

The **New York Times recently reported that the Intel and TSMC** Tie-up has been put on hiatus due to lack of customer demand. Actually it was a bad idea to begin with. The only one that had anything to gain was TSMC. By trying to mimic the ARM model, Intel would have only cannibalized their own revenue stream.

Intel cannot have it both ways. They can't be an IDM and a Fabless semiconductor vendor at the same time. In order to keep their PC and Server business they need to be an IDM and in essence compete against IBM. That means they need to use their IDM advantage to go after the consumer market.

This will mean major changes inside Intel. They can no longer just rely on Process R&D and Manufacturing excellence. They need to be more efficient in their design through manufacturing flow than the Fabless vendors; which is the promise of the IDM model but not always the reality. They also need to be much more flexible in their manufacturing flow.

Intel is in an unusual competitive position against ARM. They have to compete technically with ARM, but they can't compete commercially. There they have to compete with ARM's customers. That means they have hundreds of competitors in many markets. Trying to take on everyone would led to disaster.

They also need to understand that even though the IDM advantage gives them the winning hand, it will only do so in areas that they have focused all of their resources. To do so takes time, so they definitely are less maneuverable than their competition. That means choosing their battles carefully. And of course in order to maintain their profitability, they need to play in only the largest markets.

The bottom line is that this is a major marketing challenge. A shotgun approach won't work. They need to acquire a complete understanding of the emerging markets in order to make the right choices. They then must use the same skills they used in dominating the Personal Computer market in attacking these new target markets. They are not going to win them all but they certainly need to win the majority of those they target.

Contrary to most of the articles that have been recently published this is not a fight to the death. ARM will still dominate a majority of the markets. Intel's goal is to dominate enough of the largest markets so they can maintain their critical mass as an IDM.

I'm interested in hearing your input.