support.

JUERGEN:

Thank you, Hector, and thanks for being such a great sponsor.

HECTOR:

At AMD, we've learned that customers are looking for more than a vendor. They're looking for a technology partner. A partner interested in fostering their success and a partner who offers them meaningful choice. The best indicator of the quality of AMD's partnerships is the increasing number of them. I'm proud to say that AMD now counts the world's biggest computer makers as our customers – HP, IBM, Fujitsu-Siemens, Lenovo, Sun Microsystems, and most recently, China's second-largest PC maker and the world's 7th-largest desktop PC provider – Founder Technology.

MICHAEL DELL INTERRUPTS HECTOR

Hold on a second, Hector! I think you – I think you missed somebody.

HECTOR:

Oh I am?

DELL LOGO APPEARS ON SCREEN

MICHAEL:

There we go! That's better.

HECTOR:

Hi, Michael

MICHAEL

Hi.

HECTOR:

We're thrilled to have you now as-as-as a partner, and we're, of course delighted to have the opportunity to help you achieve the objectives of you and your customers. You know Michael, I'm sure you've been getting as many questions as I have about why AMD and Dell recently decided to join forces. In my mind, it's always made perfect sense. Our companies share many of the same visions and ideas, especially when it comes to creating new opportunities and choice for our customers....

MICHAEL:

Yeah, I agree, Hector. Our customers are looking for choice. You know, we're both uh, here in Austin, so it's pretty easy for us to work together. And we're very excited about what we have planned together. I think the combination of the two companies together can offer our customers really great solutions.

HECTOR:

Well, you know, Michael, one of the things that we're looking forward to is -- besides everything you mentioned -- is I believe AMD and Dell both understand how critical the need of the enterprises are and the ability to be able to this operate in this uh, this new, so-called, virtualized environments. Dell systems, using AMD virtualization technology, I think, is really going to assist enterprises to streamline the datacenters and achieve really greater efficiencies.

MICHAEL:

Yeah, we completely agree. Virtualization's going to be incredibly important, particularly as AMD is putting more processing power and more cores into a CPU and into a server that we're building. This allows for protecting applications from each other, multiple operating systems, and the kind of scale out and scalability that our customers are looking for.

HECTOR:

I think another area where Dell and AMD share a common philosophy is in our approach to innovation. We both believe in open standards, and we both believe that our customers should be the ones that drive innovation. Isn't that right?

MICHAEL:

Yeah, we do. We-- we have an interesting motto at Dell, you know. All of our customer relationships are direct. In fact, we interact with about 3 million customers a day. Uh, some at Dell.com, some face-to-face, some on-- you know, uh, o-over the telephone -- lots of different ways. But that interaction

gives us a-- a tremendous signal into the innovations and features and services that customers are really looking for.

HECTOR:

Boy, there's a lot of interest in what AMD and Dell's relationship is going to bring to our respective customers. You know, as a matter of fact, we've got a short video promoting the exciting announcement that you're making in your keynote later today. So maybe if I could show the video here a little bit.

VIDEO PLAYS

MICHAEL:

Hector, I, I'm sorry.

HECTOR:

What happened?

MICHAEL:

I'm going to have to put the pause on that. You know, we don't comment on unannounced products. So uh, uh, you folks will have to come back later this afternoon to hear-- to hear my talk.

HECTOR:

Okay Michael. Great to see you!

MICHAEL:

Hector, it was great to see you.

HECTOR:

Thank you.

MUSIC PLAYS

HECTOR:

They're playing the 'Eyes of Texas' because Michael and I both call Austin home.

Austin has been very important to AMD. We opened our first U.S. chip plant outside Silicon Valley there in 1979, and today we're building a new campus in Austin, which promises to be one of the most environmentally sensitive corporate facilities in the nation.

Austin is also home to a very important partner to AMD, the Lance Armstrong Foundation. AMD and the L.A.F. share a common belief: that technology can substantially reduce the suffering and number of deaths associated with cancer.

Our relationship with L.A.F was born out of the ideal that the vast power and influence of our industry should serve not just as a platform for doing well, but also doing good. Through our work with the Lance Armstrong Foundation, we've begun to understand just what kind of challenges-- and opportunities-- exists for our industry in healthcare.

Few would disagree that our country is in a healthcare crisis. Costs continue to skyrocket. Potentially preventable, in-hospital medical errors claim an average of 195,000 lives a year in the US alone. Hundreds of billions of dollars are spent annually providing unnecessary treatments. And while doctors and nurses may manage 21st century medical technology, they still rely on paper-based records and hopelessly outdated communications systems.

No doubt, the healthcare crisis is an enormous challenge for our country. But for every person in this room, healthcare should also represent one of our industry's greatest business opportunities.

I'd like to invite someone to join me who is arguably the most well versed person in the country on this issue. Someone who has dedicated his career to understanding how information technology can both improve healthcare to those who already receive it, and extend healthcare to those that do not.

He was appointed as the nation's *first* National Coordinator for Health Information Technology, reporting to the Secretary for Health & Human Services and the Domestic Policy Advisor to the White House, and served in that position from May 2004 until earlier this year. Please help me welcome to the stage – Dr. David Brailer.

HECTOR:

Dr. Brailer, welcome.

BRAILER:

Good morning Hector. Welcome to San Francisco.

HECTOR:

Let's take a seat. I think our audience has a lot of interest in this from many points of view. You know? Not only the fact that, I think, -- we all recognize the phenomenal challenge we had ahead of us, but the phenomenal business opportunity, too. So I have questions that perhaps if you could share the audience your thoughts.

BRAILER:

Well, Hector, I spent many times when I was in Washington asking myself, "Why am I here?" And uh, I can tell you, it turns out that being an entrepreneur was the best practice ever for being in the federal bureaucracy. And here's how it works. As an entrepreneur,

I had these ideas. In fact, my idea originally was putting all this vast medical information on the Internet. And everyone told me it can't be done: "You can't do that. It won't work." So I just out-maneuvered them, out-ran them, and out-foxed them. Okay, so I go to Washington, and I want to build a network to tie together doctors, hospitals, labs, patients, everyone, so we can share health information. Same reaction: "You can't do that. It can't be done. It won't work." And we're well under way. So it turns out, being an entrepreneur helps you evade the bureaucracy pretty well.

HECTOR:

Well, I tell you, we're delighted that people like you uh, choose to serve our country and take those challenges in Washington. Let's start at the top – and probably a question everyone here has on their mind: Why is it so difficult to better integrate IT into healthcare? Why isn't this happening faster?

BRAILER:

Well, Hector, health care is a \$2 trillion industry. If it was a separate country, it would be the 4th largest country in the world. Nobody would want to live there, but it would be a large country. And health care has two huge problems that we all have to deal with over the course of the next decade or two. First is, is that health care is not a system. It's a bunch of doctors and hospitals and labs and pharmacies that provide services to millions of people, paid for by many different health plans, who sell their services to employers, who provide the health care to their employees. It was never designed to be this way. I think a software engineer would call it uh, spaghetti code.

It's hard to bring forces of IT into that kind of a sector. Secondly, the incentives are wrong. Doctors and hospitals actually make more money if they make a mistake, if they have an error, than they do if they do it right the first time. This is not their fault; this is just the way the health care industry is. And IT brings big improvements in quality and safety, and that means it's got an uphill financial battle.

HECTOR:

It's pretty obvious, based on what you said, that it's going to take a partnership between the healthcare and IT industries to make this integration happen. What can the IT community do to speed this up?

BRAILER:

Well, there's a lot that can be done. And over the past couple of years, the IT community has brought an enormous amount of change to health care, and it showed some very positive improvements, things that really have changed all of the things that we think about going to see a doctor or going to a hospital. But I think the two things that really stand out more than anything are, first, innovate. Doctors and nurses are the most classic anytime-anywhere workers. They need information tools all the time, and they're working 24 hours a day, often.

And they are very cautious about their patients and their lives. And so they want tools that really fit their needs. And secondly, we've got to lower the cost of IT in the industry. It's still high. So many doctors' offices simply can't afford these technologies. And the clinics, like safety net clinics or free clinics for the 45 million people that don't have health insurance in the United States can't afford them at all. So innovating and lowering costs will go a long way to bring the miracle of IT into health care every day.

HECTOR:

As I mentioned earlier, you've served in both the public and private sector. Are there unique roles that we each could have to attack this?

BRAILER:

Sure. The government's got its work to do. Our health care industry is out of shape. It has to be changed so that there is a good incentive for quality, so that doctors and nurses can give the best care and not be penalized for it. And more than anything, that America's consumers can start taking control of health care and shopping around and comparing and making they get the best services from the best doctors.

The industry has got a lot to do. First, it's got to develop standards. We will not be able to accomplish the miracle of IT in health care without standards like we've seen in other industries. And your industry is very much the leader in that effort. Secondly, we've got to build something called the Nation-wide Health Information Network -- a vast database that includes over a thousand gigabytes of data that's made available to doctors online, streaming information that's made available so that if you show up in an emergency room, your data is there with you.

And that information architecture has a long way to go, because it's just in the blueprint stage right now.

HECTOR:

A theme we've been discussing this morning is how technology needs to be a better servant to customers. If we could partner the IT industry and the health care industry, what would that mean to—to both the providers and the—and the consumers?

BRAILER:

Well, Hector, I think a lot about how to convey to people who are relatively young, who don't have experience often with health care what it really means. And I'll just summarize it like this. Paper kills.

We know that 98,000 people die every year from a medical error, and 2 million people are injured every year from a medical error. Those are not people that die from their illness. Those are people that are killed during the treatment process for another illness. And this is something that has been shown to be changed by IT. Up to 80% of those errors can be eliminated

when physicians use computers or handhelds to order the tests and to order drugs. It's a huge amount at stake with quality. And secondly, whether or not consumers really can be in charge.

If we can follow health care and take our information with us, that's something that's a huge change for the future to come. And so there's a lot at stake with this.

HECTOR:

Keep us realistic here, Dr. Brailer. What should we expect to achieve in the next five years?

BRAILER:

Well, first uh, Hector, this will happen: doctors that are going into practice today were born after the IBM PC came to market. And they're expecting electronic records and information tools in their practices, just like they are in every other part of their life. But five years is a short time in the health care industry that's this complicated.

So I think we'll see a few things. First, almost every hospital will have electronic records. It's almost at the point now where a hospital can't be legitimate without having those. Some very large doctor groups will have them. But small doctors offices won't, safety net clinics won't, and only a small fraction of the American public will have a personal health record. We've got a long way to go.

HECTOR:

Given the magnitude of the challenge and the magnitude of the opportunity, when these people leave here today, what do you think is the one thing they should remember?

BRAILER:

Well, I think they should remember that health care is at a flexion point and that uh, the future is about something that's about consumers getting better care. And that soon the concept of doctors and patients being able to give care or work together while they're in different rooms or in different countries is going to be a big one. Remember, paper kills. IT saves lives. And the life you save might be yours, your friend's, your parent's, your child's, or someone else's. It's a real thing.

And IT is considered today to be one of the best therapies for the health care industry.

HECTOR:

Dr. Brailer, thank you very much—for your candid comments.

BRAILER:

Good seeing you.

HECTOR:

We appreciate it. Thank you very much.

HECTOR:

I would like to thank Dr. Brailer for his frankness, and for shining a light on areas where our industry can do better. We must work harder at delivering greater choice and innovation to industries that haven't yet realized the full benefits that we are capable of delivering.

At AMD, our work on AMD64 processors is just the beginning of our commitment to be a better partner to you and to industries like healthcare, which require us to think differently about how we as an industry innovate.

It was this very re-thinking of how we innovate that led AMD to launch an initiative we call Torrenza, where we are opening our AMD64 platform for industry innovation. This will accelerate innovation by extending the advantages of the AMD64 computing platform with others in the industry. By harnessing the creative prowess of the brightest minds around the globe, and by allowing them to innovate within a common ecosystem, we will enable true technology breakthroughs. Torrenza is just one example of the collaboration we believe is necessary to deliver on the innovation and choices you are asking for.

And I am excited for the next phase of our partnership with ATI Technologies, one that will bring the increased levels of platform stability to the enterprise you have been asking for.

Please visit the AMD booth while you are here and tell us what you think. We will highlight the work of customers, like Corporate Express, who will share their experience of migrating to AMD Opteron processors. And you can learn more about how a start-up called PANTA Systems is using Opteron processor-based systems to set six record setting benchmarks.

Before I leave you today, I'd like you to remember one thing. During the next few days, you will hear some powerful people speak from this stage-including Mark Hurd from HP, Jonathan Schwartz from Sun Microsystems, Michael Dell and of course Larry Ellison. But never be confused about where the power these people wield comes from. It comes from you. It is only through the choices you have made that we have a right to be on this stage before you.

If you ever question the power of your choice, think back and compare who was speaking to you from this stage one year ago, with who stands before you right now.

You keep talking. We'll keep listening. Thank you.

CLOSING VIDEO