Building a bigger footprint

Intersil's president updates **Graham Pitcher** on the company's progress in addressing itself to new markets.

In a world where companies are working hard to become more focused, it's unusual to find an organisation that is doing the opposite. But that's what's happening at Intersil.

Dave Bell, the company's president and ceo, said: "At the moment, we're half way through a programme which is changing Intersil to become a more diverse company. We now have around 60 product families and have made six acquisitions in the last year. The plan is to grow Intersil's reach through organic growth, alongside strategic acquisitions, to create a company with a broader footprint."

The transformation appears to be working, certainly if you look at the company's sales performance. Even allowing for the fact that the industry has rebounded following the downturn of the last couple of years, Intersil reported sales of $219million for the third quarter of its 2010 financial year.

While the attraction of building bigger sales is obvious, the attraction of a broader market focus isn't so apparent. Bell said: "Intersil is turning into a more stable company, with more opportunities for innovation and differentiation. We have invested heavily in this transformation and we are beginning to see the results of that with products coming out of the development pipeline."

Bell has been president of Intersil for close to three years and the transformation has been proceeding for the last two years. But it's not something that can happen overnight. "It's a process which requires patience," Bell commented. "It takes seven quarters, 21 months, to develop a new platform product and we are now beginning to see those platforms appear and are selling them."

Bell indicated the scale of the transformation. "A year ago, 34% of Intersil's business came from the computing sector," he pointed out, "with 21% coming from the industrial sector. Today, those figures are reversed; 34% of revenue now comes from the industrial sector and 21% comes from computing."

He sees that as significant. "While we continue to serve the computing and consumer markets, we are now focusing on the industrial, communications and networking sectors." Hidden away in Intersil's industrial sector is the automotive industry. "We have put a lot of investment into products for that industry," Bell noted.

What are the big drivers for Intersil's product development process? "Customers are clearly looking for performance," he said, "but that means different things to different people. If you look at infrastructure applications, for example, that means efficiency, density, reliability and maintainability."

However, Bell sees performance as going beyond measures such as how much power a device consumes. "Customers are also looking for help with designing in their products. And that's particular important with analogue products because there are fewer and fewer talented analogue designers. More and more, companies like Intersil are having to do applications work."

But the degree of help needed varies. "Sometimes, it's just handholding," Bell said. "In other areas, it's a deeper involvement. For example, we have networking clients interested in power management. While they have expertise in networking, they don't have expertise in power and they need that work done."

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Bell views the ability to undertake this work as an asset. "We have an extensive applications network and can supply complete solutions to the customer that are low risk and which get them to market more quickly."

Reference designs are also becoming important. But Bell pointed out that it's not always something that should be undertaken alone. "We're partnering with non competitive companies who use Intersil products in their solutions to develop complete reference designs."

Bell also sees the decline in the number of analogue designers as 'good news' for Intersil. "We don't need to hire lots of engineers. If we can hire the top graduates, that moves things on for us. We can also transform Intersil through hiring talent from competitors."

Like many other analogue focused companies, Intersil is not too anxious to rush down the process technology curve. "Our 0.25μm BCD process is becoming the standard workhorse," he claimed. "One of the good things coming out of that is we have more than 200 products in development on that process, so we're building a big library of IP – and that will make it easier to develop new products in the future."

In particular, packaging is becoming a critical aspect of product design. "There's a balance to be struck between developing system in package products and more functionality going on to the die," he said. "And there's a lot of innovation needed in packaging; for example, we're working on integrated magnetics."

Bell says the product development design cycle is not shrinking. "As design tools get better, it means we can do designs more efficiently," he observed. "But these gains are offset by increased product complexity."

This leads to more team work. "More than ever," he concluded, "there has to be a lot of team work between the various elements in the company. As products become more complex, it becomes more difficult to define them in the first place. So we need product designers, process engineers, packaging engineers and so on to collaborate."

Dave Bell

Dave Bell is president and chief executive officer of Intersil. He joined Intersil in April 2007, following 12 years with Linear Technology, where he was president from June 2003 to January 2007. Previous roles with Linear Technology included general manager of power products and manager of strategic product development.