

# BROADCAST

The Monthly Newsletter from SEMICAST

## New

- Automotive Market for Semiconductors (2008 edition)
- Automotive Electronics & Entertainment Systems Service (2008 edition)

## Coming Soon

- Industrial/Medical Semiconductor Service (2008 edition)
- Tactical Analysis of the World Industrial/Medical Electronics Market & Supply Chain
- 32/64-bit Microcontrollers, Embedded Microprocessors & DSPs
- ASICs, ASSPs & PLDs/FPGAs

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## CONVERTING TO SUCCESS: ANALOG & POWER DISCRETE SUPPLIERS DOMINATE INDUSTRIAL SEMICONDUCTOR MARKET IN 2007

Preliminary findings from the second edition of Semicast's **Industrial/Medical Semiconductor Service** show some interesting conclusions.

While historically overlooked by many vendors, semiconductor revenues in the combined industrial and medical sector are similar to those in automotive, and growing at about the same rate. Further, while industrial does not benefit from the hype and glamour of the consumer or wireless sectors, neither does it exhibit the "boom-and-bust" cycle so typical of the semiconductor industry as a whole. In the current economic environment, with the global credit crunch affecting consumer confidence in many regions of the world, semiconductor vendors can look to the industrial sector as a safe bet for steady and dependable revenues during uncertain times.

Unlike almost all other sectors, the industrial market has no clear leading semiconductor supplier, with STMicroelectronics, Infineon Technologies and Texas Instruments ranked as the top 3 vendors, but with fractions of a percentage point of market share between them. While this finding is perhaps surprising at first glance, it is to be expected since success in the industrial market is dependent on broadline success across a number of wildly different application areas as diverse as motor control, EPOS, test & measurement, medical imaging and renewable energy.

Few suppliers have the expertise or resource to focus on all areas simultaneously, so target segments which fit their strengths. As a result, the market share ranking is unusually fragmented with no clear leader. Further the stability of the market is demonstrated by the small year-on-year changes in market share shown by each of the vendors in the top 10, which is less than 1% in each case. Accordingly, vendors looking for stability in these uncertain times should carefully consider the opportunities offered by industrial applications.

**"...look to the industrial sector as a safe bet for steady and dependable revenues during uncertain times"**

Leading suppliers to the industrial sector all have in-house expertise in either analog ICs or power discretes. Together, these two product categories account for almost half of semiconductor revenues in the industrial sector,

reflecting the "real world" attributes of industrial applications, such as measurement, control and position. This is in contrast to sectors such as consumer and wireless, where highly integrated digital ASSPs from suppliers such as Broadcom, Conexant and Marvell are common.

Although supply to the industrial sector is led by some of the largest semiconductor vendors, the diverse nature of the application and customer base means there is room for success for many. Accordingly, companies who may have overlooked industrial applications in the past or dismissed the sector altogether as "one for the distributors" would be well advised to take a closer look.

The source material for this edition of BROADCAST is taken from the Semicast report "Industrial/Medical Semiconductor Service" to be published at the end of May. Please contact Semicast for further details, if required.

### Preliminary Top 10 Worldwide Semiconductor Vendors to the Industrial/Medical Sector

2007 rank	2006 rank	change	Company	2007 share	2006 share	change 07 vs 06
1	1	=	STMicroelectronics	7.0%	7.8%	-0.8%
2=	2	=	Infineon Technologies	6.4%	6.4%	0.0%
2=	3	=	Texas Instruments	6.4%	5.7%	0.7%
4	4	=	Renesas Technology	6.0%	5.5%	0.5%
5	5	=	Analog Devices	4.4%	4.9%	-0.5%
6	6	=	Toshiba	3.1%	4.0%	-0.9%
7	10	3	Maxim Integrated Products	3.0%	2.9%	0.1%
8	12	4	Vishay	2.9%	2.7%	0.2%
9=	7	-2	National Semiconductor	2.8%	3.5%	-0.7%
9=	9	-1	Freescale	2.8%	3.0%	-0.2%
			Others	55.2%	53.6%	1.6%

2007 Market Size: \$20billion

Source: Semicast Estimates (April 2008)

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