2014 International Consumer Electronics Show Keynote

Jan. 6, 2014

Brian Krzanich, Chief Executive Officer

[Beginning of recorded material.]

[music, recorded speaker]

Male Voice: Ladies and gentlemen, president and chief executive officer of the Consumer Electronics Association, Gary Shapiro. [music, applause]

Gary Shapiro: Good evening, everyone, and happy New Year. And on behalf of the Consumer Electronics Association, I'd like to welcome you to the 2014 International CES. Tomorrow, when the show floor opens, you'll see groundbreaking products and services from more than 3,200 technology companies.

You'll hear keynotes from top industry leaders, and you'll choose from nearly 300 conference sessions to learn about new technologies and business models. You also will network with colleagues, and you'll make new contacts.

You know, with some estimated 20,000 new products being introduced in 15 different categories, CES is the world's premier innovation event. We have an incredible lineup of top executives giving CES keynotes including Audi's Rupert Stadler tonight at 8:30 at the Cosmopolitan Chelsea Theater.

And by the way, if you're interested in that, buses will be parked in level one below immediately following this keynote. Other

keynotes include Sony's Kazuo Hirai, Yahoo's Marissa Mayer, Cisco's John Chambers and other top executives from Qualcomm, AT&T and many more on keynote panels.

Also, [unintelligible] and Secretary of Commerce Penny Pritzker will also be here on Wednesday to share their views on technology issues. And now, this is what you're waiting for. I would like to introduce to you our pre-show keynote for the 2014 International CES.

More than four decades ago, two brilliant engineers started a company that would nearly change the world. Those engineers, Robert Noyce and Gordon Moore, believed that integrated electronics could totally change modern life. They called their company Intel.

When they founded the company, the personal computer hadn't even been invented yet. The handheld calculator was a brand-new innovation, and it cost more than $500. But the work of Intel changed all of that.

So much of the consumer electronics revolution that we have witnessed the last two decades is due in large measure to the advances pioneered by Intel. Today, Intel's technology continues to drive the world of computing, data centers and personal technology.

Intel is not only a world-class innovator. It continues to set the highest standard in global technology manufacturing. Last May, when Intel named a new CEO, I thought immediately that this was the right person to help us kick-off this spectacular CES in 2014.

Brian Krzanich -- that's my fear, right there [laughter] -- has spent his entire career at Intel. An engineer by training, he has overseen Intel's vast manufacturing network stretching from the United States to Ireland and Israel and to Vietnam and China.

In just his first six months on the job, Brian has reinvigorated Intel from the most powerful [unintelligible] experiences on the PC and tablet to endless possibilities in the Internet of Things, Brian has positioned Intel to be the center of the consumer electronics world.

Tonight, he will give you a feel for where Intel's remarkable technology prowess comes from and what it means for the future of consumer electronics. As you know, the pre-opening keynote is a very special platform for CES.

And I cannot imagine a better ambassador of technology than Intel's new leader. I was thrilled when he accepted our invitation to speak here tonight on a revolution in the making. Will you please welcome one of the leaders of that revolution, making his first appearance on the CES stage, the chief executive officer of Intel, Brian Krzanich. [applause]

Brian Krzanich: Thank you.

Gary Shapiro: Thank you, Brian.

Brian Krzanich: Good evening. I'd like to thank Gary again for that introduction. I'd also like to thank the CEA for this invitation to come and speak with you tonight. I am absolutely thrilled to be here. This is a unique opportunity, a special place and a special platform to deliver to you Intel's vision of the future.

I'd also like to take a second to personally welcome all of you to CES. This is a unique show and, as Gary described, something that really represents our industry. We're also all very lucky to be here tonight.

We are in the midst of a transformation. From a world of screens and devices to a world of immersive experiences, let me show you what I mean.

[Video plays]

[Applause]

Brian Krzanich: [We've got] leading edge technology. We are building that world. Tonight we're going to explore that world together. Timing could not be better. We're entering a new era of computing. At the heart of this big idea, and a very big change, is that technology. Most of

my career, computing has been something you hold in your hand. Maybe it's something in your pocket. Something that sits on your desk. That idea is about to be transformed.

Tonight we're going to see some amazing devices, things that will amaze you and delight you. But we're going to look beyond those devices and talk about the experiences. I want you to be immersed in those experiences, and you'll know what I mean as we go through this evening. To do that, I'm going to take some risks. And many of these technologies that are just completed development are going to be shown here tonight. But every one of these will be available this year.

You are getting an advance preview. An insider's view of the technology that's coming out of this developments group. Is there any better place to show off something new than opening night at CES? [Applause] I'm going to show you tonight that revolution in three areas: in how we live, in how we work, in how we play.

[Video plays]

I'm going to begin with one of the most exciting areas of development: wearables. If you've read the press leading up to CES, it's everywhere. As we've started to look at wearables ourselves, we asked ourselves, "Why aren't wearables everywhere? What's holding back wearables in this marketplace?" In doing that, we realized two things. They don't integrate all the features you want.

You still always had to have something else with you. And you're not solving real problems, the problems people want solved at the time. Wearables need to do that.

So then we asked ourselves, "How do you fix that? What's the key?" And we came up with a very simple answer. Make everything smart. So how do you do that? How do you make everything smart? We started with something simple, because simplicity makes technology desirable.

I'm a runner myself. I know many runners. And anyone who runs, bikes -- if there's any kind of active activity outside, they tend to bring their phone and their headphones to that run. But you always want something else. You want to be able to track your run. You want to be able to know your pace. As I've gotten older, I'd like to know my heart rate. When I was younger, I wish I'd known it because I was training harder. But what I found was that you had to have multiple devices, and it was complex. When we looked into this, we thought that there was one simple answer for us, and that was to develop the smart earbud.

[Video plays]

Indira is walking onstage here, and she's just come back from a run. Literally. And as you can see on the screen, there are her earbuds and an app on her phone. And on her app, it integrates things like her pace, how far she's gone, what the track actually was -- right?

Where she is physically. But there's something else. There's her heart rate. And you can actually see the heart rate falling. We're actually seeing this live.

What you don't see is that the sensors for that heart rate are built into those earbuds. Those earbuds are what's measuring that heart rate. And there's one other special feature that Indira, who's actually the leader of the team who developed this, and her team developed. That was along with not needing a chest strap, you don't need anything else to charge these. They get their power off the microphone jack off your phone.

So a simple solution -- an app, your phone, and a smart earbud -- and now all your answers are integrated simply into one device. And you can go for your run, you can go for your bike ride, you can go for your hike, and everything is there. Thank you, Indira [applause].

That was only one of the issues with wearables and earbuds that we saw and wanted to solve. Another one was that every time you wanted to get to your personal systems on your phone you had to take the phone out. You had to hit a button either on the phone or your earpiece. And so we spent some time thinking about that, and we said, "We should be able to make this smart." And so we came up with the smart headset.

Larry here is going to introduce the smart headset to us, but we've nicknamed this smart headset Jarvis. And Jarvis is right here; I'm showing it to you right now. It's hands-free, it's always listening, and it's got seamless integration. We're going to show it here tonight with a built-in personal assistant that proactively engages with your calendar; it understands the context, and it interrupts politely. Larry is going to put us through our demonstration right now of what Jarvis can do.

Larry: Brian, as you mentioned, with this smart headset I can interact with my phone over here without picking it up. In fact, without even touching it. Now I'm going to share that experience with you right now, and what I'll do is I will make dinner reservations for after your keynote tonight. So let's give it a run.

Hello, Jarvis. I'd like to have a nice dinner. Find me a good Indian restaurant around here.

Jarvis: The best one around one around is [unintelligible] which is located on [unintelligible] Avenue, [unintelligible] from here. Would you like to go now?

Larry: Not yet. I'd like to be there at 8:00 p.m.

Jarvis: It conflicts with your day one summary meeting. Would you still like to go to the restaurant, and tell Diana that you're not coming?

Larry: Yes. Please do [laughter].

Jarvis: Sure. I will do that, and will let you know when it's time to leave for the restaurant. By the way, you have three new messages from your wife. Would you like me to read them to you now?

Larry: No, not now. But, please remind me after I leave here.

Jarvis: Sure. I'll remind you later.

Brian Krzanich: Okay. Thank you, Larry. Don't forget those emails from your wife. You'll get in real trouble.

Larry: Jarvis won't let me forget. Thanks, Brian [applause].

Brian Krzanich: The Jarvis we showed you tonight was working with a personal assistant that we've been working on. But the system will work with any of your existing personal assistants as well. The real key here is seamless, no buttons, always listening, and yet still has that same low-power capability.

As we started to look at wearables, we realized there was one other issue. As they become more and more popular, as you start to get more and more types of wearables, you're going to run into the issue of how do you charge them all? Where do you keep all the wires? How do you plug them all in? Do you even have enough plugs at your desk to plug them all in? That's why we developed the

next solution. The smart charging bowl. This bowl is right here and it solves some real problems by allowing you to simply drop your devices into them, and it instantly begins to charge. And you can drop multiple devices into this bowl.

I'm going to take my -- I hope I can get it off. My Nike* Fuelband. Put that on there. And we even have this phone; we're going to put that in there. And all of them are charging now. It’s a very simple device that you can just leave on your counter, and it will go ahead and charge everything that you need. We believe this is another one of those key deliverables for making wearables ubiquitous.

I'm sure you're asking, "Okay, you're talking about wearables. Where is the watch?" Well, we've got it. Here it is.

I'm proud to show you here the smart watch. All of the features of a smart watch you'd expect, but we added a bit more. Remember, we said we wanted to make everything smart. So this system has its own connectivity. It requires no tethering. And it has one other very unique feature, and that is smart geo-fencing. So what is smart geo-fencing? Smart geo-fencing is a capability to monitor a person who's wearing the watch from a location-based standpoint. It's invaluable for someone who's responsible for taking care of young children or elderly parents.

It shows where your child is at any time, but it's smart. It has the ability to look at the time and say, not only do I know you're

supposed to be walking to school, but I know you should be at the school in 30 minutes. And if you step outside of that boundary or you don't reach there in time, it silently notifies the guardian that the person didn't arrive. You can think of all kinds of applications from your children to your grandparents to your teenaged children that this becomes invaluable.

And in emergency, if a person steps outside that geo-fence, it sends a precise location, and it will notify the person, independent of any other notification from the person. You don't have to push any buttons. You simply step out of the geo-fence range. It's unlike anything else on the market.

As you can see, we are looking at a broad ecosystem of wearables. We're looking at not just the device, the silicon. This is the amazing opportunity for partnerships across this ecosystem.

We're going to look at the most successful designers and creative innovators in the industry. Together, we're going to create a whole new series of products, and with those partners, we'll bring those products to market.

In fact, tonight, I'm going to announce a pioneering effort with Intel in the fashion industry. We are looking with leaders of the fashion industry to work on smart wearables. The first three partners that we're working with, Barney's*, one of the leading-edge retail companies, the CFDA*, the most important fashion trade

association, and Opening Ceremony*, a global, omni-channel fashion retailer.

Those partners will be working with us on these wearables. As we go through the year, you're going to see more and more partnerships as we develop more and more of these technologies.

But as I told you, we didn't want to stop there. We want to make everything smart. That's what Intel does. That's what those tri-gate transistors power. So we asked ourselves another question. How do we do that? How do we make everything smart? So tonight, I'd like to introduce our next product, [Intel®] Edison.

It was only four months ago that we announced [Intel®] Quark at IDF. I'm showing you just how far and how quickly we've pushed the envelope with this product. Edison is built on 22-nanometer tri-gate transistor technology. What is unique about this is it's a full system. It's a full [Intel®] Pentium® class PC in the form factor of an SD card. That's all the space you need. It runs full Linux* open source. It has built in Wi-Fi and Bluetooth Low Energy. It has an app store, so you can go in and do app store programming. It's ultra low power. And we've partnered with Wolfram* to bring Wolfram* Language and Mathematica* with Edison. It will be available in the middle of 2014.

We believe that Edison will enable rapid innovation and rapid product development. But then we ask, okay, we have it, we have

the first ones, what can we do with it? Let's give ourselves an example.

So we worked with a group from MIT, a small startup, called Rest Devices*. And they created Nursery 2.0. Here's the problem: You're a parent, you have a young child, and you have anxiety about that sleeping baby. You want to know if he's breathing. You want to know if it's hot or cold. Rest Devices created a solution in a onesie that has sensors on it, you can see it here.

Those sensors measure temperature, pulse and breathing. But what we did -- what Diana has here -- is created a turtle. We created a turtle that has Edison inside it. As Diana connects Edison to the onesie, the onesie now becomes smart. Next thing we did is we took our coffee cup -- because every new parent has a coffee cup because you've spent those sleepless nights -- and we made it smart. As Diana connected Edison to the onsie, you saw the coffee cups come awake because they sense that the ecosystem was awake now.

We're showing you right now the breathing rate and the temperature of the child. This is real time. And this shows you that the child's healthy, breathing well, temperature is fine. We also just put a blanket on there, so we are going to trick it a little bit. If the blanket gets on there and it gets too hot, it warns you and says not only is the baby upset, but it's hot. That's what that rising temperature is. These two devices are connected. They're both smart. They're intelligent. They can be programmed.

Then if you take the blanket off, baby cools down, everything's back to peace and quiet. Yeah. All of us know that have children that there's no such thing as peace and quiet and calm. So, again, the smart turtle can sense that the baby's moving, that his pulse has gone up, its breathing has increased. It's talked to the coffee cup. You can see it's actually changed its pulse rate. And we did the same thing. We put an Edison in a bottle warmer.

The coffee cup now talks to the bottle warmer. And before you even get to the baby, the bottle warmer is already turned on, and started warming up the bottle. A network of devices, all smart, all working together, all coming to market, all powered by Edison.

With Edison, the opportunities, we believe, are endless. We believe that there's so much creativity and capability, in this device that we didn't want to limit it to just what we could think of, what partners we could find.

So to bring the possibilities to life, I would like to announce a contest, the [Intel] ‘Make It Wearables’ challenge, a contest for the most innovative wearable design. We'd like to invite people from across the globe to participate. To do this, and to entice people to get interested, we're offering the largest prize ever -- $1.3 million in prizes and $500,000 for first prize. But more importantly, the top 10 contenders will be connected with industry luminaries and Intel to bring those products to market.

This is what we believe will allow the creation and the innovation possible with Edison to come to life, to engage the ecosystem, itself.

Could anything stop us? Well, we asked that question, too. We started to think about as all these devices become connected, as your data becomes more ubiquitous, what could stop you?

As more wearables are out there, there will be more and more security issues. We want to make security an essential part of computing. We have great assets at Intel, not only in our silicon technology, not only in our architectures, but in assets like McAfee*, as well. So, we've integrated the hardware and software to try and stop malware in its tracks. I'm pleased to announce [the Intel Security brand to identify our products in the security segment. McAfee products will transition to this brand over time, while retaining the familiar red shield.]

We are bringing our award-winning security to every mobile device: phones, tablets, wearables. Not for specific architecture, doesn't have to be IA, it could be for ARM*. It could be anything. We want to bring this [Intel Security] capability to everybody, because we believe this is critical to enable this ecosystem.

So, if you really believe in enabling that ecosystem, what do you do? You offer it for free. So, starting this year, [elements of]

McAfee software for mobile devices will be free. We believe this will allow this ecosystem to flourish.

I'd like to switch gears a little bit here now and talk about, for most of us, a big part of the way we live is spent working.

[Music plays]

Brian Krzanich: I want to talk a bit about tablets. I think in the past, tablets have been typically thought of as [for] consumption -- games, watching movies. You're starting to see them come into work a bit. But really when we stopped and looked at it, they're moving more and more into the corporate space, and all aspects of work-wise.

One of the best examples we could find was Applebee's*. At the end of 2013, Applebee's announced it was replacing all of its menus with tablets. That's 100,000 tablets at your table. When we took a look at that, we found that it solved a very critical problem -- the customers were no longer waiting for their waiter. And interestingly, as these have been deployed at Applebee's, they're finding that table turnover is 20 percent faster, because people aren't waiting. You're not waiting to take your order, you're not waiting to get your check -- it's all there. It's resulting in a better dining experience. You keep the tablet at your table -- you can look at the news, you can play games, you can do a variety of things after you've ordered your meal and before you want to pay the check.

And what's really interesting is they've found that waiters have received 15 percent higher tips -- better dining experience, better tips for the waiter. Everybody loves this.

We've shown you how businesses are using the technology to transform the way they operate. I wanted to talk to you a little bit about how individuals will use technology to transform the way they work. I think the best way to do that is to talk about 2 in 1s. We believe this device really provides a tablet when you want it, and a PC when you need it. It's an amazing innovative form factor, and Umesh is going to show us one of the more innovative ones from Toshiba* that's just coming to market. You see the keyboard disconnects, the screen moves over, it's a tablet. It's still a PC.

You're going to see this across CES this week, but also as you go through this year, [you'll see] a lot more innovation in this space in the future. This space of tablets and PCs are melding into these 2 in 1 devices. It's hard for us to keep track of which is which.

These are great Windows* devices. What if you wanted Android*? There are issues with security and enterprise compliance with Android, though. I want to announce that Intel is going to deliver the Intel® Device Protection technology. You can now use Android in detachables and tablets anywhere you are, and it will be available this year. It meets most security requirements for use at home and at work. It's full 64-bit and allows you to move seamlessly in-and-out of the office.

But security alone for Android devices wasn't enough. Our customers wanted more. So we went out and talked to our customers, our OEM partners. They came to us and said, that's a good first step, but we want devices that can do both. There are times you want Windows, there are times you want Android. We wanted more choice -- Windows for some usage, Android for others.

I'm happy to announce the availability of the dual-OS platform, the world's first dual-OS system [by Asus*], with both Windows and Android. I'm showing it on Windows right now. I'm simply going to push the button -- there's always that demo fear, right? -- and it switches to Android quickly.

Intel [SoCs] are the only ones that can offer that capability to seamlessly switch between OSs. You don't have to make a choice moving forward. You could have a secure environment, you can have both. All of these are being offered with full 64-bit support as well.

These capabilities will revolutionize how business gets done. I want to show you that we wanted to take it even further, though, that just providing this kind of technology wasn't enough for the workplace. This is about immersion, about getting into the experience. You heard us announce today [Intel®] RealSense™ technology. This technology allows our technology partners to integrate 3D cameras

into their systems this year. We're opening new dimensions for business.

I'm going to show you an example here as Jonathan scans the Bunny Person. And the Bunny Person, for those who aren't familiar with some of our old commercials, was famous in the Intel commercials. And so, what better character to give as an example? Jonathan is scanning here in real-time. And as you see on the tablet image, as it goes from color to white, that means he has a full scan of the system.

But what I want to show you here, now that his scan is completed, is the actual device itself. We're not talking about something built onto the back of this tablet. These are integrated into the tablet itself. This will be available at the end of this year, a capability to do a full 3D scan.

But we should be able to do more with that. Now that we have this done, let's take a look at what we can do next. So, let's take it over and send this file to our Z Space* system. And Jonathan's going to manipulate this image of the bunny person in 3D. And so what you're seeing is what Jonathan sees in his 3D glasses. And [unintelligible] over here on the right is what's allowing you to see in 3D what Jonathan sees as well, real-time, with his glasses. This is all being done real-time.

So, I'm going to ask Jonathan to edit this image, and let's turn [the Bunny Person] into a keychain. Let's make a keychain tonight. The first thing you have to do, you have to put the Intel® logo on. After all, this is the Intel Bunny Man. And the next thing to make a keychain, you need a little loop on the top of his head to connect your keys to. Now that Jonathan is just about done manipulating him, who would like to see us send this to a 3D printer and actually print it? So, let's send it over there. We're sending it to a 3D Systems* Cube 3 printer, the actual image itself. We're going to go ahead, and as we finish the keynote tonight, continue this printing, just to show you that this is a live demo. So, at the end of the presentation tonight, we'll have that key ring completed.

We believe this capability will unleash a new wave of innovation in the workplace. Everyone can become an entrepreneur and a maker. You're not limited by your manufacturing capabilities anymore. You can build these in multiple types of materials, from metal to plastics to chocolate to even sugar. We built this one a couple days ago, and I'm going to put him, since this is my inaugural CES presentation, on top of our cake, to just celebrate our CES events tonight. You can make these out of chocolate too. As you leave here tonight, we have a little chocolate Bunny Person for every one of you that was made with our 3D printer. [applause]

This computing power is not only about impacting the work of the entrepreneur, but also of industry. Nobody understands this better than one of the greatest animation companies of all times,

DreamWorks Animation*. Let's watch a clip about how this is transforming animation. [Video plays]

To help us understand this even better, I'd like you to help me welcome to the stage my friend, the CEO of DreamWorks Animation, Jeffrey Katzenberg. [applause]

Jeffrey Katzenberg: Hello.

Brian Krzanich: Hello, Jeffrey. Thank you so much for being here.

Jeffrey Katzenberg: So I just have to say [before we get started], this has really been an incredible show. The things that you have shown up here -- I just wanted to ask, how long have you been in this gig?

Brian Krzanich: Six months.

Jeffrey Katzenberg: Come on. Six months? [applause] Wow. I'm trying to think about all the ways I could use that onesie, and it could warm up milk for me in the middle of the night when I'm waking up. [laughter]

Brian Krzanich: I'll tell you what, you make me a way-back machine, I'll build you a onesie. [laughter]

Jeffrey Katzenberg: That's good. Fair enough. You're on.

Brian Krzanich: So Jeffrey, you know, we're here to talk about products in your industry. Maybe you could just talk to us a little bit about how is this technology really changing the animation industry?

Jeffrey Katzenberg: Well, it's actually amazing. The transformation, the power that we are able to put in the hands of our artists today is really extraordinary. And you know, the complexity of what we are doing, you know, is just on this extraordinary trajectory.

An average movie of ours today is [originally about] half a million files. And in order to continue to raise the bar and to do things that are really exceptional, technology is our partner. It's our friend. And ultimately, it's the paintbrush of our artists.

Brian Krzanich: So your industry, from everything I've seen, has really become a hotbed for using computing power, for using the capability that these transistors deliver.

Jeffrey Katzenberg: Well, and it is. And it's not just for the animation industry. It's literally at the heart of everything that we do. But today, you see it in every form of movie and movie making. And you know, whether you see it in a movie like “Gravity” or “Life of Pi” or “the Hobbit”, every movie today, more and more and more, is finding innovative ways to take these tools and to create incredible, immersive experiences for audiences around the world.

Brian Krzanich: So this is a consumer show, like it or not. Can you tell us a little bit about how this is changing the consumer experience?

Jeffrey Katzenberg: Well, yeah. I think probably the most obvious way, I think, is that today it's not just our content creation. But it's how are people consuming? And whether it is on a five-story IMAX* theater or on that beautiful new watch, which I'll be getting one of before I get out of here today, technology is making it possible for us to connect to, engage and deliver our content anywhere, to anybody, any place on the planet.

So it really is, I think, creating so many new types of opportunities for storytellers and specifically for Hollywood and great movie makers.

Brian Krzanich: Wow. So do you think we can take a quick peek of just one of your more recent movies?

Jeffrey Katzenberg: Yes, we are. We're going to bring in and show you a little peek here, which a little birdie came and told me that as a kid growing up, you were a “Peabody and Sherman” fan.

Brian Krzanich: That's how I learned history.

Jeffrey Katzenberg: I understand. We've got a little way-back machine here. So I'm going to deliver on my good. I got a way-back machine

[unintelligible]. We'll show you just a quick little clip. [Video plays]

Brian Krzanich: Wow. I can't wait to take my family, Jeffrey. [applause] Thank you so much.

Jeffrey Katzenberg: Congratulations. It's an amazing show.

Brian Krzanich: Thank you. [applause] So tonight, we've talked about how our personal life has been transformed and revolutionized. We've talked about the way we work and how that is changing. I want to go into the next section, which is how is this going to impact the way we play?

So gaming and entertainment is really entering one of its most creative periods in history. As a kid, I got to play with LEGOS* and blocks. There were no gaming consoles and online gaming. But today's kids have all of that, and probably less of the LEGOS and blocks.

So what we've done is we reimagined that. We reimagined how kids play. We've combined the technology of RealSense, the 3D technology seen throughout this presentation, so that kids can have an amazing, immersive playtime experience.

So I'd like to take a look at one of these games. Now, let's look now at Scavenger Bot*. Chuck, could talk to us about Scavenger Bot and just what it does?

Chuck: Well, Brian, you've talked about some great [unintelligible] today and some 3D digital cameras. I'd like to show you what happens when you combine both those things into a tablet to change the way you play.

Brian Krzanich: Okay.

Chuck: So I have a tablet here. And I'm going to actually scan in a sandbox much like the one I had when I was a child. Now, with this sandbox -- and I'm scanning it in -- I'm actually moving it from the real world into my tablet, moving it from the real world into my 3D digital play space, so to speak.

So now, I've got a sand box that I used to play with that was real. But now, I've got both. So I've got a friend here. I call him Scavenger Bot. Let's bring him in. Not the greatest landing.

Now, I'm going to [unintelligible] Scavenger Bot up to the blocks in the back here. And you'll see -- notice [unintelligible] trail on your shadow, how they behave just like they would in the real world. I can zoom in on him [unintelligible] shadows.

Now, I'm going to fly him over to this little valley right down here. Again, look at his trail. Look at his shadows. You'll see him land. And remember, this digital sand box is exactly like my sand box in front of me.

So when I change my perspective and I move away, he becomes obscured just like he would in the real world.

Brian Krzanich: Wow.

Chuck: So I'm going to move him to the top here. You'll see him fly on up. Now, you might be wondering, you know, how long did it take me to program this in? You know, what happens if my kid sister comes and messes it up?

Well, first off, let me show you what it looks like to my robot. You can see, I've got a lunar planet that my robot is playing in. But you can adjust that easily. So tell you what, why don't you go ahead and throw some of those blocks.

Brian Krzanich: I want to prove to people that this is a live demo, not something made up, so I'm just going to put the blocks in here, wherever I can get them to stand, and I don't know about how you guys, but in all of my rooms, there's always laundry laying around, so I'm going to put some old, dirty laundry, throw that on the game, as well, and see what happens.

Chuck: Well, I'm going to turn on the Scavenger Bot scanner here, and he's going to learn his new world. He's going to rotate around a little bit, let him see all the good stuff. And we kind of had a valley before, but now, if you look at it, we've got some brand new mountains, we've got some hills. And if we move him around, you'll see that you actually have to fly over those things just like you would in a real world. We've got our Scavenger Bot has learned a brand new world -- all these infinite adventures are only limited by the number of blocks and apparently the dirty laundry we've got laying on the [unintelligible].

Brian Krzanich: That's amazing, Chuck. That is just an amazing thing. Thanks for showing us that. So this is where we believe gaming is heading. No longer are you limited to that flat screen with the game that you just have in front of you, but you can create the environments, you're part of the environment. Endless imagination, immersive imagination. But immersive experiences can offer a lot more. Storytelling is taking on an amazing form.

No longer limited to a flat book or a flat screen, with the right technology, technology that we can enable, we can be immersed in the story. Some of you may know Scott Westerfeld's book “Leviathan.” It is the story of a whale airship. Up until now, you've been, at best, engaged in that story. So that's great. But what if we could do more? What if we could build a digital world into our world? Imagine “Leviathan” could be here in this room with us tonight, flying just above your head.

Wouldn't you want to reach out and touch it, wave to it, see it from every angle? Remember, I told you this was an immersive event tonight. Tonight, I don't want you to merely imagine a flying whale. I want you to experience it. Sight, sound, all of it. I don't know about you, but that was quite an experience, even standing up here on stage. What you've just seen is what happens when you mix technology with imagination. We set up cameras and tablets around this room because we have a large audience and we wanted to really engage all of you.

But all that's really required is a tablet, a story, and an imagination. You could imagine a child laying in his or her bed using the technology to be immersed in this story or any other story. You can experience Leviathan, yourself, if you come by the Intel booth any time this week. We have the actual operation running on a tablet, and you can experience the individual version of this. I want you to see where this technology can go.

So that was storytelling. Technology is also driving fundamental shifts in the gaming industry. VALV^{E}*is one of those companies. It's one of those companies shifting this industry. VALV^{E} has more than 60 million users. To let us really discuss what this future looks like, let me invite Gabe Newell from VALV^{E} up here on stage with me. Hi, Gabe.

Gabe Newell: Thanks, Brian.

Brian Krzanich: Thanks for being here tonight. Let's walk over here, and as we talk, we can look at one of your newer systems, too. So can you tell us a little bit about your vision of how games should be developed?

Gabe Newell: Well, PC gaming's been growing explosively. In the last year, we're actually up to 65 million users on STEAM* now. Our partner revenue has more than doubled in the last year, and we've been reaching a point where a game like Dota 2* the people that play that game -- more than people that watch Monday night football. And those are pretty amazing milestones. And you ask us why is that happening? What's the engine that's driving it? Well, obviously, Intel CPUs, Intel graphic source power, but it's the openness of this platform, the way that we all benefit from each other's innovation.

Brian Krzanich: So I heard you made some really great announcements today. Can you talk to us a little bit about what those are?

Gabe Newell: Yep, earlier today, we announced that we're coming out with partners, and we're releasing over a dozen new STEAM machines. These are living-room-friendly form factor devices designed to connect to your big-screen television. They run SteamOS, which is based on Linux, and they incorporate a hardware controller, a game controller, that allows you to use all of your PC games and applications from the comfort of your couch.

So another thing I have here -- this is one of those devices -- it's from Gigabyte* -- it's called the Bricks 2* -- that incorporates a 4th Gen Intel® Core™ processor as well as an Intel® Iris™ graphics. And it's working with Intel to tackle these kinds of form factor issues – which we think is going to bring the excitement of PC gaming into your living room.

Brian Krzanich: Wow, that's really fantastic. So can you show us what the SteamOS looks like and what one of the new games looks like?

Gabe Newell: Sure. So over here, we have the SteamOS running on a Bricks 2. One of the nice things about STEAM is that if you buy a game to play on your PC, then you also have it when you're running a STEAM machine in your living room or on an airplane. So we're going to go ahead and jump into one of those games. This is Dota 2. It's our latest game. And if you have a slave game or set up your key configs on your PC, then it's going to work for you just as well in your living room.

It's running a tutorial mission right here. And this is our most recent game. It's available on PC, on the Macintosh, and Linux, as well. So we're tremendously excited about this opportunity to work with Intel, to work with their partners, to bring all the power of PC gaming into your living room. I want to thank everyone here for that and also, especially, Intel. Thank you very much.

Brian Krzanich: Thank you, Gabe. That was great. Thanks, Gabe. Okay. I'm going to switch gears for a minute now. I want to talk about another way technology can lead a transformation.

We make billions upon billions of those 14-nanometer transistors and those 22-nanometer transistors every day. They're built in factories like the one you see behind me. As you begin to put those factories around the world, you begin to think about the impact on the supply chain and the potential issues that you could be causing. This is not an issue we would normally talk about at CES, but it is an issue that's very important and personal to me. That issue is conflict minerals.

[Video plays]

Brian Krzanich: And that's the challenge that we took over four years ago. The solution isn't easy. But nothing worthwhile ever is. The minerals are important. Our industry relies on them. But it's not as critical as the lives of people mining them.

We knew we couldn't do it alone. So over the last four years we worked with our industry, governments around the world, and groups like the Enough Project* to transform the issue. We tracked these minerals from the mines to the smelters to our factories. I'm here tonight to tell you years of work has paid off. Tonight, I'm excited to announce that every Intel microprocessor we manufacture in 2014 will be conflict-free [applause].

We are inviting the entire industry to join us in this journey. For those of you here tonight, you can come to the Intel booth on Wednesday for a moderated discussion that I'm having with industry experts and social activists on this subject.

Okay. Our success in conflict minerals gives me hope for the future. But there is something that gives me even more hope, and that's what this conference is really about: innovators. I've been lucky to work my entire career at Intel – and as Gary mentioned earlier tonight -- a company founded and driven by innovators and innovation. This evening I'd like to introduce to you some of the innovators, entrepreneurs and hobbyists who are using our technology to transform the world.

I'd like to start with Joey Hudy. Joey is the youngest CEO I know. He's also the youngest Intel employee, at just 16 years old. Hi, Joey.

Sarah Volz, first place winner at the Intel® Science Talent Search this year [applause].

Shunsuke Nakamura, grand prize winner of the Intel® Perceptual Computing [Showcase] contest [applause].

Eesha Khare, the winner of the 2013 Intel® Science and Engineering Fair [applause].

Indira [Negi], inventor of the smart ear buds we saw earlier, and an Intel employee [applause].

The youngest one who will come up here, Schuyler St. Leger, a [Galileo*] maker -- a 3-D thinking expert -- at just age 13 [applause].

Schuyler also brought -- I told you we'd print out a 3D Bunny Man; that's the 3D Bunny Man. Schuyler brought it out for us onstage, [unintelligible] tonight [applause].

Mick Ebeling. Not Impossible Labs. Low-cost prosthetics for [Sudan]. [Applause]

And Mark Allyn. An Intel employee, a Maker, a clothing artist, and a master of light [applause].

The people who join me here tonight onstage are the same trailblazers that Noyce and Moore were. They want to build that immersive world with us.

All of us here in this hall tonight are lucky to live in a time when computing is taking us in incredible new directions. I'd like to thank you for being with me tonight on this journey of transformation. I'll be here the rest of this week. I look forward to talking with you and sharing Intel's vision of the future. And I invite all of you tonight to join us in the revolution in the making. Thank you [applause].

[Music plays]

[End of recorded material]

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