



BY RICK NELSON, EDITOR-IN-CHIEF

Signs of optimism in economic crisis

As 2008 draws to a close amid economic turmoil, our industry is looking toward an uncertain 2009. Despite the worldwide economic crisis, year-end events that I attended provided reason for optimism.

First, Rohde & Schwarz celebrated its 75th anniversary on Nov 20, 2008, with President and Chief Executive Officer Michael Vohrer expressing confidence in the future as he reported a net revenue of 1.4 billion euros for the past fiscal year—a result comparable with that of the previous year.

In addition, levels of activity at Vision 2008 (held Nov 4 to 6 in Stuttgart, Germany) and Electronica 2008 (Nov 11 to 14 in Munich) were surprisingly high. Granted, exhibitors were committed well before the recent financial collapse, but Vision 2008 organizers said they were expecting 6500 attendees (up from 5500 in 2007), 30% of whom would travel from abroad. And Messe München International, the organizer of Electronica, released a statement saying that Electronica 2008 attendance was remarkably stable. The trade fair attracted around 2800 exhibitors and around 72,000 attendees; these figures essentially are unchanged from Electronica 2006.

That's not to say that participants in these events were sanguine about the future. Vohrer at Rohde & Schwarz cautioned that no company is immune to economic disruption, adding that his company is working to promote growth while cutting cost. Rohde & Schwarz invested 16% of its revenue in R&D and expects to grow market share in each of the four areas it serves: test and measurement, secure communications, broadcasting, and

radio monitoring and radio location.

Somewhat less optimistic was Horst G Heinol-Heikkinen, PhD, board member of the machine-vision group of the VDMA (German Engineering Federation). He noted at Vision 2008 that the automotive and electronics industries represent the two largest customer groups for German machine-vision suppliers, and he estimated 1.5 and 3% declines, respectively, in orders from these two markets. Overall, he said, he expects revenues, estimated to be up 6% for 2008, to be stagnant in 2009.

If there is good news for the semiconductor industry, it's that the inevitable contraction in 2009 will be neither as deep nor as long-lasting as the 2001 downturn, says Malcolm Penn, chairman and chief executive officer of Future Horizons (Reference 1). He says revenues in 2009 will be down about 2%, year over year, adding that "2010 should then see a strong market rebound, driven by seasonality and the green shoots of a recovering world economy."

Based on comments at Electronica, chip makers aren't sitting by idly waiting for a rebound to occur but are

actively pursuing new opportunities. Brian L Halla, chairman and chief executive officer of National Semiconductor, cited opportunities in renewable-energy, electric-vehicle, and battery-management applications as well as health care. Gregg Lowe, senior vice president for analog at Texas Instruments, said his company is developing a broad portfolio of products for medical applications and has a dedicated medical-electronics business unit that focuses on the topic.

And Robbie McAdam, vice president and general manager of Analog Devices' ASC (Analog Semiconductor Components) division, said his company is addressing medical electronics with devices such as those in its iSensor intelligent-sensor-product family, which can serve in medical-imaging equipment, prosthetics, and surgical instrumentation as well as vehicle navigation. He noted, however, that the company remains focused on its core business as it explores new application areas.

Whether you are pursuing new applications or supporting core business areas, it's important to keep in mind during the downturn that—as Vohrer intimated during the anniversary celebration—the development projects you are involved in now are critical to your company's future. **EDN**

REFERENCE

1 "Industry Downturn No. 11 Won't Be as Bad as No. 10," *Semiconductor International*, Nov 20, 2008, www.semiconductor.net/article/CA6616463.

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