

PLUGGED IN

SEMICONDUCTORS

Moore's Law stays true, Intel's co-founder says

Moore's Law still applies, says Intel Corp. co-founder Gordon Moore, for whom the theory about computing power is named.



Gordon Moore

In 1965, Moore said the number of transistors on a computer chip would double every year or two. Today, even as PC processors surpass 3 gigahertz, improvements

aren't slowing down.

Last week, the 74-year-old told engineers in San Francisco that he saw "no apparent roadblocks" for Moore's Law for at least another decade.

"Even if we get to the point where we can't squeeze any more (transistors) in there, we'll be putting billions of transistors on a chip," Moore said. "It's certainly not the end of creativity in the industry."

COMMERCIAL PROPERTIES

Tech firm TippingPoint sued for \$100,000 in rent

Times are tough on Loop 360 these days, with plenty of space vacated by technology companies that went bust when the Internet bubble burst. So landlords on Capital of Texas Highway are trying to collect every penny they can, even by going to court.

TippingPoint Technologies Inc., which was known as Netpliance in the dot-com days, was sued for not paying its rent for the past two months. Lakewood Property Trust filed suit in Travis County District Court to collect \$100,000 in overdue rent.

TippingPoint, which now sells network security software instead of a stripped-down PC for surfing the Web, has plenty of cash. At the end of October, it had \$32.4 million in cash on hand, according to securities filings. Company officials could not be reached for comment Friday.

HARDWARE SALES

For Dell, hand-helds good; white boxes not so good

Dell Computer Corp. says its experiment with hand-held computers, launched just before Christmas, was a big success. It can't say the same for a new effort to sell un-branded computers to small systems builders.

Dell's "white-box" strategy — named for the small vendors who otherwise build low-cost, no-name PCs for small-business users — has been a dud. Dell started offering its computers, sans the Dell logo, to vendors in August in hopes of boosting its small-business sales to offset sluggish corporate buying.

"We've not been super-impressed with what we've seen there," Michael Dell said. "I'd still put it in the experiment phase."

STARTUPS

Cygnal's growth claims sound good, but . . .

Many Austin-area tech startups are loath to say how much, if any, revenue is coming in the door for fear of tipping off competitors.

But semiconductor designer Cygnal Integrated Products Inc. has taken coyness to a new level.

The company claims that its sales of "mixed-signal" control chips have been steadily rising for the past 10 quarters and that its fourth-quarter revenue was 3.7 times what the company took in the year before.

It sounds impressive, but the statistic is really meaningless. Growth rates don't mean much unless you know what the base number is, and Cygnal isn't saying.

EXECUTIVE COMPENSATION

Applied Materials cuts its pay cuts for top execs

Applied Materials Inc., despite suffering from the semiconductor industry's worst-ever downturn, rescinded two rounds of executive pay cuts last year and raised the pay of its top officer by more than 5 percent.

But the top five executives of Applied Materials went a second year without cash bonuses, which had reached as high as \$3 million in 2000.

Last year, Applied Materials' profit fell 47 percent to \$269.0 million. In November, the company said it would cut 11 percent of its work force, about 1,750 jobs, including about 200 in Austin. Another 165 jobs here were cut last month.

Items compiled from staff and wire reports.

For updated stock quotes, go to statesman.com/business/stocks.

So long Silicon Valley, hello Silicon Paddy

China's rapid move into computer chips has global market implications

By Richard Read

NEWHOUSE NEWS SERVICE

SHANGHAI, China — Ten years ago, few people pedaling to work in what was then a run-down city without so much as a McDonald's could have imagined bunny-suited workers making advanced computer chips.

Since then Shanghai has rocketed into the developed world, embracing fast food and designer brands, abandoning bicycles for cars and building a

futuristic skyline. Companies ranging from Agilent to Xerox have spent billions on hulking, windowless factories that make China the world's workshop.

Now, workers in a handful of those plants are turning the global economic order on its head, moving far beyond low-tech goods to make semiconductors. The Chinese computer chips are closing the technical gap with those made in the United States, Japan and Taiwan.

Chip making could raise the world's most populous nation to the status of a top-tier industrial and military power. On a massive scale, China's ascent could displace manufacturing around the world and slash global prices.

China's marriage of high-tech

products and low-cost labor undercuts competitors in California's Silicon Valley, Austin's Silicon Hills and Oregon's Sunset Corridor. Malaysia and Singapore tally tens of thousands of high-tech jobs lost to China. Even Mexico is losing some "maquiladoras" — border factories — to China.

Little-known cities such as Wujiang, two hours' drive west of Shanghai, are swelling because of tech production. Wujiang, an old silk-making city, has seen its population of 780,000 rise by 200,000 workers in less than a decade.

Chinese factories soon will produce annually 36 million computers, 24 million electronic notepads, 5 million digital cameras, 3.6 million scanners, 3 million DVD players and 10 million

each of monitors, cell phones and batteries.

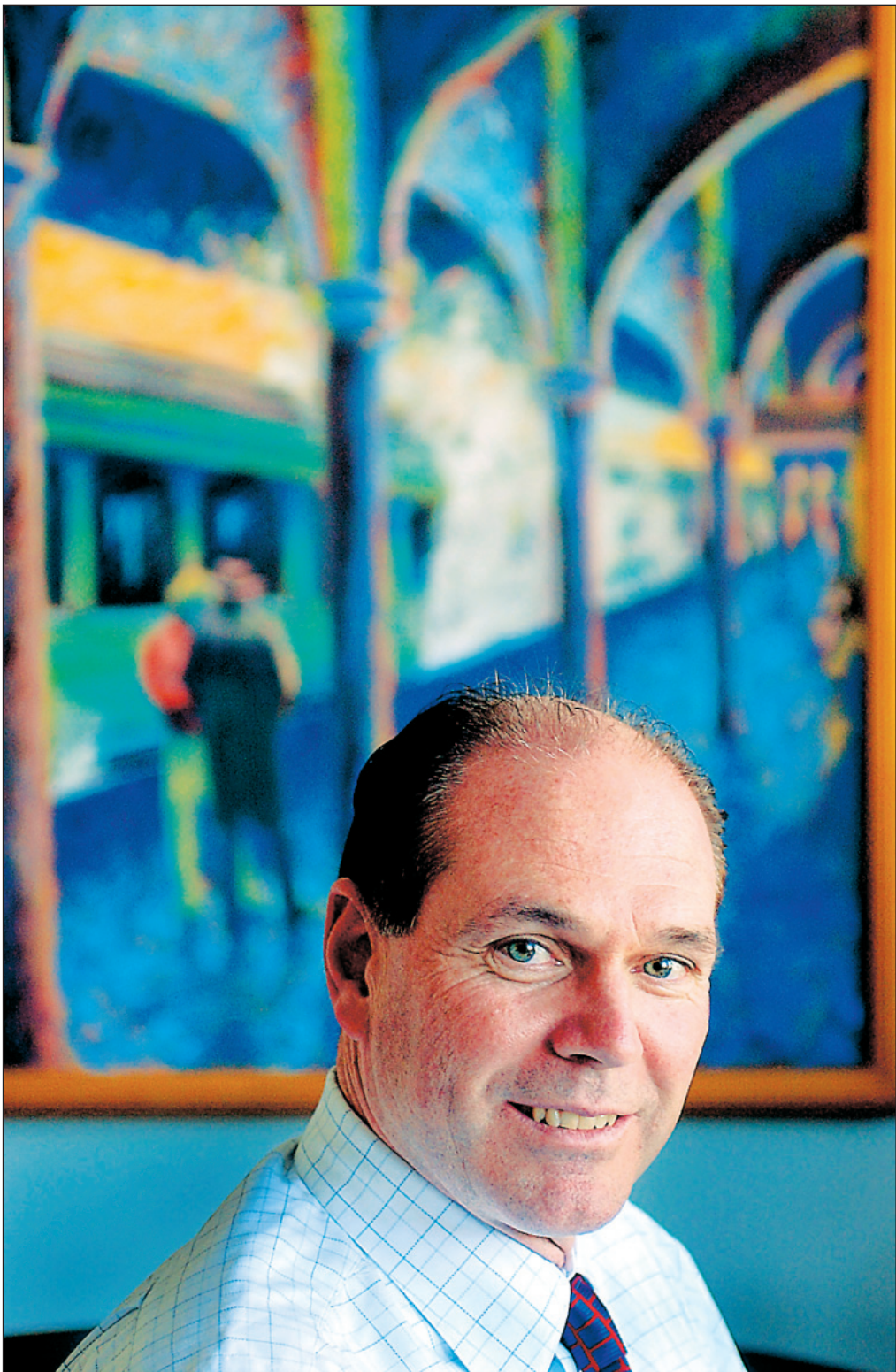
Climbing the ladder

China's quick success contradicts the conventional wisdom that developing countries gradually climb the technology ladder while advanced nations such as the United States preserve top-rung jobs.

Chris Chang, a Texas Instruments Inc. veteran, returned to his native China a year ago to advise one of the new Shanghai chip companies. He marvels at the pace of change. Behind him, a sleek gray factory rises from

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Investors offer Austin e-commerce company a 'vote of confidence' in uncertain times



Laura Skelding AMERICAN-STATESMAN

ClearCommerce chief executive Robert Lynch says the company wasn't looking to add to the \$55 million that venture capitalists have invested since its founding in 1995. 'Our investors offered it because they think we're in a position to grow,' Lynch said.

ClearCommerce Corp.

Founded: 1995

What: Makes software that lets banks and retailers process and secure online transactions

Customers include: Best Buy Co., Staples Inc., Orbitz LLC

Milestone: Just raised \$3 million in venture capital, bringing total to \$58 million

Headquarters: 11921 N. MoPac Blvd., Suite 400

Employees: About 100

Software maker is \$3 million sturdier

By Lori Hawkins

AMERICAN-STATESMAN STAFF

ClearCommerce Corp., one of the few Austin e-commerce companies still standing, has raised another \$3 million to expand and market its software.

The money comes at a time when many investors are choosing to shut down companies rather than pump in more cash. ClearCommerce, whose software helps banks and retailers process and secure e-commerce transactions, has raised a total of \$58 million.

The most recent financing is much smaller than the company's previous rounds of \$10 million and \$30 million. But chief executive Robert Lynch says, "it's a vote of confidence."

"It wasn't that we were looking to raise this round," he adds. "Our investors offered it because they think we're in a position to grow."

Founded in 1995, ClearCommerce was among the region's first e-commerce companies with venture backing.

As other Austin startups went down in flames during the dot-com crash, it persevered — shifting business models, attempting and withdrawing an initial public offering, cutting its work force, and, now, focusing on growth.

It recently has landed some big deals: London-based HSBC Holdings PLC, a leading banker in emerging markets in Asia, and office supplier Staples Inc. chose it to process online sales and provide fraud prevention. First Data Corp., the No. 1 processor of credit card transactions in the United States, is reselling ClearCommerce software to its customers.

"They've weathered this whole storm pretty well, and they have continued to find a leadership position," says Bill McAleer, managing director of Voyager Capital, a Seattle-based venture capital firm that chipped in on the \$3 million. Other investors are Austin Ventures, New Enterprise Associates of Menlo Park, Calif., and Financial Technology Ventures of San Francisco.

ClearCommerce began as a company that hosted the online stores for aspiring Internet retailers. In 1996, it began licensing its software for processing online credit card payments to Web retailers. In recent years, as

See **VENTURE**, D3

Renewable energy's buzz drawing investors

By Amy Cortese

THE NEW YORK TIMES

For Andrew Beebe, the light bulb went off almost two years ago at a computer technology conference in the Arizona desert. Beebe, who had just sold his profitable Internet startup and was wondering what to do next, picked up a book on harnessing the sun's energy — or, as he saw it, "how to hack photosynthesis."

At the time, March 2001, the computer industry was suffering from post-bubble shock, and California was being racked by an electricity crisis.

After reading the book, Beebe, 31, was convinced that the promise of solar, biomass, hydrogen- and wind-generated power was "the new new thing." After returning to San

Francisco, he became a partner at Clean Edge, a consultant to energy startups.

Beebe's former firm, BigStep, provided Internet services to small businesses. Now he is one of several former Internet entrepreneurs and professionals who during the past several months have quietly migrated to the emerging field of alternative energy.

With the threat of war in Iraq refocusing public attention on the United States' dependence on oil from the Middle East, renewable energy is regaining some of the buzz it had when Beebe was in diapers.

It is attracting the attention of entrepreneurs and venture capitalists who not long ago were dreaming of riches on the Internet. For now, the size

See **CAPITAL**, D5



Andrew Beebe is among the venture capitalists piling into the next big thing: alternative energy. He is particularly interested in solar power, or, as he sees it, 'how to hack photosynthesis.'

Robert Galbraith THE NEW YORK TIMES