

SK Hynix Acquires Link_A_Media Devices



OBJECTIVE ANALYSIS SEMICONDUCTOR MARKET RESEARCH

Fourth SSD Controller Company Acquisition Since 2011

On June 20 SK Hynix announced an agreement to acquire privately held Link_A_Media Devices (LAMD) of California, a supplier of SoC chips for the data storage market. Upon completion of the acquisition, LAMD will join SK Hynix as a business unit focused on customized NAND based solutions.

The press release states that LAMD's SoC controllers: "interface with processors to significantly increase the speed and reliability of Flash memory."

Fourth SSD Controller Company to be Acquired

This is the fourth SSD controller company to be acquired recently:

- In March of last year OCZ acquired Indilinx
- LSI acquired SandForce in October
- December brought Apple's acquisition of Anobit
- Now SK Hynix has acquired Link_A_Media

The SandForce and Anobit acquisitions were explored in our [The SSD Guy](#) blog.

SSD controller companies appear to be quite a hot item lately, although Objective Analysis is uncertain of the logic of some of these acquisitions. There are two kinds of companies that can make money on the steep investment required to produce an SSD controller - those who sell SSD controllers in large volumes to a broad customer base, and those who use the controller as a key component in an enterprise SSD whose differentiation is sufficient to sustain a very significant markup over the price of the NAND flash within the SSD.

Time will tell us how this acquisition spree will play out.

What About the Company's Main Businesses?

To date LAMD has shipped over 10 million read channel chips to the HDD business and holds over 100 related patents. None of that has been mentioned in the SK Hynix release, leading us to wonder if this was an oversight, or if LAMD is suddenly exiting the read channel chip business. This might lead to some difficulties for Toshiba Storage, who we understand is LAMD's largest customer.

Although Hynix' intent is clearly stated - to acquire an SSD controller company - we would anticipate that LAMD will continue to produce read channel chips and that Toshiba will not be left without one of its key suppliers. At this early time we have not received replies from any of the companies involved. Objective Analysis will explore



this question further and will post updates to our service clients as we learn more details.

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