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The innovation dilemma

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As the industry straps on its helmet for yet another rough ride, the future of innovation moves front and center. It's surely on your mind as you work on the next big thing, and it's on the minds of EDA vendors this week as they gather for the Design Automation Conference. In a world of single-digit growth, innovation comes in cost management and market focus, not in blue-sky research and bleeding-edge design done with whizzy, costly tools. Over lunch last week, Drew Lanza of Morgenthaler

Ventures said the smart money is going into startups that use proven, reliable, trailing-edge tools and processes. "You can do a lot of sophisticated designs at 180 nanometers," he said. "When you're working on the trailing edge, the odds are good you'll get it right the first time."

Bleeding-edge concepts often hit a wall because the problems they try to tackle are too holy grail. Lanza said he's seen a number of business plans on massively parallel ICs, for example, "but the [compiler](#) problem for masspar devices is huge."

Altera chairman John Daane told Colin Holland of EE Times Europe that more than \$1 billion in venture capital was spent in the past decade on FPGAs, seas-of-processors, structured ASICs, hybrids of structured ASICs and FPGAs, and other quasi-programmable vehicles. Three-quarters of it went to businesses that are no longer in business.

The smoke signal from that smoldering rubble says we don't need more programmable companies. Just as we don't need as many DRAM, flash, DSP or [analog](#) companies.

Texas Instruments CEO Rich Templeton offered this weird equivocation last week: "I am not a big believer in outright consolidation in the semiconductor industry, because there's just not a very strong track record where it's happened," he said. "That doesn't mean we won't see some companies try to combine--I think it would be very dangerous to say it won't happen--but I am not sure that would be the response [in the analog market.]"

The challenge for executives is to manage through the consolidation. The challenge for EDA is to find a value proposition--for now, trailing-edge tools that enhance productivity, lower the cost of ownership and work every time on cool but trailing-edge designs. Sound impossible? It may be.

Your challenge? Understand your changed world and how you can best serve its future. Seems obvious, but sometimes the obvious can't be overstated.

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