

INTRODUCTION

Two acquisitions have been taken by some people as a continuation of the asset acquisitions we've been seeing recently. This is a continuation of the Gloom and Doom school of thought that has been going around in EDA recently. Looks like some people are missing the point.

WHAT'S HAPPENING

EDA is the trailing half of an inflection point. Two of the Big Four companies are not doing well financially. That has upset the exit strategies of start-ups expecting a fairly quick life cycle of starting up, landing a few Power Users as customers and then getting acquired by the Big Four. Add to that the inability of mid-sized EDA companies to go public and a completely new dynamic emerges. Keep in mind this is an inflection point and that opens up opportunities for these mid-sized companies. We have seen this before, the best example being the formation of Cadence in the 1980s. This is the rolling up of the middle. These two acquisitions are great examples of two different types of these roll-ups.

SYNFORA ACQUIRES ESTEREL STUDIO

As we have said before, this is a make-or-break year for ESL Synthesis. The companies that will survive will have an ESL Synthesizer that has both Algorithmic and Control Logic capabilities. Synfora has done this by acquiring Esterel Studio, a Control Logic ESL Synthesizer. This needs to be proven out by the users, but they now have the ability to grab a major market position.

APACHE ACQUIRES SEQUENCE

This is a bigger acquisition both in dollars and in importance. In the early days of IC design it was all about area. That drove the cost of the product and therefore was the critical competitive advantage. During the late 1980s and 1990s the critical advantage shifted to performance and therefore timing became the most important design criteria. This decade low power has emerged as the critical parameter, surpassing timing and area. Both Apache and Sequence are leaders in the power arena. Now having a synthesizer that has power optimization capability is important but that hasn't proven to be enough. Most of the power optimization techniques lay outside of the synthesizers' domain. This has allowed Apache to gain a major market position despite the competition from the big four. This gives them a safe haven to develop into one of the top four themselves. Of course displacing one of the top four isn't exactly easy, but during an inflection point it is certainly possible. Keep your eye on this one.