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Semiconductor players looking to new growth areas and tech in preparation for upside

By Jonathan Peeris

Players in the semiconductor industry are looking to new growth areas and technologies to position themselves for the next growth cycle.

These include moving into Near Field Communication and photovoltaics or solar cells.

For local semiconductor player, Systems on Silicon Manufacturing or SSMC, the move towards more value added products has always been part of the company's strategy for growth.

CEO Jagadish CV says this is the only way for Singapore to compete with other places where manufacturing semiconductors is cheaper such as Taiwan or China.

He says Singapore needs to produce more technologically enhanced products than just the basic silicon wafer - what he has described as 'plain vanilla ice cream.'

"The best way not to compete purely in the cost is to differentiate ourselves, to do the non-plain vanillas - the special derivatives and options, so if we do not do that, we have to compete on the plain vanilla ice cream which everybody makes, be it in Taiwan or be it in China. Then our profitability and our cost competitiveness will not be there. So that's the main reason we've got to differentiate ourselves, to do the things that they cannot do."

SSMC has a research and development team looking into niche technologies such as a keyless entry system for cars and ePassport and ticket systems for seamless travel and payment options.

Another potential growth area is solar technology.

Charles Gay, President of Applied Solar, a unit of Applied Materials, says solar was one of the few sectors of the semicon industry that continued to grow during the downturn.

"We've seen a lot of growth for the crystal and silicon wafer based portion of our solar business, customers have a fair amount of installed capacity but their transitioning to higher performance products, higher efficiencies at the same time as lowering costs, and so the transitioning to more advanced tools is occurring at a faster rate in this time, than at a slower

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rate."

The firm broke ground at its Asia Operations Centre in Singapore last year and Mr Gay says it's on track to open the centre at the end of this year.

Industry association SEMI is forecasting a 20 percent decline for the device market this year, with global semiconductor sales hitting 200 billion US dollars.

However, it says the industry seems to be bouncing back with top foundries reporting a 41 percent increase in sales in April over the previous month.

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