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Bloomberg

Tech Daily

Intel fights its ghosts



by Ian King

Hi. The pressure is on Intel's leader Pat Gelsinger to show faster progress in his turnaround effort. But first...

Three things you need to know today:

- Amazon's cloud-computing unit produced [stronger-than-expected results](#)
- Tesla cut most of its Supercharger team, [disappointing other EV makers](#)
- Binance founder Changpeng Zhao was [sentenced to four months in prison](#)

Ghost of expectations past

Intel Corp. Chief Executive Officer Pat Gelsinger is a gifted communicator. In the three years since he rejoined the chipmaker — taking what he's described as his dream job — he has used those skills to persuade US politicians to sign off on the first serious piece of industrial policy since the Second World War and earned his company [billions of dollars in grants](#). He's done much the same in Europe and analysts praise his plan to turn around a company that was once a role model for corporate America.

The one constituency he's failed to reach so far is investors. Intel's earnings report last week spurred the [worst month for the shares](#) in decades and saw another chunk shaved off a market value that's now close to half that of its historic treaded-upon rival, Advance Micro Devices Inc. Another former dweller in that shadow, Nvidia Corp., is worth more than \$2 trillion more than Intel. Ranked by that measure, Intel barely makes the Top 10 chipmakers worldwide.

When he came back to a floundering Intel in 2021, [Gelsinger made it clear that his plan](#) to fix the consequences of "10 years of under-investing" would take time, years in fact. His prescription has been to spend heavily on [revving up Intel's technology](#) in an effort to regain leadership in products and manufacturing, which is widely acknowledged to be the right approach.

The problem has been showing enough progress. As the head of a publicly traded company, every three months he's had to face the music and report earnings. In trying to fire up his workforce and persuade Intel's customers to stay, Gelsinger has deployed his skills as a speaker and pitchman. His determination to will Intel back to the position it occupied when he left in 2009 has led him to encourage investors to believe that things were poised to get better. This time a year ago, he said he was seeing [the "green shoots" of recovery](#). He's also frequently said some Intel products were back to top of the class and touted performance leadership over rival offerings.

To be fair, Intel's revenue started to increase again in the [fourth quarter of last year](#) and it's back to reporting some level of profit. But he's facing twin forces that mean incremental improvements aren't enough. The most obvious one is that Nvidia, AMD and Taiwan Semiconductor Manufacturing Co. are posting strong growth and profits from the demand for artificial intelligence computing hardware, money that in the past would have found its way into Intel's bank account. The second is related. In that past, Intel's profit margins, revenue and market share were the yardstick all others were measured by — and failed to live up to. Intel is still being measured against its history of dominance.

AMD has never has never been weighed down by expectations. When current CEO Lisa Su took over in 2015, it was a low ebb, even by its standards. Many analysts were speculating whether AMD could even continue as an independent company. Su, who never seems that comfortable on stage, took a very different approach to dragging her company back to relevance. Her constant refrain was limited to telling anyone listening that she was focused on trying to make good products and that it would take time for AMD to regain the trust of the computer industry. Things played out as she predicted

and her company has become reliable and low key, in her image. It's also dependably profitable and growing consistently. Investors have come to love what she's done.

But even Su isn't safe from comparisons with Nvidia. AMD earlier this week [boosted its forecast for sales](#) of AI chips this year to \$4 billion, some eight times what Intel says it will deliver, but failed to live up to some loftier projections.

Would Su's approach work better at Intel? The company Gelsinger grew up in typically set the agenda and made technology decisions for the whole computer industry. Its leadership was unquestioned and even rivals acknowledged that it moved everyone forward. But that job now resides elsewhere, most visibly in the frequent public appearances of Nvidia CEO Jensen Huang — whose data center business will have sales that exceed AMD and Intel's combined total revenue this year.—[Jan King](#)