

ICO sheds its 'captive' label, turns another financial corner

Don't look now, but there's another wheel on Tek's comeback cart. It's ICO, an organization that's competing in the external chip market—and talking profits. True, it's still more of a training wheel than a driver of Tek profitability. But it's spinning with progress, and raising some eyebrows: last October and November were ICO's first-ever black-ink accounting periods.

GM Dale DeVries gives much of the credit to a \$1.1 million conservation effort that he terms "people involvement translated to cost savings." (See "Cost-busters," *Tekweek*, Jan. 16). And he recognizes the mixed blessings of a 6-percent workforce cutback.

Dale also cites a "better technical synergy" in Beaverton's Bldg. 59, a "tighter coupling" of the workforce, a bonding of engineering and manufacturing and—not surprisingly—better yields. "Everybody's doing better technical work," he says, "and if we stay on plan, FY800 is the year we'll officially break even."

Credit external sales for that. Less than three years ago, devices sold to other manufacturers were "virtually zero." By the end of FY700 they're expected to produce nearly a fourth of ICO's total revenue.

The move to external sales is connected to that word survival: manufacturers across the land are on a low-calorie component diet, trying to turn expensive "captive" operations into outside money makers. But that's not always as easy as it looks on paper.

Fortunately, Tek enjoys a good semicon-



Dale DeVries: salesman

ductor reputation. Still, one hurdle ICO faces is the reputation of others who have tried. They often dropped their independent veneers just as soon as in-house demand picked up, leaving their new external customers thumbing through the IC ads.

VP Fred Hanson, who manages ICO's parent organization, vows not to let that happen. "Internal and external customers are on an equal footing," he says, and "whatever capacity is committed to outside customers will be available. We'll protect their proprietary information as well."

Good thing. One of ICO's biggest projects is with a U.S. manufacturer betting on new ICO custom designs to revolutionize its market. They're now in the prove-out stage, and the potential market is substantial. Other front-end engineering prototypes are in the works.

ICO comprises three separate organizations—bipolar (under Morgan Pope), microlithography (Mel Wright), and charged-coupled devices (Paul Smith)—that call for three distinctive sales approaches. Morgan, whose biggest customer is Tek, says external sales dollars will eventually outstrip internal ones. Mel's targets are "very high-end" niche markets, and Paul sells "exclusive products."

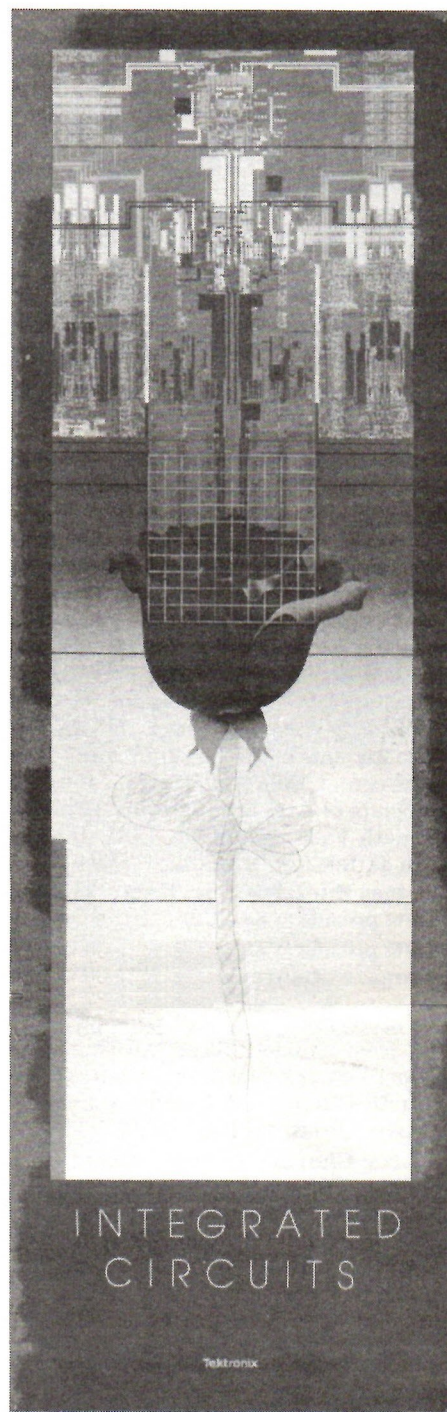
That's enough marketing challenge for any general manager, and Dale's interviewer posed the obvious question: "When did you become a salesman?"

"About a year and a half ago," Dale smiled, "when I realized we were talking survival."□

TriQuint, too

You can't talk ICO without talking TriQuint. A new company in a very new industry, TriQuint is already regarded as a major player in gallium arsenide IC technology.

TriQuint today sells a broad range of GaAs IC products and services to commercial and military customers. Its custom GaAs IC foundry was the world's first and is acknowledged as the industry leader.□



IC's colorful new poster is cropping up on walls all over the company. It's the brainchild of engineer Chris Martinez. Design was by Howard Meehan and Dan Olson.