Article Side

Broadcom acquires networking chip maker NetLogic by Ritika Sharma

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Wireless chipmaker Broadcom Corp. announced Monday that it is buying smart chip maker NetLogic Microsystems in a bid that would enhance its range of chipmaking technology for more advanced networks.

Broadcom has agreed to pay $3.7 billion for Santa Clara, Calif.-based NetLogic, after both companiesâ€™ boards of directors approved the transaction, which is expected to close in the first half of 2012.

Reportedly, the Irvine chipmaker is paying $50 a share, which is roughly 57 percent more than NetLogic's Friday closing.

Acquisition will double Broadcomâ€™s market share:- Broadcom said the acquisition would double its market share in the surging business of making online connections faster for mobile devices.

"This deal really expands our footprint on the infrastructure and networking side of the house," Henry Samueli, Broadcom co-founder and chief technology officer, told PCMag.

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Why buy NetLogic:- Although both companies make chips, Broadcom CEO Scott McGregor said NetLogic's chips handle different networking functions than Broadcom's chips, and thatâ€™s why the company is worth buying.

NetLogic makes high-performance processors which can do everything from spotting computer viruses to accelerating complex network traffic more efficiently.

The semiconductor companyâ€™s brainier chips come equipped with routers, switches, datacenter servers, and network storage equipment.

Wireless chipmaker Broadcom Corp. builds fixed wire processors for home-based consumer products, such as DVD players, digital television sets, and smartphones, as well as some relatively low-level chips used in networking equipment. According to the report, "The Irvine chipmaker is paying $50 a share, which is roughly 57 percent more than NetLogic's Friday closing."

"They are very complementary products and by bringing them under one roof we can bring more value to the customers," McGregor said. "NetLogic has some really great technology that is a great strategic fit with Broadcom.â€•

Echoing McGregor's optimism, Ron Jankov, the NetLogic president and CEO, who will be staying on with the merger said: "This is a strong win for customers, for shareholders and for NetLogic Microsystems employees. Broadcom has agreed to pay $3.7 billion for Santa Clara, Calif.-based NetLogic, after both companiesâ€™ boards of directors approved the transaction, which is expected to close in the first half of 2012. It builds fixed wire processors for home-based consumer products, such as DVD players, digital television sets, and smartphones, as well as some relatively low-level chips used in networking equipment. NetLogic makes high-performance processors which can do everything from spotting computer viruses to accelerating complex network traffic more efficiently.

The semiconductor companyâ€™s brainier chips come equipped with routers, switches. "Our industry-leading product portfolio will benefit from access to Broadcom's broad set of leading-edge technologies, tools, resources and eco-system, which will enable the combined company to offer a complete and integrated platform for our customers' next generation designs."

The acquisition of NetLogic is Broadcom's largest in its 20-year history.

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