

RESEARCH BULLETIN

MARCH 3, 2015

Comparing Market Sizes and Forecasted Growth Rates for Systems, ICs *Cellphones expand as largest system market; IoT growing fastest through 2018.*

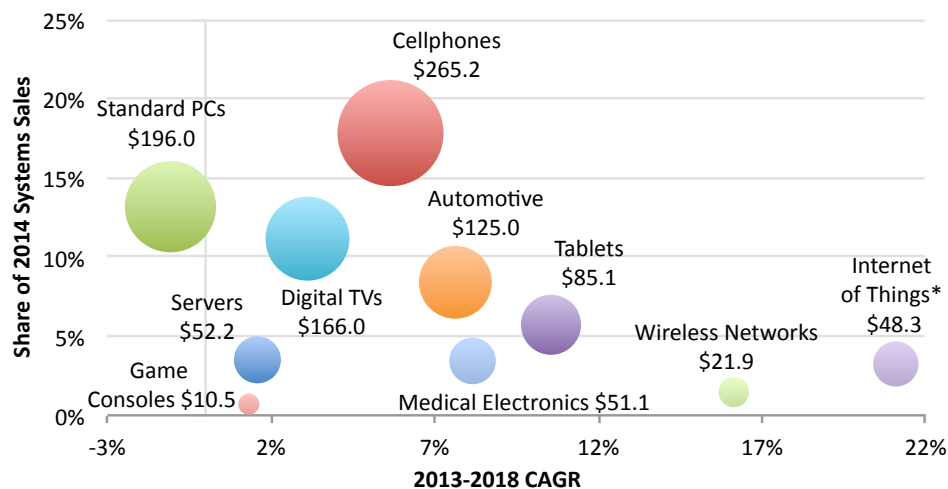
Total production value of electronic systems increased 5% in 2014 to \$1,488 billion. Electronic system production is forecast to grow at a compound annual growth rate (CAGR) of 5.2% from 2013-2018. Figure 1 compares the relative market sizes and projected growth rates of 10 major systems segments covered in the 2015 edition of IC Insights' *IC Market Drivers* report. These 10 market categories represented a little over two-thirds of the total production value of all electronic systems in 2014.

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Cellphones expanded their lead over standard personal computers (desktops and notebooks) as the largest electronic systems market in 2014 after overtaking standard PCs for the first time in 2013. Cellphones accounted for 18% of total electronics systems sales (\$265.2 billion) versus about 13% for standard PCs (\$196.0 billion) in 2014. As seen in Figure 1, cellular phone sales are projected to rise by a CAGR of 5.6% in the 2013-2018 period, while standard PC revenues are expected to slump by an annual rate of -1.1%, partly due to the popularity of tablet computers and growing use of smartphones to access the Internet.

End-Use Systems Markets (\$B) and Growth Rates



*Covers only the Internet connection portion of systems

Source: IC Insights

Figure 1

Figure 2 shows the market sizes and projected growth rates of IC sales for 11 major electronic system categories covered in the 2015 *IC Market Drivers* report. After dominating IC sales for most of the last two decades, standard PCs were unseated by cellphones as the largest end-use IC application in 2013 and the gap widened in 2014. Cellular handsets accounted for 25% of IC sales in 2014, while standard PCs represented about 21% of the total. IC sales for standard PCs have stalled out while cellphone IC revenues are projected to grow by a CAGR of 8.7% between 2013 and 2018. Among these 11 end-use market segments, IC sales growth is expected to be the strongest in systems for connections to the Internet of Things (a CAGR of 22.3%) in the five-year forecast period. IC revenues generated by these 11 end-use systems categories represented nearly 80% of total integrated circuit sales worldwide in 2014.

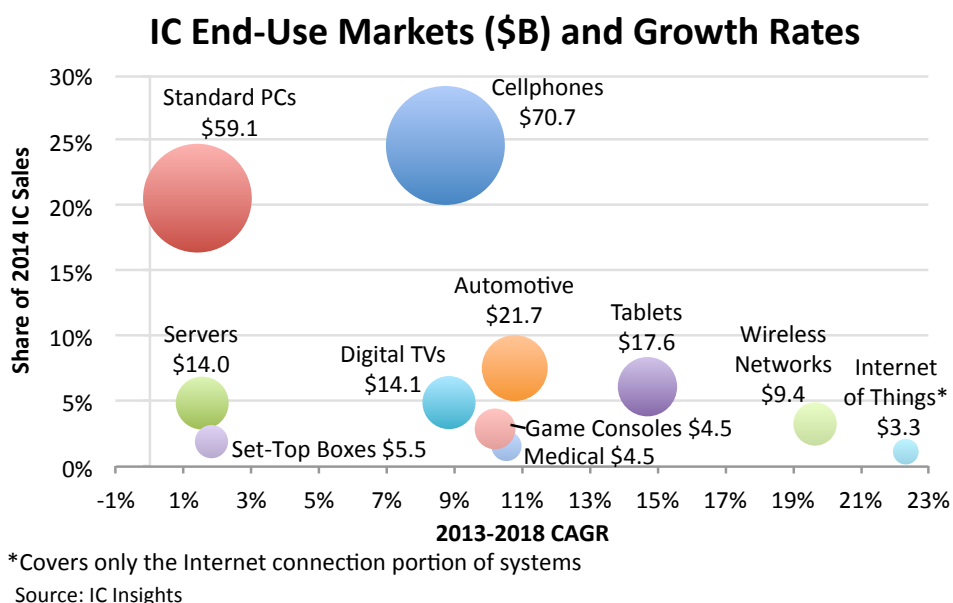


Figure 2

Report Details: *IC Market Drivers 2015*

IC Market Drivers 2015—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits examines the largest, existing system opportunities for ICs and evaluates the potential for new applications that are expected to help fuel the market for ICs.

Released in November 2014, *IC Market Drivers* is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2018. In Part 2, *IC Market Drivers* examines and evaluates key existing and emerging end-use applications that will support and propel the IC industry through 2018. Some of these applications include the Internet of Things, automotive electronics, smartphones, personal/mobile computing (including tablets), wireless networks, digital imaging, and a review of many applications to watch—those that may potentially provide significant opportunity for IC suppliers later this decade. *IC Market Drivers 2015* is priced at \$3,390 for an individual-user license and \$6,490 for a multi-user corporate license.

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IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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