

When Advanced Micro Devices Inc. announced Jan. 31 that its next plant would be built in Singapore and not Central Texas, lots of eyes and ears were tuned to the news.

Two of those ears belonged to Robert Owen.

Owen is president and CEO of Austin-based nLine Corp., which builds a semiconductor tool that so far has a single user -- AMD. That company's major presence here allowed nLine to put manufacturing and sales and support all here. The announcement will force that to change.

"We, as a small company, have to establish worldwide sales and support, and the only way we can do that is gradually," Owen says.

"We have a plan on how we are going to move from country to country, and this will probably change the priority on our moving [sales and support] to Singapore. We may have to do it sooner than we thought."

When a huge employer makes an announcement like AMD's, the greatest effect is much further down the line. From vendors to the clerk at the dry cleaner with most of its customers working at the employer, everyone changes their plans -- some in small ways, some in a completely different direction.

Gary Nauert, regional leader for DPR Construction Inc., says, "that outside the tech industry, the loss of a plant in Central Texas means construction firms will suffer." Although Nauert couldn't specify how much money construction of a chipmaking plant generates, he did say many construction companies here are diversifying into other types of work.

Large manufacturers that sell equipment to AMD, such as Tokyo Electron America Inc. and Applied Materials Inc., don't envision their Austin operations being affected by the AMD decision -- other than having to ship products overseas as opposed to sending them a few miles away.

Steve Taylor, director of North America corporate affairs for Applied Materials, says that with 70 percent of the company's manufacturing in Austin, the biggest effect of AMD's decision will be a rise in cargo shipments from Austin.

Harvey Frye, senior vice president of Tokyo Electron, says that although the company's commitment to Austin is strong now, the company might have to adjust over time.

Frye says Austin still has the same things that attracted Tokyo Electron in the first place -- a good quality of life and International Sematech, an industry research consortium. The decision of one customer wouldn't force Tokyo Electron to change its plans for the area, Frye says.

As long as high tech manufacturing remains here, Austin Community College will continue with its two-year semiconductor certification program, says Mike Midgley, dean of computer studies and advanced technology. If the program's 175 students don't want to work in a chip fabrication plant, they can transfer many of their skills to other automated plants.

"Even without AMD building the new fab here, there's still a significant concentration of semiconductor processing in Austin," Midgley says.

But the concentration gradually could decrease, says Bill Cryer, a spokesman for Samsung Austin Semiconductor LP, which operates a chip plant in Austin. Cryer says AMD's decision might take some of the pressure off the competition for workers, but the long-term effect on vendors that serve the manufacturing business could harm the remaining fabs. As advanced fabs go elsewhere, so do vendor resources and support, leaving the local fabs underserved.