



Semiconductor industry trends shaping the future

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Hanish Patel: As we continue to witness rapid advancements in the semiconductor industry, understanding the evolving landscape is crucial for organizations aiming to maintain a competitive edge and drive innovation. One of the significant trends shaping the semiconductor sector is mergers and acquisitions, which play a pivotal role in the growth and transformation of companies.

In this *User Friendly* episode, we'll dive into some of those key trends shaping the future

of the semiconductor industry, and the role of mergers and acquisitions in driving growth, and the unique challenges and opportunities faced by leaders in this dynamic field.

Joining me to shed light on these critical developments is Ruth Cotter, senior vice president and chief administrative officer at Advanced Micro Devices (AMD for short), and Ruth leads the company's integrated and enterprise-wide corporate operations organization.

As well as Ruth, we're going to have Kim Garnett on, TMT leader in our Deloitte Consulting M&A and Restructuring practice. Ruth, Kim, welcome to the show.

Ruth Cotter: Thank you so much. Delighted to be here.

Kim Garnett: Thank you for having us.

Hanish Patel: Hey, my pleasure. So, let's kick right into this. And Ruth, I'm going to begin with you, and I know you've held a number

of different roles at AMD that has led you to your current role overseeing corporate operations, which includes the functions of marketing, communications, HR, corporate security, and IT.

Can you share a brief overview of your career journey at AMD and how you've navigated inflection points along the way?

Ruth Cotter: Sure. This is my 23rd year at AMD. Never imagined that I'd be at one company for that long, having had a career in Europe in advance of that, but I'm based in California in the US.

So, I joined AMD in the investor relations department, under the finance organization. Investor relations, for those who may not be familiar with it, is essentially responsible for taking care of public company shareholders. And as part of really learning the company and taking care of that key stakeholder group for any public company, I have to say I enjoyed it a lot, and it really leaned into a lot of the communication skills that I would've honed in advance of joining AMD.

But I had set my sights on other things in the company that I might like to do. So, when our most recent CEO joined the company, Lisa, she provided a lot of opportunities for me to add things to my portfolio. As you rightfully pointed out, over the last 10 years, I've added marketing, communications, human resources, and most recently, corporate security and IT to that portfolio.

I used to call it *people strategy and voice*: *people* being grounded in HR strategy through the stakeholder engagement as well as integration work that I do for the company in our M&A activities. And then *voice* in terms of the communications piece.

And it's been a privilege to be part of a 55-year-old Silicon Valley startup. We still imagine we're a startup even though we're 29,000 people later. But I'd say one of the keys to navigating all of that really was putting my hand up and having that sense of growth and learning were the two drivers of my

career and they continue to be the drivers of my career.

So, making sure that I volunteered and put my hand up when I saw projects or opportunities or new roles available, and not being too held back by the fear or concern that I may not have a hundred percent of the skills required for the role.

And I would just add, in closing, probably one of the greatest challenges that I had, just as I think about my career journey, was actually COVID. I took over running sort of our response to COVID for the company, and it was a complete unknown. And taking that journey with thousands upon thousands of people who looked to the company as the voice of reason and trust for such a global pandemic.

And we were not communicating just with employees; we were actually communicating with their entire families because they had learned to trust the corporations for whom they were working, and the weight of that responsibility was quite a lot. But other than that, I'm all about working hard and having fun.

Hanish Patel: I love that "working hard and having fun." As I think about what you said and, particularly, such a unique time in recent history for us all, as you navigated through pandemic times and then helped steer AMD through that, and obviously, the partners and your customers.

If you don't mind, I'd love to kind of dig in a little bit more in some of those challenges and, frankly, opportunities, as I think about what you described as your role and what you oversee. Would love for you to share some of those unique challenges, opportunities that you've encountered throughout your career. And frankly, for our listeners, any tips as they may be navigating some of those similar ones as well.

Ruth Cotter: Sure, absolutely. First of all, I would say earlier in my career, it was pretty lonely. Because I was in investor relations,

I was dealing with Wall Street a lot, and in that role, you deal with the C-suite and the board of directors quite a lot, and it was quite a male-dominated environment. I became accustomed to walking into a room and not thinking it's normal that there might not be a woman in situ.

So, it was pretty lonely. Obviously, had some incredible male advocates and sponsors over the years, but I have to say loneliness sometimes was something I dealt with.

And then on the flip side of that, which I think sometimes I do suffer from imposter syndrome. On occasion it still creeps in. Even though I'm 53 years of age and well-established in my career, it does creep in sometimes and I have to spend time regrounding myself, which is what keeps me getting up out of bed every day is to learn and grow. So, you can't perfect everything, and you can't know everything. Life is a journey, and it's a continuum from that perspective.

And then last but not least, one of the greatest lessons of my life, again, points back to the COVID-19 experience I had, which is, people want to know you are being kind and generous through clarity. Whether people like the message that they're receiving or the feedback, and particularly as a leader or a manager, it really is a gift to be able to deliver feedback in a way that is heard, or input, because people want to know.

And then once they know with clarity, they can make up their own mind about the situation. But there's nothing worse than having people in an ambiguous state, particularly when you're trying to get everybody to move forward and with velocity. That's something I continue to be quite reflective on.

Hanish Patel: I'm thinking about what you said around thought partner, some of that sponsorship and as you as a leader, like you say, you are helping others through obviously, what we all recently faced—it strikes me that, no doubt, and I know I've

benefited from this as well, kind of having mentorship, having some kind of sponsorship as you go on your journey in your career. How crucial is that for you to get to where you are today? And Kim, I'd love to ask you that question as well—to the both of you actually.

Ruth Cotter: Yeah. My experience having been in a 30-plus-year career at this stage, I call it being a *MACC*. So, *MACC* being mentor, advocate, coach, and I add an extra C on for connector. Throughout your career, you're going to need one or two of those at any given time, or you find yourself being one of those things to give back for somebody else.

And as part of that, the most important one, and for me in my career, has been advocacy because when most of the decisions that are being made as it relates to your career, you're not in the room. So, you don't get to be at the table generally when key decisions are made as to whether you're promoted or not or whether you get to work on the next big project or not. And because of that, you do need to have advocates at the table.

And I've seen it time and time again that the worst thing in the world is when you're having that type of a conversation across a leadership team and somebody saying, "I've no idea who that person is." It's a very easy way to screen people out if it's sort of a competitive environment.

So, when I was going forward to be promoted to director at AMD, the CFO at the time did not believe that I was ready, and I hadn't made it my business for him to know who I was. And so, his perception was that I was not ready.

Because the corporate controller at that time knew me well and I had invested in ensuring that they knew what I stood for—not just my work, but what motivated me, what I was interested in for the future—he was able to advocate on my behalf and speak as I would've spoken about myself in the room, and it made all the difference, and I ended up getting that promotion.

But it did take effort because I also learned I needed to work harder on my brand to make sure important decision-makers knew what made me tick and what allows me to bring my best self to work for the company. Kim, I don't know what your perspective and experience has been, but I wonder if it's similar.

Kim Garnett: Yeah, very similar. And one of the things that I've had to coach myself on is making sure that people do know that brand because we take it for granted that you're doing good work, people know what you're doing, it's getting out there, and they know what you want. But you yourself are the best one to know where you want to go and the things you want to do. And if you're not saying that clearly to people, they're going to make their own assumption.

So, I recently was having a conversation with a number of leaders and one of them said what he thought I was working on, and I hadn't done that for five years. So, it really was an eye-opening piece to say, OK, maybe I do need to spend more time on the branding and having those conversations, so it's very clear what I want.

But I also will say I am personally a beneficiary of mentorship from Ruth. I found it really beneficial to hear from Ruth of the things that she thinks about. Because as somebody who works in consulting, we obviously have the consulting way of thinking, but hearing it from people in other companies, and leaders of companies, is really helpful to get that outside-in perspective.

So, I really appreciate it. I do think having those leaders like Ruth are essential to us feeling like we have an opportunity to really grow in our careers.

Ruth Cotter: Thanks, Kim.

Hanish Patel: Yeah, kudos. So, both of your working relationships there. And as I think about what both of you have said, to your point, clearly, it's so important to have that sponsorship, to have that mentorship, but onus is also somewhat on the individual around their brand and how they take their brand forward.

So, I love that both of you touched upon that. If you look back in the last five years or so, and I'll start with you on this, Ruth, and part two to Kim is the way I'm thinking about structuring it.

You've led a number of acquisitions of a number of companies in those last five years, as I mentioned. What was the most surprising thing that you learned from them? And Kim, in addition, I want to get your perspective on having worked on a number of deals, like what you've learned from those as well. So, I'd love to hear from the both of you.

Ruth Cotter: So, having worked on a number of deals inside one company, I would say early on, I learned that we were hesitant about how much work you can start doing early on, on some of these deals. Because being in the semiconductor industry, we're dealing with highly valuable IP that you don't want to get jumbled in case anything happens to the deal.

But alignment around vision and investing in that is really important. And through alignment around that vision, having key folks on both sides invest in fostering strong relationships with each other, because when the deal closes and the rest of the teams come together to see that unity at the leadership level, beyond just words, like in actions, and to see a sustainable relationship having been formed was incredibly valuable to us.

Particularly, when you're bringing two companies together that may have some very distinct businesses, and the path to how you bring them together may not be crystal clear, but to have them be in sort of the pre-deal closed time period, those relationships being built was very good. And that allows you to bring people with you.

Two other things I'd mention quickly: one is flexibility. Having the flexibility to take best practice but also know what works well within your company and for the company that you're coming together with is important. And by really being grounded in that, you can

actually have a faster time to success and a faster time to integration and end state by really understanding there is a lot of flexibility that you can take in terms of the approach to the actual integration.

And then last but not least, this might be a little unpopular, but if people self-select out as part of these companies coming together and integrating, generally, let them go. They're not invested in that vision and that new entity as the deal comes together. And it's probably best for the long-term success.

And I think a lot of companies are very hesitant. We feel like, "Oh my gosh, all that intellectual knowledge that is leaving is not a good thing," but it ensures that you're on a faster path to those who are on the bus, who are ultimately committed to the success of the deal. And that's who you want in your boat.

Hanish Patel: Love that. Kim? Thoughts from you?

Kim Garnett: We, of course, on every deal think about that, and figuring out how do we go forward with how we run the deal differently maybe than we've done with other ones.

And so, whenever we get the question of how do you approach each deal—when we say each deal is different, people kind of say, of course, that's a typical consulting response. But it really is. The company you're working with, the company you're buying, and then the nuances of what leadership teams are in place, every deal really is different.

The last piece I would say is the flexibility. As M&A and consulting at Deloitte, we go, "We've done this for many years, we've done dozens of deals in semi recently, so we've got the way to do it." But really being open and flexible I think was essential to being successful.

Hanish Patel: I'm thinking about what Ruth you described, and Kim you described, but help our listeners understand that I absolutely concur every deal is different, has its subtleties, has so many things to navigate through.

And you even talked about during obviously peak pandemic times that uniqueness. But given both of you being involved in a number of deals, what are the things that you'd take from them that you take forward? And what would be some of the things that you could share with our listeners as they bear in mind, maybe they're on that journey, maybe they're part of a transaction team that can help them through the insights that you've both gained?

Ruth Cotter: Yeah, I think that's a good one. I often think about that. Kim and I met recently, and we were sort of having a similar conversation on that topic. I think, first and foremost, to state the obvious, how work gets done is very important.

So, taking the time to understand and invest in how work gets done. Because you can have all the best-laid plans in the world, but if they're not executed in the way that's genuine to the motion of the business, then it's unlikely to be successful. So, that's important.

And then once you understand how work gets done, you can immediately identify differences between two companies if they're merging and coming together, or if it's an "adopt and go" kind of a situation. You still have to understand how the work gets done to get the greatest ROI at the end of the deal.

The second thing that is really important, and we're quite a people-centric company, is the employee experience. You can have the most amazing IP and make the most incredible products in the world, but at the end of the day, it's down to the people who will actually be the inventors of those products, no matter how good the technology is.

So, we set up an employee experience integration track for each of the acquisitions we've been doing over the last five years in particular, and making sure that you have that sort of playful input and commitment not only to the business, but to the leaders across each of the organizations to ensure that it's the best possible outcome for the team members. Because if you keep them content and informed and focused on what

they need to be focusing on, it'll make the process not only smoother, but it'll make the return on the other side higher.

And then through that, just having attention to detail as it relates to ... at the end of the day, we're human beings. We all pretend we like change, but nobody really likes change, not when it impacts them personally. And their first thought is, of course, well, how does that matter to me? How's that going to impact me?

How do you help employees understand what the stages and phases are? And we've done that through quick-start guides.

Everybody's very excited and eager at the beginning of these things or when you get close to close. It's all very exciting. But a month in, and you're still having to tag emails to try to figure out what's confidential information and what isn't, or you've forgotten how you log on to some site that you need to log your expenses into, it's a mess and a nightmare.

So, now—obviously, AI is going to be incredibly helpful in that space, but—we've created these quick-start guides that can just allow employees to have those on hand to fast track, particularly when you're a month or two in. So, that experience continues to be a positive thing.

Hanish Patel: Love it.

Kim Garnett: There was a lot that I personally learned as I go and do semiconductor deals—because if you really think at the heart of it, it's engineers.

Those are the people who are running the business and making sure what is the new product that's going out there, what is the next iteration, or what's going to really make the chips be better than they are today.

And so, really, I learned a lot on what does that population need, and to Ruth's point of what are those employees going to have the most questions about—making sure they continue to have the applications they need

to do their job, that they understand what is and what is not changing. So, that was a really big, important piece that we've taken forward.

From a lead-to-cash perspective, you're getting an opportunity, you're putting it in, you're pricing it, and then you're going to deliver the service or the product, and then you're going to get paid for it. And really thinking about how do those pieces connect to each other, what does the product roadmap look like.

And I've really paid that forward to future deals because semiconductor is such a unique space compared to if you look at some of the hardware, consumer tech, or software companies. It really is important as you think about how those all connect to each other in that ecosystem. And then when you're buying the other company, what is similar and different between the two.

You're integrating some, and then some will be leading as part of a different piece. And so, how do you manage that experience so that everybody feels like they understand what's happening and they know what their role is, and how do you adjust how you actually run the program—because it's going to be different for that deal than the other.

The last piece would be just making sure you really do understand the business, because we as consultants will come in and we'll say, "We've got a process, we've got a plan, this is the way you roll it out." And as Ruth mentioned, what we really need to understand is what is the purpose of the deal? What are you trying to accomplish?

And that's why I say each deal really is unique, because why you're buying that company and the value it brings will change also how you address and integrate. Because you might say there's a cross-sell opportunity, so we really want to market these two products together. Well, then, we're not going to reduce go-to-market teams; we're going to figure out how they collaborate and how do we incentivize them to collaborate.

Ruth Cotter: And to bring that to life, Kim, one of the deals we did ... so, at our extreme for AMD's business, our business turns over every six months in the consumer PC space. But one of the companies we were buying, their business turned over every 15 years.

So, when AMD was experiencing an issue, it was like all hands on deck. We had no problem with ambiguity, and we'd figure it out as we go along because we only had months to solve it before we moved on to the next latest and greatest thing.

The company we were purchasing saw a problem coming, but they had 12 to 18 months to figure out the problem, to talk about it before they even ever decided they needed to deal with it. So, as you try to harmonize and integrate those two businesses at their greatest extremes, all that Kim said is so important.

Hanish Patel: Lots of great takeaways for our listeners here. What struck me around one of the commonalities, you both talked about people. And at the core, regardless of the product, regardless of the service. And no doubt, as you've kind of gone through these acquisitions, of course, it leads to significant organizational changes at times.

And you talked about that kind of employee experience and focus—how do you truly manage and communicate these changes to, as best as possible, ensure as smooth as possible, a transition and frankly, maintain morale? Because, like you say, some transactions can be pretty rapid, others can take a bit longer. How do you maintain that morale and that focus, as you talked about, through a transaction?

Ruth Cotter: Yeah, I think a few things, and I think some of them we've touched on today. I think it's important for people to have a clear understanding of what they're working towards. Once you have that, you can be motivated in how you're going to achieve those goals, but celebrate the small wins. Really, this sort of recognition and incentivization as you think about rewards

and recognition overall because then that allows people to model what is good, what is the definition of good, and people love being positively called out for their achievements. That's been really helpful to us throughout the integration journey that we've had on deals. Communication, I think we've talked about that as key.

Another area is really development. M&A is an incredible opportunity for many people to put folks on that project for a development opportunity. You learn so much, it's so incredible. And encouraging companies to put some of their best and brightest on some of these transactions, we've seen it tenfold benefit us in terms of opening up the aperture of some of our team members or honing their project management skills or their strategic capabilities. And they've gone on to do really, really great things in the company.

And then I would just say leading by example. Everybody looks up towards what is the mood and what is the direction from the executive leadership team. So, making sure that the executives are setting a good example and have a very positive attitude in terms of the partnership that's occurring.

And then last but not least, I think at the end of the day, it all comes back to culture. So, I would be thoughtful about what is the culture of the deal that somebody is working on, and how you can help navigate through that to ensure that the teams have commonality and clarity at the end of the day. Kim, over to you.

Kim Garnett: Yeah, the two things I'll add is one on managing a long timeline. You've got people engaging on integration, but you also have the teams who are doing their day-to-day job. How do you also motivate them and say, "We are really excited about the future. We don't have certainty with the closes." But what we wanted to make sure is people knew what's happening along the way.

I think knowing what your timelines are going to be and then thinking about what that morale is going to be and managing that change is really important.

The second piece I'd add is around leadership vision. Something that definitely encourages other deals is really knowing what is leadership's vision for it and making sure they actually share it very clearly with the team, so they understand where they fit into the puzzle.

Hanish Patel: Love that. I mean, just love that, as both of you talk about leadership and culture at the core for the people. As I kind bring us to a close, I'm going to pivot a little, and here's where I get both of you to get your crystal ball out and ask the question: What are trends that you are seeing are really kind of shaping the future of M&A, mergers and acquisitions, in the semiconductor industry? So, open to where you see it going.

Ruth Cotter: Well, look, we're in the dawning of AI. We're in the early innings. It's consuming us all at the moment. So, I think, look, that increasing demand for high-performance computing is putting pressure on a lot of companies under the backdrop of limited ability to consolidate for a whole variety of reasons in terms of opportunities within semiconductors, but also the geopolitical and regulatory environment.

So, AI, I think, is very exciting. There is no clearly defined winner as you think about the next 15 years. AMD obviously wants to be at the forefront of that, but in any M&A that we're looking at, that's where the majority of our time and energy and effort is.

Not necessarily just high tech, but thinking about the combination of hardware, thinking about software, thinking about energy, thinking about new data center build. So, taking us out of our comfort zone as we think about what's the sustainability of artificial intelligence 10, 15, 20, 25 years out, and what are the challenges of our customers.

And when our customers are telling us their challenges are not necessarily technology, but many other things like power, footprint, capability, energy in general. So, it's opening up this new aperture that's quite fascinating.

And then the one other thing I would say is talent. In the semiconductor industry, it's a finite pool of global talent that we have access to, and that makes small acquisitions very attractive and more regular than we might've done in the past. In the past, we've looked for several thousand talent opportunities, and now, we're taking anything from 10 to a hundred-type person teams with the right capability and skill sets.

We're spending a lot of time in those spaces and try to ferret those out globally because it's very competitive. I think everybody's looking to the same sources for opportunities, but it's all about AI and it's going to be about AI for quite some time. I don't know if you're seeing that, too, Kim. Your perspective would be fascinating.

Kim Garnett: Obviously, AI is playing a big role. You see the companies that are being bought. We recently did an executive forum at our Deloitte University where we brought different companies together from TMT, and they're all seeing it as well.

And the challenge with AI is you want to be on the cutting edge of it, so sometimes you're looking at buying a company before they've proven themselves, and so you're having to take a risk on it and making sure you know what you're buying. I think that's one of the really big challenges with AI, is what are you buying, and how much are you paying for it? And is it going to pay out in the long run and taking some chances.

And then I think some of the stuff that Ruth mentioned around AI—your data centers are going to have so much more compute capacity. How do you enable that? And so, there's a lot about the enablement on the back end as well.

I think just the types of transactions you're going to be doing, you're going to have that mix of doing a big deal, and then you're going to have some smaller acquires like an AI company that hasn't proven itself. And so, just knowing your risk profile and what your board is comfortable with.

The other piece I'd say is not just *who* you're buying, but then *how* are you doing the integration work is going to continue to evolve because of AI. When we talked to different companies, there's how do you do diligence, how can you leverage AI to do diligence more smartly?

And so, we know clients that have their own private clouds to be able to do that. How do you actually do the diligence work? How do you actually run a deal? How do you use AI to do some of the stuff that is just status reporting and dashboard so your team can really focus on the learnings and the key takeaways and really the key business side of things.

So, I think the AI piece is also going to change how we do M&A and how we do it more efficiently and really focus on the more strategic aspects of it. So, I think there's a lot of exciting things to come in semiconductor. I expect there'll be a lot of exciting deals, and there'll be a mix of really big, large ones, and there'll be some smaller ones.

And so, you're going to have that mix and you're going to continue to see companies do that mix of big and small acquisitions.

Hanish Patel: Brilliant, brilliant. So, I think as we wrap up our discussion, it's so evident and clear to me how crucial strategy and the real focus around the mergers and acquisitions can be in driving the semiconductor industry forward as its continued growth and innovation, as you both just touched upon.

And I think about the insights that the both of you shared today really underscore the importance of that adaptive leadership, the talent pool you mentioned, really the forward-thinking strategies and navigating this ever-evolving landscape. And truly, by embracing some of these emerging trends and innovations as you both touched upon with regard to say AI—it's going to change the semiconductor industry and mergers and acquisitions around it.

But I go back to also fostering that culture of continuous improvement, focus on the people and semiconductor companies can really secure a position at the forefront of these technological advancements.

With that as a close, Ruth, Kim, I really want to thank you for offering your valuable insights, your time, and sharing your experiences with us. Fantastic discussion that we've had

for our listeners, and your perspective has truly provided a deeper understanding of the industry's dynamics and the role of effective leadership in shaping the future.

And to our audience and listeners overall, thank you for tuning in. And until next time, happy listening.

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