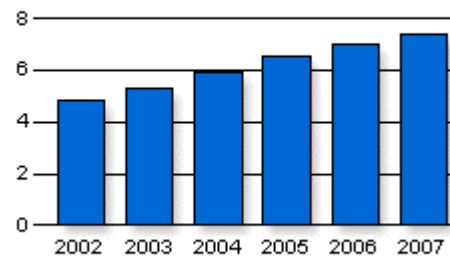


Over US\$7.4 Billion Microcontrollers to be Shipped by 2007

Microcontrollers continue to be a good business, reports In-Stat/MDR (<http://www.instat.com>). The high-tech market research firm expects that with microcontroller designers adding new on-chip support for multimedia, communication protocols, data conversion (Digital-to-Analog and vice-versa) and bus standards coupled with the expected rise of mask costs for nanometer technology, shifting technology standards, and the pre-existing barriers to the creation of complex proprietary ASICs, worldwide MCU units shipped will increase at an annual CAGR of 8.74% between 2002 and 2007. The recovery of revenues, however, is forecasted to be on the weak side, as annual price erosion takes its toll.

2002–2007 Microcontrollers, History

(Units in Billions)



Source: In-Stat/MDR, 10/03

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Microcontrollers will continue to be in demand in the next five years as they are indispensable for many end-use applications and because their price and ease of use makes them faster time-to-market solutions than the more optimized, but also more risk-laden, custom designs. Moreover, some MCU vendors are offering a far more flexible deal to their customers: in return for a relatively small NRE charge, the MCU manufacturer will customize the chip to more closely match an application's needs, not just in memory size and contents, but also in employing the intellectual property and cores that make up the custom product. Atmel, for instance, quotes \$300,000 for custom MCUs using cores from its intellectual property library.

In-Stat/MDR has also found that:

- Microcontrollers that have added media processing and Internet protocol capability will have an edge on the others and so will the new breed of chips that combine linear processing (data converters) with logic. High performance microcontrollers will also see increased opportunity in the market.
- The top declining microcontroller application will be 4-bit analog wireless with a compound annual decline rate of almost 23% through 2007.
- The highest unit growth through 2007 comes in the 32-bit digital wireless, 32-bit DSL modem, and 32-bit monitor segments.
- Unit volume is dominated today by the 8-bit control and instrumentation segment with over 389,000,000 units shipped this calendar year. This is followed by the 4-bit watch segment and the 8-bit PC peripherals segment.
- By 2007, the 16-bit hard drive and 8-bit infrared remote applications segments will be with in the top 5 in terms of units shipped annually.

This Market Alert is drawn from the In-Stat/MDR report, "[Affordable SOC: MCU Demand in Applications 2002-2007](#)" (#IN0301097DE), which covers the 2002-2007 status and forecast for MCU demand in more than 80 applications. To purchase this report, or for more information, please visit: <http://www.instat.com/catalog/Scatalogue.asp?ID=19> or contact Rick Voqelei at 480-

please visit: <http://www.instat.com/catalog/Scatalogue.asp?ID=19> or contact Rick Vogelei at 480-609-4533; rvogelei@reedbusiness.com. The report is priced at \$3,495.00 U.S. Dollars.

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