

VentureBeat

Smart meters could breathe life into flagging chip market

April 1, 2009 | Camille Ricketts

Even as the downturn dries up cleantech capital, smart-meter makers continue to do quite well. With the Obama administration placing emphasis — in the form of \$4.5 billion — on smart-grid development, and major utilities like PG&E jumping on board, it looks like the smart-meter industry will hold strong through the next couple of years. This is especially good news for the makers of chips used in these meters.



New analysis out of Gartner, reported by the Wall Street Journal, says the smart-meter industry could represent up to \$2 billion in business for semiconductor companies between 2007 and 2012. It predicts that about 150 million meters will be installed over the next five years, half of them in the United States. But these are conservative estimates, according to Texas Instruments, which says smart meters could infuse the chip industry with up to \$7.5 billion (including other digital products related to the smart grid, like remotely adjustable thermostats).

The idea behind smart meters is to allow home and commercial electrical systems to automatically communicate power consumption data to utilities and end users, allowing everyone to keep better track of, and ideally cut down on, their use. For example, homeowners could see exactly how much energy their dishwasher or pool filter is sucking — in terms of dollars and cents even — and change their habits accordingly. Making a system like this work requires chips to transmit information over short distances, store measurement data, and interact with utility computers and other meters over wireless networks. Companies like Intel, Texas Instruments, Freescale Semiconductor and Analog Devices would benefit most.

And the timing couldn't be better. At the beginning of March, it was announced that chip sales had fallen 28 percent from last year — with pundits predicting the industry would shrink for the first time since 2001. The problem is that these companies are forced to maintain pricey manufacturing facilities even as chip orders dwindle. In this climate, their only choice is usually to wait and hope they have enough cash on hand to stay alive. Given this, the smart-meter business, no matter how small initially, could possibly offer a life raft.

Smart meters have a lot of positive momentum. Not only is the government rallying behind them, but they also could save utilities and consumers substantial sums in this recession — if only they would invest in them in the first place. The somewhat steep cost of adoption won't prevent the meters from catching on, but could slow their expansion. As the Wall Street Journal reports, a lot of people believe utilities are just trying to get consumers to foot the bill for their system upgrades. It would behoove these utilities to market how much these consumers stand to save on their monthly electrical bills by choosing to install the new technology.



You might like:

- AT&T partners with SmartSynch to bring the smart grid to your neighborhood
- IBM pours \$2B into smart grid as other big names reach for a piece of the pie
- Silver Spring takes smart grid networks down under

Tags: co:analog-devices, co:freescale-semiconductor, co:intel, co:texas instruments


Community Page Subscribe by email

discussion by DISQUS

Add New Comment

You are commenting as a Guest. You may select one to log into:

 Profile  Connect  Twitter

- Logged in as
-  Logout from DISQUS
- Logged in as
- using Facebook Connect (Logout)

Use Media ▼

Trackback URL

© 2009 VentureBeat.