

EBV leverages its market reach to specify and sell its own ASICs

By Julien Happich

A NOVELTY IN THE DISTRIBUTION market where assembling development kits has become common place to promote specific components, EBV Elektronik is taking a step further with the EBVchips initiative launched at electronica.

The company sees itself as a supplement to manufacturers, able to identify among the thousands of small and medium companies it serves, new opportunities for unique chip designs that large semiconductor manufacturers may be reluctant to serve otherwise. The whole idea is to pool different ideas from EBV's customers in specific sectors and identify the common needs that could be well served by new chip designs. Acting fabless, EBV says it will bear the design costs and order the chips in bulk from willing manufacturers.

With this initiative, Slobodan Puljarevic, President and CEO of EBV Elektronik aims to raise semiconductor distribution to a whole new level.

As he describes it, EBV has divided its customer groups into vertical market segments, Automotive, General Lighting, RFID, Medical, Renewable Energies and Consumer. Although the company intends to build specific chips for customers in these segments, it will be open to new customer ideas as long as they have sufficient marketing potential across EBV's customer base.

Yet, the distributor doesn't plan to manufacture the components but will only retain rights to the intellectual property (except when one specific customer may drive the design and the need for high volumes). Of course, the distributor would reserve itself the exclusive global sales rights for a period ranging from three to five years depending on the product. As well as defining the chip's specifications, EBV will pay non-recurrent engineering charges and negotiate bulk orders with the manufacturer of its choice to remain competitive. The semiconductor components will bear original part numbers and logo from the manufacturer and then again, EBV Elektronik and its parent company Avnet will act as a pure distribution

channel for these new application-specific semiconductors.

"Why wouldn't manufacturers identify these needs themselves and serve these markets directly?" one could rightly ask. Puljarevic's rationale is that EBV Elektronik has become a key account even for large manufacturers, and is now in a position to order large unit volumes on behalf of many mid-sized companies that would otherwise never get access to the best possible integration in state-of-the-art technology. Indirectly, this approach enables many small companies to have a say on new parts specifications. This makes it possible for them to participate in the elaboration of ASICs at a better price than the low-volume solutions they currently have to build based



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on standard components.

"This is the first time in the history of the semiconductor industry, that a distributor is taking care to ensure that even recipients of small unit quantities receive products specially tailored to them in the newest technology with the best possible integration and the best price/performance ratio."

One sure thing, the customer is a winner, though to what extent would a customer want to pool his design ideas with others (even anonymously) in order to benefit from



Slobodan Puljarevic, President and CEO of EBV Elektronik presenting the EBVchips initiative.

lower prices?

Klaus Schlund, Director of Technical Marketing at EBV clarifies: "One basis of EBVchips is that EBV is taking over the NRE, which is usually one of the biggest obstacles when it comes to ASIC design for small or medium sized companies. So if our customers see more chances of revenue for themselves compared to not sharing their ideas, they will be more than happy to take this chance and get a specially tailored solution". In other words, there is a fine balance to reach.

What if manufacturers accidentally come up with products that are in direct competition? "We are in very close contact with our suppliers and have very open discussions about the particular projects. In case there are overlaps in device development or roadmap they will show up in early discussions with our suppliers and so we are able to come to a common understanding" continues Schlund. "Usually the EBVchips program is an addition to the portfolio of the suppliers and offers them additional business".

EBV Elektronik will consider system-in-package devices as part of its EBVchips strategy and could leverage packaging technologies or negotiate lower packaging services for some of its customer groups. The company hopes to be shipping its first EBVchips very soon, with the largest share of the market being in analogue and mixed-signal products. Some ideas put forward in the renewable energies market segments include metering and general lighting. For example, certain LED controls and drivers in combination with controllers lend themselves to this sort of application. ■