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Broadcom Corporation

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Introduction

Since its founding in 1991, Broadcom Corporation has emerged as a defining force within the American technology landscape. Established by the visionary duo Henry Nicholas and Henry Samueli, Broadcom's ascent from a modest startup to a global industry powerhouse is both a reflection of the explosive growth of the communications sector and a case study in relentless innovation. Its core mission—to make complex communications infrastructure accessible, efficient, and integral to everyday life—has driven not only its business strategy but also its broader impact on society.

Broadcom's journey through the decades mirrors the evolution of the tech industry itself. In the early days, the company's focus on high-speed integrated circuits for cable modems and broadband networks positioned it at the heart of the Internet boom, setting the stage for meteoric growth. The company's ability to quickly innovate and respond to shifting market conditions led to an impressive catalog of products and technologies that would ultimately become fundamental to modern digital communication.

A hallmark of Broadcom's strategy has been its aggressive pursuit of growth through acquisitions. From its first public offering in 1998, Broadcom's expansionist philosophy enabled it to diversify rapidly, absorb new talents and ideas, and enter promising markets with speed. Yet this approach also brought challenges: the company's history is punctuated with controversies, regulatory hurdles, and intense competition. Moments of turbulence, such as the well-publicized stock option backdating crisis in the 2000s, tested Broadcom's leadership and resilience—yet the company continually found ways to rebuild trust and advance toward new opportunities.

The 2016 acquisition by Avago Technologies marked a watershed moment resulting in the formation of Broadcom Inc., a more diversified, globally integrated entity. This merger did not just preserve Broadcom's legacy—it propelled the enterprise to new heights, instigating a bold shift into enterprise software and cybersecurity through multi-billion dollar acquisitions of companies like CA Technologies, Symantec's enterprise security business, and VMware. As the boundaries between hardware, software, and cloud computing blur, Broadcom Inc. now stands at the vanguard of a transformed industry.

Today, Broadcom's products power everything from data centers and AI clusters to cloud infrastructure and everyday consumer devices. Its influence spans well beyond semiconductors—its software, security solutions, and philanthropic initiatives have left a sizable mark on industries and communities worldwide. The company is also at the

heart of pressing contemporary issues, including antitrust regulation, sustainability, and the stewardship of digital innovation.

This book—the story of Broadcom Corporation—tells the tale of an American original: of entrepreneurs and engineers, visionaries and pragmatists, setbacks and breakthroughs. It is a chronicle of corporate ambition, technological transformation, and the continual reinvention required to thrive in the global marketplace. As we chart Broadcom’s past, assess its present, and explore its future prospects, we find not just the story of a single company, but a lens through which to view the ongoing evolution of America’s high-technology sector.

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CHAPTER ONE: The Founding Vision: Henry Nicholas, Henry Samueli, and the Birth of Broadcom

In the early 1990s, the burgeoning world of digital communication was a fertile ground for innovation, a place where ambitious engineers and forward-thinking academics could truly make their mark. It was into this dynamic environment that Broadcom Corporation was born in August 1991, conceived by two remarkable individuals whose combined expertise and shared vision would lay the groundwork for a technological giant: Henry T. Nicholas III and Henry Samueli.

Their partnership was a classic blend of academic rigor and entrepreneurial drive. Henry Samueli, a respected professor of electrical engineering at the University of California, Los Angeles (UCLA), brought a deep understanding of digital signal processing and communication systems. Nicholas, his former doctoral student at UCLA, possessed a keen business sense and a relentless pursuit of practical applications for advanced technology. Together, they boasted a combined 35 years of experience in the intricate world of communications integrated circuits (ICs), a field that was rapidly becoming the bedrock of modern connectivity.

Their shared professional journey had a crucial waypoint at TRW Inc., where both Samueli and Nicholas gained invaluable experience working on the Defense Department's Very High-Speed Integrated Circuit (VHSIC) program. This ambitious program, which ran from 1980 to 1990, aimed to develop advanced integrated circuits for the U.S. Armed Forces, fostering significant advancements in chip design and manufacturing processes. The insights gleaned from this high-stakes, technically demanding environment proved instrumental, enabling them to develop "powerful silicon compilers for the quick design of commercial integrated circuits." This expertise was a significant competitive advantage, allowing Broadcom to rapidly prototype and produce the specialized chips that would soon become indispensable to the digital age.

Initially, Broadcom operated as a private, fabless semiconductor company. This meant that while they meticulously designed their high-speed ICs, they outsourced the actual manufacturing to external fabrication plants, a strategic model that allowed them to focus intensely on research, development, and innovation without the immense capital expenditure required for chip production facilities. Their early focus was on designing integrated circuits for cutting-edge applications such as cable TV set-top boxes, cable modems, and local area network (LAN) cards—technologies that were on the cusp of transforming how people accessed information and entertainment.

The company's humble beginnings saw it operating out of Nicholas's Redondo Beach condominium, with each founder contributing a modest \$5,000 of their own money to get the venture off the ground. Early funding was also secured through revenue generated from custom designs and licensing agreements. Their engineering prowess and the quality of their team, including the two founders themselves, helped them attract early custom-chip customers, even as a relatively unknown entity. These initial clients included major players like Rockwell International, Analog Devices, and even U.S. Air Force contractors involved in global positioning systems. By 1994, the company's revenues had surpassed \$5 million, a testament to their early traction.

A pivotal moment arrived in 1993 when Broadcom secured its first significant breakthrough: a contract to supply chips for set-top boxes. This contract was with Scientific-Atlanta, Inc., a company that was, at the time, providing TV set-top boxes for Time Warner Corporation's experimental cable system in Orlando, Florida. Broadcom initially delivered a three-chip set for digital demodulation for these set-top boxes. Demonstrating their rapid development capabilities, they managed to integrate this solution into a single integrated circuit within just ten months, utilizing a technology known as quadrature-amplitude modulation (QAM). This early success was a clear indicator of their technical agility and their ability to deliver complex solutions efficiently.

By 1995, the growing company necessitated a change of scenery, relocating from its initial base in Westwood, Los Angeles, to Irvine, California. This move marked a new chapter in Broadcom's physical expansion, accommodating its expanding team and ambitions. Just two years later, in 1997, Broadcom's vision had crystalized: they aimed to make the Internet accessible to everyone, even without the need for a personal computer. This bold objective aligned perfectly with the burgeoning demand for high-speed connectivity, and Broadcom was right at the heart of it.

Indeed, by 1997, Broadcom was already making remarkable strides towards this vision. It was estimated that the silicon chips produced by Broadcom could be found in "nearly every cable modem and digital set-top box" then in use. This pervasive presence in such critical communication hardware underscored their growing dominance in the broadband market. The rapid increase in demand for cable modems was particularly notable; from an estimated 20,000 deployed in 1996, the number surged to 100,000 in 1997, with projections indicating a jump to a million in 1998. Each of these cable modems contained approximately \$35 worth of Broadcom chips, highlighting the company's significant revenue potential within this exploding market.

The industry quickly took notice of Broadcom's impressive ascent. *Red Herring*, a technology monthly, recognized Broadcom as the "best private company in the United States" in 1997, a significant accolade for a relatively young enterprise. Simultaneously, Nicholas and Samueli themselves were lauded by *Time Digital*,

earning a coveted spot on their "Top 50 Cyber Elite" list. These recognitions cemented Broadcom's reputation as a formidable force in the semiconductor industry and underscored the visionary leadership of its co-founders. Despite reporting a net loss of \$1.2 million on revenues of \$37 million in 1997, their trajectory was clearly upward, with forecasts for 1998 predicting chip provisions for two million digital cable set-top boxes. The stage was set for Broadcom to move from a private success story to a public phenomenon.

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