



RoodMicrotec Newsletter

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This newsletter

is entirely dedicated to the phenomenon of OEMs outsourcing (project “Atlas”) their activities to RoodMicrotec. In September we reported this trend in a press release, and this month we have received a major order from a Siemens AG, Drive Technologies Division company in Germany , which includes takeover of production equipment (see press release of 30 October 2013).

General developments

The outlook of the semiconductor market from 2014 onwards is generally good, and RoodMicrotec is in a very good position to profit from this going forward. Two major developments in the market can be identified. Medium-sized companies are increasingly collaborating so as to bring their joint services to a higher level and put themselves in the best possible position to combat competition from Asia. OEMs who still perform in-house development of ASICs or other chips will increasingly outsource this to independent service providers like RoodMicrotec. In this context we have recently received a major order from an OEM, who no longer wants to perform this work in-house, but also does not want to outsource it to Asia. Also, a Siemens AG, Drive Technologies Division company, which develops its own ASICs for specific applications, has decided to outsource its test activities and to sell the complete test cell to RoodMicrotec for a variety of products and the possibility for take over of future designs. We are in similar talks with other OEMs.

Suitable partner for outsourcing

We are a highly suitable party for these OEMs because we have experience of a wide range of services, such as test, test engineering, failure & technology analysis and qualification & reliability. With tests in the areas of mechanical and thermal shock, thermal load and electrostatic load proofing we are highly skilled at investigating whether products operate correctly in all conditions and at predicting life expectancy.

Another benefit is that as an independent service provider, we do not compete with the IP of companies and that we can even protect our customers' IP.

Win-win

By transferring ASIC development in combination with production to us, OEMs can focus on their core activities: e.g. manufacturing of mechanical and electro-technical products and selling them. The projects outsourced to us have a duration of several years and will give us a solid basis and more predictable sales. In cases where we take over the OEM's equipment, we can also use it to serve other customers. This means that we can run higher volumes per machine. Full equipment loads also make it easier to purchase new equipment timely, and help to take our service provision to even higher levels.

Financing

Taking over projects can take a number of different forms. In some cases, such as the one described above, we will take over the equipment and install it in our own facility. The form of outsourcing will differ based on the actual contract, so our capital requirements, in particular for working capital, will also fluctuate. To solve this, we have agreed with an investor that we can issue shares as and when we need to, in monthly tranches of EUR 100,000 up to a maximum of EUR 500,000. And we have the option to extend this agreement twice more up to a total amount of EUR 1.5 million.

Finally

We expect the trend of consolidation and outsourcing to continue, and we know we are excellently positioned to profit fully from this trend.

About ASIC

ASIC is short for application specific integrated circuits. Almost all products that a person comes in contact with in everyday life, ranging from telephones to washing machines, contains some sort of application specific integrated circuitry. This sort of technology encompasses everyday things like motion sensors, automotive applications, medical applications, aerospace applications, technology involving magnetic fields (debit and credit card readers), lightning, rollover detection innovations in higher end vehicles, video game consoles, and so on. Ultimately, nearly everything in use today, every piece of electronic equipment, has some form of ASIC design at its core.



The success of Supply Chain Management

'Over the past decades our company has lived through times when world trade distribution once dominated by Europe has steadily migrated to Asia,' according to Vic Tee, member of the supervisory board. 'The massive shift of industrial production that accompanied it forced us to reinvent the services we provide to ensure our customers have the help they need at the appropriate time of their business development. One of our most successful newly introduced sectors has been Supply Chain Management especially for small to medium sized companies. To complement this we have also been preparing our facilities to receive service resources that larger companies prefer to outsource in order to maintain their internal economies of scale. That we can offer this service within Europe is of great comfort to customers in need of protecting certain areas of their business or requiring local time zone communication with those resources. We are proud to note RoodMicrotec has become a trusted provider for such customers.'

Strengthening of RoodMicrotec's market position

RoodMicrotec offers value through a broad range of services to semiconductor companies like IDMs, Fabless and OEM companies in several areas and over the entire product lifecycle.

Starting from early engagement and consultations in the IC design phase (e.g. design for testability) up to lifecycle extension e.g. by long-time storage, RoodMicrotec can contribute a great deal of value. RoodMicrotec can also help to cover peak demand during the ramp-up phase and during the industrialisation and saturation phase, as well as being benchmark for the internal test division.

As mentioned on page 1 RoodMicrotec has taken over a project from a Siemens AG Drive Technologies Division company. This means that for a period of 3 years RoodMicrotec will be responsible for testing the existing ASIC spectrum as well as software and hardware development for the proposed new designs and taking over volume testing for the remaining lifecycle.

This strengthens RoodMicrotec's market position by opening up new business opportunities with a well-known internationally operating OEM. We believe this step will also influence discussions on outsourcing with other OEMs or semiconductor companies.

By working closely together in this way, this deal will be a win-win for both partners.



Other services are also suitable for outsourcing to RoodMicrotec

Reinhard Pusch, CSO, explains that outsourcing to RoodMicrotec goes beyond test and related services. 'We can also deal with services like failure & technology analysis or return management. A major customer has outsourced such activities to RoodMicrotec before in the past. Outsourcing represents a number of key benefits for the customer: it takes away the need to invest in expensive equipment, to employ experienced (and therefore expensive) experts and to set up logistics and analysis of (field) returns.'

'In other words: you buy just what you need.'

Outsourcing trend also coming to UK

'As the complexities of ASIC design increase, here in the UK, major OEMs are turning to specialist ASIC design and supply chain providers, such as RoodMicrotec. The requirements of complex cores such as ARM processors (a successful processor architecture/design structure) and other key IP (Intellectual Property) results in complex design issues, which require specialist design skills. The OEMs maintain close contact and remain an integral part of the process throughout the design and development stages. RoodMicrotec has many years of experience in selecting the right technology and IP partners to complete the ASIC development and then meet the OEM's production requirements,' says Malkit Jhitta, Sales & Marketing Manager.



RoodMicrotec supports outsourcing strategy of its customers

The fact that a Siemens AG, Drive Technologies Division subsidiary has outsourced its complete test activities for semiconductor devices substantiates RoodMicrotec's strategy. We support Siemens AG, Drive Technologies Division and other customers in their ongoing efforts to secure high quality products. RoodMicrotec's services include electrical testing as well as test data collection and analysis (product monitoring). Our teams of experienced test engineers in Nördlingen and Stuttgart can set up test solutions together with the customer's designers (DFT) or develop test programs according to test specifications or electrical datasheets.

The requirements of the semiconductor industry are moving towards higher speeds, pin counts and better electrical performance. Therefore test systems must have higher functionality, but at optimised test costs.

The Verigy 93000 is an excellent machine for high speed digital, precision RF and analog testing.

The modular and scalable system integrates important functionality into the test head, which leads to superior electrical performance. Due to this modularity of the 93000 systems, many customer requirements can be fulfilled.

The installation of the Verigy 93000 test system expands RoodMicrotec's existing test capabilities for mixed signal, analog and digital integrated circuits. Next to normal Pin-PMUs and DPSS, high performance PMUs and low noise power supplies are available.



Agenda 2013

	5 - 7 November 2013	Frankfurt Messe	Aerospace Supply Fair	Hall 11 Stand C 78
	19 - 20 November 2013	Berlin Holiday Inn	ESD	Uwe Thiemann (lecture) 20 November at 10.15
	4 December 2013	Congress Forum Frankenthal		

Colophon

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