

## Company Report



## A True MEMS Manufacturer

There is something different about Micralyne when compared to the majority of other independent MEMS foundries – Micralyne has become a “true” MEMS manufacturer. The majority of Micralyne’s revenue is generated from long-term customer supply agreements based on shipping tested, packaged, and assembled MEMS components on an ongoing basis. This is a rarity for an independent MEMS foundry as most MEMS-based production today is undertaken by captive fabs, which manufacture products mainly for their own internal purposes. As well, most independent foundries have not been able to bridge the gap from moving from development projects to full-scale manufacturing.

An obvious question to ask is how did Micralyne build this significant manufacturing base? The answer is in two parts.

First, Micralyne was founded as a not-for-profit in 1982 and privatized as a for-profit company in 1998, so it has been generating commercial revenues for quite some time and has a long history with many of its major customers.

Second, Micralyne continues to be one of the few profitable MEMS foundries in the world. It has always focused on financial stability and bottom-line revenue growth by providing excellent value to its customers.

Micralyne currently operates a full 6” wafer MEMS fabrication facility including Class 10 clean rooms within a 50,000 sq ft building located in Edmonton, Canada. The facility was renovated to Micralyne’s specifications in 2000 and is located on a large plot of land allowing for a quintupling of space when needed.



Currently, Micralyne occupies two manufacturing bays and has recently taken control of a third bay in which to expand operations.

A major part of Micralyne’s long-term confidence is its healthy forecast for the future. Micralyne has recently announced two significant manufacturing orders for volume production of MEMS-based products in the optical telecommunications field and the aerospace industry. These two contracts have a total

value of over \$3 million dollars and will be delivered in the next several months, with growing follow-on contracts expected. Micralyne has also announced a 15% growth in revenue for its most recent fiscal year ending March 31, 2005. “We are very pleased with our recent financial results as we are generating strong revenue growth plus bottom-line net income profitability,” said Chris Lumb, President & CEO of Micralyne. “We know our strong financial position is very important to our customers as they select a foundry partner with a long-term relationship in mind.”



Combining the new manufacturing orders, new major development customers, and one of its strongest order books ever, Micralyne is expecting another good year for growth in 2005-06.

To manage this growth Micralyne has recently increased its staff by 10%, added an additional shift of operation, and initiated the purchase of major pieces of capital equipment.

To succeed in the long-run a MEMS foundry also needs to address industry wide challenges such as standards, packaging, and integration. Micralyne looks to be on the right track as it takes these challenges head-on with proposed solutions such as a standard SOI-based MEMS fabrication process (Micragem), a unique gold-tin (AuSn) solder electroplating process for MEMS packaging, and a significant polymers program to build know-how on integration of silicon, glass, and plastics.

While many MEMS companies have faced challenges over the last few years, Micralyne has shown that MEMS foundries can be very successful. The key has been its focus on excellent customer service and realistic profit and growth targets.

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