

## CE's the Place to Be, Says Semico

Released By: Jessica Davis, Electronic News  
Location: San Jose, CA  
Date: 9/16/2004

<http://www.reed-electronics.com/electronicnews/article/CA453099?industryid=22119&industry=Consumer+Electronics>

While growth in the overall semiconductor market is expected to slow from its historical 17 percent compound annual growth rate to something more like 10 percent, most of the industry has higher expectations for consumer electronics.

Semico last week released its forecast for consumer electronics products and the arrival of the long-awaited "digital home."

"The consumer market is the fastest growing end use growth market out there," said Connie Wong, director of wireless communications at Semico. The firm is predicting a 25 percent CAGR between 2003 and 2008 for the market. "It's not the killer application, but it's something even better – the killer market."

That's why so many companies are looking to cash in on the market's potential, including companies from the computing space.

"Some manufacturers think the PC should be at the center of the home network," said Wong. Others, however, are looking to a more decentralized network with a media server functioning as a sort of hub.

"Another possibility is taking existing devices and adding hub functionality to them," said Wong. For example, she said, Tivo is offering a home media option. A USB port lets users connect to a router and to the Wi-Fi network. Similar technology is being incorporated into DVD players and set top boxes.

Another network arrangement calls for ad hoc communications where all devices talk to each other. However, Wong points out, this type of network is not very sophisticated.

Semico is predicting that a media center – defined as any bridging device that connects devices for multiple functions – will be at the center of the network. Today it may support only music, but as time goes on it will support all media types.

The year 2006 will be pivotal for the arrival of the digital home as both ultra wideband and 802.11n, with its more than 100 megabits per second of throughput, come to market in the 2005/2006 time frame.

In the meantime, Semico is forecasting growth for set top boxes of 16.9 percent CAGR to 74 million units in 2008. The total available market (TAM) for semiconductor content for set top boxes in 2008 is 4.0 billion units, a 16.4 CAGR over 5 years.

For video games, Semico predicts there will be 69 million units sold in 2008 for a CAGR of 15 percent over 5 years. Semiconductor content growth is more dramatic, with a TAM of 6.5 billion units and a 25.0 percent CAGR.

While the computer end use market will suffer a 2 percentage point decline from 2003 to 2008, the consumer end-use market will grow from 15.2 percent of the total market in 2003 to 19.5 percent, according to Semico.

So while the digital home is coming, it won't be here in 2005, said Wong. Rather semiconductor companies should use this year to position themselves for its arrival in 2006.

© 2004, Reed Business Information, a division of Reed Elsevier Inc. All Rights Reserved.

### About Semico

Semico Research Corp is a marketing and engineering research company located in Phoenix, Arizona. Semico was founded in 1994 by a group of semiconductor industry veterans who believed that the validity of semiconductor product forecasts could be greatly improved if the forecasts were based on semiconductor consumption in end-use markets. Semico forecasts, today, are based on that idea. Corporate Headquarters: P.O. Box 9850 Phoenix, AZ 85068-9850 Tel: 602-997-0337 Fax: 602-997-0302 Web: [www.semico.com](http://www.semico.com)