

# Samsung's metamorphosis in Austin

## Hiring spree, new strategy alter chipmaker

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Samsung's new-employee training center is used often due to almost constant hiring.

Two years after massive layoffs amid a global recession, [Samsung](#) Austin Semiconductor LP is going through a type of renaissance — largely because of the surprising popularity of smartphones and tablet computers.

The company is still on a hiring jag started 18 months ago as it shifts from producing high volumes of a few products to more niche products and developing both Flash memory devices as well as microprocessing devices.

Samsung Austin, a division of South Korea-based Samsung Electronics Co. Ltd. that launched in 1996, develops semiconductors for smartphones and tablet computers. It is launching about one new product per month this year, said **Michael Raiford**, senior director of the company's manufacturing and systems division.

Samsung operates two plants in Austin, known as Fab 1 and Fab 2. It has hired 1,000 of its 2,000 workers since 2010, which means more than half of its workforce has been employed there a year or less. But a 46 percent projected market growth in smartphones this year combined with a 223 percent growth in tablets is expected to fuel the boost in production that Samsung needs to meet, Raiford said.

"The biggest challenge is [hiring] engineers and technicians," he said.

In March, Samsung Austin announced it was hiring 300 engineers by midyear as part of a \$3.6 billion expansion of its Austin plant. In 2009, it cut about 550 jobs, reducing headcount to 1,000.

This month, the company leased another 30,000 square feet to accommodate new chip designers. It signed for space in the Northwest Austin Ladera Bend complex on FM 2222, which was bought last year out of foreclosure. The added space will house Samsung's Austin Research Center that formed last year.

The center currently employs about 80 workers, and officials said they plan to hire another 30 this year.

The changes are being made to give Samsung a measure of redundancy, providing customers with an uninterrupted supply of new product as the popularity of mobile technology continues to grow, said **Burton Nicoson**, vice president of fab engineering for Samsung Austin.

"It's the market," he said. "Basically it comes down to the consumers out there and the demand for handheld devices."

The new investment is the second phase of Fab 2, a 1.5-million-square-foot complex the company built in 2007 for \$3.5 billion.

Also, the company is diversifying its product mix. As a result, it has shifted focus from producing just two products to 12 and developing both Flash memory devices as well as logic microprocessors and microcontrollers commonly used in the automotive industry.

The lower volume line of products enables Samsung to capture a broader base of business, said **Brian Matas**, vice president of market research for Arizona-based [IC Insights Inc.](#) "This just allows them greater flexibility to target a few markets," he said.

Samsung's rebound mirrors an industrywide trend.

During the first quarter, total semiconductor sales reached \$75.8 billion, an 8.6 percent increase versus the same period last year when sales were \$69.8 billion, according to the [Semiconductor Industry Association](#).

Last year, worldwide sales reached a record \$298.3 billion, a increase of 32 percent from the \$226.3 billion recorded in 2009.

The local benefits of the industry's rebound aren't limited to Samsung.

In February, another Austin-based semiconductor company, [Freescale Semiconductor Inc.](#), registered to complete an initial public offering.

The chipmaker, which employs 5,000 local workers, plans to raise \$1.2 billion by selling 50 million shares priced between \$22 and \$24. The funds will go toward paying off debt.

Freescale was founded in 2004 as a spinoff from [Motorola Inc.](#) The company posted a \$148 million loss in the first quarter compared with \$257 million loss during the same three months last year.

**Courtesy of JB Goodwin**