

Looking ahead is the key to success

Walden Rhines has taken a long-range view on the EDA industry. That strategy is paying off.

By Ann Steffora Mutschler



Walden Rhines
Chief Executive Officer
Mentor Graphics Corp

In an industry dominated by four main players all vying for the same customer base, Walden C Rhines, chairman and chief executive officer of Wilsonville, OR-based Mentor Graphics Corp, stands out from the rest.

Hailing from a 21-year career with Texas Instruments, Rhines joined Mentor in 1993 and has led the company to about \$800 million in annual revenues with 28 engineering sites worldwide. Differentiating the company from competitors is a key challenge, Rhines admits. To succeed, "It's [crucial] to decide very early on what's going to be important down the road, rather than what's important today. And that's usually hard to do because no one is pressuring you to spend money or dedicate resources to something that's not important today."

That long-range insight, research, and planning are what Rhines believes management-level executives are paid for, even though the results are not clear until long after the fact. "In most companies, you don't even know while the existing management is in place whether they did a good job or not; you find out five or 10 years later," he says. In addition, under Rhines' direction, Mentor has made a concerted effort to find areas in which there was no established infrastructure and whether those areas would become problems in the future.

One of the biggest payoffs with this strategy is beginning to bear fruit: Building on the success of its Calibre physical-design and -verification tool, it became obvious to determine what areas of chip design, verification, and manufacturing could use Calibre as

a foundation, he says. "The whole area of resolution enhancement—all of the things associated with DFM (design for manufacturing), and the things associated with mask masking—became things that we could target that were out of the range of attention of our major competitors and allowed us to build a base early in the game." As a result, Mentor now has one of the largest cadres of DFM tools in the market and is watching revenues slowly but steadily inch up.

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Rhines can point to other areas, such as functional verification, emulation, C-based design, automotive electronics, and mixed-signal design, that benefited from his strategy.

Developing EDA tools in a number of disciplines is no small feat and requires key partnerships with semiconductor vendors. "Partnerships are important because EDA is a business in which you can't develop the product stand-alone; you have to do it interactively," Rhines says. "Everyone in EDA has company partners that are interactively evolving products until it gets to some stage where they

say, 'That's good enough; I'll use it.' All technology development has interactivity to it, but EDA in particular has interactivity because how people end up using the tool and addressing the problem is as important as how you solve the problem."

With this kind of complexity in product development, measuring success takes on new facets, Rhines notes. "Rather than [just] looking at total revenue and even profitability, it's much more, 'In the areas where we're number one, are we perceived by customers to add substantial value? Are we the de facto or are we just one alternative? Are we providing capability that is not generally available from others?' Those metrics tell me more about where we are going than the financial ones which tend to be backward-looking: You did things well five years ago, so your financials look better. What's going to say you're going to look better five years from now?"

In the end, the focus on strategy and running the business well has paid off for Rhines, even if it is on a local level. Last year, Mentor was named a recipient of the Oregon Ethics in Business Awards, which honors organizations and individuals that demonstrate ethical business practices. Although Rhines may not be able to literally "take it to the bank," it certainly appears the company is on the right track.

Ann Steffora Mutschler is a senior editor at Electronic News and Electronic Business.