

Fusion-io Founders Exit, Replaced by Board Member



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CEO and Chief Marketing Officer Out

In a surprise move announced 8 May 2013, Fusion-io co-founders David Flynn and Rick White have suddenly left their company, amid rumors of a disagreement with the board. Flynn, who was serving as CEO and President, is to be replaced by another board member.

Shane Robison becomes CEO

Shane Robison has been named Chairman, Chief Executive Officer and President, effective immediately to replace Flynn. Prior to this post Robison was Chief Strategy Officer at HP, where he helped put together the acquisitions of Autonomy, Compaq, Mercury Interactive, Opsware, EDS, Palm, and 3Com. His resume also includes positions at AT&T Labs, Cadence Design Systems, Apple, Schlumberger, Evans & Sutherland, and the University of Utah. Robison is on the board of Altera Corporation.

Flynn and White, who are said in a [Fusion-io press release](#) to be moving on to pursue early stage investing activities, will both remain members of the board and will serve in advisory roles to the company for the next 12 months. Videos of the founders can be accessed through a blog post on [The SSD Guy](#).

Fusion-io noted that today's announcements are not related to any issues regarding the integrity of the company's financial statements or accounting policies and practices. In its press release the company reaffirmed the fiscal fourth quarter financial outlook it provided on April 24. It appears that this caution may have stemmed from the problems that have cropped up at [sTec and OCZ leading to those two companies' leadership changes](#).

Short-Term Impact

The most immediate impact has been to the company's stock price, which [Bloomberg](#) quotes as the steepest fall in the company's history. As of the Thursday morning writing of this Alert Fusion-io shares had tumbled from Tuesday's close of \$18.04 to as low as \$13.18, a 27% plunge, but they have recently gained ground back to the \$14.50 level.

The Bloomberg article carried quotes from Robison saying that the board determined the timing of his start as CEO was the best way to make an effective transition. “This is not about a problem with the company,” Robison said in an interview. “There’s no disagreement on strategy.” The suddenness of Flynn and White's departure would imply otherwise.

Fusion-io has undergone other CEO changes, with both Flynn and White serving as CEO, as well as Don Basile, now CEO of Violin Memory Systems. Typically there is some advance notice of a friendly transition, which was not the case this time.

Long-Term Outlook

Fusion-io is in an enviable position. The company was the first to introduce a PCIe SSD and blazed a trail that many other companies have followed. Not content to stop there, the company started to identify system bottlenecks that prevented the SSD from achieving its highest performance and tackled them one by one, from streamlining software stacks to circumvent slow HDD-optimized I/O, to caching software, to making the SSD appear as memory in virtualized systems, to atomic I/O operations, and so forth. This resulted in the company's competitors always remaining one or two steps behind in their efforts to compete.

It would appear that the two key architects of this strategy have now moved on, so outsiders should carefully watch to see if the underlying strategy, the one that has served the company so well in the past, will continue to be followed, or if a new path will be tried.

In our report: *[The Enterprise SSD: Technologies and Markets](#)*, Objective Analysis forecast that the PCIe SSD market would consistently out-perform the SAS SSD market. With this change we hope that Fusion-io can continue to retain its prominent position in this promising market.

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