

## Broadcom Buys Brocade

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Broadcom sets to expand its chip making business with the \$5.9 billion all-cash acquisition of Brocade Communications Systems, consolidating its position within the networking industry.



Formerly known as Avago Technologies, Singapore-based Broadcom is known for connectivity chips used in devices ranging from smartphones to servers. Meanwhile Broadcom makes networking switches, software and storage products. As such, the acquisition can be seen as a move by Broadcom to shift from reliance on smartphone market, especially following the declining sales faced by its biggest customer, Apple.

However Broadcom will not retain the entirety of Brocade-- Broadcom plans to sell the Brocade networking hardware business in order to avoid competition with its top customers, such as Cisco.

Brocade was not looking for a buyer, especially following its recent \$1.5bn acquisition of wireless networking specialist Ruckus (now a business unit to be divested by the new owner). However, as CEO Lloyd Carney puts it, Broadcom presented an offer compelling enough for company leadership to not only consider, but actually go for.

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