

Capital Chip Maker Signs Deal on the Cutting Edge

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Barcelona // GLOBALFOUNDRIES, one of the biggest customised microchip makers in the world, has signed a deal with the chip designer ARM to make microchips for smartphones and tablets.

GLOBALFOUNDRIES is aiming to be among the first companies to commercially produce microchips in the 28-nanometre range, the fastest and most power-efficient circuits on the market. The company hopes to begin production by the end of the year.

Abu Dhabi's Advanced Technology Investment Company (ATIC) created GLOBALFOUNDRIES in a venture with AMD, the Californian company that is the world's second-largest maker of microchips for personal computers.

ATIC, an investment arm of the Abu Dhabi Government, bought the 65.8 per cent stake in GLOBALFOUNDRIES last March for US\$2.1 billion (Dh7.71bn).

ARM designs the blueprints behind processor chips and has technology available in almost every mobile phone and desktop computer in the world. The company is largely behind the design of the core technology for the Apple iPad tablet device and is expected to play a vital role in similar devices.

GLOBALFOUNDRIES's partnership with ARM is another sign that the company is aggressively focusing on high-value customers to win market share from its rivals, said Thomas Sonderman, the vice president of manufacturing systems and technology for GLOBALFOUNDRIES.

The company recently signed a deal to make chips for Qualcomm and has more than 150 customers from its acquisition of Chartered Semiconductor last month.

The development also marks the first time GLOBALFOUNDRIES will be making a chip that is ahead of anything else available in the market.

"It will be the first in the history of the industry that someone other than Intel will be ahead of the technology road map," Mr Sonderman said.

He expected GLOBALFOUNDRIES' yield of its 28-nanometre chips will remain higher than the industry average because the company has already designed its chip-making facilities to accommodate the high-tech demands of AMD, its first customer.

The company expects to produce more than 160,000 silicon wafers in the next two years after its facility in New York state is completed, Mr Sonderman said. Each wafer can contain between 100 and several thousand microchips, depending on the process and design requirements.

GLOBALFOUNDRIES is now the second-largest customised chip maker in the world, with revenues of \$2.14bn last year. Taiwan Semiconductor Manufacturing controls a 47.7 per cent share of the market, the electronics market research company iSuppli says.

"We are definitely going after the number one spot," Mr Sonderman said. "It won't happen overnight but if you can win in the high-end space, that's where the higher prices are and you'll have a lot more flexibility in your pricing."