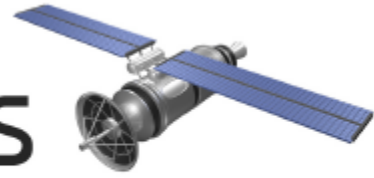


FutureHorizons



The Global Semiconductor Industry Analysts

Future Horizons Monthly Newsletter

JUNE 2011

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Industry Overview

March's WSTS again confirmed our January IFS forecast that 2011 was going to be a very strong industry year, despite the WSTS 'restatement' that 'lost' US\$1.5 billion (a whopping 7%!) from previously reported sales; hardly a restatement. Worse still, this was predominantly in MOS Logic (US\$ 0.5 billion, 8%) and MOS Micro (US\$ 1.0 billion, 19%) and predominately in February making the original errors so big they ought to have been spotted and challenged well before the numbers were published. The errors make no difference to our analysis and forecast trends as we do not rely on 'models' based on agonising over every single month's data point. We have long criticised this practise as too short-sighted and meaningless, given the supply side of this business has time lags and lead-times measured in years. 'D-' for the WSTS for releasing 'sloppy' numbers; 'A+' to those in the industry focused on long-term trends and the underlying issues.

A full market summary and industry capacity round up can be found each month in our [Semiconductor Monthly report](#).

Industry News By Company

[AMD UnARMed: Company Has No Plans to License ARM Architecture.](#)

Advanced Micro Devices said that it had no interest for ARM architecture and it would keep "x86 everywhere" strategy. The firm believes that its accelerated processing units (APUs) which combine x86 processing cores with ATI Radeon stream processors have potential to address personal computers as well as smartphones and emerging devices.

"It is definitely a misconception to say that ARM has a definite advantage over x86 (in mobile). We believe the APU is basically a piece of silicon that redefines the game. For example, it provides all day battery life on [11.6" notebook] and offers more compute power than any current Windows-compatible chip out there. Plus, it can run various operating systems and be implemented in multiple form factors. Clearly, x86 executed in the form of an APU has real opportunity and a future in more than one market," stated John Taylor.

[Apple's Cheaper Iphone](#)

If it ain't broke, why make it cheaper? Apple is selling its expensive, high-margin iPhones at an accelerating rate, and yet speculation persists that it has a much cheaper version of its smartphone in the works.

The idea is more sensible than it sounds. The expensive end of the smartphone market is still growing rapidly but in the next few years the bulk of the growth will be in the cheaper end. Credit Suisse thinks the market for phones that cost more than \$500 will stop growing after 2012 while the market for phones under \$300 will be on a tear. If Apple wants to maintain growth in the division that accounts for 40 per cent of total sales and 50 per cent of gross profit, it will need a product that more people can afford.

[Fujitsu Semiconductor Names Hiroyuki Hojo New President, Chief Executive Officer Of Fujitsu Semiconductor America](#)

Fujitsu Semiconductor America, Inc. (FSA) today announced that Hiroyuki Hojo has been named president and chief executive officer effective April 1, 2011. He replaces Shinichi "James" Machida, who will return to Fujitsu Semiconductor Limited (FSL) in Japan as Corporate Vice President in June.

Hojo joined the Fujitsu organization in September 2000. Before being assigned to FSA, he was Corporate Senior Executive Vice President and member of the board of directors of FSL and FSA. From April 2009 through March 2010, Hojo was FML's Corporate Senior Vice President and, from March 2008 through April 2009, was FML's Corporate Vice President. In these positions, Hojo directed the management of the company's planning and sales divisions, developing and implementing corporate strategies to promote Fujitsu's semiconductor business.

Fujitsu Expands FM3 Family of 32-bit MCUs Based on ARM® Cortex™ M3 Core

Fujitsu Semiconductor America, Inc. (FSA) has extended its comprehensive portfolio of general-purpose, 32-bit microcontrollers (MCUs), introducing 52 new products designed for home appliances, office automation, and digital consumer products.

The new MCUs are part of the Fujitsu FM3 family of controllers announced last November (http://www.fujitsu.com/us/news/pr/fma_20101115.html). The Fujitsu FM3 devices, which are built around the ARM® Cortex™ M3 global-standard core, incorporate a wide variety of peripheral features refined during Fujitsu's years of experience developing its 32-bit RISC (FR) microcontrollers.

Infineon First Semiconductor Supplier To Offer "80 PLUS® Platinum" Compliant Computing Silver Box Reference Design

Infineon Technologies has developed the first marketable silver box reference design that enables PC and server power supply units to achieve up to 92.35 percent efficiency, while significantly reducing the material costs. Infineon's solution IFX90ATX300W is based on the latest generation of three ICs (Integrated Circuits) and meets the industry's highest energy efficiency standard: "80 PLUS® Platinum". Efficiency indicates what share of the power drawn is actually used. The difference between power input and power output is the power loss, which is converted into heat. High efficiency, therefore, translates into a reduction in power consumption and lowering of electricity bills.

Motorola Mobility Boosted By Android And Xoom

Motorola Mobility reported higher than expected revenues in the first quarter, driven by strong sales of Android-based smartphones and the start of sales of its Xoom tablet. At the same time, the company said it expects to at least break even in the current quarter, with net earnings of up to \$35m, or \$0.12 a share.

The company, spun out from the old Motorola group at the start of this year, shipped a total of 9.3m mobile devices in the first quarter, including 4.1m smartphones and more than 250,000 tablets.

M/A-COM Acquires Optomai To Boost Fiber Optic Business

Semiconductor company M/A-COM Technology Solutions announced it has acquired fabless semiconductor company Optomai Wednesday, in move meant to bolster M/A-COM's presence in the high-speed fiber optic network market. M/A-COM is seeking to gain a larger foothold in the growing fiber optic market, said Jihye Whang, director of strategic marketing for M/A-COM.

"The piece we found attractive about Optomai is that they power our fiber optic networks and that was a piece we wanted to bolster in our product portfolio," said Whang in an interview. "Plus, with the ongoing demand for cloud computing and higher networking, everyone is upgrading their fiber."

Nokia Signs Smartphone Deal With Microsoft

Nokia has finalised its deal to team up with Microsoft in the smartphone market and said the companies were making good progress towards producing their first joint device as the pair try to fight back against Apple and Google.

Stephen Elop, chief executive, confirmed the alliance would result in Nokia receiving payments worth “billions of dollars” from Microsoft for adopting the US company’s Windows Phone software as its main smartphone operating system.

Nokia: The Soft Underbelly

It is three months since Nokia plonked all its chips down on an alliance with Microsoft. Shares in the world’s biggest mobile phone maker, which fell almost 20 per cent on the day of the announcement, have slid another 10 per cent since.

It is sinking in that Nokia is adrift in the high-end smartphone market. The company announced the death of its old operating system in February but will not produce a phone running Microsoft’s software until the end of the year. In the meantime, investors expect accelerated market share loss and falling margins as the company flogs its defunct smartphones on the cheap.

On Semi Enters ARM-Based 32-Bit Sector

SAN JOSE, Calif. – ON Semiconductor Inc. has developed its first ARM-based 32-bit microcontroller to expand the group's range of MCUs which includes the 8- and 16-bit devices supplied by Sanyo Semiconductor which was acquired in July 2010.

The Q32M210 precision mixed-signal 32-bit MCU has been developed by On Semi's medical division and will initially find applications in portable precision sensing devices.

Qualcomm: King of the Mobile Future

While the rest of the world was glued to Prince William's wedding over in England this week, my attention of late has been riveted not on royalty but on royalties.

Qualcomm (Nasdaq: QCOM) is spinning royalties into market-beating returns as it continues basking in the glow of its surprisingly strong second fiscal quarter report from last Wednesday. Earnings show a company that's firing on all cylinders and -- with apologies to the royal family -- looks increasingly set to emerge as the king of the next wave of computing.

Renesas: Chip Supplies To Recover By End-Oct

Japan's Renesas Electronics Corp , a major supplier of automotive chips, said on Wednesday that its semiconductor shipments would recover by the end of October to levels seen before a massive March 11 earthquake and tsunami disrupted global auto production.

Renesas, which supplies Toyota Motor Corp and others, said it would begin chip production at its Naka factory in eastern Japan's Ibaraki prefecture by early June, moved forward from its previously announced June 15.

Samsung, RealD To License New 3D Technology

Samsung and 3D company RealD are teaming up to license a new, full-resolution 3D technology to consumer electronics makers, the companies announced today.

Discussed at the Consumer Electronics Show earlier this year, the new technology promises better and brighter image quality. The technology brings active shutter functionality to the display, which alternates content viewing between the left and right eyes, making full use of all the display's pixels. Content delivered through the companies' technology can be viewed with RealD's circularly polarized 3D eyewear.

Switch To Android Boosts Sony Ericsson

Sony Ericsson will continue its shift towards making smartphones after concluding that it “can’t make money” from more basic handsets, its chief executive said on Tuesday.

The world’s sixth-biggest phonemaker reported a net profit of €1m in the three months to March – down 48 per cent from the prior year period, but defying analysts’ predictions of a loss of more than €20m.

Toyota Outlook Bleak As Parts Shortage Hits Output

Toyota Motor Corp is facing another tough year as a severe shortage of parts caused by the March 11 earthquake hammers production just as the world's biggest automaker was putting its recall woes behind it.

Like rival Honda Motor Co , Toyota is expected to forego announcing annual financial forecasts when it reports fourth-quarter results on Wednesday until it gets a clearer picture of the pace of recovery in production.

Loss Of Chip Factory To Quake A Blow To Auto Industry

A modern car is a computer on wheels. The window openers, the dashboard navigation maps, the fuel injectors — these and many other operations are controlled by some of the 100 or so electronic systems in a typical car.

No wonder the magnitude 9.0 earthquake that knocked out one of the world’s leading automotive computer-chip factories struck such a severe and lasting blow to the global auto industry.

Industry News & Trends

Bringing Social Games to Europe

Wooga GmbH is one of a handful of rising stars in the competitive world of online social games. It is also the only one not in Silicon Valley.

Since launching its first game, "Brain Buddies," in July 2009, Berlin-based Wooga has become the fourth-largest games developer by monthly average users on social network Facebook Inc. It is trying to crack a market that is dominated by California-based companies, including Zynga Inc., Electronic Arts Inc. and Crowdstar Inc.

Nearly 19 million people were playing Wooga's games on April 1, according to AppData, a tracking service. That's more than double a year ago.

India Plans Its First Commercial Semiconductor Fabs

The Indian government has established a committee to identify technology and potential investors that could set up India's first two commercial semiconductor wafer fabs, the country's Ministry of Communications and Information Technology said.

The committee, which is to submit its report by July 31, will also recommend the nature and size of government support to the fabs, which could range from equity participation to grants and subsidies in physical or financial terms, the ministry said in a statement on Wednesday. The ministry put the rough cost of the two fabs at US\$5 billion.

LED Demand In The Military To Dominate NVIS Market

The consumption value of packaged LEDs used in Night Vision Imaging System (NVIS)-compatible lighting is forecast to increase from \$36.2 million last year (2010) to \$132.8 million in 2017.

ElectroniCast Consultants has released a new market research study of the global consumption of LEDs used in Night Vision Imaging System (NVIS) compatible lighting in non-civilian applications, such as military, law enforcement, emergency medical services (EMS) and related applications.

Emerging Markets Boost US Chip Industry

The US chip industry is looking forward to a strong second half of the year after shaking off the effects of the Japanese earthquake and tsunami, weak economic conditions and gloomy analyst predictions.

The tablet segment is not cannibalising the PC market to the extent many feared, while increased corporate buying and the strength of demand in emerging markets have been highlighted by semiconductor companies reporting earnings in the past week.

Camera Interface Choices Expand

Vision-system and manufacturing engineers are demanding vision systems with greater sensitivity, faster frame rates, and more image data. In response, camera makers are choosing from an expanding menu of interfaces to handle the resulting bandwidth.

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Multi-megapixel CCD sensors, and CMOS sensors with global shutters and high frame rates, are driving the need for faster interfaces, especially in applications that employ AOI (automated optical inspection) systems and semiconductor inspection systems. In these applications, manufacturers want a very high-resolution, high-sensitivity camera for a competitive price.

“Outlook” Explores Test-And-Measurement Trends

National Instruments recently released the 2011 version of its annual “Automated Test Outlook” report, in which the company described four key trends it sees affecting the test industry. The report (Ref. 1) provides some thought-provoking insights regarding system architecture, heterogeneous computing, concurrent design and test, and business strategy. NI’s conclusions, however, are not entirely shared by other companies in the test industry.

In the area of test-system architecture, NI sees the industry moving away from creating monolithic stacks for test software and toward the use of modular software elements. NI says companies are looking for “separate yet tightly integrated elements for test management software, application software, and driver software.” Such elements allow test engineers to choose between commercial and in-house offerings to obtain the optimal tool at each level. Increasing modularity will also help reduce future test-development time and mitigate obsolescence, NI concludes.

Centre To Set Up Two Semiconductor Wafer Units

The Central Government would soon set up two plants to manufacture semiconductor wafers with a total investment of Rs.50,000 crore to boost India's electronic hardware production, Minister of State for Planning Ashwani Kumar said on Friday.

“Approval has been granted for it...we are taking it to the Cabinet for establishment of two large wafer and semi-conductor facilities costing Rs.25,000-crore each. The facilities are intended to breach the mismatch between demand and supply for electronic hardware in the country and are intended to act as a catalyst for fulfilling the XII Plan (2012-17) target of 11-12 per cent growth in the manufacturing sector,” Mr. Kumar told journalists here.

Honeycomb Tablet Has 4G And 3-D But Is No Ipad

For the many companies designing tablets based on Google's Android operating system to compete with Apple's dominant iPad, there are twin challenges. The obvious one is to convince consumers to buy something other than the iPad 2. The less obvious one is to differentiate their products from all the other slates based on Android.

A review of the T-Mobile G-Slate, a new Android tablet that tries to differentiate itself from all the other Android tablets and the iPad 2 by offering a new size (in between the small 7" models and the iPad-sized 10" models;) faster, 4G cellular data speeds; and the ability to record and play back 3D video -- as long as you're wearing those colored glasses from the 1950's movie theaters.

Worldwide Smartphone Chip Revenue To Grow 21% CAGR During 2009-2015

It has forecasted that the worldwide smartphone processor chip revenue will have a CAGR of nearly 21% from 2009-2015. Over 60 semiconductor companies worldwide produce semiconductor components for mobile phones.

Total handset semiconductor content will surpass \$81 billion in 2015. Pico projector revenue is forecast to grow at an amazing rate of 163% over the forecast period. Smartphones are expected to make up 45.3% of all handsets shipped in 2015. Semiconductor revenue associated with accelerometers and/or gyros will exceed \$300 million by 2014.

Silicon Spintronics Possible At 225°C Too

Scientists at the U.S. Naval Research lab have demonstrated that spin accumulation in silicon is viable at high ambient temperatures in the range of 200-300°C. Spintronics is a relatively nascent field with many unexplored avenues. For starters, let us first understand what spintronics is exactly. It involves the use of the electron spin of the valence electrons in semiconductor materials like silicon and germanium as the governing force for current instead of electron charge.

This technology will help to develop high performance semiconductor devices that will be much faster, reliable, low energy consuming and with lower levels of power dissipation. The Materials Science and Technology department researchers have now observed and experimentally proven that this process of electrical injection, detection and spin accumulation in Si at 225°C is possible and can be achieved with a little modification to the earlier approach. This important revelation implies that Silicon can be used to develop reliable practical spintronic devices which fulfil the operating temperature specifications for industrial (100°C), commercial (85°C) and military (125°C) applications.

TV Apps To Dominate LED Demand Through 2013

DisplaySearch says that LED lighting will take over in 2014 and the LED penetration rate in large-area backlighting is forecast to reach 70% in 2011.

Demand for LEDs continues to rise, with TV applications forecast to dominate LED demand through 2013, accounting for nearly 50% of total LED backlight market demand.

According to the DisplaySearch Quarterly LED Supply/Demand Market Forecast Report, LED lighting will capture the lead by 2014, as demand for LEDs in LCD TV backlights falls. This drop is expected due to a decrease in the number of LED packages per set—a result of efficacy enhancements and cost reductions.

NFC-Enabled Handset Shipments To Boom, Says IHS iSuppli

The decision by three major US wireless carriers to partner with leading credit card companies on a mobile commerce initiative will boost the market for embedded payment technology in cell phones, helping global shipments of handsets with near field communication (NFC) technology to rise to nearly 550 million units by 2015, according to IHS iSuppli.

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AT&T, Verizon and T-Mobile recently announced that they would work with Visa and MasterCard on their Isis joint venture, which was established to form a nationwide infrastructure for NFC-enabled mobile payments using mobile handsets in the US. The original Isis JV did not include the two largest US credit card companies.

East European News & Trends

[Interservice Uzunovi To Install 1 MW Solyndra CIGS Plant In Bulgaria](#)

The installation consists of approximately 6,000 Solyndra solar panels, which will produce over 30,000 MWh of electricity.

Solyndra, a manufacturer of cylindrical photovoltaic (PV) systems for large commercial rooftops, and Interservice Uzunovi solar division, have signed an engineering, procurement and construction (EPC) agreement.

Interservice Uzunovi will install a 1 MWp Solyndra installation on the rooftops of Biomet Co., a leading Bulgarian logistics company in Sevlievo, Bulgaria. The project highlights the continued adoption of Solyndra's rooftop solar PV systems in Bulgaria and in South Eastern Europe.

[Total Looking To Significantly Increase Russia Output](#)

France's Total (NYSE: TOT), Europe's third-largest oil company, is looking to increase its output in Russia in significant fashion over the next decade, aiming to ratchet up its production there by more than 30-fold to 300,000-400,000 barrels of oil equivalent per day by 2020, according to Bloomberg News.

The French company, which has been doing business in Russia since 1989, is counting on projects in Russia's area of the Arctic Circle to help achieve the increased output. Total is working on five exploration and production projects with Russian partners, Bloomberg reported.

[Optogan shows off prowess as a Bavarian-Russian high-tech company](#)

The LED chip and lighting manufacturer's plant in St. Petersburg was visited by delegates of the Bavarian Ministry of Economic Affairs.

Representatives of the Bavarian delegation of the Ministry of Economic Affairs, which is focused on sustainable power generation and supply, visited Optogan's LED plant in St. Petersburg last Friday.

The aim of the delegation was the expansion and intensification of the existing economic ties between Bavaria and Russia. Russia is the largest and most important trading partner for Bavaria in Eastern Europe. This year Bavaria is partner country in the so called "German Week" in St. Petersburg.

[Russian Automobile Sector Set to Drive Steel Demand in the Country](#)

With ongoing recovery and expected future growth, the steel demand from automobile sector will surge at a CAGR of around 17% during 2010-2014.

According to our research report "Russian Steel Industry Analysis", Russian automobile sector accounts for significant share in the overall steel consumption in the country. However, the sector have declined in 2009 resulting severe fall in automobile production. However, with the federal government support to revitalize the industry growth, it is expected that the automobile industry growth will be back.

Becom Expands In Hungary

Becom Electronics Hungary is to invest around HUF 480 million (EUR 1.8 million) in the construction of a new production hall. The EMS-provider operates a manufacturing base in Tatabánya (NW Hungary). This is partly financed through a HUF 144 million (EUR 540'000) EU grant.

Furthermore, the EMS-provider also plans on spending HUF 820 million (EUR 3 million) on technology upgrades, local media reports.

The new production capacity will also result in 20 additional jobs at the facility. The company currently employs 80 staff.

Vimpelcom Appoints Lunder As Chief

VimpelCom has announced the appointment of a new chief executive, a month after Russia's second-largest mobile phone operator bought the telecoms assets of Naguib Sawiris, the Egyptian entrepreneur.

Alexander Izosimov will step down as VimpelCom's chief executive on June 30, and be replaced by Jo Lunder, at present the Russian operator's chairman.

Telenor moves to delay VimpelCom deal - Jan-31
Telenor to stand firm in fight over VimpelCom deal - Jan-17
Mr Lunder is due to be succeeded as chairman by Augie Fabela, a co-founder of VimpelCom's predecessor company.

Chip Start-Up Joins With Russia In Memory Deal

A Silicon Valley chip start-up is teaming up with a Russian government investment fund on a \$300 million manufacturing venture, a boost for a novel memory technology and the country's efforts to become a center of electronics production.

Crocus Technology, a closely held company founded in 2006, is among a number of companies hoping to commercialize chips based on a technology called MRAM, for magnetoresistive random-access memory. The start-up and a state-owned entity known as Rusnano on Tuesday are expected to discuss plans to set up a company to build a factory in Russia that would make advanced versions of the MRAM chips.

Rusnano-Backs-MRAM-With--300M-Deal--Says-WSJ Russia Backs MRAM Startup In \$300M Deal

LONDON – Crocus Technology Inc., a developer of MRAM technology, and Rusnano, a nano-technology investment fund, have closed an agreement to create an MRAM manufacturing company, with a combined investment totaling \$300 million, the companies said on Tuesday (May 17).

Crocus and Rusnano will form Crocus Nano Electronics (CNE), to build an advanced MRAM facility in Russia, capable of manufacturing medium to high density MRAM products based on Crocus' Thermally Assisted Switching™ (TAS) MRAM technology

at 90-nm and 65-nm lithographies. Rusnano is the Russian government investment fund for nanotechnologies.

World Economic Round Up

The IMF has said that rising commodity prices are posing risks to the global economy just as many nations are struggling with government debt and wounds from the financial crisis. During its outlook for world economy the IMF remained relatively upbeat despite several threats looming on the horizon. As governments wind down their stimulus programmes during 2011 and 2012, global economic growth is expected to slow to 4.5 percent which will be down from 5 percent in 2010. Oil prices have decreased to around US\$112 from their recent all time high in sterling terms of US\$121.

The world's largest economies are set to grow at different speeds, with the US, Germany and Russia performing strongly while Italy, Brazil and India will experience slower growth than they are used to. The OECD said that given the recent events in Japan it was impossible to calculate a Composite Leading Indicators (CLI) for them. CLIs for the UK and France indicate that growth will be slow albeit stable while Canada and China are signalling regained momentum.

Industry Events

Future Horizons Events

- [Industry Forecast Briefing, London – 14th July](#)
- [Silicon Chip Industry Training Seminar – London – 12th September](#)
- [International Electronics Forum – Seville – 5th – 7th October 2011](#)

To book your place on any of our events please contact us on:

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[Download Future Horizons Full Events Calendar Here](#)

Industry Events

- [euroLED 8th – 9th June](#)
- [Advanced Photonics Congress 12th -15th June](#)
- [SEMICON Russia 2011 – 15th – 16th June](#)
- [UK Semiconductors 2011 – 6th – 7th July](#)

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