Gartner

Press Release

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Gartner Says Apple Became the Top Semiconductor Customer in 2011

Top 10 Original Equipment Manufacturers Represented $105.6 Billion of Semiconductor Demand, Accounting for 35 Per Cent of Total Semiconductor Chip Revenue in 2011

TOKYO, Japan, January 24, 2012 — Leading electronic equipment manufacturers remained the centre of the semiconductor world in 2011, accounting for $105.6 billion of semiconductors on a design total available market (TAM) basis — 35 per cent of semiconductor vendors' worldwide chip revenue, according to Gartner, Inc. This represented a year-on-year increase of $1.8 billion, or 1.8 per cent from 2010.

Design TAM represents the total silicon content in all products designed by a certain electronic equipment manufacturer or in a certain region, while purchasing TAM represents the total silicon content purchased directly by a certain electronic equipment manufacturer or in a certain region. Design TAM is a useful index for semiconductor vendors when they are considering how to allocate their sales or field application engineer resources by customer or region. Purchasing TAM is a useful index for semiconductor vendors when they are considering how to establish an efficient distribution network by customer or region.

"The major growth drivers in 2011 were smartphones, media tablets and solid-state drives (SSDs)," said Masatsune Yamaji, principal research analyst at Gartner. "Those companies that gained share in the smartphone market, such as Apple, Samsung Electronics and HTC, increased their semiconductor demand, while those who lost market share in this segment, such as Nokia and LG Electronics, decreased their semiconductor demand. Media tablets were also a growth driver for the semiconductor market throughout 2011."

"Given the rapidly changing competitive structure of the IT and electronics industry, no semiconductor device vendor can afford just to monitor the requirements of the current market leaders," Mr Yamaji said. "Vendors need to be constantly looking for new market entrants who will, in turn, be tomorrow's market leaders."

Within the top 10 rankings, three companies were from the Americas, three from Asia/Pacific, three from Japan and one from Europe, the Middle East and Africa (EMEA). Apple led the market in 2011 (see Table 1), achieving significant growth, as it has done for the past five years. As a result, Apple became the biggest customer of semiconductor chip vendors in 2011, climbing two places in the ranking, from third in 2010.

Apple gained a much greater share of the smartphone market, and its media tablet business was also highly successful in 2011. While DRAM prices fell drastically in 2011, and many PC vendors decreased their total semiconductor demand accordingly, the success of the MacBook Air enabled Apple to increase semiconductor chip demand even in its PC business.

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Table 1
Top 10 Semiconductor Design TAM by Company, Worldwide 2011, Preliminary (Millions of Dollars)

Rank 2010	Rank 2011	Company	2010	2011	Growth (%)	Share (%)
3	1	Apple	12,819	17,257	34.6	5.7
2	2	Samsung Electronics	15,272	16,681	9.2	5.5
1	3	HP	17,585	16,618	-5.5	5.5
5	4	Dell	10,497	9,792	-6.7	3.2
4	5	Nokia*	11,318	9,042	-20.1	3.0
6	6	Sony*	9,020	8,210	-9.0	2.7
7	7	Toshiba	7,768	7,589	-2.3	2.5
10	8	Lenovo	6,091	7,537	23.7	2.5
8	9	LG Electronics	6,738	6,645	-1.4	2.2
9	10	Panasonic	6,704	6,267	-6.5	2.1
		Others	195,552	196,413	0.4	65.0
		Total	**299,364**	**302,051**	**0.9**	**100.0**

TAM = total available market
Source: Gartner (January 2012)

Mr Yamaji said that as more brand-name companies are increasing their production outsourcing to original design manufacturers (ODMs) and electronics manufacturing services (EMS) providers, semiconductor procurement by ODMs and EMS providers has increased year over year. Currently, three of the top 10 purchasing TAM companies are so-called contract manufacturers.

"Semiconductor chip vendors must pay attention not just to the design TAM and purchasing TAM by company, but also by region," said Mr Yamaji. "This is the key to avoiding inappropriate sales resource allocation. They must keep an eye on design-win opportunities in the US, while also establishing a strong distribution network in China."

***Note to Editors on Nokia and Sony**
In the ranking table, two joint ventures are included as stand-alone firms, as they are independent buying centres: Sony Ericsson and Nokia Siemens Networks. They are still considered independent companies in this report. This means Nokia does not include the TAM of Nokia Siemens Networks, and Sony does not include the TAM of Sony Ericsson.

Additional information is available in the report "Market Insight: Apple Led OEM, ODM and EMS Semiconductor Demand in 2011." The report is available on the Gartner website at http://www.gartner.com/resId=1517414.

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