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Gilbert's Microchip developing higher-end bits

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By Ed Taylor, Tribune



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Microchip Technology, a major force in the market for mass-produced relatively simple microcontroller chips, is expanding its presence in the market for more complex chips. The Gilbert-based company today is introducing three families of 16-bit microcontrollers and digital signal controllers, greatly increasing the company's production of higher-end chips that give added capabilities to electronically controlled appliances and other products.

The new chips are being added to a single line of digital signal controllers that have given the company a small presence in the 16-bit market for the past two years.

Simpler 8-bit microcontrollers have been Microchip's forte. It has been the world largest producer since 2002, and the semiconductor company hopes to parlay that success into a major presence in the 16-bit market as well.

Microcontrollers are tiny chips that go into a multitude of electronic gadgets and control their functioning. Examples include washing machines, home security systems, air conditioners, factory automation equipment, automobile air bags and speaker phones.

Because of their greater complexity, 16-bit microcontrollers have more capabilities than 8-bit chips, making machines "smarter."

For example, they can help home security systems recognize voices or sewing machines sew more complex embroidery patterns or even download patterns from the Internet.

Adding 16-bit microcontrollers will move Microchip into a \$4 billion worldwide market, said Sumit Mitra, vice president of Microchip's digital signal controller division. That's smaller than the \$5.5 billion market for 8-bit microcontrollers, but the 16-bit market is growing more rapidly as manufacturers design more features into their products, he said.

"To grow significantly, we need to fish in a new pond," he said.

Small quantities of the new chips are available now, and volume production is expected in the second quarter of 2006.

Industry analysts said the expansion is a logical move for Microchip.

"Coming off a strong base (in the 8-bit market), one would assume they should be relatively successful," said Tony Massimini, chief of technology for Semico Research Corp., a Phoenix-based research firm. "Their competitors have products that span both markets, and if they want to continue to grow, they have to expand their product lines too."

Will Strauss, president of Forward Concepts, a Tempe-based market research firm, said Microchip officials will have an advantage because their 16-bit microcontrollers and digital signal controllers have similar technology, making it easy for customers to work with both without having to change software or support tools.

"This is a unique offering," he said, adding that Microchip remains "an aggressive, well-managed company."

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