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From HP to Agilent to Avago
Second spinoff since 1999 has left Corvallis workers part of a more focused company
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By BENNETT HALL
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Daren Bledsoe and Chuck McCord have been spun off so many times now, you might think they'd be dizzy. But they use a different word.

"Chuck and I have each worked for three different companies in the last five years," said Bledsoe, business manager for inkjet solutions with the Corvallis office of Avago Technologies.

"We're still doing the same things," he added. "We've just gotten more focused as a company."

Avago Technologies came into being Dec. 1, when it spun off from Agilent Technologies to become the world's largest private semiconductor company — a little more than five years after Agilent was itself spun off from Hewlett-Packard Co. in 1999.

Agilent had a diverse portfolio of scientific test and measurement products, a portfolio into which the semiconductor division didn't necessarily fit neatly. Avago emerged this month from a \$2.66 billion private equity deal as a smaller but much more cohesive business.

With twin headquarters in Singapore and San Jose, Calif., the new company has 6,500 employees and represents \$1.8 billion of its former parent's fiscal 2005 sales.

In Corvallis, Avago employs 85 people in a building originally built for Agilent in the Sunset Research Park. McCord, a research and development project manager in the company's mobile imaging business unit, said there had been no layoffs as a result of the spinoff, although a handful of Corvallis workers remained with Agilent rather than Avago.

Both McCord's and Bledsoe's groups are part of the new company's imaging systems division, but they concentrate on two different markets: camera phones and inkjet printers.

Avago designs image sensors and firmware — embedded software — for camera-equipped cell phones. The latest version from the Corvallis design center is the ADCC-3000, a 1.3 megapixel sensor used in camera phones made by Sony Ericsson, Siemens and Motorola.

The Avago sensor and firmware work together to boost the resolution of images captured by the small, relatively low-grade lens shoehorned in among all the electronics packed into a cellular telephone.

"Cell phones are primarily phones," McCord said. "What we're trying to do is reduce the burden on the rest of the system so the cell phone can concentrate on being a cell phone."

On the inkjet solutions side, Avago Corvallis draws on its legacy as a former Hewlett-Packard unit to provide turnkey design services for new printer models — primarily for HP. Bledsoe's group designs

application-specific integrated circuits, firmware, software and other elements of the electronic brains that drive the printer.

"Basically, HP comes to us with a spec — 'This is what we need' — and we go off and do that for them," Bledsoe said.

While Avago does have some chip-manufacturing facilities, the local operation is fables. Semiconductors designed by engineers at the Corvallis site are produced in foundries belonging to other companies for delivery to Avago customers.

Morry Marshall, an analyst with Semico Research Corp. in Phoenix, said Avago's narrower focus should help the spinoff succeed as a chip supplier. Not only will it be easier to get new products to market rapidly, but some customers may be more willing to buy chips from Avago now that it's not part of a larger business making competing products.

"I think that they'll be more competitive as an independent entity than they were as part of a parent firm," he said.

Marshall acknowledged that Avago faces more market risk outside the protective cocoon of a larger company, but he argued that exposure gives managers and employees a healthy sense of urgency.

"You've lost that cushion that protects you from failure," he conceded. "But that risk of failure is the very thing that drives you to succeed."

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