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By Jeremy Bennett, EE Times

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Midyear forecast 2004



Ample evidence indicates we are nearing an end to dismal semiconductor business. The Semiconductor Industry Association has announced that March sales were up 32 percent over the same month last year, at more than \$16 billion worldwide. And earlier this month, an EE Times story detailed Asian foundries running at full capacity. How fast things can change in this business.

On a recent trip to Japan, I learned that nearly everyone is interested in boosting production. Japan is now the world's fastest-growing major developed economy, with a 6.4 percent annualized gain in the most recent quarter.

The European Union, meanwhile, just added another 10 nations hungry for goods and services, particularly consumer electronics. And to ensure much of these sales benefit EU members, the European Commission's Medea+ project for advanced cooperative R&D in microelectronics is pushing ahead on a number of innovations, including ramping to full 45-nanometer production by 2010.

That is good news indeed for EDA as companies are once again willing to invest in tools. Budgets remain relatively tight, but there seems to be discretionary money available for new technology with proven commercial benefit. We also see customers eager to sign two- and three-year deals to lock in EDA prices that are currently very competitive.

Since every company is focused on increasing productivity, there is particular interest in tools that deliver it. Particularly notable is the growth in system-level design tools, projected as more than doubling to \$168 million by 2007, and for silicon virtual prototyping, rocketing from just over \$119 million to \$444 million in the same period.

As consumer demand rises with the recovery, technology will have to keep pace. Designers need to take advantage of technologies such as virtual prototyping and system-level design techniques to improve quality and gain time-to-market advantages. We are poised for another wild ride.

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