

New Report Confirms Cirrus Logic as the Top Audio Chip Supplier

But Analog Devices climbs to the top spot in the PC audio segment

Contact Will Strauss: 480-968-3759

Tempe, Ariz.-April 3, 2001-Forward Concepts has announced the publication of its newest market research report. "The Convergence of Audio 2001: 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. Besides forecasts and trends in many market sub-segments, the report provides what no other report in the industry has does: Forecasts of the overall audio market (PC + Consumer + Professional).

According to the report, total audio chip revenues reached \$1.7 billion in 2000 and is forecasted to grow at a 24% compound annual rate to over \$4.9 billion by the year 2005. However, the forecast for 2001 calls for a more muted 20% growth, with Europe and Asia largely responsible for near-term growth. In 2000, the PC audio market dropped from a 51% share to 39% of the audio chip market, due primarily to a slow down in the PC industry as well as a price reduction in the PCI codec and the elimination of the PCI controller, a functionality that has become an integral part of the PC chipset and ultimately will migrate to USB-connected digital speakers.

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 52% in 2000 from 40% a year earlier, fueled primarily by the Digital A/V Receiver, Set top box, DVD, Digital Speaker, and MP3-type Portable Player markets. In fact, the consumer market will continue to be the fastest growing segment constituting almost 80% of the audio chip market by 2005. By contrast, the PC segment is forecasted to drop to only a 15% share and the professional audio share is forecasted to decline slightly from today's 9% share to 6%."

The report indicates that Analog Devices has displaced Cirrus as the PC audio chip market leader, attributable largely to the strong PC sales of its SoundMAX, the first AC'97 codec that tied directly with Intel's core logic chipset. Cirrus has retained its number-one position in the overall audio market, with a much broader consumer audio product line. Cirrus is also the market leader in the MP3-type Internet audio portable player market, with Texas Instruments breathing down its neck closely followed by the original leader of that market segment, Micronas Semiconductor.

Ms. Churylo went on to say, "The really hot market for personal audio Internet players based on MP3 and similar Internet audio technologies is an example of the convergence of PC and consumer audio markets. The market has expanded beyond the simple flash-memory portable player to those with micro-optical disks and to hard disk drive-based jukeboxes to enable playing of downloaded music on premium home stereo systems instead of just on the lower-quality PC speakers. Moreover, MP3 decoder chips are showing up in automotive, console and portable CD players as well as in cellular phones, digital cameras and PDAs. Ultimately, though, we see that the audio decoding function will be performed by integral DSP capability in a number of these devices, so the discrete decoder chips will continue ramping up until the functionality is absorbed by the existing DSP engines."



The report forecasts Internet audio portable player shipments to reach 7 million units in 2001, up from 3.5 million units last year. In 2005, 42 million units are forecast to ship, with flash-memory units constituting two thirds of the shipments. But by then, the report predicts that 12 million CD players with MP3-type decoders will also be shipping and Internet audio will become a standard function in most cellphones and PDAs.

In the home entertainment segment of the consumer market, audio is increasingly paired with video, such as in the MPEG-2 markets for VideoCD and DVD players as well as set top boxes and HDTV. These combination audio/video products are discussed in the report from the audio standpoint, and the silicon contribution of audio is assessed and projected...a technique that will be necessary for forecasting future system-on-a-chip (SOC) integrated circuits.

"The Convergence of Audio 2001: A Chip Market Analysis" is 215-pages in length and includes 61 figures and 53 tables. It is priced at \$3,750.00 in North America and \$3,850.00 internationally. It is immediately available from Forward Concepts and details are on its website <http://www.forwardconcepts.com>

Contact:

Will Strauss

President & Principal Analyst
Forward Concepts, Tempe AZ
wis@fwdconcepts.com
(480) 968-3759

