

Report: ICs in RFID Apps to Increase at a CAGR of 63%

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SCOTTSDALE, AZ – Between 2006 and 2011, unit shipments of integrated circuits used in RFID applications will increase at a CAGR of 63% per year and exceed 26.1 billion devices worldwide in 2011, according to **IC Insights.**

Radio-frequency identification products continue to show strong growth as RFID technologies take hold in more applications worldwide, the research firm says.

Growing concerns about national security and personal-identity theft along with ongoing efforts to improve inventory tracking and logistics in business sectors are sharply driving use of RFID transponders and contact-less smartcards that employ RFID links, according to a recent IC Insights report.

Smartcard IC volumes are expected to rise at a CAGR of more than 21% in the forecast period and reach 4.9 billion units in 2011.

Revenues for ICs in RFID applications (including RF ICs and logic devices for tag readers and scanners) are forecast to reach \$2.3 billion in 2011, compared to \$790 million in 2007, a CAGR of 32% per year.

RFID IC sales are forecast to exceed \$1 billion for the first time in 2009. Meanwhile, smartcard IC sales are expected to grow from about \$4.1 billion in 2007 to \$5.6 billion in 2011, which represents a CAGR of 9%.

Steady advancements in miniaturization, cost cuts, and greater transmission efficiencies have enabled RFID transponders (or tags) to overcome most technical hurdles, while standards in systems and software implementations have encouraged greater adoption of the technology as a replacement for printed barcodes and traditional paperwork, says the research firm.

The RFID market is getting a boost from governments programs aimed at replacing conventional paper passports and plastic ID cards with electronic passports and smartcards that use contactless chip technologies. More than 50 governments worldwide are now aggressively pursuing e-passport and ID initiatives. The U.S. Passport Agency, for example, expects to complete the phase-in of wireless RFID-based passports during the next 10 years. IC Insights believes the sale of transponders for "e-passports" and national ID programs could reach \$500 million by 2011.