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Adept Technology: The Wall Street Analyst Forum Presentation Transcript

Question-and-Answer Session

Unidentified Audience Member

(Question Inaudible)

John Dulchinos

Yeah.

Unidentified Audience Member

(Question Inaudible)

John Dulchinos

Okay. Yeah. So there are two questions. One is that given how -- I'm going to paraphrase for you. But given how immature the solar market is, is it going to be difficult to design specific equipment that would allow it to be standardized given that next year the profit might be different? That I just paraphrased the first question. And the second question is, given that there a large portion of this business maybe in Asia, China, India, wherever in Asia, is automation really going to play a role?

So the first question I'll answer is about the variability of the process. Absolutely, the solar market is going through an interim process right now on their profit. There is not a high degree of exact standardizations. That is the very reason that robots are a perfect fit because robots have a level of intelligence and flexibility that allows those customers to be able to change their process a year from now. They do not have to get rid of the equipment, where a lot of times when you want to optimize the cost and the value of equipment, you would like to optimize and design it on a very narrow set of parameters, and you get the standardization.

So if you look at the semiconductor market, the semiconductor market is highly standardized, and it allows companies who are in that market, equipment companies in that market have built very standardized pieces of equipment. The solar market can take several years to get there and where robots have historically had the biggest role is in new market. So we used to have a very strong business in the cell phone market, when cell phones were going through all the variability there were and the disk drive market years ago and the computer market. When markets get to stability, robots tend to not be the most efficient solution. So the solar market given the extent of the capacities that they're adding and the variability in the processes is ideal for where robot fits in evolution of an industry and in evolution of a product technology.

Now relative to Asia, I think we had a great example here, the order we've just received a couple of weeks ago for our Quattro robots, the portion of those robots are going to India as part of the expansion of our solar capacity in India. The thing is while cheap labor is certainly a value and certainly a variable in the equipment strategy, the reality is that solar cells are very brittle and that you really need to have a level of delicate handling that allows the equipment to not damage the product. The other factor of that is that our robots are so fast and their ability to be able to pick, organize and place, there is financial justification even in low cost labor market for the handling of it. There will be more labor that will be done in China than there will be in Germany. They are not distributing solar cell. But there is especially at the areas where the profits were less, there is going to be a large need for equipment there to do that. That adequately answers those questions?

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