

‘Why this is a great business to be in *Even though it doesn’t always seem that way*

President and COO Bill Watkins has a heart-to-heart talk with Longmont



Following several measures to reinforce Seagate’s financial footing in the face of an economic slump, Bill Watkins paid visits last week to Longmont and several Minnesota sites. His message was clear: “If we stay strong and stick together through all of this, we’ll come out on top.”

Acknowledging recent actions taken—including workforce reductions, mandatory vacations, bonus and salary increase delays, and travel restrictions—Watkins said these steps were essential to keeping Seagate financially sound.

He conceded that many of these measures were short term in nature—not like the strategic moves Seagate management spoke of before going private. But these short-term steps were necessary in order to demonstrate Seagate’s ability to perform well in this economic downturn.

At the same time, Watkins stressed that long-term measures are in place too—particularly a focus on efficiency in execution and consistent, time-to-market performance. “We’re re-examining all of our business processes and structures,” he said. “We’ve got to identify and eliminate inefficiencies in all parts of our business in order to perform better and faster in the long run. We can’t just save our way to prosperity.”

Among those efforts leading the way to better execution and faster time-to-market are the Personal Storage Group’s upcoming launch of U Series 6 and its recent transfer of the Snowmass drive to AMK, said Watkins. “You’ve done a great job with U6. And Snowmass is one of the best products I’ve seen since I’ve been at Seagate. If we can continue at this level of execution, we will win in the market.”

Though the current economic forecast is not favorable for high-tech industries, the long-term prospects for storage are very strong,” said Watkins, particularly with the emergence of new markets, such as consumer electronics. “The demand for storage is going to continue to grow,” he said. “Everyone needs what we make. And they’ll be needing more of it over time.” Citing recent statistics on worldwide storage demand, Watkins flashed a few figures on the big screen:

- By the end of this year 3,222 Terabytes of storage will be installed; this will grow 105 percent annually over the next three years.

- Only two percent of the world's information is stored digitally. It's predicted that in five years everything ever written will be stored digitally.
- Ninety-three percent of the information produced each year is stored in digital form.
- Only five percent of the world's population is networked today.

"Storage isn't going away," said Watkins. People are going to continue to use the Internet, he said, to buy and sell merchandise, to conduct business, to communicate worldwide. "And the storage device is at the heart of it all. That's what's going to make us grow. "We're in a very good position to continue to lead," he said, "through our people, our technology, and our strategic plan. It all depends on how we execute. The future is in our hands."