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In a 35-mph test, a belted dummy receives protection from a driver's side air bag.



Local companies eye air bag business

By Gerald Frawley
staff writer

Air bag manufacturers and suppliers expect the 1990s to be a busy decade now that automotive companies worldwide have announced plans to use air bags more extensively.

Chrysler announced it would install driver-side air bags in all of its vehicles in the early 1990s. Ford will install driver and passenger-side air bags as standard equipment by 1994. Only General Motors has yet to announce when air bags will be standard equipment on all models. GM now offers driver side air bags as standard equipment on almost half of its automobiles with plans to add them to more models throughout the 1990s.

Charles L. Miller, executive vice president and general manager of TRW Occupant Restraints group, said air bags will become as popular as seat belts. "If the 1980s can be described as the decade of the safety belt, then the 1990s will surely be the decade of the air bag."

TRW, with facilities in Rochester Hills, is the world's largest supplier of automotive safety restraint products. It is the sole supplier of air bags to Ford and also supplies air bags to Chrysler and General Motors.

In 1989, the North American air bag market was worth \$360 million in sales. TRW estimates the market will have a compound annual growth of 85 percent through 1994 when it will reach \$3 billion in annual sales, Miller said.

"WE ARE ACTUALLY even more optimistic than that," TRW communications director Claude Giamino said. "Those are conservative estimates."

By 1994, Giamino said analysts predict 65 percent of new cars sold

in North America will be equipped with air bags.

The main impediment to air bag technology is cost, but he believes a \$300 inflatable restraint system is a likely possibility. Current prices for air bags range from \$500 to \$1,500 depending on the automobile and equipment configuration, but costs have continued to fall, according to TRW figures.

In the last two years, we've already brought the price down by half thanks to advances in technology," Giamino said. He believes production increases mandated by fed-

eral law will enable suppliers to bring costs down further.

This will help ensure product compatibility, price stability and successful research and development, he added.

Air bags will require a greater partnership between suppliers and automotive manufacturers because they will need to be designed into automobiles years before production, Giamino said.

Federal law requires that all automobiles be equipped with drivers side passive restraint systems by 1994. "Air bags are not the only

type of passive passenger restraint, but they are becoming the restraint system of choice," he said.

TIP ENGINEERING Group of Farmington Hills is an example of a small local company poised to take advantage of the coming air bag market explosion. Vice president of sales and marketing Dick Marchese said the firm holds 40 patents dealing exclusively with air bag technology.

With almost 40 million vehicles built worldwide each year, the market for air bag equipment is

immense, he said. TIP is a dedicated interior trim occupant safety company, working solely in safety improvements to the inside of automobiles, Marchese said.

"We're the only people in the world doing what we're doing. We're the only people in the world capable of doing what we're doing."

TIP Engineering designs a patented seamless air bag deployment door that will improve the interior aesthetics of air bag-equipped automobiles, Marchese said. (See related story.)

The deployment doors will also be less expensive than current technology, and material developed for the doors will lead to other advances in interior trim, Marchese said.

SIEMENS-AUTOMOTIVE, an international electronics automotive electronics firm with headquarters in Germany, is also ready to capitalize on the exploding air bag market, according to director of communications Paul Klapproth.

Siemens has sales offices in Troy, research and development facilities in Sterling Heights and is constructing a new facility in Auburn Hills, he said. "The push toward air bags as standard equipment could not come at a better time."

Siemens manufactures electro-mechanical sensors for air bag systems. The sensors, which are placed behind the front bumpers, inflate air bags only in accidents in which speeds exceed 10 miles per hour, Klapproth said.

"The market for crash detection sensors alone is expected to be \$250 million next year," Klapproth said.

Siemens also manufactures diagnostic equipment that monitors air bag systems for problems.

Siemens' largest customer is GM, but the firm also supplies crash sensors for BMW, Porsche, Volkswagen, Alfa Romeo and Saab.

Klapproth said the 1990s air bag market is different from the 1970s when the market suffered a major shakeup after a lack of consumer interest and political opposition from automotive companies stalled widespread air bag use.

"The market just never matured," Klapproth said. The collapse of companies that anticipated the early boom left only a select few — companies like TRW, Bendix Thiolot Inc., Allied Bendix Corp. and Siemens — healthy enough to benefit from the current air bag demand.

TIP content in auto safety niche



RANDY BORST/staff photographer

David Bauer (left), engineering director of TIP Engineering Group, and Dick Marchese, vice president of sales and marketing, examine a model of TIP's seamless air bag door that will fit in the instrument panel on the passenger side of the vehicle. TIP specializes in air bag trim pieces.

By Gerald Frawley
staff writer

By concentrating on only one aspect of automotive design — instrument panel safety — TIP Engineering Group of Farmington Hills has positioned itself to take advantage of the coming air bag demand explosion.

TIP's emphasis on the instrument panel allows them to work more quickly, less expensively and with more innovation than the automakers and its competitors, vice president of marketing Richard Marchese said.

"We don't design air bag systems — the air bags, the electronics, the sensors — we're trim people."

"When people think air bags, they don't always think of what goes into designing an air bag system," Marchese said. Years before an automobile ever reaches the showroom, interior trim panels are designed to accommodate the vehicle's climate controls, elec-

tronics, mechanics and air bags.

Marchese said when engineers design safety into an automobile, they design the automobile to protect the average person in an accident.

"What we're trying to do is design cars to protect what is called the 'fifth female.' Not everyone is 5 feet 11 inches tall and weighs the national average. There are hard points that a small woman might be injured on, but an average sized woman would not. You also have to take into account little kids — they are passengers in cars as well."

TIP'S MAJOR achievement has been the development of seamless air bag deployment door technology, Marchese said.

Current air bag deployment doors are seamed; when the bag inflates, the door opens along the seam. In addition to the difficulty of designing attractive instrument

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Entrepreneurs make hay retailing used computers

By R.J. King
special writer

Six years ago, Mike Dolik of Birmingham faced a difficult decision. Should he leave a comfortable job with Burroughs Corp. and invest \$2,000 along with a friend to start a business in the highly competitive computer market?

At the time, Dolik admits he was reluctant, especially with his basement doubling as the company's first office, but with \$12 million in sales last year, the entrepreneur now tinkers inside a 35,000-square-foot facility in Rochester Hills.

Employing 65 people, the Virtual Group, owned by Dolik and D. Mark Ratliff, both 35, is four companies located in the Rochester Hills Corporate Center.

While working together at Burroughs (now Unisys), Dolik and Ratliff learned the computer manufacturer wasn't always willing to accept old equipment as trade-in on new systems. By purchasing the equipment used, they believed they could profit by refurbishing and up-

grading the systems and reselling them as "almost new" products.

"That first year was pretty rough," Dolik recalled from his office. "Mark and I purchased a customer list from Unisys and set out to buy the equipment, arrange to have it transported and would either rebuild the equipment ourselves or sub-contract it out."

"In fact, there were times when we used to put the equipment in the back of our cars and deliver it ourselves. It also helped that our strength was in marketing. Neither of us were engineers, but we knew enough about computers to upgrade them, and then turn our efforts to selling them."

Last year Michigan Business magazine selected the Virtual Group as the 18th fastest growing privately held company in the state. Last December, Inc. magazine named the company as one of the top 500 fastest growing companies in the nation.

OF THE COMPANY'S 4,500 customers in 28 countries, Dolik said 85 percent of sales today are derived

from repeat customers.

"Our customers like an alternative other than purchasing their equipment directly from the manufacturer," Ratliff said. "They like the freedom and flexibility we can provide."

All of the equipment Virtual markets is guaranteed for installation and maintenance by Unisys standards. "When you combine no risk with substantial savings, in most cases, 50 to 60 percent, (the customer's) decision is easy."

Under the Virtual Group umbrella is Virtual Technology, which buys and sells Unisys equipment; Virtual Soft, a recent addition that writes and sells computer software; Virtual Leasing, a lending and financial services arm; and Virtual Maintenance, which maintains computers throughout the tri-county area.

Cindy Dally, a parish administrator for St. Hugo of the Hills in Bloomfield Hills during the time the parish purchased equipment from Virtual two years ago, said she was surprised by the company's prompt delivery and reliable service.

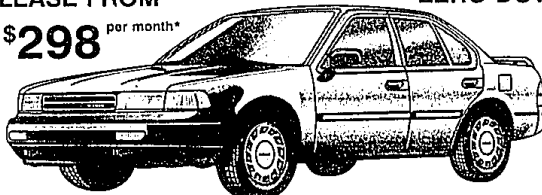
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