

## **New Report Says Cirrus Logic clings to Top Audio Chip Spot but new Competition Looms**

### ***Analog Devices continues as the top PC audio supplier***

**Contact Will Strauss: 480-968-3759**

**Tempe AZ-April 29, 2003** - Forward Concepts has announced the publication of its newest market research report. "The Convergence of Audio 2003: A Chip Market Analysis." The report covers the three major markets for audio integrated circuits: for the personal computer (PC), consumer entertainment products, and professional audio applications. The report describes in detail how the professional audio market drives the consumer entertainment market and how increasing consumer sophistication and new technology are driving the PC audio market.

According to the report, total audio chip revenues reached \$2.5 billion in 2002 and are forecasted to grow at a 22% compound annual rate to \$6.8 billion by the year 2007. However, the forecast for 2003 calls for a more muted 15% growth, with Europe and Asia largely responsible for near-term growth. Cirrus Logic clung to the top audio chip spot, but new competition is cutting into its market lead.

Mahy Churylo, Senior Analyst and principal author of the report said, "In contrast to the eroding PC audio chip market, the consumer audio share increased to 85% of the market in 2002 from 52% in 2001, fueled primarily by the Digital A/V Receiver, Set top box, DVD, and MP3-type Portable Player markets. In fact, the consumer market will continue to be the fastest growing segment constituting almost 92% of the audio chip market by 2007." By contrast, she said, "The PC segment is forecasted to drop to only a 2.5% share and the professional audio share is forecasted to decline slightly from today's 8% share to 6%."

In the PC audio segment, Analog Devices (ADI) remained the top audio supplier in 2002 but with a serious threat from newcomer Realtek Semiconductor, who has captured a market share approaching that of ADI. Also, SigmaTel has emerged to take away some key design wins from ADI, further threatening ADI's market position in the PC segment.

In the consumer audio segment, activity was not quite so volatile in mainstay applications like DVD and set-top boxes. In portable MP3/WMA players, the market is shifting away from the simple flash card players to MP3-enabled CDs and hard disk players like Apple's iPOD. Early player Micronas has deemphasized this market segment as has Texas Instruments. Again, SigmaTel has been the most aggressive vendor and has gained a significant market share in the traditional player market, threatening Cirrus Logic, also the number-one vendor in the consumer audio chip market.

The report forecasts Internet audio portable player shipments to reach 8.4 million units in 2003, up from 6 million units last year. In 2007, 28 million units are forecast to ship, with flash-memory units constituting under a third of the shipments as optical disk formats like CD and Mini-Disk and hard disk units capture the bulk of the market. By 2007, Internet audio will become a standard function in most cellphones and PDAs, but the functionality will likely be incorporated into embedded "application processor" chips rather than as separate MP3/WMA decoder chips.





"The Convergence of Audio 2003: A Chip Market Analysis" is 160-pages in length and includes 42 figures and 34 tables. It is priced at \$2,750.00 in North America and \$2,850.00 internationally. It is immediately available from Forward Concepts and details are on its website at: <http://www.fwdconcepts.com/aud2003.htm>

**Contact:**

Will Strauss  
*President & Principal Analyst*  
Forward Concepts, Tempe AZ  
[wis@fwdconcepts.com](mailto:wis@fwdconcepts.com)  
(480) 968-3759

