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Demand for flash memory skyrockets

By Michelle Kessler, USA TODAY

SAN FRANCISCO — Digital music players, camcorders and other consumer electronics are becoming sturdier and more stable, thanks to an emerging component that Apple, Panasonic and other tech giants are scrambling to buy.



Panasonic this month launched a camcorder that can store about 100 minutes of video on a tiny flash card.

It's called **flash memory**, and it's so hot that manufacturers such as Samsung are investing millions in new facilities to meet demand. One type, called NAND flash, is expected to post revenue growth of 18% a year for the next five years — stunning results in the cutthroat components market, says chip analyst Mark DeVoss at researcher iSuppli.

"It's the fastest-growing memory market that has ever existed," says chip analyst Jim Handy at Semico Research.

Flash memory is ideal for electronics because it's small, uses little power and has no moving parts. Cellphones long have used it to store data, as have digital cameras and tiny music players such as Apple's Shuffle.

But it's expensive. Hard drives — the storage used in PCs and many iPods — are a fraction of the cost of a comparable flash drive.

That's why manufacturers have stayed away from flash unless they were making very tiny, low-capacity products.

But now, flash prices have fallen just enough to make them viable in bigger devices. The wholesale price of 2 gigabytes of flash has tumbled from \$838 in 2002 to \$99 today, Semico says.

Manufacturers are responding by putting flash into:

•**Digital music players.** Apple issued a major salvo to the industry this month with the Nano digital music player, which has up to 4 GB of flash memory for \$249. Unlike most other flash players, the Nano has a big color screen and can hold about 1,000 songs. And it's more likely to survive a hard fall than full-sized iPods, which use hard drives.

The Nano is so inexpensive that Apple is probably losing money on it, with the hope of profiting through music sales and later models, Semico's Handy says. Even so, nearly all of Apple's rivals are probably rushing to develop Nanolike devices of their own, he says.

The numbers aren't out yet, but Handy expects competitors to gobble up so much flash that there may be temporary shortages and price increases on the wholesale market.

• **Camcorders.** Forget spinning tapes and hard drives. Panasonic this month launched a camcorder that can store about 100 minutes of video on a tiny flash card. The zoom lens is one of the camcorder's few moving parts.

•**Laptops.** Samsung this week announced an internal flash component that can be used to build 32-GB drives for very tiny laptops and other electronics.

The new interest is thrilling flash makers such as No. 1 Samsung. Chang-Gyu Hwang, Samsung's semiconductor chief, spoke of a "flash rush" in a press conference last week. Samsung is experiencing "an unprecedented surge in demand," he said.