

Thursday April 20, 2006

Intel buys stake in Nanochip Inc

By David Tan

<http://biz.thestar.com.my/news/story.asp?file=/2006/4/20/business/14007133&sec=business>

PENANG: Intel Capital, a unit of the world's largest chipmaker, has taken up a stake in Nanochip Inc, a data-storage device company in which Mesdaq-listed MEMS Technology Bhd and AKN Technology Bhd also hold stakes.

Joining the company in securing a stake in this round of investment is American venture capitalist, JK&B Capital.

Intel and JK&B Capital paid a total of US\$10mil for the stake, according to a statement from Nanochip released in the United States.

Software giant Microsoft and US venture capital company New Enterprise Associates are the other shareholders in Nanochip.

MEMS Technology holds 1.79% equity interest in Nanochip while AKN Technology has 6.74%.

MEMS Technology chief executive officer K. Sooriakumar said Nanochip developed very high capacity removable storage chip products based on micro-electro-mechanical systems (MEMS) design.

"Nanochip is developing a new class of ultra-high-capacity MEMS-based storage chips. These new chips, with bit-densities enabling the storage of tens of gigabytes per chip, or the equivalent of many high-definition feature-length videos, use a nano-probe array technology that goes far beyond the expected limits of conventional lithography used in present semiconductor memory chips.

"The company also designs a family of removable, rewriteable data storage products for use in future consumer electronics products that will require data storage capacities that exceed the physical limitations of today's semiconductor memory technology," he told StarBiz yesterday.

Sooriakumar said MEMS Technology's wholly-owned subsidiary, Sensfab Pte Ltd, had an existing manufacturing business agreement with Nanochip to produce the read and write head and the storage media for a new range of Nanochip devices expected to be introduced in 2008.

He said MEMS Technology, produces cutting-edge 25-nanometre atomic probes, looked forward to supplying new generation of read and write heads for Nanochip's high-density storage chips.

"Nanochip has the potential to expand its market share in the NAND flash memory market, which currently stands at about US\$32bil," he added.

In a statement released in the US yesterday, Nanochip president and chief executive officer Dr. Gordon Knight said the company would use the proceeds from Intel's investment round to fund continued advances in technology and development of the company's first commercially available storage products.

"In the last two years, Nanochip engineering teams have overcome several significant media physics challenges. During that time, the company has applied for more than 20 patents," he said.

Nanochip's technology falls in the category of compact data storage, which is currently supported by NAND flash memories and micro-sized hard disk drives.

According to market research company Semico Research Corp, the full market for NAND flash memories, including the high capacity range targeted by Nanochip's technology, is projected to reach US\$36.1bil in 2008. Nanochip Inc, based in Fremont, California, was formed in 1996. Its products address the need for low-power, very high capacity, high-performance and non-volatile memory.