

Applied's Splinter leads with insight

Choosing the right roads has been critical to Applied's success.

By Ann Steffora Mutschler

Leading semiconductor-manufacturing-equipment supplier Applied Materials Inc debuted in 1967. It has since grown to \$9.2 billion in net sales for its fiscal year 2006, which ended Oct 29, 2006, which is 31% higher than \$6.99 billion for fiscal year 2005.

Intel Corp veteran Michael Splinter took over as chief executive officer in 2003 and quickly observed that one of the company's biggest challenges is navigating from the front of the pack. "There are no tail lights to follow," says Splinter. "You have to shine your headlights on the road ahead and try to determine where the company needs to go, what the structure of the company has to be to stay the leader. You don't want to get rear-ended in this business, so you've got to run faster than the competitors and you have to pick the forks in the road that you think are going to be right."

One of those choices for Applied is the solar-cell industry, which the company entered late last year. It solidified that decision in March by inking a deal with Moser Baer India Ltd to develop and install the first generation 8.5 thin-film-solar-module production line to help the company reach its goal of opening a factory that produces 200 MW per year.

From an industry perspective, Splinter is conscious of Applied's role in providing direction and leadership for other companies in the solar industry. "The kind of direction we are supplying here comes in several areas. It is easy to know that you've got to get the cost of producing a watt of solar electricity down. It's another thing to

have a road map to do it," he says.

"Applied Materials is not going to promise something that it can't do. In the end, the only thing that really matters in the solar area is the cost per watt. That's what is going to make the changeover happen. It has to be cost-effective. It has to give a payback. People aren't going to adopt [solar electricity] in large scale just because it's good for the envi-

"People aren't going to adopt [solar electricity] in large scale just because it's good for the environment; it has to be good for the environment, and it has to be cost-effective."

—Michael Splinter

ronment. It has to be good for the environment and it has to be cost-effective," Splinter says.

Applied is also creating a global infrastructure to enable R&D worldwide, Splinter says. This strategy fosters the innovation and culture of the company so that it can remain competitive and continue to attract and employ the best possible students and employees. "It all gets down to the people, the technology, and the products that you're going to sell to be able to compete on a worldwide basis," he says.

Market leaders such as Applied

also play a role in helping the United States maintain its technology leadership. The best way to do that, he says, is to continue to pursue innovation and to increase the size of the company. In addition, calling attention and helping to solve issues with doing business in the United States are also important. "Our company exports 85% of our product. Export-tax benefits have pretty much gone away. The United States has the second-highest business tax in the world. I think that the US government really has to think about the environment it is creating for US companies. You want to create more jobs and create more manufacturing jobs, in particular. We have to be on some kind of level playing field with the world."

Splinter isn't just talk: he serves on the Technology CEO Council, an elite group of nine top high-tech executives that helps drive new public policy. He is also a member of the Governors' Council of the World Economic Forum, which consists of influential and forward-thinking business, government, media, and intellectual leaders.

Leaders have their day in the sun, and, under Splinter's direction, Applied is no exception. This year, Corporate Responsibility Officer magazine ranked the company No. 12 on the list of the "100 Best Corporate Citizens" in the United States for 2007.



Michael Splinter
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