

EE Times: Semi News
Elpida could be next to enter flash

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SAN JOSE, Calif. — Renesas Technology Corp.'s recent move to exit the flash-memory market portends the long-awaited shakeout in the arena. But it also could mean a possible new entry into the flash-memory business: Elpida Memory Inc., according to analysts.

As reported, Japan's Renesas will halt the development of its AG-AND flash memory, but said it will continue manufacturing and supplying current flash memory products. A Renesas spokeswoman admitted that it will no longer develop the 8-Gbit memory or higher-density memories (see Dec. 8 story).

The move by Renesas did not surprise analysts, which for years have predicted a shakeout in the overall flash-memory market. Renesas itself was also falling behind in the NAND flash-memory market against the likes of Samsung, Toshiba, Hynix, among others.

"The NAND market has claimed its first victim [in Renesas]," said Jim Handy, an analyst with Semico Research Corp., in an e-mail newsletter.

"Renesas' AG-AND has the tightest layout of any NAND chip we know of, and the company thoroughly mastered the difficulties of MLC years ago," Handy said. "Nevertheless, Renesas did not devote the enormous production resources to this tough market that their competitors did."

For example, Samsung, Hynix, Micron and others continue to convert excess DRAM capacity at a frantic pace to gain market share in NAND flash.

"Without a very high run rate, [Renesas'] R&D efforts were distributed over fewer chips, drawing away from any possibility of a slim profit margin," he said, adding that Renesas can now focus on its core microcontroller, system-on-a-chip (SoC) and other products. "By focusing on products that will be designed into a system by working with engineers rather than commodities that are selected solely on price at the buyers' desks, the company is grooming itself for far more predictable revenues and a chance of continuing profits."

The analyst also speculated that Renesas' loss could be Elpida's gain. In other words, Japanese DRAM vendor Elpida could enter the flash market.

"Perhaps the company's DRAM cousin Elpida will pick up this ball," he said. "It was unlikely that Renesas and Elpida would be allowed to compete against each other, but Elpida, as a DRAM firm, had good reasons to move into NAND."

In 2002, Renesas was formed by the merger of the non-DRAM operations of Hitachi Ltd. and Mitsubishi Electric Corp. In 1999, NEC Corp. and Hitachi formed a joint venture DRAM company called Elpida. Elpida sells DRAMs, but has yet to enter the flash business.