

Intel Held Days of Pivotal Meetings to Create a Plan to Turn Things Around: 'No Shortage of Rumors and Speculation'

A month after reporting a \$1.6 billion net loss, announcing layoffs that affected 15,000 people, and stating that it wants to reduce costs by \$10 billion, Intel has a plan to turn things around.

Intel CEO Pat Gelsinger wrote in a Monday message to employees that Intel will be taking concrete steps to become profitable and competitive. The letter arrived after Gelsinger met with Intel's board last week for three days to figure out a path forward.

"There has been no shortage of rumors and speculation about the company, including last week's Board of Directors meeting, so I'm writing today to provide some updates and outline what comes next," Gelsinger wrote.

Intel CEO Pat Gelsinger. Photo by Kira Hofmann/Photothek via Getty Images

The first change is making Intel Foundry, Intel's chipmaking business, a subsidiary and separating it from the rest of the company.

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The move will allow Intel Foundry to be more independent, have separate funding sources, and report earnings on its own outside of Intel's larger organization.

Intel additionally plans to cut the real estate it holds by two-thirds by the end of the year and sell part of its stake in semiconductor company Altera to cut costs. Intel is also

focusing on AI strategy and announced a partnership with Amazon Web Services to develop new AI chips. Intel shares jumped 8% on Monday after the news.

“All eyes will remain on us,” Gelsinger wrote in the letter. “We need to fight for every inch and execute better than ever before. Because that’s the only way to quiet our critics and deliver the results we know we’re capable of achieving.”

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Intel faces rising competition from the likes of Nvidia, which has pushed it out of the graphics cards space. Intel’s GPU market share went from 4% in the first quarter of 2023 to effectively 0% in the first quarter of 2024.

Bloomberg analysts predict that Intel will make \$52 billion in revenue this year, or 70% of what it brought in two years ago. They say Intel lost ground by not being able to capitalize quickly on the AI boom.

Intel was down over 53% year-to-date at the time of writing, but up over 16% in the past five days.

<https://www.entrepreneur.com/business-news/intel-ceos-turnaround-plan-to-compete-with-nvidia-amd-ai/479971>