

Cyrix Corporation (1988)
Intel-compatible microprocessors
Richardson, Texas
Sales: \$125 million
Employees: 229

If an upstart David were looking to bring down the established \$8.8 billion Intel Goliath, the silicon most likely in his slingshot would be Cyrix Corporation's new microprocessor, the M1, a better, faster, and cheaper version of Intel's Pentium. Jerry Rogers, Cyrix' CEO, has no fear tangling with giants, nimbly finding and exploiting Intel's market vulnerabilities and cloning their most complex and profitable chips. He knows he only gets one shot at the giant and has to make it count big so he aims "not at where his target is but where it is heading."

Every morning, employees come to work past a courtyard with a small tombstone amidst flowers. The inscription "INTEL R.I.P." reminds everyone from Rogers on down of their daily daunting mission. Rogers and his fellow Texas Instrument alumnus and engineering guru, Tom Brightman, who started Cyrix to gain a chunk of the burgeoning market for personal computers, are both affable but intense workaholics whose lives are entirely focused on beating Intel, their competitive instincts honed from 25 years experience in the electronics industry.

Some smart money is betting on their bootstrap approach. InterWest Partners and Sevin

Rosen, who previously backed high tech fledglings like Compaq, Convex, and Lotus, put up the \$4 million in first round funding. The company became profitable shortly after its first product shipped in 1989 and went public at \$16 a share in July 1993. After reaching the forties, the stock is trading in the mid-twenties on the NASDAQ and the company now has \$50 million in the bank.

Cyrix made headlines in April when it convinced IBM Microelectronics to produce M1 chips. The deal gave Cyrix sophisticated integrated circuit manufacturing capacity without building its own plant and made it likely that IBM will use M1s in its own PC designs. Rogers predicts the superfast M1 parts will ship in volume by the end of the year to carve a share out of the \$7 billion microprocessor market.

Cyrix mastered its craft on Intel's math coprocessor, a profit-laden computer part that finance jocks eager to turbo charge the performance of their spreadsheet would buy on the aftermarket. Analysts estimate that it cost Intel only \$20 to make a part that they sold for \$400. Using its own software tools that insured compatibility, Cyrix was able to design and build its successful copy in 14 months, and eventually gained a 30% market share.

When Intel included math functions in its next generation 486 microprocessor, Cyrix could have been frozen out of its market. But instead it took \$5 million out of its coprocessor business profits and in only a year and a half developed a version, much to surprise of pundits who guessed that it would take five years and investment forty times larger. Intel countered in the courts with a raft of suits. Cyrix won rulings affirming it did not infringe Intel's intellectual property and had independently engineered its products.

The M1 is designed to beat the Pentium at its own game. A computer user must buy a special release of every software package to get the maximum performance advantage from the Intel hardware. By not forcing "re-compilation" or adjusting software to the idiosyncrasies of the microprocessor to reach optimum performance, the M1 will run 70% faster on existing software than the Pentium but considerably slower than Rogers has to run to outmaneuver his towering rival.