

# To See Where Tech Is Headed, Watch TI

Intel is the big Kahuna now, but Texas Instruments is all over the digital future



Intel ([INTC](#)) is the premier chipmaker, but there's a better bellwether for the tech industry's fortunes: Texas Instruments ([TXN](#)). Although the Dallas-based company stopped making PCs long ago, its chips are fast becoming the workhorse for key industries in the Digital Age. While Intel fights to stay inside computers, TI has made enviable inroads into markets such as consumer electronics, cell phones, and medical devices--taken together, industries that are worth more in terms of dollars and influence than PCs. "If you had to choose a single proxy for the health of the entire tech industry, TI would be the best," says Roger L. Kay, president of tech consultant Endpoint Technologies Associates Inc.

TI may not have the brand recognition of a company like Intel Corp., but chances are consumers own at least something that contains one of its products. The company raked in \$2.3 billion in profits last year, much of it from supplying radio modems and applications processors to cell-phone makers such as Nokia Corp. ([NOK](#)) and Samsung Electronics. Its digital light-processing chips help bring focus to high-definition televisions and projectors made by Sharp ([SHCAY](#)), Seiko Epson, and Mitsubishi. Then, too, there's TI's strong position in Voice over Internet Protocol (VoIP) phones, handheld video players, wireless speakers, and wireless video game peripherals.

On the strength of that massive portfolio, Texas Instruments Inc. roared back into profitability after a couple of lean post-bubble years. Among semiconductor companies last year, TI's \$10.8 billion in sales ranked behind Intel and Samsung. But 25% profit growth helped propel it to the No. 22 spot on the *BusinessWeek* 50 list of the top corporate performers. "We've moved out of this PC era and into an area where communications and entertainment are driving technology," says CEO Richard K. Templeton.

TI's move into health care is evidence of its ability to find new applications for existing chips. The company's portfolio of low-power chips, wireless technology, and cellular expertise is finding a welcome home with doctors, scientists, device makers, and hospitals looking to use the technology to remotely monitor chronic-care patients and diagnose illness. TI estimates that it logged more than \$100 million in medical-equipment sales in fiscal 2005. That's a pittance today, but the market for chips in medical devices is expected to grow to \$4.93 billion by 2015, according to IMS Research.

Some TI chips are finding unusual uses. One low-power processor originally designed to read meters electronically for a German utility found a home at biotech company IntraPace Inc. in Menlo Park, Calif. IntraPace decided to use the TI chip in a pill to treat chronic obesity. Once patients swallow the pill, which is set for clinical trials next year, the chip sends out electrical impulses that make them feel satiated. "TI has such a breadth of technologies that for a medical-device guy like me, it's like being a kid in a candy store," says IntraPace Chairman Mir A. Imran.

Of course, TI faces formidable rivals in all of its markets. It already has fended off Intel in high-def TVs and cell phones. But companies such as Cisco Systems ([CSCO](#)), Philips Electronics ([PHG](#)), and Intel are trying to break into health care as well. And TI's \$2 billion research-and-development budget sprawls across thousands of products, compared, for instance, with Intel's narrow focus on PC and server chips.

CEO Templeton argues that TI's diversity helps balance the company's growth. "With multiple customers in multiple markets, we have the advantage, because if one space isn't growing fast, the other is," he says. If that remains true, TI's sales may one day be on par with its bellwether status.