

Re: What's going on with Microchip?

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From: Ulf Samuelsson (ulf_at_NOSPAMatmel.com)

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Date: Thu, 22 Jan 2004 18:27:12 +0100

"Tsvetan Usunov" <tusunov@my-deja.com> wrote in message
news:dd52331e.0401220819.a847ae3@posting.google.com...
> cbarn24050@aol.com (CBarn24050) wrote in message
news:<20040122051654.12611.00000628@mb-m29.aol.com>...
> > *The moral is allways keep a stock of your critical single sourced
components.*
>
> *It's OK for running projects which you can plan ahead, but what to say
> to customer with new design who wants 10K units tomorrow (what usually
> customers with new projects do)? Please wait 3 months to get the PICs
> or pay 20% more?*
> *I don't think he will understand this.*
>

I think everyone needs to understand that normal semiconductor company lead
time **is** 16 weeks.

This is the time it takes from start of production to delivery of goods.
A semiconductor can only offer shorter leadtime if they happen to have
stock.

Good planning ensures that stocks never run out. Bad information combined
with never running out of stock
is probably an indication of poor use of money.

Parts will become more expensive if you maintain a stock which is way above
the need.

If you dont agree, that it is waste, then why not order two years maximum
usage now ;-)

By commitment to volume through annual contracts you can guarantee yourself
parts,

because the semiconductor vendor can plan accordingly.

Without committment, the semiconductor company tries to make an intelligent
guess, which

fails when the sudden upturn comes, and everyone starts to put in orders.

Current stock is sold out, and you see a temporary increase in leadtime
until new batches can be completed.

As long as the factory is not running at max capacity like Atmel did a

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couple of years ago, the lead times will soon go back to normal. When max capacity is reached, new orders will book from followon batches, and leadtimes will be longer than the 16 weeks.

The situation at Atmel is very different now since the AVR is produced in two fabs.

The original AVR fab location in Colorado and the large fab bought from Siemens in North Tyneside U.K..

The North Tyneside fab will allow doubling of the Atmel wafer capacity so that should make people a little more comfortable.

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Best Regards

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These comments are intended to be my own opinion and they may, or may not be shared by my employer, Atmel Sweden.