



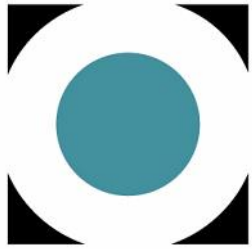
DELPHON

Merging Innovative Technologies

May 2, 2007 APICS

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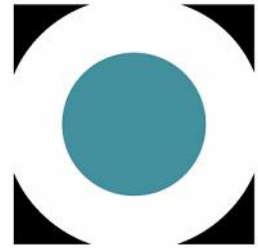
Jeanne@delphon.com



Opportunistic approach to Growth ---

Or

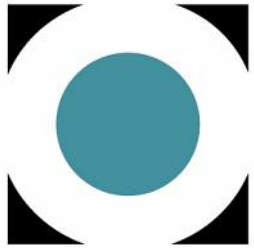
“What is the worst that can
happen?”



APICS?

- © Association of Operations Management?
 - s Why are you listening to me?

- © Because growth – whether organically but especially by acquisition is the easiest way to mess up Operations!!!
 - s Or better yet it is the most fun way to challenge your staff!



How did I get here?!

© Risks

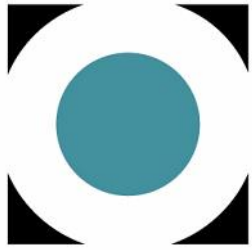
© Challenges

© Luck,

© Hard Work

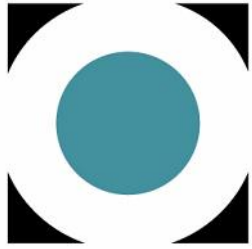
© Lots of laughs

s No plans – but lots of opportunities!



History

- © BS in Chemical Engineering
- © 10 years at IBM
- © 2 years as Marketing Manager at Tencor
- © VP Marketing and Sales 1994 (Gel-Pak)
- © Leveraged Buyout in Dec. 1997
 - s President and CEO last 10 years!



Who is Delphon?

- © Provides materials and services for the handling, processing and packaging of high value components
- © Proprietary and Patented technology
- © **Markets:** Medical Device, Semiconductor, Nanotechnology, Photonics, BioChip, Data Storage, Optics, MEMS
- © In business for over 20 Years (100 employees)
 - s Buyout in 1997, acquired SPT (Quik-Pak) in 2000
 - s Touchmark in 2005, New company – June 2007
- © World Wide Sales and Marketing Presence
 - s Sales distribution: 55% North. Am, 45% ROW



GEL-PAK's High Value Package Market

Key applications for Gel-Pak products

Device Design
Probe / Test
Thinning
Wafer Transport
Dice on film
Sort
Die Transport
Bond
Final Package
Test
Handling
Shipping
Storage

Biotech

Medical Devices

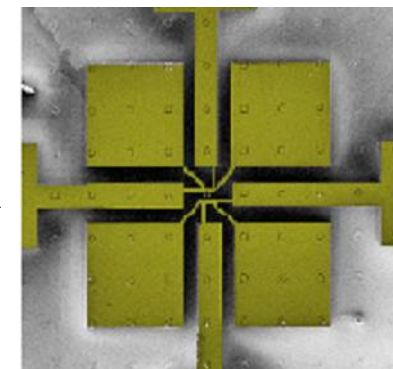
Photonics

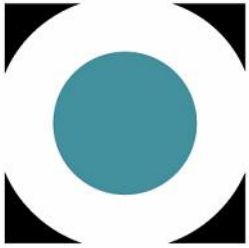
OptoElectronics

Sensors

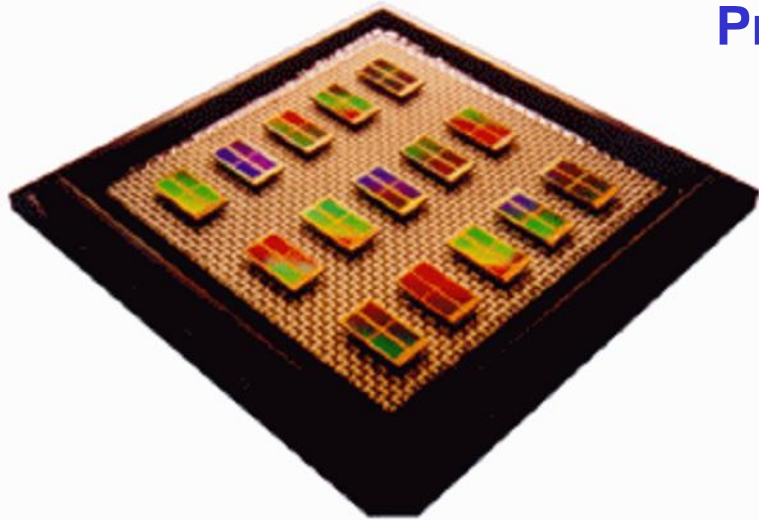
Nanotechnology

Semiconductor





Gel-Pak's Packaging Products

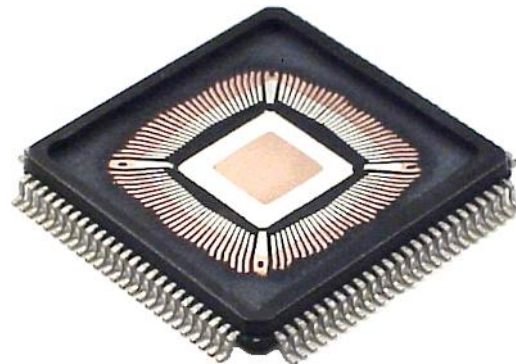


Proprietary Gel-Film®



Patented Vacuum Release Trays
GEL-Box, and GEL-Tray™

Precision clean room pad printing

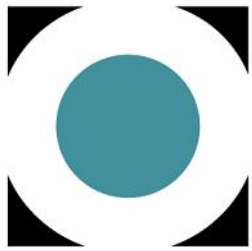


Patented Open Cavity Process

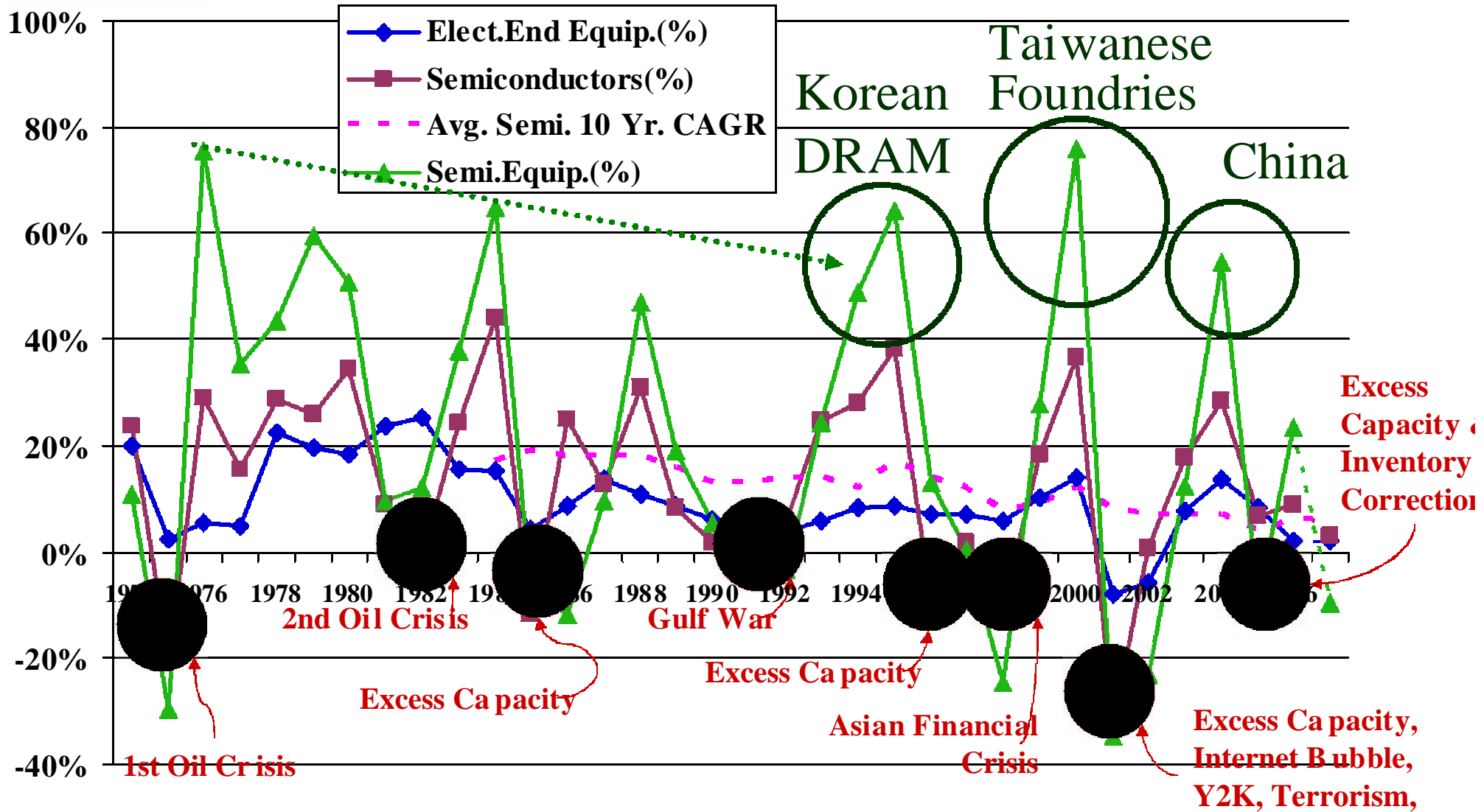


The Downs and Ups!

- © What Happened?
- © How did we survive?
- © What have we learned?
- © What does the future look like?
- © How do we leverage opportunities for corporate growth?



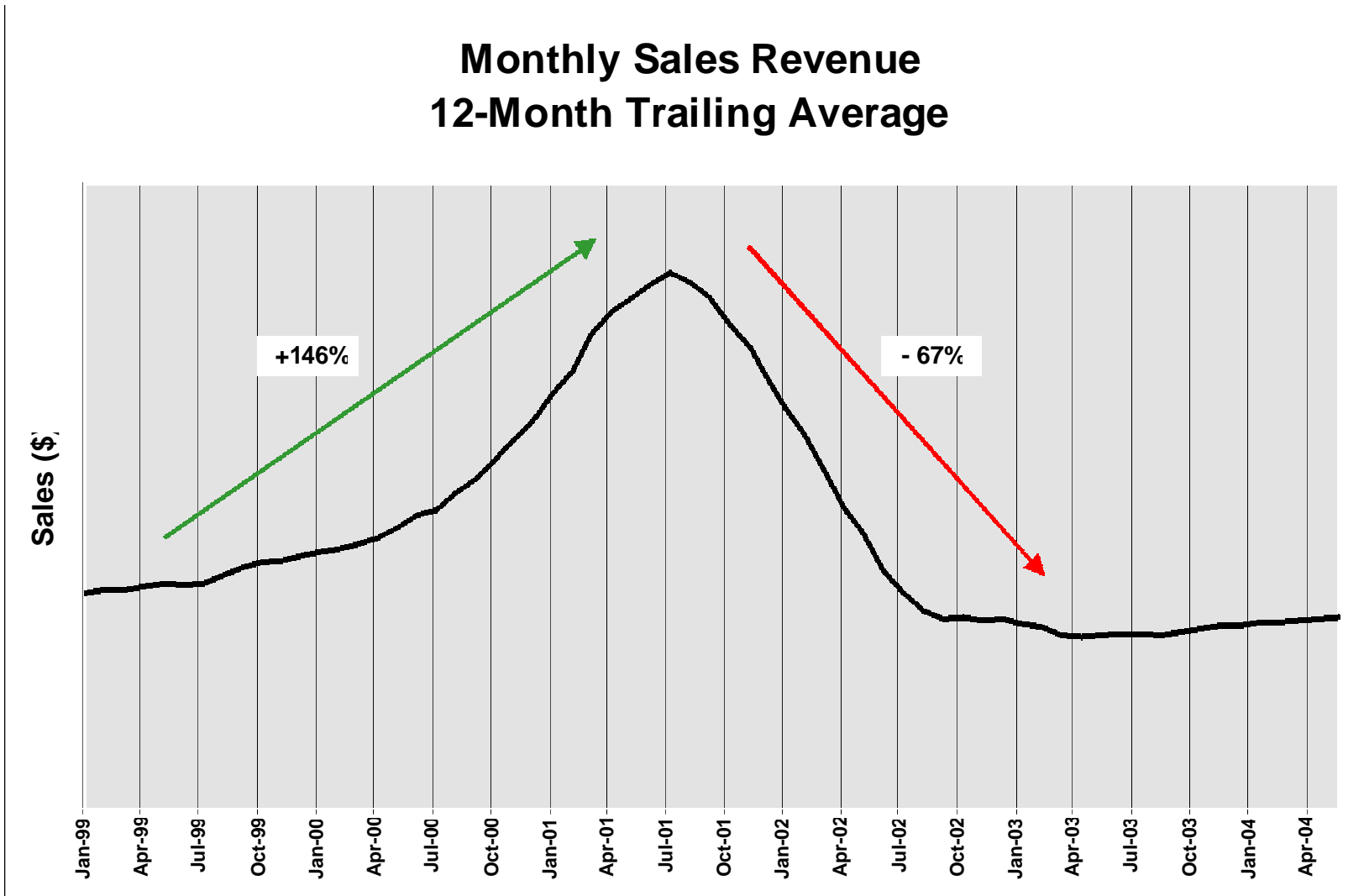
Electronics Market

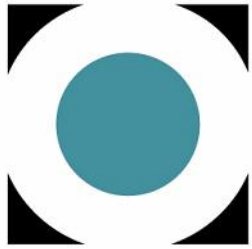




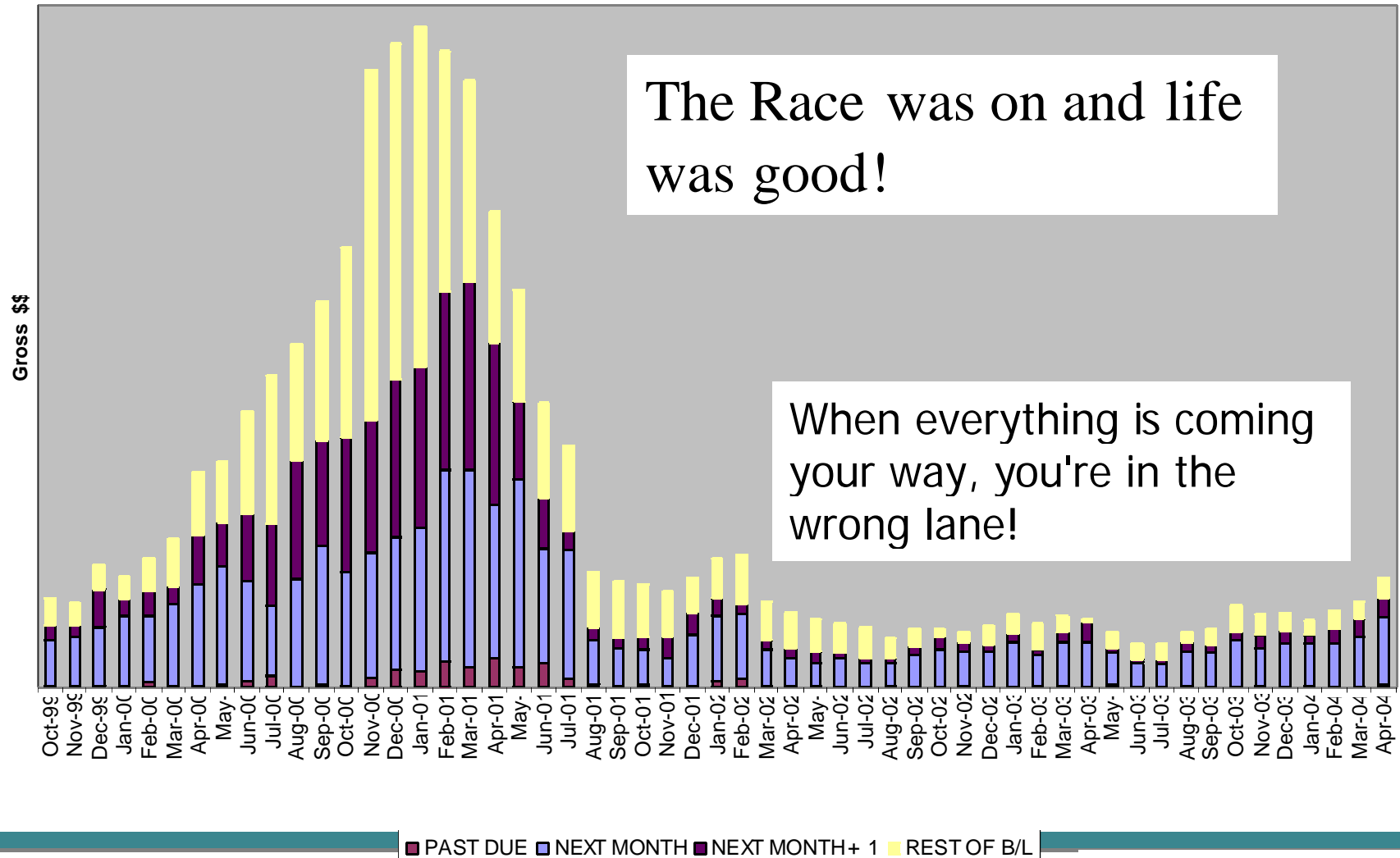
The Bubble?

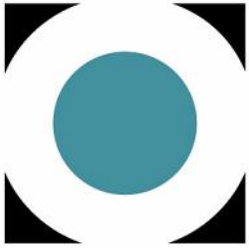
Monthly Sales Revenue
12-Month Trailing Average





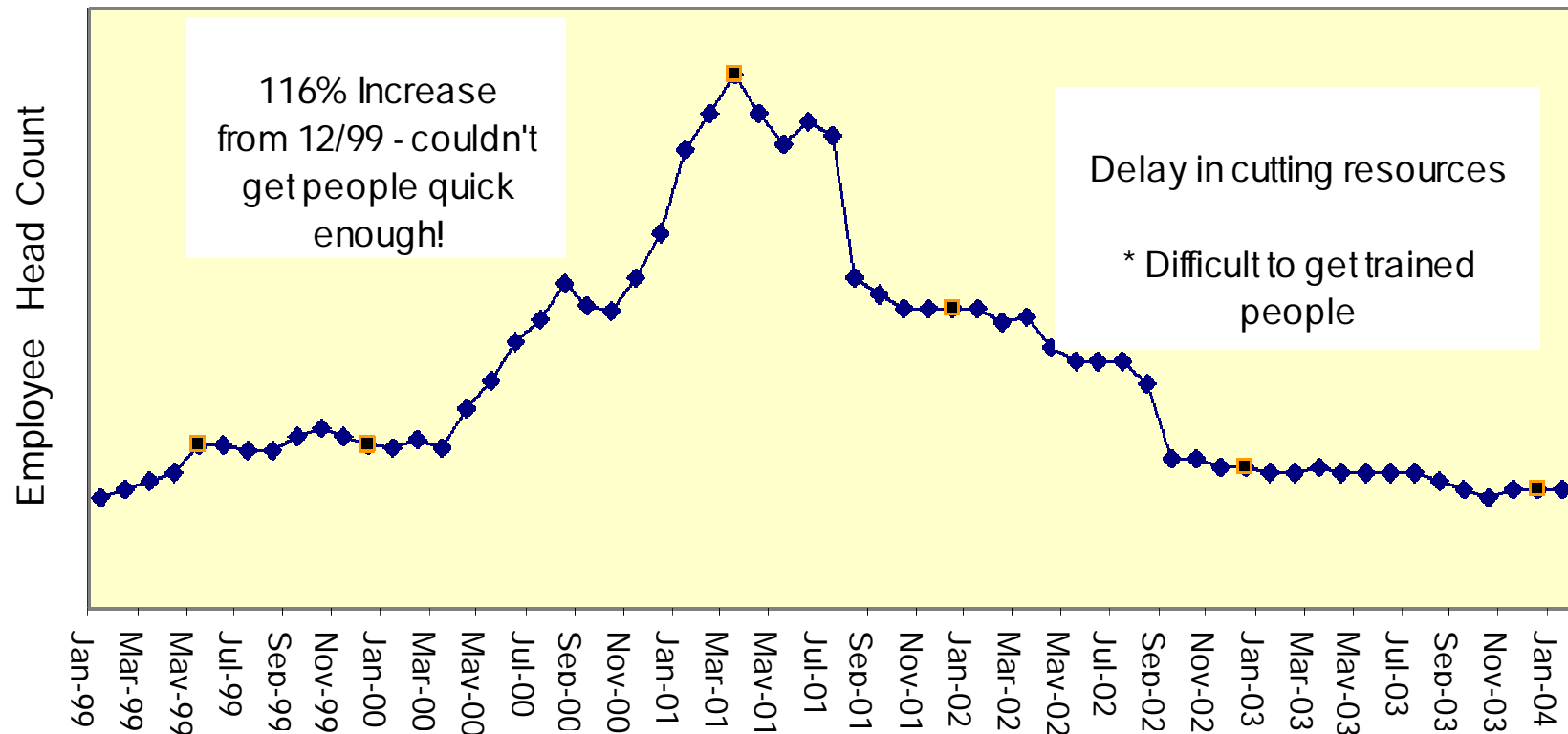
Manufacturing Backlog





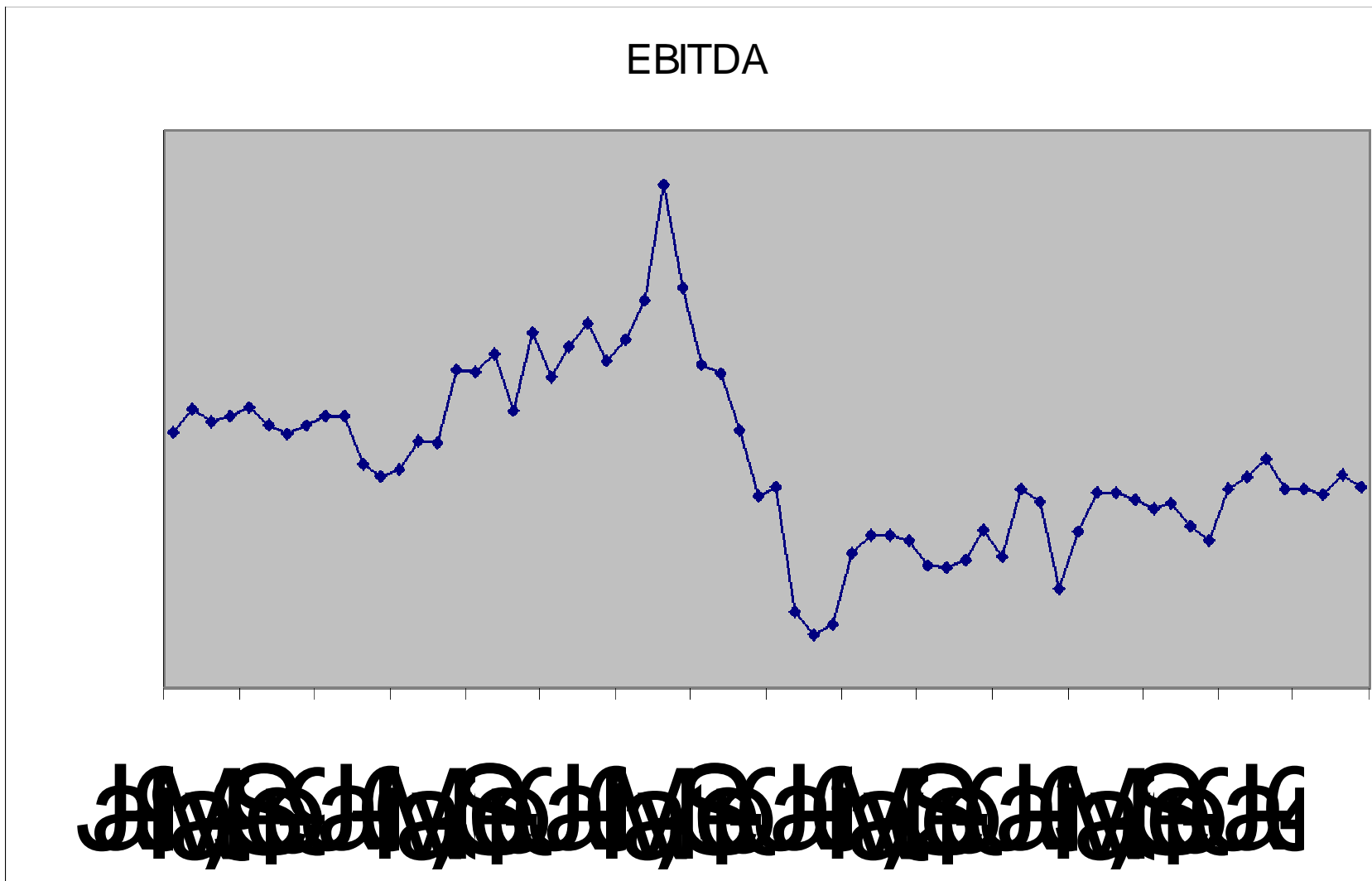
People

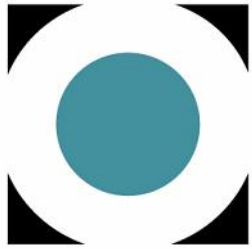
Growth in Head Count





EBITDA





Mistakes we made!

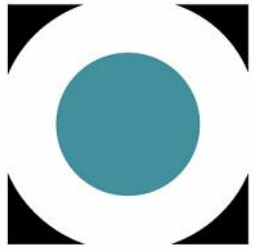
- © Didn't reduce headcount quick enough
 - s Afraid to lose skilled work force
 - s Afraid to adversely effect lead times

- © We were blinded by our own successes! Didn't "accept" the downturn early enough nor did we take it serious enough!!

- © Didn't realize the magnitude of the excess inventories!!

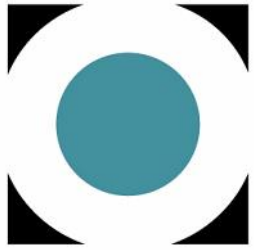
- © Didn't realize that our customers were competing for the same segment.

- © Didn't pay attention to the overall market - Ignored the big boys!!!



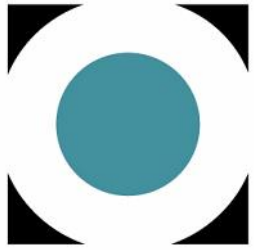
How did we manage it?

- © Implemented Weekly Metrics to better predict sales and react quicker
- s Bookings to Cash flow
- © Evaluated processes and implemented changes to reduce costs and increase productivity (continuous improvements)



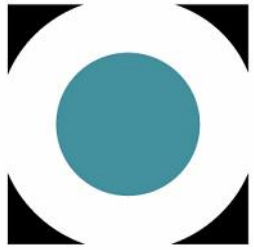
Top 5 People Lessons

1. Hire late and layoff early
2. Empower people
3. Set clear goals
4. Recognize the team
5. Lead by example – take the first pay cut and reinstate it last



Top 5 Business Lessons

1. Look at predictive not post mortem metrics
 - bookings not revenue
2. Monitor the health of your top 20 customers and their markets
3. Implement metrics that mean something
“what will you do if it goes down or out of spec”
4. Take risks and look for opportunities



Be an Opportunist

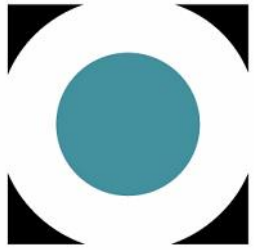
© Growth – what is the strategy?

s Strategic Plans (love them or leave them)

s How to recognize a good opportunity

4 “The fixer upper!”

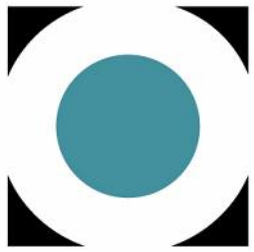
4 “It could be huge”



Organic Growth

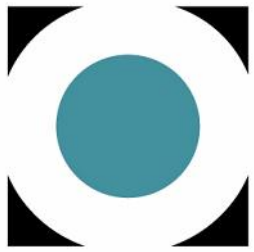
© Organic

- s Invest in your strengths
- s Recognize your weaknesses
- s Grab your opportunities
- s Tackle your threats.....



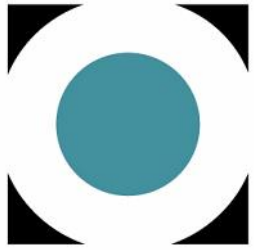
Organic Opportunities

- © Developed New Markets and Materials
 - s Medical device
 - s MEMS to Gems to Fingerprint scanners
 - s Expand Services
- © Improved Customer Support
 - s Quick-turns, Stocked inventory
 - s Expanding Global Support
- © Secured funding to explore all options



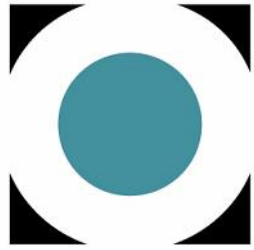
Finding new investors

- © Investment bankers, Business brokers
- © The Bank
- © My Network!!
 - s Yes – the opportunity may be sitting right next to you
 - s College
 - s Soccer
 - s Professional groups.....



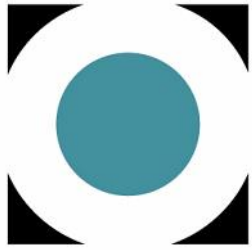
The Investor Search

- © What I learned:
- © 10/20/30 rule
 - s 10 slides, 20 min, >30pt font
- © Practice the pitch again and again
- © Ask questions and time is usual on your side
- © Run – you will be eating a lot of lunches
- © Use advisors but make the Decisions!



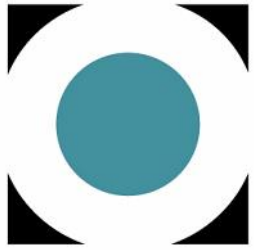
Acquisitions

- © The courtship
 - s How to tell them their baby is ugly!
- © The paperwork (oh and Lawyers!!)
- © The walk down the aisle
- © The close
- © The morning after
 - s How do you make it $1+1>3$!



Successful Acquisitions

- © Good product
 - © Good market
 - © Good profit
 - © Good Team
-
- © The ones that fail are mostly due to....



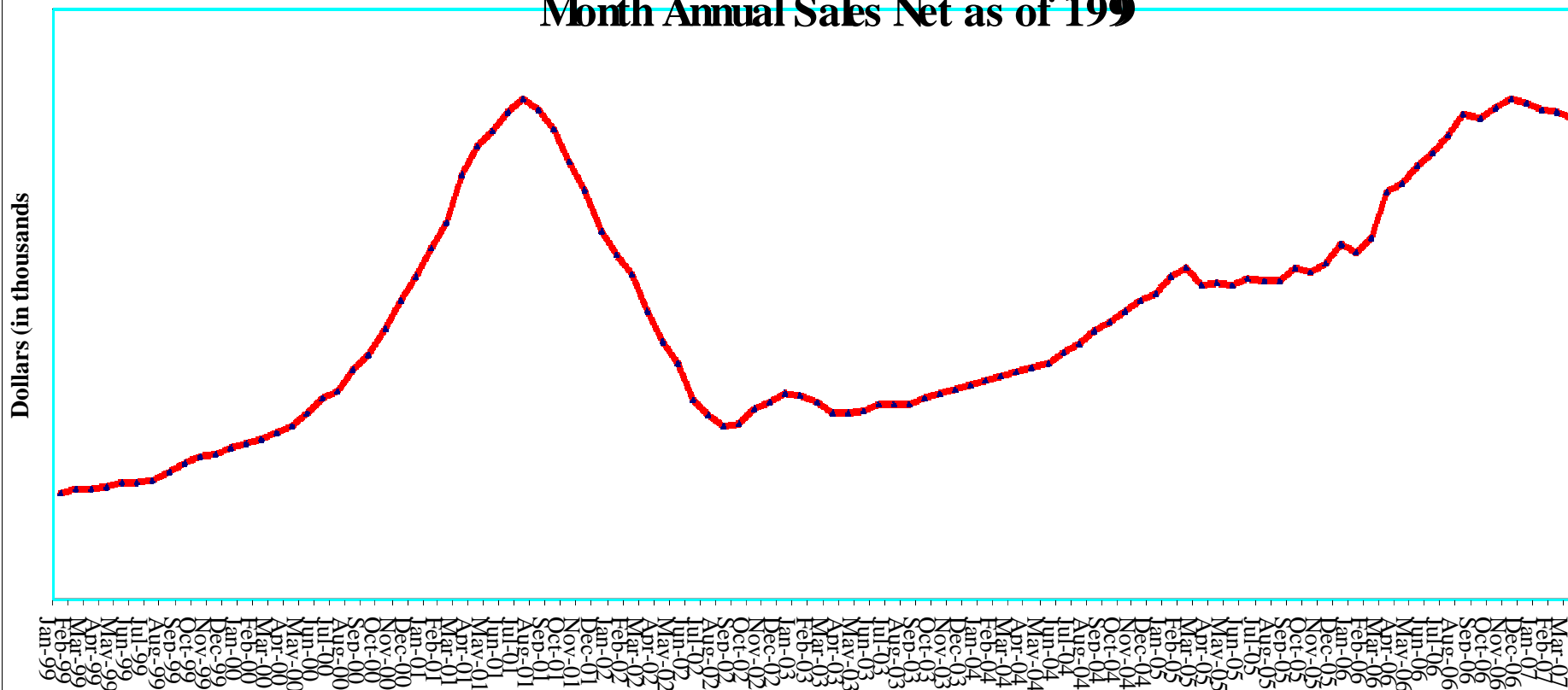
Growth Continues

- © Explore all options
- © Cultivate current customers and seek new
- © Continually review your mission
 - s To provide high quality innovative products & services
 - s To Achieve total customer satisfaction
 - s Assure continual corporate growth and profitability
 - s To Inspire employee development and excellence in a dynamic environment



The Recovery

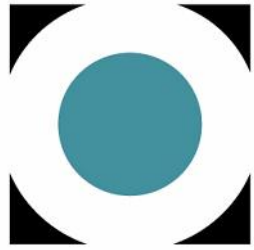
**Trailing Twelve
Month Annual Sales Net as of 199**





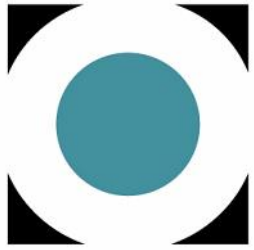
Future – The world has changed

- © Visibility – Market Growth
- © Lead times
- © Inventory (Suppliers and Customers)
- © Global manufacturing
- © World Wide Support
- © E-commerce



Conclusion

- © I leave you with a Truth, a motto and a life philosophy
- © Truth: “Experience is something you don't get until just after you need it!”
- © Motto: “What is the worst that can happen?”



My Life Philosophy

© “Life should NOT be a journey to the grave with the intention of arriving safely in an attractive and well preserved body, but rather to skid in sideways, chocolate in one hand, martini in the other, body thoroughly used up, totally worn out and screaming **“WOO HOO what a ride!”**”