



BUSINESS TIMES

Semiconductor industry suppliers organizing

By Marge Scandling

When it comes to trade shows and to prestige in the electronics industry, the companies which make equipment for the manufacturers of semiconductors often feel shunted aside in favor of the more glamorous companies they supply.

"We always get the less prominent booths at the trade shows," one company representative said.

For that reason, this part of the fast-growing semiconductor industry is brewing a minor revolution of its own—one that would give it its own trade association and trade show.

The leader in the move is William B. Hugle, president of Hugle Industries, Sunnyvale, who is planning the first SEMICON show in San Francisco next November.

30 MEMBERS

Hugle is also president of the newly formed Semiconductor Equipment and Materials Institute, which claims to have signed up 30 companies already at a fairly hefty membership fee.

Members are those which make such items as epitaxial reactors, furnaces that grow silicon wafers, and test equipment — for which microcir-

cuits manufacturers form the market.

Hugle says that since the Bay Area has the greatest concentration of semiconductor activity in the world, SEMICON will be in San Francisco on even-numbered years and in Boston on odd-numbered years.

This follows the pattern of WESCON, the behemoth of electronics trade shows, which is held in San Francisco and Los Angeles on alternate years.

The facet of SEMICON expected to provide the biggest drawing card to prospective exhibitors is that it is limited to semiconductor equipment manufacturers and attended only by their customers.

"Sometimes the mileage in a big trade show is marginal," commented one representative of a company that has already joined the new institute. "Too many people are there just to get out of their offices and wander around. And it's expensive for companies who exhibit. Many spend from \$25,000 to \$50,000 to mount an exhibit at the IEEE convention, if travel, promotion, and the booth itself are added up."

Budgets for promotion and advertising are down for many

companies this year, and SEMICON promoters think that will give them a selling point. They feel if a manufacturer of semiconductor equipment picks just one show to take part in, theirs provides the best potential market.

The most controversial aspect of SEMICON is that participants must indicate they won't take part in any other exhibit. The backers feel that without that, they couldn't make the show a going thing, although publicly they are saying it's more effective to take part in one show a year instead of 12.

The institute also expects to be an active lobbyist in Washington, working mainly in the matter of export controls. (Nearly half of the aggregate companies' business is overseas, according to Hugle.)

The big WESCON show, planned for Los Angeles Aug. 25 to 28 this year, is a bit disconcerted by Hugle's efforts. Its officials feel the SEMICON show muddies the waters in a time of economic uncertainty.

"Dr. Hugle and his associates seem to have their own ideas and are proceeding rapidly," Ted Shields, manager of WESCON, commented. "But we don't agree with the practicality of his project."

Semiconductor Group Formed

By PETE CAREY
Staff Aerospace Writer

A split within the formerly solid ranks of some venerable electronics trade associations seems headed for an off-beat show business showdown.

The story involves several groups whose names form a long list of acronyms, and the tale deals with their yearly colorful shows and conventions.

It all started last March in New York, where about 20 men from semiconductor materials and equipment firms held a brief "ad hoc" meeting.

Tucked away in a corner of the huge Coliseum, amid the hubbub of the Institute of Electrical and Electronics Engineers (IEEE) Convention, the men came to a swift decision.

Large shows like the IEEE's were too big. Semiconductor people from the San Jose area (called "Silicon Valley" among the trade), tended to get lost in the crowd.

They started cranking out ideas, and from that initial meeting and one last month at the Cabana in Palo Alto, a new association was born.

Named SEMI, for Semiconductor Equipment and Materials Institute, the organization has decided to pitch its own tent and vacate the larger shows.

In fact, President William B. Hugle, also chief of Sunnyvale's Hugle Industries, last week predicted "the demise" of the circus-type show and convention.

If SEMI is successful with its first show, Semicon, this December at the San Mateo County Fairgrounds, Hugle's prophecy may be correct.

It could start a trend.

What the group hopes to show is that an inexpensive show tailored to a single product line (in this case semiconductors) can produce more sales than a mammoth festival.

The largest are those of the IEEE and one co-sponsored by WEMA, a Western trade group which features the Wescon show held alternately in Los Angeles and San Francisco's Cow Palace.

Hugle said he's not "angry" at WEMA, but thinks it is too "defense-contractor-oriented" and helps put on too big a show.

But at the heart of a brewing feud is a SEMI membership rule that although anyone can join other associations too, if they exhibit at Semicon they can't exhibit anywhere else.

That cuts the big ones off from one portion of their clientele, and who knows what group might split off next?

Of WEMA's alleged orientation toward defense contracting, Hugle said:

"That's the ax they grind in Washington. Their people represent the concerns of defense industries, which have absolutely no interest for us.

"On the other hand, we are interested in producing a high volume of materials and equipment. We're naturally more interested in exports and imports, and feel we have our own point of view to support in Washington."

What SEMI hopes to push in the Capital are relatively narrow issues, but some which Hugle thinks would "horrify" other trade groups.

"We want a softening of relations behind the Iron Curtain, in particular where we have overseas competition.

"We should be able to bid in the same way other countries can. After all, the Communists are going to get the equipment anyway. It's just a question of whose balance of payments it helps, ours' or someone else's."

Other goals include working with the Import-Export Bank on financing overseas sales, attacking the spectre of tariff barriers and lobbying for government funds for the semiconductor industry.

WEMA has already sent Hugle a letter that says SEMI "may be an unnecessary duplication" and noting the older group "has the means to expand for semiconductor equipment manufacturers."

The letter also said Hugle "may not be fully aware" that the group's lobbyists are "already doing an effective job in Washington."

Countered Hugle, "Six out of eight pages of their latest Government Affairs Bulletin are devoted to defense procurement."

Says Ed Ferry, chief executive officer for WEMA, "I've got no quarrel with Hugle; we're good friends. But that's not true and he knows it."

Ferry noted that of concern currently is the Uniform Cost Accounting Standards Act supported by Sen. William Proxmire.

It would be critically expensive for small firms, he said. "We're saying don't hurt the small guy."

He also noted that WEMA is "quite concerned" with trade restrictions throughout the world, just as SEMI is supposed to be.

As for Wescon, "There will be 1,000 exhibits at Wescon next month, including Bill Hugle's," Ferry laughed.

But Hugle's major quarrel is with the big show, not WEMA, and he thinks the big show is on the way out.

"They're going to give us a hard time, you can count on that. On the other hand, Wescon doesn't have much of a chance. Our people don't want it."

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Hugle Wm

Frustration with IEEE show led Hugle to help found SEMI

The seeds of Semicon III were planted four years ago at Hugle Industries' IEEE conference booth in New York. William B. Hugle, then president, was dissatisfied with the way the IEEE show was being run. He called together 17 other exhib-

itors, who decided that a confrontation with the exhibits manager was necessary if they were ever to get satisfaction.

As it happened, the manager wouldn't meet with the group. So they went on to found the Semicon-

ductor Equipment and Materials Institute, which now runs the Semicon show. Hugle was the first president and chairman of the board of the institute.

Hugle says one of the major problems with the IEEE show was the dearth of true customers it lured in: about one in every 25 visitors was a potential buyer. At Semicon, the ratio is one out of four, he notes. But even if IEEE had continued to have more customers, Hugle contends, the "day of the broad general show is over. People are looking for specialized shows."

Variety. The institute is only one of many things that Hugle, now president of Hugle International, Mountain View, Calif., has started. In 1946, when he was 19, he founded his own company, Stewart Labs, to make star sapphires, star rubies, and later photoconductors. It was bought by piano-makers D.H. Baldwin Co. Cincinnati, Ohio, in 1952.

In 1959, he started Siliconix Inc. with seed money from Baldwin, and was its vice president. In 1961, he co-founded Opto Electronics, Mountain View, Calif., and in 1963, established the Stewart-Warner Microelectronics division, Sunnyvale, Calif., and was its executive vice

president. Hugle began Hugle Industries Inc., Sunnyvale, Calif., with his late wife in 1966 and remains chairman of the board. His present wife helps with that company's financial operations.

Wrong party. Hugle, who resembles a stocky Richard Nixon, was an unsuccessful candidate in California's most recent 17th Congressional District Democratic primary. He talks slowly, concisely, and with what looks like a twinkle in his blue eyes, especially when asked about his future political plans. "There is talk about something two years from now," he says. And should he win the race, Hugle says, he would somehow hand his business over to someone else.

If he were to return to politics, Hugle says, his specialty would be foreign affairs. He has been visiting India for business purposes since 1962, and has set up several Indians in the electronics business. Hugle, incidentally, was the first to hear that if the U.S. didn't recognize Bangladesh in ten days, the prime minister would close the U.S. mission in Dacca. He was meeting with the prime minister, Sheikh Mujibur Rahman, at the time and was given permission to give that message to

the press. Later, the U.S. did recognize the nation.

Give a little whistle. For his next line of products—telephone equipment—Hugle has been working with John Draper, who gained the name "Cap'n Crunch" by placing overseas telephone calls using the small whistle that came in the cereal of the same name. In design is a "clock/calculator/interval timer" that attaches to the telephone. Hugle says that the machine will be able to connect a shopper to, say, the grocer. When the food bill is totaled, it will be shown on the display. It could also connect to a vacation cabin and, by the pressing of a code at home, turn on the porchlight. Hugle plans to apply for patents soon on the new telephone equipment.

The 46-year-old Hugle holds four college degrees: a BA and a chemistry BS from the University of Chicago, an MS in chemistry and physics from Cincinnati University, and a doctor of science in physics from the Royal College of Science, Toronto. He lives in Palo Alto, says he does "most sports poorly," and is no handyman around the house. He enjoys some horseback riding and skiing. □