

Fabrinet to Sell Systems Direct to Users?

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NEW YORK -- Does **Fabrinet** intend to build its own datacom systems?

Not exactly, but it's possible it could sell direct to users, the EMS company's chief strategy officer said this week.

Speaking Tuesday at the Morgan Stanley Media & Telecom Conference, John Marchetti would not rule out the possibility that the contract assembler might sell "direct" to the end-user as opposed to building for an intermediary supplier.

In response to a question as to whether Fabrinet would sell services direct to companies that are building their own infrastructure, such as **Google**, Marchetti said, "I think we certainly consider those kinds of opportunities as long as we are not competing against our customers. And what I mean by that is if we have a, an OEM or systems vendor who has their own design and is looking for manufacturing partner then we will absolutely consider that opportunity and we'd be happy to build that for those kind of folks. What we won't do is design our own component or module and try to sell that in competition against one of our, whether it's for Google or for whomever. So to the extent that these larger OEMs or larger systems vendors start to vertically integrate or bring pieces like that to us as long as they've got the design and they are looking for a partner we are happy to do that."

While Marchetti was careful to distinguish the role Fabrinet is willing to play, the situation could become complex because Fabrinet's largest customers are **JDS Uniphase** and **Oclaro**, which no doubt also would like to count Google as a customer.

Marchetti added that Fabrinet did not bid on programs from Oclaro that have since been transferred to **Venture Corp.** "At least today, we don't see a Venture as an attempt by (Oclaro) to set up the second source."

Fabrinet has nearly one million sq. ft. of manufacturing space, of which about 70% is occupied from a space perspective, while its equipment utilization is running at a slightly lower rate. Marchetti said Fabrinet is considering adding a location outside Thailand, but that customer pressure to do so is lessening.