# semicons grow, fabless might be the way to go

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A couple of bulletins have been published last week concerning the semiconductor industry, and unlike the recent startup and venture capital news, these are actually on the positive side. The Semiconductor Industry Association (SIA) reported that chip sales for the first have of this year are up a healthy 5.4 percent over the same period last year. The SIA attributes the sales growth mostly to strong sales of portable computers and mobile phones, both of which experienced double-digit unit growth. With emerging markets having significant growth in both of these areas, it is not surprising that the Asian-Pacific region had the highest year-over-year growth at close to thirteen percent, with Europe coming in second at around five percent, and finally the Americas and Japan coming in at close to 3 percent.While the SIA findings are inspiring, any growth is good growth, the IC Insight findings  for the same period are even more interesting. There has been quite a bit of movement in the Top 20 list of the semiconductor sales leaders: The biggest position gainers were Qualcomm, NEC, Panasonic, and Broadcom. The biggest looser hands-down was Qimonda. With a 47 percent sales decline year-over-year for the first half of the year, Qimonda dropped a staggering 12 positions and consequently out of the top 20. The list becomes even more interesting when sorted by growth rate. Of the top six spots, three are occupied by fabless companies, and the top spot is occupied by a foundry where a lot of the fabless guys build their chips, namely TSMC. All of the companies ranked in the top six had impressive growth rates of over 20%. It should be noted that several of these companies are exposed to the fast growing mobile market; however, this by itself is not nearly enough, as TI who is usually also a strong player in this market did not experience any growth over the same period - very surprising. There has also been a lot of talk regarding AMD and the asset-light strategy that the company intends to pursue. Freescale has adopted a similar strategy over the last few years, however the company’s 3 percent growth rate shows that going asset-light by itself is not enough, or at least that it might take some time for the results to show. One thing is for sure thought, with the fabless companies doing so well, and with even more companies considering going fabless or asset-light, the foundries must be licking their chops.