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supplychain

LINKING DESIGN AND RESOURCES

How much will the Qualcomm chip ban impact the global mobile-phone market?

The ITC's (International Trade Commission's) recent decision to ban US imports of some mobile phones that include certain Qualcomm (www.qualcomm.com) 3G chips will affect the industry beyond just the company itself, but to what extreme is questionable. The ITC's determination stems from a patent battle between Broadcom (www.broadcom.com) and Qualcomm; the commission has banned importation of infringing Qualcomm chips and future products, such as 3G cellular phones that use those chips. At press time, Qualcomm planned to appeal to President George W Bush to veto the ITC's decision.

The CTIA (Cellular Telecommunications Industry Association, www.ctia.org) backs Qualcomm's argument for a veto. "The ITC's importation ban, if implemented, will force the redesign of virtually all handsets that utilize the banned chips," Steve Largent, CTIA's chief executive officer, wrote in a letter to the president. "This redesign process requires a substantial amount of time (18 to 24 months) and many millions of dollars for each of the companies involved."

CTIA's chief executive officer, Steve Largent, is urging President Bush to veto the ITC's mobile-phone ban.

Meanwhile, researchers at iSuppli Corp estimate that the ban will affect 4.2 million shipments of EVDO (Evolution Data Optimized) and WCDMA mobile phones in 2007, representing only 4.4% of North American mobile-phone shipments and 3.2% of worldwide 3G mobile-phone shipments in the second half of 2007. According to analyst Tina Teng, the ban would affect only 11 mobile-phone models in 2007, or 0.9% of phone-model introductions for the year.

Analysts at iSuppli say that the ban will have the greatest impact on OEMs Samsung Electronics, LG Electronics, and Motorola. They do not expect the ban to reduce volume shipments of mobile phones overall this year.

GREEN UPDATE

"PC" MEANS "POWER CONSCIOUS" IN NEW ENERGY STAR REQUIREMENTS

Companies that use the EPA's (Environmental Protection Agency's) Energy Star logo on their products as marketing leverage will need to meet new, stricter design requirements. The first phase of Energy Star 4.0 goes into effect July 20 and includes new performance requirements to qualify for the rating on desktop, notebook, and tablet computers; workstations; integrated computers; desktop-derived servers; and game consoles.

Version 4.0 defines a set of testing criteria and power limits that could reduce the amount of energy that idle equipment consumes by an average of 45%, according to the EPA. To do so, Energy Star 4.0 requires, regardless of the system type, that the display enter a sleep state after 15 minutes of system inactivity; the platform enter a sleep state after 30 minutes of system inactivity; and the platform's GbE (Gigabit Ethernet) link switch to a lower rate mode when entering the sleep mode. In addition, systems for an enterprise market must include wake-on LAN during the sleep state. The specification includes certain additional power limits, which depend on the device type and power state.

The EPA has set a goal of 25% compliance for each of the platform categories. The agency plans a second phase of Version 4.0 in 2009.

OUTLOOK

ASPs DOWN, BUT DEMAND SOLID

As have many industry watchers, the SIA (Semiconductor Industry Association, www.sia-online.org) dramatically downgraded its 2007 global microchip-sales-growth forecast from its earlier 10% estimate to 1.8% in recent weeks. The SIA notes sharp declines in ASPs (average selling prices) for microchips in key segments, including microprocessors and DRAMs, as prime contributors to the slower growth.

The recently lowered expectations are for sales, and, when you take lower ASPs into consideration, the supply-chain picture is more optimistic than it might seem. The SIA reports that the end markets that drive sales of these products continue to be in line with previous forecasts, keeping unit demand for semiconductors strong.

SEMI (Semiconductor Equipment and Materials International, www.semi.org) concurs. "Unit growth for some key materials has been increasing since the early part of the first quarter. So, while revenue forecasts by some of the analysts have been downgraded, we're starting to see growth for units in materials, and that corresponds to growth in demand for semiconductors," said Jonathan Davis, a SEMI vice president, in the group's June Voices of the Industry audiocast. The new SIA forecast projects total sales of $252 billion in 2007.