



Future Horizons Monthly Newsletter

MAY 2011

Contents Page

Industry Overview	3
Industry News by Company	4 - 6
Industry News & Trends	7 - 9
East European News & Trends	10
World Economic Round Up	11
Future Horizons & Industry Events	12

Industry Overview

February's WSTS confirmed our January IFS forecast that 2011 was going to be a very strong industry year, despite the boom to bust illusion that 'only 9 percent' growth portrays. February's sales were up 12.6 percent versus the same time last year, 5.0 percent in units and an impressive 7.2 percent in ASP despite the 28-day month and Chinese New Year. Overall Jan plus Feb sales totalled US\$49.0 billion, meaning March only has to turn in at US\$ 26.4 billion to hit our 0.0 percent Q1 vs Q4 forecast. Given March is a five week month that would be a 13.7 percent monthly run rate DECLINE, more than enough to have set the quarterly guidance alarm bells ringing. They are not, quite the opposite in fact. Our plus 2 percent upside Q1 forecast is now looking incredible average ... Q1 is going to be strong ... very strong; so too will be 2011!

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

Industry News By Company

Apple

[Japan's Crises To Worsen Ipad 2 Shortages](#)

The Apple iPad2 has been selling out in stores across the United States since its launch March 11. The scarcity of the device will probably continue as Japan continues to recover from the earthquake and tsunami that struck the nation that day and tries to rein in an escalating nuclear crisis.

ASML

[ASML Sees Record Year](#)

ASML, the world's largest maker of lithography systems that map out electronic circuits on silicon wafers, said first-quarter net profit rose to €395 million (\$571.9 million) from €107 million a year earlier. Sales almost doubled to €1.45 billion from €742 million for the three months to March 31, as the company benefited from the strong recovery in the semiconductor industry.

Bosch

[Bosch, CST Develop Simulation For Power Electronics](#)

Robert Bosch, Computer Simulation Technology AG and Berlin's Technical University are jointly developing a software package to test energy-efficient power electronics. The project may help the electric-vehicle industry lower costs and speed up development of key technology inside the car. The so-called SOLar project – a German acronym for simulation and optimisation methodology for the system design of power electronics – wants to design a system that lets engineers identify electrical and thermal problems with computer software.

Daimler & Bosch

[Daimler And Bosch In Joint Venture](#)

Germany's Daimler and Bosch plan to jointly develop and produce electric engines, demonstrating how the shift towards electric cars is reshuffling whole value chains in the car sector. The premium carmaker and the world's largest automotive supplier by sales said they signed a letter of intent for a joint venture aimed at producing electric engines for battery-powered cars starting next year.

Fujitsu

[Fujitsu Offers UK Fast Rural Broadband Network](#)

Fujitsu is to create a superfast broadband network for rural parts of the UK, rivalling BT's service. Virgin Media and TalkTalk have already said they will use it to provide internet services. It will also be open to local authorities. Much of the system will be built on BT infrastructure, such as underground ducting and phone poles, which it has been forced to open up to competitors.

Freescale

[Freescale Lowers Entry Cost For ARM Micro Design](#)

Freescale Semiconductor hopes to widen the use of its Kinetis range of ARM Cortex-M4-based microcontrollers with a development tool for small form factor designs. As a lower cost alternative to the company's existing Kinetis development platform, the KwikStik development tool combines a J-Link debug probe, low-power touch sensing, a segment LCD user interface and a suite of development and run-time software.

Huawei

[Chinese Telecoms Giant To Create 500 UK Jobs](#)

Huawei says it is planning to create 500 jobs in the UK over three years. This would double its headcount in the UK. The telecoms network system supplier said it also plans to generate a further 1,000-1,500 subcontracting roles over three years. It currently has around one hundred vacancies open ranging from permanent to fixed term contract roles across its UK business.

Hynix

[Hynix Semiconductor Unveils Advanced Chip](#)

Hynix Semiconductor Inc., the world's No. 2 maker of computer memory chips, said Monday that it has developed an advanced DDR4 dynamic random access memory (DRAM) chip and will start mass production in the second half of 2012. Hynix developed the 2-gigabit DDR4 DRAM device based on 30-nanometer class process technology, it said in a statement. The energy-efficient DDR4 DRAM transfers data twice as fast as the existing DDR3 DRAM and works at the industry's fastest speed of 2,400 megabits per second.

Lenova

[Lenovo Says Chip Supply Could Hit Tablet Shipments](#)

Tight supply of memory chips after the major earthquake in Japan could affect the supply of Lenovo Group Limited's new tablet computer, a company executive said, highlighting the uncertainty the disaster has created for makers of electronic gadgets. There are no indications that Lenovo is encountering problems yet, and the Chinese company went ahead recently, as planned, with the start of sales of its LePad tablet computer in China to compete with the likes of Apple Inc.'s iPad. The March 11 earthquake and tsunami, as well as the ensuing nuclear crisis in Japan, have highlighted the global dominance held by many of the country's manufacturers of electronic components, and raised concerns that disruptions to their production could cause shortages and price spikes for products such as memory chips and liquid-crystal display panels.

Microsoft

[Microsoft Launches Streetview Rival In Europe](#)

Microsoft is launching its own version of Google's StreetView - dubbed Streetside - across Europe. Cars fitted with cameras have begun taking pictures around London and will start mapping major cities on the continent next month. The service is already

available in 56 US towns and cities. Microsoft has been keen to avoid the privacy concerns that dogged Google's service but said that it does plan to gather wi-fi data.

Nissan

[Nissan Extends Easter Closure In UK Due To Parts Delays](#)

Carmaker Nissan is to suspend production in the UK for three days due to parts shortages caused by the Japan earthquake. The stoppage at its Sunderland plant is in addition to the planned Easter closure at the end of the month. On Wednesday, Honda said that it would halve production at its Swindon plant from next week. The car and the electronics industries are expected to be most affected by last month's disaster in Japan.

Philips

[Philips Moves To End Losses At Ailing Television Arm](#)

Dutch consumer electronics giant Philips is putting its struggling television arm into a joint venture. The division has been a long-term drag on the finances of Philips, which reported a 31% fall in first quarter profits to 138m euros (\$198m; £122m).

Samsung

[Samsung Austin Semiconductor To Hire 300 Engineers And Technicians](#)

Samsung Austin Semiconductor has announced it will hire 300 engineers and technicians in the first six months of 2011 as part of the US\$3.6-billion expansion of the semiconductor's plant. In 2010, they hired more than 600 employees as part of the current expansion, bringing total employment to approximately 1,700," Charmaine Winters, senior human resources manager at Samsung Austin Semiconductor, said.

Sony Ericsson

[Sony Ericsson Slows Phone Rollout Due To Quake](#)

Mobile-handset maker Sony Ericsson Friday said it has delayed the broader launch of its Xperia Neo phone until early in the third quarter due to supply chain disruptions resulting from the earthquake in Japan. Sony Ericsson, a joint venture between Sweden's Telefon AB LM Ericsson and Japan's Sony Corp., said the broader launch of the Neo phone was initially scheduled for late first quarter or early second quarter 2011.

Synopsys

[Synopsys Offers IP For TSMC 28-Nm Process](#)

EDA company Synopsys Inc. has announced that is interface physical layer intellectual property cores and embedded memory SRAM for the 28-nm process technology from Taiwan Semiconductor Manufacturing Co. Ltd. Synopsys (Mountain View, Calif.) provides IP cores for license from its DesignWare library. The 28-nm ready cores include SuperSpeed USB 3.0, USB 2.0, HDMI, PCI Express, DDR and SATA and SiWare embedded memory SRAMs.

Industry News & Trends

Automotive & Electronics Production To Push Robot Adoption In 2011

The outlook for the global robotics industry is rosy, with a great year in 2010 and promising prospects for 2011 and beyond, according to statistics for Industrial released by the International Federation of Robotics (IFR) Statistical Department at the AUTOMATE event in Chicago.

Flip-Chip Market Seen In Growth Phase

According to a new report by market research firm Yole Développement, Flip-chip packages accounted for 13 percent of all IC packages by the end of 2010, accounting for more than 29 percent of the global IC assembly, packaging and test market, or roughly US\$16 billion,.

Yole (Lyon, France) said its analysts believe that the flip-chip market is still in a growth phase, despite the fact that it looks like a mature market at first glance. Major flip-chip technology and application and supply chain transformations loom ahead, according to the analysts.

Your Flexible Friend

Silicon is a good material from which to make computer chips. Appropriately doped, it is an excellent semiconductor and its raw material, sand, is hardly in short supply. But even though sand is cheap, the purified silicon needed for chips is expensive to make as, indeed, are the chips themselves. A modern microprocessor requires a billion-dollar plant called a fab to etch onto its surface the tiny electronic components that make it run. On top of all this, silicon chips are hard and rigid, restricting their application in things like flexible display screens.

For all these reasons, then, engineers have long dreamed of building chips out of something cheaper and more bendy, plastic, say. Jan Genoe and his colleagues at IMEC, a semiconductor research centre in Leuven, Belgium, have now done just that. The result would not exactly power a modern PC. It is more like something from a 1970s pocket calculator. But it is a step on the road to the much-discussed idea of plastic electronics, and probably an important one.

Europe Set For 'Smart Tag' Privacy Code

European regulators and industry organisations have agreed to establish a voluntary code to protect consumers' privacy when they buy or use products carrying 'smart tags'.

The voluntary agreement establishes a set of tests to be carried out before the tags are put on the market to assess any privacy risks and take countervailing measures whenever a new application is introduced.

China Electronics & Information Manufacturing Industry Grows

China's electronics and information product manufacturing industry has grown steadily in the first two months of this year, and the photoelectric device sector has become hot for investment.

Technology shows that the electronics and information manufacturing industry posted a 14.3 percent rise in added value in the first two months, which was 0.2 percentage point higher than the average growth of the national industry; and the sales revenue of China's large-scale electronics and information enterprises (companies with annual sales exceeding 5 million yuan), increased 21.6 percent year on year to 970.6 billion yuan.

Rise Of Mobile Technology In The Wholesale Electronics Industry

The rise of mobile technology is one of the biggest technology trends that has ever been seen in the wholesale electronics industry. While the development of mobile platforms has evolved over the past decade, technology now offers optimum functionality with location-based advertising, highly targeted couponing and rich-media creative, resulting in ever increasing mobile adoption. The only remaining obstacle is the fragmented nature of the mobile industry by platform and device.

Trying to Stand Out in Apps Crowd

Mobile-application stores like Apple Inc.'s App Store and Google Inc.'s Android Market are getting crowded. For this reason software developers have to come up with clever strategies to make a splash with their apps.

One case in point is Microsoft Corporation. When the company sought to attract iPhone users to its Bing mobile Web browser app last summer, it sponsored apps by outside developers that gave consumers access to free music for a limited time. The move got people to download the main Bing app and also helped get the Bing name on more of the top most frequently downloaded free iPhone apps.

Taiwan Set To Become World's Top Semiconductor Material Market

Taiwan is expected to emerge as the world's largest semiconductor material market this year after posting its biggest growth among other countries in the sector last year. In 2010, the total sales of semiconductor materials in Taiwan amounted to US\$9.11 billion, an increase of 33 percent from the previous year.

Pin+ Offers Matrix Encryption

Security firm PinPlus has developed a one-time password system with 2.1 billion combinations. The so-called pin+ system utilises the power of matrix-pattern authentication (MPA) to generate one-time codes without hardware tokens or card readers.

Jonathan Craymer, managing director of PinPlus, said, "Pin+'s patent-pending system ensures "correct" codes can only be used once, while many other systems allow you to use codes again, leaving them susceptible to so-called replay attacks."

Semiconductor Materials Sales Increase 25% In 2010

The Semiconductor materials market revenues totalled US\$43.55 billion in 2010, up 25 percent compared to 2009. Record device shipments were achieved, surpassing the previous high of US\$42.67 billion set in 2007. According to a recent report, total wafer fabrication materials and packaging materials reached US\$22.93 billion and US\$20.63 billion, respectively.

In 2009 wafer fabrication materials sales reached US\$17.75 billion, while packaging materials reached US\$17.09 billion. Significant increases in silicon and advanced packaging substrates revenues contributed to the year-over-year growth of the total semiconductor materials market.

Electronics Firms Agree On 3D Compatibility

Converts to three-dimensional entertainment will be able to do away with different eyewear for all their various appliances after some of the biggest names in home electronics agreed on the first industry standard for three-dimensional active-shutter glasses.

The agreement will enable consumers to use the same optical equipment across the different makers' 3D television sets, computers, home projectors and cinema projection units.

Chip Design Industry Set To Touch \$10.2 B By 2012

Driven by increasing sales of electronics and telecom sector, the Indian semiconductor design industry is expected to reach US\$10.2 billion by 2012. According to the India Semiconductor Association, the Indian chip design industry, which comprises VLSI design, embedded software development and board design, is estimated to grow 17.3 per cent year-on-year from US\$7.5 billion in 2010.

PC Downloads As Easy As An App

Installing software on a personal computer can be a time-consuming and tedious process that's nowhere near as fast and effortless as downloading an app for a smartphone. Now there's a better way: Get an app for your PC. Apps have been popular on mobile devices for years, but now Apple and Google are making a range of their most popular apps available for download on computers.

After successfully proving the popularity of app stores on mobile devices, Apple and Google have brought them to the personal computer. In January, Apple unveiled a version of its app marketplace to computers: the Mac App Store. In December, Google gave PC and Mac users a way to download apps on their computers using the Chrome Web Store, accessible via Google's Chrome Web browser. Each of these marketplaces includes a different set of apps than those available for mobile; Apple's offers about 3,400 apps and Google's, about 3,700.

East European News & Trends

[Russian Fund Hopes To Lure Foreign Investment](#)

Russia hopes to attract \$60 billion to \$90 billion in foreign investment over five years with a new government-backed fund that is aimed at private-equity investors now deterred by the country's rough business climate, according to a top official. "Investors are simply scared," Vladimir Dmitriev, head of Vneshekonombank, the state bank setting up the new fund, said in an interview. "Investors are ready to come only on condition that the government shares the risks with them."

[Sales Of Cars And LCVs In Russia Up 77%](#)

Sales of cars and light commercial vehicles in Russia jumped 77% year-on-year in the first quarter of 2011 to 517,304 cars, the Association of European Businesses said on Friday. The rapid rebound in the Russian market continued in March. Looking forward, the year-on-year increases will lessen, reflecting the inclusion of scrappage sales in the corresponding base period for 2010, but provided that oil prices remain high and the economic recovery continues, we remain confident for the balance of the year and 2012, Mark Ovenden, Deputy Chairman of the AEB Automobile Manufacturers Committee, said in a statement.

[Russia Gets Giant Boost from Rising Oil Prices](#)

As much of the world reels from civil unrest and natural disasters, Russia is cashing in on high oil prices that may allow it eliminate its budget deficit in 2011. Libya suspends oil exports. Political revolts put the Persian Gulf on edge. And Germany and Japan close one quarter of their nuclear reactors.

[PSA To Invest 130 Mln Euros In New Slovak Model](#)

PSA Peugeot Citroen (PEUP.PA) will invest 130 million euros (\$188 million) at its Slovak assembly plant to add a new model, the company's chief executive officer said on Monday. PSA Peugeot Citroen Chief Executive Philippe Varin said the car maker would also add around 900 new jobs to the 3,000-strong workforce at the factory, located in the western Slovak town of Trnava.

[Rusnano Chief Urges Investment In Russia's Nanotech Startups](#)

The head of the Russian State Nanotechnology Corporation (Rusnano), Anatoly Chubais, urged Russian angel investors on Thursday to put funds into regional nanotechnology projects. Angel investors are investors who put their own personal money into new projects at the early stages for a share of subsequent profits. The size of angel investments usually ranges from several thousand dollars to one million euros.

World Economic Round Up

With Japan reeling from an earthquake and nuclear crisis, political unrest in the Middle East, out of control growth and high inflation in China and other emerging markets and continuing fiscal strains looming over parts of Europe, it really does feel as though the world is in turmoil.

These political disputes and natural disasters will impact upon the global economy bringing negative consequences both in the long and short term. For example, as a result of the earthquake the London based Centre for Economics and Business Research said the global economy would be 0.2 percent smaller than had the earthquake had not occurred.

The latest economic news by country to include USA, Europe, UK, Japan, China, Asia Pacific and India can be found each month in our [Semiconductor Monthly Report](#).

Industry Events

Future Horizons Events

- [Silicon Chip Industry Training Seminar](#) – London – 13th June
- [IC Economics Industry Workshop](#), London – 14th June
- [Industry Forecast Briefing](#), London – 19th July

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

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Email: mail@futurehorizons.com

[Future Horizons Events Calendar](#)

Industry Events

- [GSA&IET Semiconductor Forum](#) 11th & 12th May
- [IFSEC 2011](#) 16th -19th May
- [PCIM Europe](#) 17-19th May
- [Elektro](#) 6th-9th June

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**NEW INTERNATIONAL ELECTRONICS FORUM
DATE ANNOUNCED**

5-7 OCTOBER, 2011

SEVILLE, SPAIN

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