

## Outsourcing for the OEM

By Jeff Chappell -- *Electronic News*, 5/1/2000

In a time when the semiconductor industry increasingly turns to outsourcing, one small Fremont, Calif., company has carved out a unique niche by handling both design and manufacturing for capital equipment OEMs.

Owens Design Inc. describes itself as an engineering design company that manufactures equipment for its customers. It lists IBM Corp. and Hewlett-Packard Co. among its semiconductor manufacturing customers. However, Owens also has worked with equipment makers such as Agilent Technologies Inc., Lam Research Corp., Teradyne Inc., and Schlumberger Ltd.

"What we are striving for is an OEM partnership program," said Randy Curtis, Owens vice president of sales and marketing. Curtis is quick to point out that Owens Design is not a pure design company. "We do like to manufacture what we design," he added.

Owens isn't a contract manufacturer either, although it does see a parallel between itself and electronics manufacturing services. "We're where Solectron and those other guys were 15 years ago," Davis observed. As more and more companies concentrate on their core competencies, they increasingly turn to outsourcing. Typically, one of Owens' capital equipment OEM customers will need a specific module or piece of equipment, such as a wafer handler, to incorporate into a tool.

Of course, companies may turn to outsourcing for a variety of different reasons. It is a way to control operating costs and speed time-to-market, as well as to manage the supply chain. It also helps ease the "brain drain" that Silicon Valley is experiencing, i.e., too many tech companies and too few qualified engineers.



Randy Curtis, Owens Design, Inc. vice president of sales and marketing, shows off a disk rinsing tool created by Owens Design

All these aspects play into Owens' strategy, Curtis said.

Among Owens' recent projects were automated probing devices and wafer loading mechanisms for chemical mechanical polishing (CMP) machines. It recently designed and made just such a wafer handler for a Lam Research CMP tool. "That's the prime, perfect example of what we want to do," Curtis said. "We want to be an extension of a customer's engineering group and its manufacturing group." The fact the company is small and located right in Silicon Valley aids its business plan, he said. "Often times what it gets down to is a couple of our engineers and their engineers getting together and drawing concepts on the white board." Even with today's communications technology, that's hard to do if one company is on the other side of the world, he added.

As for design issues related to intellectual property, Curtis said that Owens is flexible. "We work a lot of different arrangements for that," he said. "Some customers, for example, won't let us present a proprietary design."

Founded nearly 18 years ago by its namesake, Bill Owens, Owens Design also has customers in the data storage and biomedical industries. Privately held, the company had between \$5 million and \$10 million revenue in 1999, Curtis said.