



Better Than Any Reality TV Show: The Foundry Market

The foundry market players continue to provide almost as much nail-biting suspense as a TV reality program. Drawing most of the media attention is the battle for large volume IDM and advanced technology customers. Companies such as TSMC and the members of the Common Platform are developing strategies which involve unique advanced technologies. The competition involves a fight over the biggest and strongest semiconductor manufacturers.

But that is not the only show in the foundry arena. Smaller foundry suppliers such as Tower Semiconductor are finding ways to grow faster than the overall semiconductor industry by focusing on products that don't require the bleeding edge technologies but do require differentiated technologies specifically designed for small to medium sized manufacturers. The so-called niche players are actually targeting markets such as MEMS, RF CMOS, telematics, and portable medical that are growing faster than the overall industry.

Tower Semiconductor and Jazz Semiconductor have taken a big step which sets them up to uniquely meet the needs of many companies looking for a foundry partner to provide a solution to their manufacturing challenges. The merger of Tower and Jazz brings together a number of complementary ingredients. Tower has a strong presence in embedded non-volatile memory and image sensor technologies while Jazz has always been known for its BiCMOS, SiGe, RF CMOS, and power/BCD technologies.

The customers of Tower and Jazz had very little overlap making the combined business much more broadly based. In addition, the combined manufacturing capacity now has a worldwide presence with an opportunity to operate in a much more efficient manner. Tower also has a proven track record of successful technology transfers for both specialty and legacy products.

Since Russell Ellwanger took charge of Tower in May 2005, the company has consistently improved its manufacturing operation and expanded its customer base. The merger with Jazz will position the company to be an even stronger player in the very fast growing specialty foundry arena. The name of the game is definitely survival of the fittest.

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