# The customer, first, last and always

Hassane El-Khoury talks to **Neil Tyler** about his on-going plans for Cypress Semiconductor

"The technology world has changed and it's no longer just about the silicon," says Hassane El-Khoury, the youthful CEO of Cypress Semiconductor. So if it's not about silicon what is it about? "Software," he contends. "Software is what pulls silicon devices together."

Following in the footsteps of long time CEO TJ Rodgers, El-Khoury was appointed CEO in 2016 at which point he embarked on a corporate transformation that has placed the customer at the very heart of its operation.

"Everything we do has to be driven by what they need," El-Khoury explains. "We no longer simply supply silicon, but rather everything designers need to build systems.

"In the past few years it has become obvious that the days of simply delivering a 'bunch of chips' to your customers was over. They are looking to the delivery of systems and we, as a business, need to better understand the boundaries within which they work.

"We need to become a cognisant player in this market, ensuring that all of our products work together as well as providing the necessary software. All of which means that our customers are better placed to do what they do best."

Using the company's infrastructure and technology he has driven through significant changes to the business. Cypress version 3.0, as he likes to describe it, is now focused on delivering solutions to its end customers.

"I inherited a strong legacy of embedded systems and solutions. But, in order to achieve significant growth and outperform the market, I knew we'd need to pivot and target specific markets. Those we identified were: automotive, industrial and consumer."

In the past 18 months that focus has brought clear results.

"Through a combination of focusing on what we need to do to win in these markets, engaging with our customer base and through the sharp execution of strategy, we are now outgrowing the market by a significant margin."

According to El-Khoury, his contribution has been to, "Bring a coherent vision to the business. If you have that, then everyone – no matter who –will rally around and deliver on that vision and strategy.

"Success comes from explaining where we need to go and why. People will get on board when they know what they have to do, and what's expected of them."

El-Khoury's decision to restructure the business was delivered relatively quickly.

"My aim was to have everything done by December 2016 not only to reassure Wall Street and our investors, but to hit the ground running with customers. I didn't want to be issuing revised instructions as the year progressed."

A challenge, certainly after following a long-term CEO of 34 years, but he found a business, as he describes it, "much like a coiled-spring. I pointed it in the right direction and let it go."

Last year that uncoiled spring delivered impressive levels of growth of around 17 percent.

"Breaking that down, consumer grew by 19 percent, while our IoT business, acquired from Broadcom in 2016, grew 45 percent. But we saw growth across all our divisions and we significantly out-performed the market."

While he accepts that the company benefitted from strong market growth, he contends that, "it wasn't the market, but rather our execution that delivered for the business."

That execution has focused on solving problems that customers are looking to have solved, according to El-Khoury.

"It's about being relevant. We are providing customers with processing and connectivity capabilities, but beyond that adding security, software and content, providing them with a better experience without having to leave a familiar development environment."

He points to the company's unified software tool suite that looks to streamline IoT product designs.

"Our ModusToolbox is an easy-to-use software suite that enables IoT developers to design in the functionality they need, while leveraging our various solutions."

According to El-Khoury he's tried to get the company away from an industry mindset which he describes as "build it and they will come!"

He says, "what I mean when I say that is, why use smaller nodes, 28nm, 14nm etc. if it doesn't address problems customers need solving? Cypress lives to address problems now and, more importantly, deliver solutions.

"We need to listen better to our customers and let them define their problems. We need to find out from them what we can do to help them. Just because we can do something doesn't mean that we should. Without focus, it's very easy to lose your way."
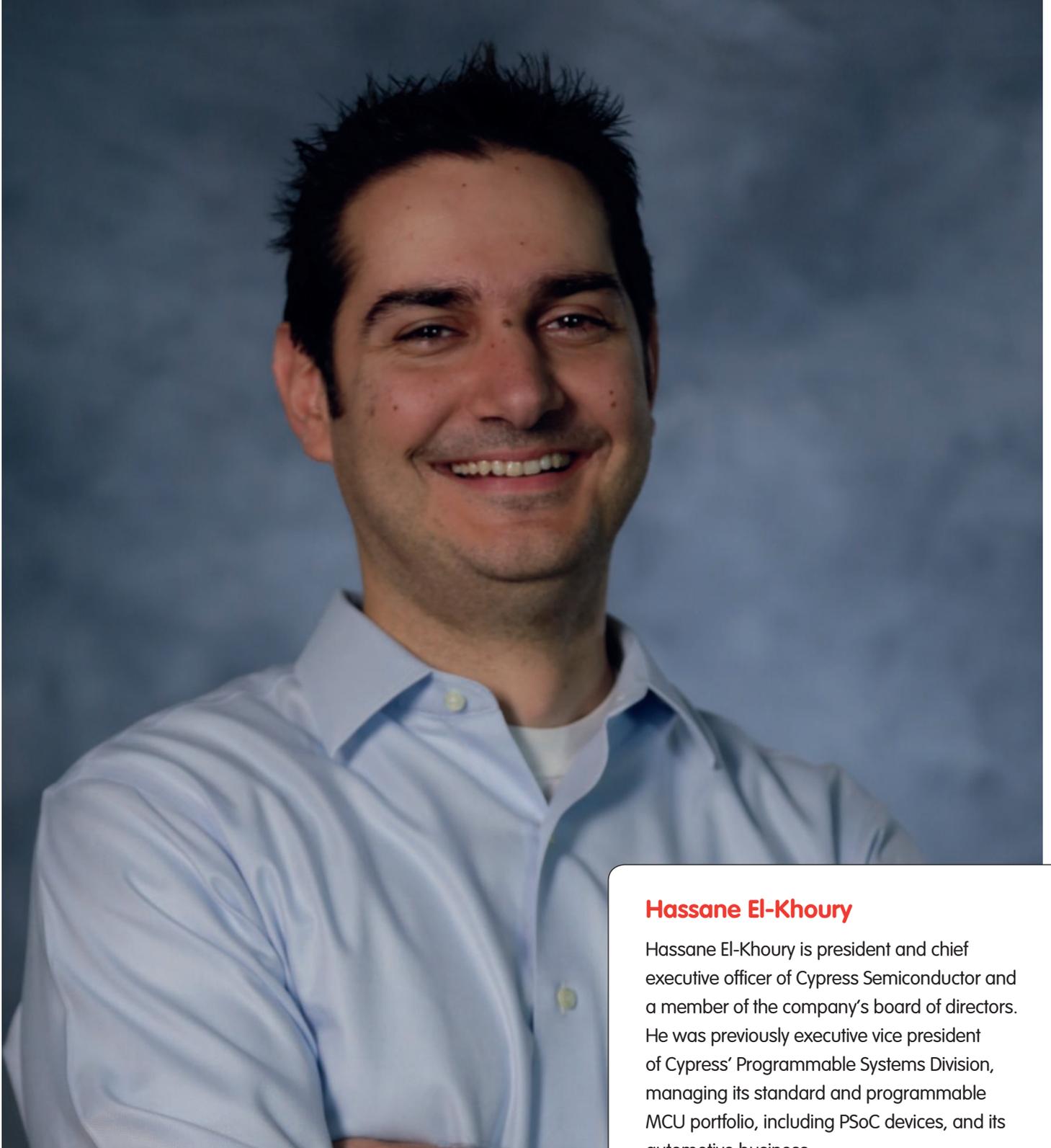
El-Khoury sees the company's strong growth in 2017 being driven by the demand for connectivity.

"What we're calling the era of IoT is putting the changes we saw in the PC and mobile eras to shame. The trouble when talking about the IoT is that it can mean everything or nothing.

"Without connectivity, a thing remains a thing, so we've doubled down on delivering connectivity as well as ultra-low power devices. Our customers' customers won't buy a device if the power is insufficient or they have a poor connection. Solve these problems and you'll be successful when you go to market."

The company's success in 2017 was helped by numerous design wins from the likes of Amazon and Nintendo.

"We saw strong growth in our consumer space last year. Our

second pillar is industrial and there we're looking for GDP plus growth, so around 4-5 percent growth. It's a slow adopter of new technology."

The automotive space has been another star performer for the company.

"We play in the HMI space, memory and in ADAS," El-Khoury explains.

"The success of ADAS will depend on changing the driver's behaviour and that will not happen overnight. We'll need to see its general adoption and it'll take a while before consumers are comfortable at letting control go to something else they neither see or really understand.

"As for removing the steering wheel, good luck with that!"

Cypress 3.0 is 18 months old, but the company continues to evolve fast.

"We may need to pivot again," El-Khoury concedes, "but not just yet."

## Hassane El-Khoury

Hassane El-Khoury is president and chief executive officer of Cypress Semiconductor and a member of the company's board of directors. He was previously executive vice president of Cypress' Programmable Systems Division, managing its standard and programmable MCU portfolio, including PSoC devices, and its automotive business.

Prior to that, El-Khoury ran Cypress' automotive business unit targeting the infotainment, instrumentation cluster and Advanced Driver Assistance Systems (ADAS) segments.

Prior to joining Cypress, El-Khoury served in various engineering roles with Continental Automotive Systems in the US, Germany and Japan.