Demand for 2.4 GHz Wireless Will Continue to Stay Strong

By Svenn-Tore Larsen, Chief Executive Officer, Nordic Semiconductor

Like many organizations in today's electronics sector, my company, Nordic Semiconductor, is rising to the challenge of operating in a global semiconductor market that analysts say could drop by around 20 percent this year compared to 2008.

Despite this gloomy overall forecast, we see many bright spots. Innovative engineers are looking beyond the immediate crisis and specifying Nordic's ultra-low power 2.4 GHz wireless transceivers for the products that cash-strapped consumers are still happy to buy. Consider, for example, wireless PC peripherals. A significant proportion of Nordic's 17 percent growth in 2008 operating revenues of NOK 319.3m (about US $46 million) was due to an accelerating conversion rate from 27 MHz to 2.4 GHz technology in the medium-cost (US $49 to $70) wireless PC peripherals (keyboards and mice segment.)

Because of advances in semiconductor fabrication, 2.4 GHz technology is now at a price-performance point that makes it a compelling alternative for inferior 27 MHz technology PC peripherals that retail in this mid-range price bracket. Given that six in every ten wireless PC peripherals sold worldwide still use antiquated 27 MHz technology, this a market ripe for 2.4 GHz growth.

Previously, most 2.4 GHz solutions were mainly sold into the higher US $80 to $100 end of the PC peripherals market where their enhanced performance and functionality justified a more expensive price tag. Today, integration of more features onto a single-chip transceiver (and thus a lower bill of materials for the OEM) has reduced the price of the 2.4 GHz alternative. These advantages have made 2.4 GHz technology viable for wireless PC peripherals in a market segment that once was exclusively occupied by 27 MHz solutions on the basis of its lower cost.

The challenge for wireless PC peripheral OEMs is that consumers who've seen the features on high-end products now want and expect them at mid-range pricing levels. Even during the current downturn, the benefits of moving from a wired keyboard and mouse to a wireless replacement or upgrade are still considered a worthwhile investment: especially if it can be done for US $49 to $70, which is not a

‘big ticket' purchase.

The 27 MHz to 2.4 GHz technological replacement trend at the mid-range price point is set to accelerate this year. Further development of 2.4 GHz technology will eventually see the low cost sub-US $30 end of the wireless PC peripherals market come under threat in the longer term. I'm predicting that 2.4 GHz will eventually make 27 MHz technology obsolete in the wireless PC peripherals market segment. Even though much of the news in our industry is grim, ultra-low power 2.4 GHz wireless connectivity is one sector that I'm confident will continue to thrive in 2009.

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