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Analogue and Discretes

CEO interview: Lothar Maier, Linear Technology

by **Lothar Maier**

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No matter how bleak the current market conditions seem, there will continue to be a semiconductor market, and it will grow in the future. This concept needs to be the guiding principle for companies to manage their business during these challenging times.

In the near term, companies need to react to the market realities, sizing their output and spending to match sales forecasts. But times like this offer great opportunities for companies that are in strong markets and are internally financially strong.

Market conditions will put significant pressure on small and emerging companies that have little innovation and rely on copying products that already exist in the market, as well as those that use price alone to gain market share. Such companies will be most affected by the economic downturn and will likely fail. This will help to stabilise prices in these difficult times.

Customers may reduce their production output but will continue to invest in new products and new product development. Innovation will return growth to the semiconductor market, and specifically to analogue. Now is the time to get new products out, to be first to market and to have products that target emerging growth markets.

Some of the key growth markets include:

Automotive

All automotive manufacturers are experiencing declining sales and are taking actions to reduce output and spending. But we have met with many of these automotive companies and they all have active programmes in development that will greatly increase the electronic content of new cars.

Companies are forecasting automotive electronic content to grow by a factor of two to three over the next few years. This means electronic sales will continue to grow, independent of the number of vehicles sold each year.

So we will stay the course and continue to provide new products and sales engineering to the automotive area, since this will be a market that will grow in the future.

In addition, every major automotive manufacturer in the world is working on hybrid vehicles which will add even more electronic content in cars.

Green growth

Any products targeted toward energy conservation or energy harvesting will see growth opportunities and

be insulated from the difficult market conditions. Energy costs and environmental concerns, as well as the need to extend battery life for mobile devices, has resulted in a focus on power optimisation for a wide range of applications.

Energy-efficient products enable customers to convert power more efficiently, consume less power and extend battery life. In particular, efficient analogue solutions will play a role in driving innovative cleantech markets such as solar and wind power systems.

Communications infrastructure

The proliferation of wireless systems continues to produce significant market opportunities in products for wireless and network infrastructure.

Industry

The broad industrial market continues to provide a solid core of business. Although it is not expected to grow as fast as some of the other growth markets, industrial markets are somewhat more insulated from market swings.

Industry analysts are predicting somewhat slower growth for the semiconductor industry. But the latest figures still provide reason for optimism. Figures from WSTS show that the analogue IC market, which is - estimated at \$37.6bn for 2008, will grow to \$40.7bn by 2011. Since we expect to continue to outperform the market, I am optimistic for the long term.

Finally, I believe that a strategy of customer, market and geographic diversity will also be a hedge against the current market conditions and will provide the conduit to future sales growth.

*Lothar Maier is CEO of **Linear Technology***

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