

The First Ten Weeks

By WILLEM ROELANDTS ♦ Chief Executive Officer

It is a pleasure to address you after being in my new position for ten weeks. I feel even better today about my decision to join Xilinx than I felt when I started, now that I have a better understanding of the company and its products. During the past ten weeks I have spent most of my time meeting with the Xilinx people, our foundry partners, our sales and distribution organizations, our shareholders and our customers. In general, I am very pleased with the feedback and inputs that I have received.

I have found that Xilinx people are very capable, technically competent (after all, Xilinx did invent FPGA technology), and very motivated.

The relationship between Xilinx and our foundry IC partners is both excellent and enduring. Due to strong teamwork, it has withstood the inevitable ups and downs of the IC business.

The quality of our independent sales organization is very strong. We have had long-standing relationships with them and they are very familiar with our products. Some have invested in their own Field Application Engineers (FAEs), in order to serve our customers better.

Our customers are pleased with our products. They like the time-to-market advantages of using FPGAs and CPLDs in design and production, and our standard parts simplify their production and inventory management. Our users have also pointed out some issues and opportunities, including on-time delivery, the importance of software tools and the continuing need for bigger and faster chips.

During this time I also have reflected on our strategic directions. I can assure you that the major components of this highly successful strategy will not change. We will continue to:

- **Focus on FPGA technology** by aggressively increasing size and performance. The XC4000EX family will reach 125,000 gates in 1997. Our XC5000 family is an excellent solution for the low-end FPGA market. The XC8100 family of one-time-programmable FPGAs provides other unique features.
- **Add technologies** for specific customer requirements. The very successful XC9500 family uses a CPLD architecture, but adds in-system programmability (ISP), a feature highly appreciated by our users.
- **Develop reconfigurable logic**, which is the ability to dynamically change the logic configuration of the FPGA during the operation of the device. This technology promises to change the way logic is designed. It is an area in which Xilinx has done a lot of work and I intend to aggressively continue the effort.
- **Use outside foundries for our wafer processing.** It provides the best flexibility and enables us to provide our customers a stable flow of high quality products.



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- **Work with independent sales organizations**, but provide them with technical resources for training and support.
- **Use the six sigma defect rate standard** as our norm for product quality. In order to guarantee the quality of our products, we will continue to do most product testing in-house.
- **Provide technical support that is second-to-none** in the industry. The ability to contact experts quickly is critical to maintaining the productivity of our users.

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There are some changes or refocusing of strategic components that I feel will make Xilinx even more successful. They include:

The importance of software

There is no doubt in my mind that software has to be a core competency of Xilinx; it is as important as our ability to design FPGA chips. That's why we acquired NeoCAD. I believe we have the right people and now we are going to execute. Our objective is to be the best in the industry, and I intend to give this my personal attention. You have already seen some of the results with the introduction of the XACTstep™ 6.0/5.2 release, the Japanese version of this product, and the new Foundation™ release — a fully-integrated, “shrink-wrap” package for the PC platform. Foundation software packages offer the best functionality in their price

class (starting at less than \$500), and are complete software sets delivered from Xilinx! This is only the beginning; more new capabilities and performance improvements will be introduced this year.

The opportunity of logistics

The IC industry goes through cycles of feast and famine, and last year we grew more than expected, causing us to sometimes miss our delivery schedules (although our record was better than most). I believe that with better planning of the supply chain, better management of the distribution process, shorter manufacturing cycles and more aggressive use of information technology, we should be able to do a better job and meet 100% of our delivery commitments.

Design paradigm change

With the densities of our largest FPGAs exceeding 100,000 gates, our users will no longer be able to design logic functions one gate at a time. In response, we are moving to a new paradigm. Xilinx is creating libraries of specific functions in software that will be tested and guaranteed — we call these LogiCore™ modules. We envision a design process where the designer selects the needed functions, adds the application's specific logic, and lets the software put it all together. This methodology will dramatically reduce the time required to design complex logic functions, improving time-to-market and the efficiency of our users. Of course, the complete implementation of this vision will take some time. The first LogiCore product, the PCI module, has proven this concept and has been tremendously successful. We are going to aggressively pursue this strategy.

So there you have it — an overview of my thinking after 10 weeks on the job. I will continue to keep you informed of the progress we are making on the execution of our strategy. ♦