

Delphi delivers spin-off

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Delphi Technologies Inc. is spinning off a welding company to commercialize Delphi's deformation resistance welding technology.

SpaceForm Inc. is the first start up of Troy-based Delphi Technologies, a subsidiary created by bankrupt auto supplier Delphi Corp.

The new company marks the first realization of a vision established when Delphi itself spun out of General Motors Corp. in 1999. At the time, it was said the auto supplier could better leverage and commercialize its technology once free of the world's largest automaker.

SpaceForm is a first example of that goal, said Jayson Pankin, new venture creation specialist at Delphi Technologies. If SpaceForm is successful, he said, it could stand as model to follow when commercializing other technologies. The milestone for Delphi Technologies comes at a time of turmoil for its parent. Its parent filed Oct. 8 for Chapter 11 bankruptcy protection and has since asked its hourly workers to accept massive pay and benefits cuts.

SpaceForm, however, holds promise to be an innovative company that creates jobs and new business in Michigan. The company is headquartered in TechTown, a Detroit research and technology park near Wayne State University.

The company already has received more than \$1 million in combined funding from the state's Technology Tri-Corridor and Troy-based Automation Alley and in April, NASA, through the Michigan Research Institute, awarded Delphi \$1.3 million to further develop the technology. (See Oakland Business Review, April 28-May 4)

"The feeling is that creating a standalone entity, with its own board of directors, will allow the technology to develop in the marketplace while developing a transparent relationship with car companies and tiered suppliers," Pankin said. As a shareholder in SpaceForm and a licensor of the technology, Delphi stands to gain financially if the technology becomes a successful commercial product. At the same time, Delphi intends to continue internal development on deformation resistance welding for uses that apply to its core business.

The spin-off shows that Delphi and other large manufacturers are increasingly realizing the value of their technology and looking to leverage that, said David Cole, chairman of the Center for Automotive Research in Ann Arbor.

"Delphi is very unusual because it has a huge box full of technology," he said. "Their challenge is to determine how to effectively leverage that technology and become a more tech-based firm rather than an auto-based one."

SpaceForm's deformation resistance welding technology, or DRW, is a process in which two electrodes pass current through the metal to be welded, creating heat that forces the two pieces together.

Instead of relying on welding rod material, or filament, to connect the two surfaces, the bond comes from the mating surfaces themselves.

The advantages to the process include the ability to weld dissimilar materials and new forms of automated welding processes. It also means better connections for gaseous containers and for applications in areas where no oxygen is present, as in outer space - the reason why NASA has an interest in the technology.

"Welding has not significantly changed in decades," said Tim Forbes, Delphi director of new markets, commercialization and licensing. "Delphi changed that ... the key benefits of DRW go well beyond the innovative resistance weld itself. The ability to weld tubes and other configurations and dissimilar materials enables designers to create totally new structural approaches."

The use of tubular structures, as opposed to stamped metal, in car bodies could result in lighter and more fuel-efficient vehicles that take less steel and other metal to build yet can be safer than many of today's cars. Race cars already use similar technology to improve performance and protect drivers, Pankin said.

Pankin and other members of Delphi Technologies will assist the start up company with technology and business planning issues and Wayne State University will provide a fellow from its MBA program.

In addition to Delphi's interest the company is anticipated to attract investment from venture capitalists and strategic partners.

"We believe SpaceForm, like all early stage companies, will reach into the marketplace and connect with strategic partners ... as well as create beta customers" Pankin said. "From there, the expectation is that the company will evolve, demonstrate its drive and value that will be attractive for financial partners as well."

Eric Morath covers manufacturing and technology for Oakland Business Review.