



## **Semiconductor and electronics sector to focus on specialisation**

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SINGAPORE: Semiconductor and electronics firms are looking to contract out some operations to fight rising costs.

The poor economic climate has placed pressure on firms to adopt a less integrated approach in their processes to remain nimble, and industry players are saying the days of big integrated players like IBM are over.

The world's electronics contract manufacturing industry grew 20 per cent in 2007 and is estimated to be worth 300 billion US dollars, with 25 billion US dollars accounted for by the ASEAN region.

But concerns over a shaky business environment had seen more work being contracted out by firms seeking greater flexibility.

Vice-president of Frost Sullivan Asia Pacific, Sanjay Singh, said: "I can tie up with somebody because it offers me the best solution at this point of time, maybe for... say the ASEAN market.

"But I, as OEM (original equipment manufacturer), if I want to go into say the Indian market or the Chinese market, I have a different set of requirements, so I get the flexibility of choosing another partner."

Local semiconductor and electronics firms seeking growth opportunities can also consider tying up with the solar panel industry.

President of MIDAS, Ulf Schneider, said: "In terms of manpower development, in terms of business excellence, in terms of simply logistics, when you talk today

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about wafer plants, the challenges are also very relevant to the future challenges of the solar panel manufacturers here in Singapore."

Market watchers said the two industries can cooperate through the sharing of supply chain management systems, given their operational requirements.