ANALOG SNAPSHOT

Digital Revolution Drives Analog Growth

Analog is expected to become an increasingly important part of the company in the years ahead.

Every electronics product requires analog technologies, even in the digital world. The great paradox is that as more and more electronic devices—like cell phones, televisions and radios—move to digital for processing and transmitting data, it is the increasingly important analog technology that gathers the sights, sounds and textures of the real world and enables us to experience the movies we see and the music we hear.

Mobility, too, depends upon analog. Today’s communications and entertainment devices are made portable through analog advances that deliver greater efficiency and longer battery life. Similarly, analog is becoming a powerful force in health care. Analog technology is opening up new possibilities for medical devices that improve the quality and extend the length of people’s lives. As a result, today’s analog market is more than $35 billion and growing, which creates an exciting opportunity for TI.

TI’s success in analog depends upon three key areas: expanding and improving the product portfolio, maintaining an industry-leading field sales and support network, and having the best analog engineering talent in the world. The company’s presence and reputation with customers is unmatched due to the size of its field sales and support network as well as the breadth and quality of its portfolio. In addition, TI has the resources to invest in R&D to develop innovative analog process technologies and chip designs, as well as manufacturing facilities. As a result, TI’s analog product line has gained market share for five years in a row.

Also attractive to TI is the role innovation plays in the high-performance analog market where chip capabilities translate directly to customers’ ability to differentiate their own products. Customers’ buying decisions are primarily based on product performance and functionality, rather than price, so innovation is rewarded with higher profit margins and a solid return on R&D investments.

To provide both the products and support customers need, TI has developed a great base of analog engineering talent and technology through a combination of organic growth and select acquisitions of companies with specialized analog products and skills. The goal is to support the full range of customers’ system design needs for analog products. Quickly integrating the analog expertise gained through acquisitions with TI’s manufacturing process capabilities enabled the company to define and develop the cutting-edge processes and tools that allowed its newly acquired talent to develop best-in-class products. Today, with more than 15,000 high-performance analog products and hundreds of new products in the pipeline, TI’s portfolio has become stronger, more differentiated and more attractive to a broader set of customers. Moreover, it enables the company to create products that are highly tuned for targeted opportunities, such as cell phones, hard-disk drives and automobiles.

Analog now represents about 40 percent of TI’s total Semiconductor revenue and will be an important driver of the company’s future growth. As analog continues to become a bigger part of TI in the years ahead, the benefits it brings to the company—higher profit margins, less capital intensity, more diverse markets—will help TI to improve its financial performance and deliver even greater returns to its shareholders. Although the company is now the world leader in analog, TI’s share of this market is only about 13 percent, leaving plenty of room for expansion. Providing the analog products and support customers need, combined with fostering a workplace where analog engineers are free to innovate and create extraordinary products, is making a difference to the company, its customers and shareholders. TI stands ready to not only meet the demands of the changing digital world, but to help shape them.

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