Unstoppable Rise of the Smartphone Will Drive Analog Integrated Circuit Market

Technologies essential to the latest smartphones and tablets mean that the analog integrated circuit (IC) industry can look forward to guaranteed expansion over the next few years, states a new report* by business intelligence providers GBI Research.

Analog ICs are used in a wide range of applications including third and forth generation (3G/4G) radio base stations and portable device batteries, as well as medical imaging scanners and electric cars.

GBI Research predicts that the sales revenue from the general purpose analog IC industry, responsible for the production of amplifiers and voltage regulators, will grow from a 2012 value of $20.41 billion at a Compound Annual Growth Rate of approximately 9% to reach $31.35 billion by the end of 2016.

The application specific analog IC industry, which makes power management and communications chips, is expected to increase its sales revenue from $27.47 billion in 2012 to $38.15 billion in 2016, climbing at a CAGR of 6.8%.

GBI Research anticipates smartphone sales to play a major role in the expansion of the overall analog IC market. Last year the number of smartphones in existence was over 417 million – a staggering figure that is expected to grow further to just under 1 billion by 2016, as the customer appetite for new and more advanced features and applications continues to swell.

The Asia Pacific region will play a big part in this growth due to increases in both consumption and manufacturing. Over the next four years, large wafer manufacturing plants will be developed by semiconductor companies such as Intel Corporation and Taiwan Semiconductor Manufacturing Company, reducing costs and therefore increasing consumption for analog ICs.

The industry, however, is not without its concerns. The huge demand for the latest features and applications, combined with the ceaseless march of technological innovation, has resulted in short product life cycles. Regular shifts in customer interests make demand difficult to predict, so by the time ICs are developed and ready to be shipped, their application areas are already at risk of being replaced. Such a scenario is a potential nightmare for businesses in the analog IC market.

GBI Research [1]

July 5, 2012

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