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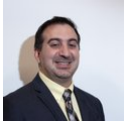
Metals co. in semiconductor supply chain plans big expansion in Hutto

Paradigm Manufacturing needs to grow to keep up with customer Applied Materials



Paradigm Manufacturing Inc. wants to add 60,000 square feet to its existing headquarters.

PARADIGM MANUFACTURING INC.



By [Justin Sayers](#) – Senior Staff Writer, Austin Business Journal
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A manufacturing company that is one of Hutto's newest employers, but already one of its largest, is eyeing a big expansion, buoyed by the boom in the semiconductor sector.

Just a couple years after Paradigm Manufacturing Inc. [moved into the fast-growing suburb northeast of Austin](#), the company is gearing up to invest \$8 million to add another 60,000 square feet and 50 jobs. That would be on top of the 100,000 square feet and 250 employees it has in the business and innovation park at 1149 New Technology Blvd.



Paradigm – which rebranded from Paradigm Metals Inc. upon its move to Hutto from Pflugerville – does computerized numerical control machining, precision metal

fabrication and clean room assembly.

Its biggest client is Santa Clara-based Applied Materials Inc., a maker of manufacturing equipment that is a huge component in the global semiconductor supply chain and a company with an already sizable Austin presence. Applied Materials itself [continues to eye a billion-dollar expansion to Hutto](#).

"It's no secret what's going on with the semiconductor industry," Paradigm CEO and President Daniel Chew said. "Everything has a semiconductor in it. We are seeing somewhat of a slowdown right now. To some extent a pause can be positive because it's been such dramatic growth over the last three years that it's been difficult to maintain. So we feel that the 60,000 square feet will fall right now into where the next upturn and ramp-up is going into effect."

Paradigm officials pinned the onus for their expansion on their close ties to Applied Materials (Nasdaq: AMAT), which creates equipment and software used by the world's largest chipmakers. Manufacturing experts have suggested that every chip in the world comes into contact with an Applied Materials product at some point in production.

While Chew declined to provide revenue numbers, he said Paradigm has seen 20% year-over-year revenue growth during the past two years.

"Because we're so closely tied to Applied Materials, who is the largest capital equipment semiconductor company in the world, we follow their revenue," Chew said. "We are their largest fabricator in our space."

Video: A look inside the Paradigm headquarters in Hutto

Paradigm Manufacturing 2022



The details of Paradigm's expansion emerged during a Feb. 13 meeting of the Hutto Economic Development Corp. Bob Farley, Hutto's economic development director, said the company is considering \$6.5 million in investment and \$1.5 million in business personal property additions at the site. It is in a preliminary design phase and the expansion would add about 50 jobs – adding to what ranks as one of the city's largest employers, along with BryComm LLC, [a security and information technology company](#).

The public disclosure was necessary because Paradigm and the city are considering incentives for the project. The company received a [10-year property tax rebate totaling \\$600,000 upon its initial move](#). Farley told Austin Business Journal on Feb. 17 that while discussions have occurred, "we don't have a specific request" for incentives at this time.

Chew said that Paradigm is ready to immediately break ground on the project, and is waiting for a couple of additional requests from the city, like approval to build higher ceilings. Chew in 2019 purchased the nine-acre site from the business park's developer, New Mexico-based Titan Development Ltd., through another company called Peripheral Investments LP, [property records show](#).

New era for Paradigm

The expansion would mark significant growth for Paradigm – and for Hutto, which had a population of about 31,000 in 2021, [according to the U.S. Census Bureau](#). Paradigm was at the vanguard of a recent wave of companies to move to the Williamson County city. A

lot more is on the way, lured by available land and proximity to Samsung Electronic Co. Ltd.'s [\\$17 billion next-generation chipmaking facility in nearby Taylor](#).

Other Hutto projects include a [221-acre data center campus](#) by Skybox Datacenters LLC and Prologis Inc. in what's known as the city's megasite. Titan – which has an office in Austin and large industrial parks in Hutto and Georgetown that have attracted high-tech manufacturers – acquired 188 acres in the area and is working on what will be known as the Mega TechCenter. Evo Entertainment Group LLC is also [working on a big entertainment venue](#) with movie theaters, bowling and more that's scheduled to open next year.

Paradigm initially started in a 50,000-square-foot facility in Pflugerville, which Chew labeled as an "old school manufacturing facility" that no longer suited its needs, prompting the expansion to Hutto. The company still uses that Pflugerville space for warehousing and storage. It also has a 22,000-square-foot facility in Taylor used as a warehouse and to manufacture wooden crates to adhere to strict requirements to ship overseas.

Its leaders hope to cash in on the expected expansion of domestic semiconductor production, a trend in which the Austin area stands to play a starring role. While Micron Technology Inc. passed on [Central Texas for New York](#) for a factory, Samsung may [build way more than initially planned at its Taylor site](#). Coupled with Intel Corp.'s massive project in Ohio and a new Taiwan Semiconductor Corp. fabrication plant in Arizona, the United States is seeing a surge of investment in chip manufacturing capabilities.

That is expected to trickle down to companies like Paradigm, due to its close ties to Applied Materials. Applied, which has played a key role in Austin's semiconductor sector since the 1990s, has for more than a year been tied to a site in the Hutto megasite, where the company was considering a capital investment of more than \$2 billion. That project is still being considered but a final decision has not been made.



Paradigm Manufacturing Inc. CEO Daniel Chew and Chief Operations Officer Blain Ogea outside the company's headquarters in Hutto.

PARADIGM MANUFACTURING INC.

Blain Ogea, Paradigm's chief operations officer, said the company aids Applied's research-and-design efforts that originate out of the latter's Santa Clara HQ, with engineering teams frequently collaborating. Public documents have noted that Applied's Hutto facility would likely be used for R&D. Ogea said that having that just down the road as opposed to in California "will be important."

Ogea added Paradigm is considered a "growth supplier" to Applied but that it will need more space to retain that distinction. Paradigm execs think they can reach 350 employees in the next couple of years.

"What that means is we're expected to match their growth in our facility," Ogea said. "Applied's been on a pretty big growth road map over the last few years, so they expect their growth vendors at the same rate they're going."

He noted there have been hurdles during the past couple of years, including the fluctuating labor market. He said the sheet metal fabrication process is more hands-on compared than other processes, but Paradigm is trying to overcome that by better using automation. That will be incorporated in the new space, along with more clean room space and modulated assembly rooms.

"Automation will be looked at for anything new we do for Applied," he said.

Chew said the first two years in Hutto have "been nothing but positive," with an easy-to-find location and less traffic. Plus, he said employees enjoyed the move.

"People literally sold their homes and moved over into Round Rock or into the Hutto area," Chew said. "There was a lot of excitement about the opportunity to sell their very expensive Austin homes and get somewhat more affordable homes in Round Rock or Hutto. It worked out for several of our people."

T H E L I S T

Manufacturing Firms

Austin: Total campus s.f.

Rank	Prior Rank	Company name (Prior rank)
1	1	Tesla Inc.
2	2	NXP Semiconductors
3	3	Samsung Austin Semiconductor LLC

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