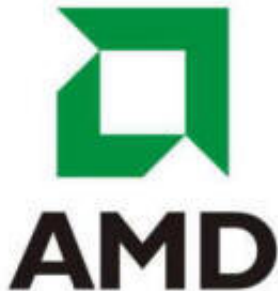


# AMD banks on new chips to drive comeback

May 30 2013, by Kirk Ladendorf

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After a year like last year, Advanced Micro Devices Inc. is shooting for some sort of comeback. The chipmaker lost a boatload of money in 2012 as its sales of personal computer processor chips plunged amid a downturn in the PC market.

Dropping sales forced the company its second major global downsizing in two years as it struggled to find a pathway back to profitability. Some analysts openly doubted whether AMD still had a relevant role to play in the future of the [PC business](#).

Today the company attempts to answer those doubts with three new processor chips that it expects to be used in systems ranging from low-power tablets to mainstream performance laptops.

The chipmaker is targeting two of those new chips to fit into what it sees

as a gap in the product capabilities of its far larger archrival, [Intel Corp.](#)

Intel has made a public commitment to become a stronger player in providing low-[power chips](#) for smartphones and tablets. At the same time, it dominates the market for high-performance chips aimed at premium laptop and desktop computers in its Core i3, Core i5 and Core i7 chips.

Two of AMD's new chips, code-named "Temash" and "Kabini," deliver considerably more [processing power](#) than Atom, AMD claims, while offering the price, performance and graphics processing that makes them well-suited for tablets, entry-level notebooks and mainstream notebooks costing \$550 or less.

Along with Temash and Kabini, AMD is introducing a performance processor, code-named "Richland," that is targeted at higher-performance notebooks.

The new chips incorporate a redesigned processing core called "Jaguar" as well as other design advances that help it dramatically improve performance compared with prior generation chips while improving battery life.

Temash and Kabini are designed to be made and sold profitably in a price range of from \$30 each to slightly more than \$50, one analyst said.

The chipmaker has won early commitments from computer makers Acer Group and Hewlett-Packard Co. to introduce new models incorporating the new chips.

While the new PC products are announced, AMD is making progress developing and making new processor chips for video game consoles. Sony Corp. this year said it was using an AMD "semi-custom" processor

to run its next-generation PlayStation 4. Microsoft Corp. this month acknowledged that it will use an AMD [chip](#) to run its brand new Xbox One. AMD says that in the fourth quarter it expects 20 percent or more of its company revenue will come from sales of chips to noncomputing "embedded" devices, including game consoles.

Lisa Su, senior vice president and general manager for AMD's global business units, noted that the chipmaker has been shipping the new chips to computer makers for the past few months now, which gives them time to incorporate them into new products for the back-to-school and holiday consumer selling seasons.

She described the level of customer commitments to use the new chips as strong, and said many of them will be for tablets, low-cost notebooks and hybrid machines that will feature the touch-enabled features of Microsoft's Windows 8 software.

"Our focus has been very much on the execution around these new products and we are pleased with where we are," Su said.

Analysts said the "clean launch" of the new products is a hopeful sign, but the real test will be the level of commitment from computer makers and customer acceptance.

"It looks like part of a comeback story, but it is too early to say," said analyst Patrick Moorhead with Moor Insights & Strategy.

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