

BUSINESS

AT&T makes its Santa Cruz debut

6-14-85

REFERENCE

By JAMIE MARKS
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SANTA CRUZ — American Telephone and Telegraph Co. unfurled its teal-blue corporate flag Thursday over the recently acquired Synertek facility, marking the debut of the first "Fortune 500" Top 10 company to arrive in Santa Cruz.

The ceremony, before a small gathering of local officials, also heralded the telecommunication giant's first manufacturing plant on the West Coast.

Located at the former Synertek building on Delaware Avenue, the AT&T operation has 33 employees on hand. All but plant manager Harold Nigh are local people picked up from the shut-down Synertek operation.

The first production crew will be hired in the fall, said Nigh, with the balance coming on board by the third quarter of 1986.

In all, Nigh said, AT&T "will have in the neighborhood of 450 to 500 employees at this facility." The ma-

Please see Page A4

Business A-B
A

OCT 01 1982

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Continued from Page A1

majority will be hired locally, he added.

AT&T will manufacture computer chips, called metal-oxide semiconductor custom integrated circuits, at Santa Cruz.

The chips will be "custom designed to perform specific functions for AT&T products," said Nigh. They will be used mainly in telecommunications equipment and some of AT&T's personal-computer line.

Nigh described two products that will be made in Santa Cruz. One is an "echo canceller," a chip that will be used in satellites to reduce the echo heard in long-distance calls to Europe and Japan. Another is a chip for use in PBX communications gear.

The move to Santa Cruz "signifies AT&T's interest in expanding its micro-electronics business," said Chuck Meetsma, manager of the 6,000-employee AT&T plant in Allentown, Pa., with which Santa Cruz' operations will link.

"We vitally needed additional capacity," said Meetsma. "This plant allowed us to add faster than building a new facility."

AT&T also got three facilities overseas in the purchase.

"Part of the Synertek acquisition was a design center in Munich, Germany, and assembly and test operations in Bangkok, Thailand, and Singapore," said Meetsma.

AT&T reportedly bought Synertek, a subsidiary of Honeywell Inc., on May 31 for \$14.7 million, according to county Assessor's Office.



Facilities Manager Doug Elder, left, and Plant Manager Harold Nigh, right, lead tour.



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The sale brought relief to local officials worried about the boom-and-bust cycle of the high-tech industry.

"I think with AT&T, and the stability it represents, we won't see the ups and downs we're used to seeing in other high-tech companies," said Lionel Stoloff of the Santa Cruz Area Chamber of Commerce. "They'll be producing chips for themselves, whereas Synertek put all its chips in the basket with Atari (a computer-game company).

"I really feel good about it," said Stoloff.

The Synertek plant was only two years old when it closed in December and 700 workers were laid off.

As the eighth-largest corporation in America, posting sales of \$33 billion last year, AT&T brings with it a history of success.

Its first-quarter profits jumped 56 percent in the first quarter of the year.

However, that success does not spell certain prosperity. "There's no guarantee there will never be a layoff in the high-tech industry," said Meetsma, in response to a reporter's question. "There have been no large layoffs at ATT, but we're not insulated to what's going on."

Recently AT&T did see layoffs in another division of its corporate family, but not in the electronic-components division, of which Santa Cruz is a member.

AT&T officials hope to open a research and development center this summer in Sunnyvale, marking another new West Coast venture for the corporation.

"It will be a challenge for us to succeed in the months and years ahead," said Meetsma. "... But we have all the building blocks to meet that challenge."

Facilities Manager Doug Elder, left, and Plant Manager Harold Nigh, right, lead tour.



AT&T's Russ Miller, left, and John Cochlin raise flag.



Photos by Pete Amos

Plant Manager Nigh, with AT&T official Chuck Meetsma.

Officials of AT&T like what they see at old Synertek plant

By JAMIE MARKS
Sentinel Staff Writer

SANTA CRUZ — Although it wasn't designed with AT&T in mind, the former Synertek plant is compatible with the telecommunication giant's computer-chip operations.

AT&T officials, in fact, are impressed with the layout of the facility, noting that Synertek wisely separated its "fab," — the temperature-controlled manufacturing core of the plant — from its water and air quality equipment, which are in the bowels of the basement.

In the event of an equipment breakdown, the "fab" will not be contaminated, they said.

AT&T officials will go through the plant in the coming weeks to assess the viability of using Synertek's multi-million-dollar equipment in AT&T's operation.

Much of the equipment can be salvaged, they said. Both companies manufacture 100-mm computer wafers, roughly four inches in diameter, using similar processes.

The wafers made in Santa Cruz will be shipped to other AT&T facilities, where they will be used in telecommunications and phone equipment.

Plant manager Harold Nigh said AT&T will replace some of Synertek's machinery to meet AT&T's quality-control standards.

"Particle contamination (of wafers) is the single-largest problem we're facing," said Nigh.

As an example, in the photo lithography "yellow room," Facilities Manager Doug Elder, formerly of Synertek, explained the wafers are prone to contamination because the edges break off.

AT&T officials said they can make improvements in this area.

AT&T will run three shifts, 24 hours a day, Monday through Friday. Although Synertek had a seven-day operation, Nigh predicts AT&T can boost the productivity level at the plant from Synertek's average of 4,000 wafers a week.

As to the environment, AT&T uses a simpler chemical base than Synertek did, which means fewer toxic chemicals in the water and air, said Nigh.

"We've eliminated the toxic chemicals," he said, noting that the water outflow is cleaner than the inflow.

AT&T will maintain the monitoring project on the Monarch butterfly for the next three years, said Nigh. As a condition of its construction approval, Synertek was required to assess the effect of the plant on the rare butterflies, which annually migrate to Natural Bridges State Park across the street.