

# Semiconductor Market Grow 27 Percent in 2004

August 25 2004

---

**Worldwide [semiconductor](#) revenue is forecast to reach \$226 billion in 2004, a 27.4 percent increase from 2003 revenue**, according to the latest quarterly update by Gartner, Inc.

While the market will experience strong growth this year, there are concerns among vendors about the industry outlook. At the end of the second quarter of 2004, semiconductor vendors and distributors reported a notable increase in inventory days on their balance sheets. This brought a wave of concerns about excess supply.

However, the Gartner Dataquest Semiconductor Inventory Index showed inventories in the supply chain at the low end of the "caution" zone. Had the increased inventory been accompanied by a flat or even falling semiconductor market, it would have been of grave concern. In a rising market, increasing inventory levels are normal.

"Despite the improving market conditions that semiconductor vendors have enjoyed over the past several quarters and the expectation that revenue growth this year will be close to 30 percent, this industry upcycle is notable in that few in the industry have felt able to acknowledge it as a boom," said Richard Gordon, research vice president for Gartner. "

"The hangover from the severe market downturn endured in 2001 still lingers, just as concerns about the next downturn have begun to worry semiconductor industry executives," Gordon said. "The classic signs of

an approaching peak in the market -- such as increased channel inventory, increased capital spending forecasts, reducing device pricing and lead times -- which, in the past would have been treated lightly at this stage in the cycle, are causing executives to be nervous."

Gartner analysts will provide detailed analysis on the on the outlook for the industry during the Gartner Dataquest Semiconductor Industry Summit, September 13-14 at the Fairmont San Francisco. The Summit will highlight new Gartner Dataquest forecasts for the next phase of the semiconductor industry. Presentations will be based on the very latest research that comes at a critical time in the semiconductor market cycle. A host of Gartner Dataquest analysts will deliver these latest forecast details in a wide range of presentations covering every aspect of semiconductor technology, market trends and the outlook for the industry.

Gartner Dataquest Semiconductor Industry Summit has attracted high-level attendees from across the semiconductor industry -- including executives from chip manufacturers, equipment suppliers, design firms, original equipment manufacturers (OEMs) and government -- as well as institutional investors. Through exclusive Gartner Dataquest research and company presentations, the Summit will identify how the industry participants can position themselves to respond to the opportunities and challenges in established and emerging technologies.

#### Semiconductor Industry:

To make things easier for us, technologies must become more complex. Consider the latest advances in mobile phones. On the outside, handsets are increasingly functional and reliable; on the inside they are a tangle of chips and processors that grows increasingly complex with each new function added. That complexity comes from companies in the semiconductor industry. From microprocessors to integrated circuits, the

tiny products of the semiconductor industry are the engines that drive technology.

The semiconductor industry lives -- and dies -- by a simple creed: smaller, faster, and cheaper. The newest chips have circuits with lines less than 0.13 microns across – less than one-thousandth the width of a human hair. The benefit of being tiny is pretty simple: finer lines mean more transistors can be packed onto the same chip. The more transistors on a chip, the faster it can do its work. Thanks in large part to fierce competition and also to new technologies that lower the cost of production per chip, within a matter of month, the price of a new chip can drop by half.

As a consequence, there is constant pressure on chip makers to come up with something better and even cheaper than what re-defined state-of-the-art only a few months before. Chips makers must constantly go back to the drawing board to come up with superior goods. Even in a down market, weak sales are seen as no excuse for not coming up with better products to whet the appetites of customers who will eventually need to upgrade their computing and electronic devices.

Source: Gartner, Inc.

Citation: Semiconductor Market Grow 27 Percent in 2004 (2004, August 25) retrieved 11 May 2024 from <https://phys.org/news/2004-08-semiconductor-percent.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.