



The silicon spin

Published Feb 10, 2000, 01:15pm EST, Updated Jun 06, 2013, 02:29pm EDT

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Spring-cleaning comes early for Orckit Communications orck , which today announced that it is streamlining its operation by spinning off its semiconductor business.

Orckit plans to distribute the new semiconductor business' shares to its current shareholders and to register the entity as a public company by mid-2000.

The market for broadband semiconductors is growing wildly as demand for high-speed Internet access in the U.S. and Europe rises. These companies are performing well on Wall Street. For example, Globespan gspn , which makes a wide range of DSL chips, went public in June 1999 at \$42 per share and is now \$210 per share.

In addition to taking advantage of this hot market, the purpose of the spinoff is to streamline Orckit's networking business and allow both divisions to focus on selling to its own customers.

"We believe that both entities will behave well," says Aviv Boim, chief financial officer at Orckit. "Each of these areas have different markets, and separately they'll be able to achieve better coverage of their customers and performance," he says.

Orckit, based in Tel Aviv, makes digital subscriber line (DSL) equipment, including modems, for service providers. The vendor counts GTE gte and Deutsche Telekom dt as customers for its FastInternet service provider equipment and CopperTrunk modems.

The new Orckit entity will continue to make chipsets for asymmetrical DSL (ADSL), high-speed DSL (HDSL) and very-high-speed DSL (VDSL) communications systems. Orckit also plans on adding new flavors of DSL technology to its platforms, as well as voice technology.

Another reason for spinning off the silicon side of operations, says Boim, is timing.

"Now that there is proof that DSL is going to be a big market, we can provide off-the-shelf solutions in the semiconductor arena," he says. "That was not the case two years ago when the DSL market was young."