

PC Boom Coming

By Suzanne Deffree -- 3/8/2006

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SAN FRANCISCO -- Consumer electronics will have to learn to share the spotlight with PCs, as the industry experiences a rebirth of sorts in 2006.

Samsung at Intel Developer Forum today told Electronic News it expects a market stimulus this year, thanks in large part to Microsoft's upcoming Vista operating system. According to Tom Trill, director of DRAM marketing at Samsung Semiconductor, major PC brands saw a Q4 2005 to Q1 reduction in sales of 3 percent. That signals a strong start to 2006 as it compares to a five-year average of 9 percent loss for the period as consumers conclude their holiday shopping and move into more conservative spending come January.

"Last year there was somewhat of an absence of the PC from the boom; it was very much consumer electronics centric. This year, I think it will be more evenly balanced where we will see the effects of the consumer cycle include more computing products," Trill said.

Vista, expected to arrive in PCs in late Q3/early Q4, will have certain appeals to users, including a hybrid HDD drive for faster start ups and improved battery life; Microsoft Super Fetch technology, which notes often uses files for quicker access; and AeroGlass User Interface, which, combined with 200 DPI, is expected to highly improve a user's interface. Trill notes that these improved features, along with the continued introduction of Intel's Viiv chips in consumer-electronics-oriented desktops and laptops, could drive a noteworthy year of sales for PCs. And a noteworthy year for PCs means a noteworthy year for DRAM, as PCs consume some 56 percent of the memory globally per year.

"When we look at Vista, we see it's really going to be a kernel event for all of our memories. The only way you can pull this off is with a lot of memory, preferably DRAM because DRAM is the fastest memory available in the system," he said.

Indeed, Semico is estimating 28 percent growth in the DRAM market, climbing to \$33 billion in 2006 from 2005's \$25 billion market.

Microsoft recommends for Vista, said Trill, that a PC be outfitted with 1GByte of DRAM. Noting the reasonable cost of the memory and that the average DRAM bill of materials in a PC is 8 percent, Trill believes economically and technically this will be possible and the industry will move beyond that in 2007.

"A year, 18 months down the road, you should be able to purchase a mid-range PC with 2GBytes of DRAM, without infringing on that rule of 8 percent. The economics are right for 2GBytes, the availability is right for 2GBytes. Getting to 2GBytes really is not a challenge for the industry," he concluded.

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