



Intersil is positioning itself for aggressive revenue growth despite a fiscal 2009 revenue drop to the 2005 level. The pull-through business is of pivotal importance to Intersil's revenue growth objective. The mission of Intersil acquisitions is to bring into play new strategic components yielding an accelerated pull-through business; Intersil's acquisitions are done in a highly systematic manner.

The essence of the pull-through strategy is moving from the customer execution phase (non-strategic component selection) into the customer proposition and differentiation phase (strategic component selection) of the buying cycle. All leading analog IC vendors use this approach; the pull-through (or solutions) multiplier could be up to 10x the dollar value of strategic components, hence, a significant revenue accelerator. A representative example is the companion power management IC (PWM IC) to an end-system's core processor. In this example Intersil is now expanding its PWM IC business via the Rock Semiconductor acquisition.

The company's portfolio of analog power conversion products has historically been driven by Intersil's focus on PC computing applications. This ecosystem is tightly controlled by Intel. An illustration of the increasing power device competition in a range of high-end portable computing devices including laptops, tablets, and smart phones is the PWM IC chipset for Intel's Atom Z6xx processor. At Computex 2010 Freescale introduced a highly integrated chipset using its 130nm BCD SmartMOS-10 platform.

During the next two years Intersil's emphasis will shift toward high-end computing and consumer applications, which could significantly change the product portfolio profile. It is almost certain that Intersil will achieve its near-term growth objectives in part because of already implemented acquisitions. However, profitability increase will likely remain elusive due to the historic growth-profit barrier of the analog IC business. The growth-profit barrier represents the traditional tradeoff between revenue growth and profitability that has marked the industry since its start five decades ago. Achieving growth while sustaining very high net margins would be an exceptional and unique achievement; however, it requires a different business model from Intersil's, said Petrov.

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