

## CONEXANT BUYS HOTRAIL

*By Peter N. Glaskowsky {7/17/00-05}*

Conexant (formerly Rockwell Semiconductor) has announced that it will buy privately held HotRail for its switch-fabric and high-speed transceiver technology. This technology was originally developed for an x86 server chip set, but the chip set was canceled recently

when HotRail changed its focus to the communications market (see [MPR 5/22/00-03](#), "HotRail Derails Chip Set").

Conexant will acquire HotRail in exchange for 7.8 million shares of Conexant stock, valued at almost \$400 million. This is surely a good deal for HotRail's founders, but it strikes us as an expensive purchase, considering the number of companies that are developing similar technology (see, for example, [MPR 5/8/00-01](#), "RapidIO Expands Narrow-Bus Options").

The HotRail Channel technology should, however, be a good fit with Conexant's related development efforts as the company works to support the growing demand for high-bandwidth voice and data communications. It may simply have been easier for Conexant to trade a small amount (less than 4%) of its stock for this technology than to attempt to buy it from some other source or develop it internally. ♦

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