

Financial Note

AMD Debuts Major New Chip Innovation

# SUMMARY

AMD has faced a number of difficult challenges over the past several years, from a fading PC market to internal execution issues to market share losses. Recently, things started looking up, however, thanks in large part to their major design wins with all three of the latest generation games consoles—the Nintendo Wii U, the PlayStation PS4 and Microsoft’s XBOX One. In fact, Microsoft just announced that they’ve already shipped over 3 million XBOX Ones. This is a good, though not yet definitive, sign that a potential decline in game consoles overall—which would have severely blunted the benefits of this major coup—may not come to pass.

But, though the company is evolving, the majority of their business is still in PCs, so it’s critical for the long-term health of the company that they continue to innovate in this market. Thankfully, with today’s announcement of their new “Kaveri” chips, it looks like they have. Kaveri combines four improved CPU cores with eight improved graphics cores to create what the company is calling a 12-core chip. Now, while at first glance it might be easy to pass this off as marketing hype, we believe the naming does make sense for one critical reason: this is the first AMD APU to fit all the requirements of HSA (Heterogeneous System Architecture). Essentially, HSA enables CPU cores and GPU cores to function as equal partners and applications written to take advantage of this architecture can show dramatic performance benefits.

To that end, AMD was able to demonstrate performance benchmarks with Kaveri-based systems that showed significant improvements versus previous architectures as well as competitive Intel systems. In fact, the numbers they showed were some of the more compelling comparisons they’ve been able to make in some time. What Kaveri does is bring AMD back into the position of offering better performance at a lower price than Intel in a number of important price bands—giving them a strong opportunity to regain some of their share losses of the past 12-18 months. We believe it’s an important step forward.