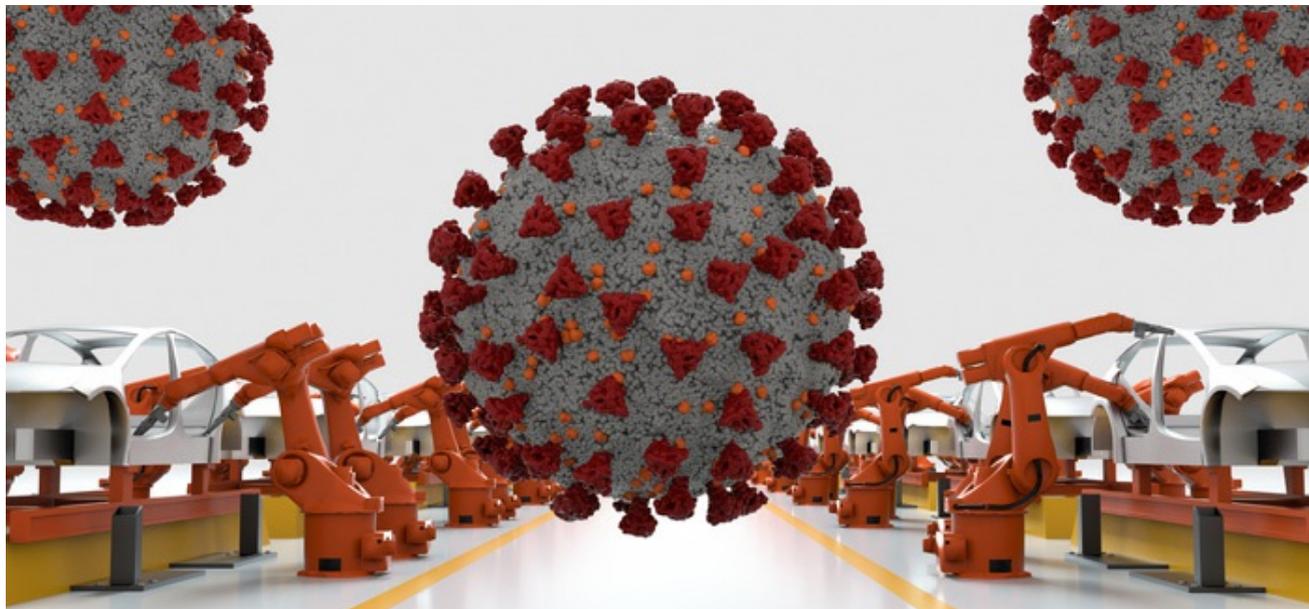


CAN Newsletter Online

CAN NEWSLETTER MAGAZINE

Covid-19 and CAN business

The Sars-CoV-19 virus pandemic has impact on all industries: decreasing business with a few exceptions on increasing sales for medical equipment, for example. Due to the lockdown sometimes supply chains are partly broken.



In the first month of this year, production of road vehicles decreased due to the Covid-19 disease, most carmakers have shutdown their assembly lines; some restarted them, but full production is not achieved yet (Source: Stock Adobe)

The complete article is published in the [June issue](#) of the CAN Newsletter magazine 2020. This is just an excerpt.

CAN chip business is down, because the automotive industry has closed many of its factories. Some of them started production again, but carefully and slowly. ACEA, the European association of road-vehicle manufacturers reported already in April a lost production of 1,5 million motor vehicles. This figure includes passenger cars, trucks, vans, buses, and coaches. The number will climb further, if shutdowns are prolonged or more plants are closed. In May, first European carmakers ramped-up production.

CAN chip sales decreases

The automotive industry is by far the largest CAN application domain. Conservative market figures for installed CAN nodes in 2019 are two billions. This year, there will be a significant and dramatic slump in CAN sales figures. On the other hand, for low-volume markets the availability of CAN chips, especially CAN transceivers, should be not a problem.

NXP, the market leading CAN transceiver supplier, explained in an April press release: "While the supply chain disruption experienced post Lunar New Year in China appears to be subsiding, the end market demand trends in the rest of the world have started to significantly deteriorate. Throughout March, the demand headwinds accelerated in the automotive market where many global auto OEMs (original equipment manufacturers) outside of China have shut production lines, and within the industrial and mobile markets where customer demand trends have resulted in the push-out of orders."



In most cases, the supply-chains for CAN-based devices are not broken, however sometimes single components can cause headaches in the purchase departments (Source: Stock Adobe)

Infineon, another chipmaker focused on the automotive markets, has withdrawn its forecast for this year. "The more and more pronounced coronavirus pandemic worldwide is causing severe disruptions to global supply chains, end- markets, and economies. Developments around the corona- virus are very dynamic and result in low visibility." Originally the German company had

anticipated to grow revenues by five percent year-over-year (plus or minus two percent- age points). "The impact of the coronavirus pandemic can result in a deviation from this expectation and can lead to a noticeable decline in revenue compared to the last fiscal year," stated the company in a press release. The anticipated reduction in revenue will weigh on Infineon's profitability in the 2020 fiscal year, as underutilization charges will go up further compared to the original assessment. Nevertheless, Infineon finalized the integration of Cypress. In June 2019, the two companies had signed an agreement under which Infineon would acquire Cypress. Both companies produce micro-controllers with CAN controllers.

Microchip reported that their production facilities in Philippines and Malaysia are working with just 10 percent to 30 percent of employees, due to the governmental restrictions in these countries. The supply chain partners, have not had any major disruptions, informed the U.S. chipmaker. "While a few shipments have missed our original committed shipment dates, by and large more than 95 percent of our shipments have met our original commitment dates," stated Microchip. "We are engaging with clients and continue to accept orders."

Other CAN semiconductor manufacturers face similar problems due to the Covid-19 pandemic. Renesas (Japan) runs its Malaysian facilities at a limited capacity, because of the governmental restrictions. The Chinese production is since end of March under normal operation.

ST Microelectronics, another market-leading supplier for MCUs (micro-control units) with CAN connectivity, reported that the revenues came in about five percent below the mid-point of our outlook when entering the quarter. CEO Jean-Marc Chery said: "The Covid-19 outbreak and subsequent containment measures by governments around the world brought challenges in our manufacturing operations and, especially in the last few days of the quarter, logistics." He added: "Our second quarter outlook is taking into account the declining demand environment, especially in Automotive, as well as the ongoing operational and logistics challenges due to current governmental regulations. We anticipate that all of our manufacturing sites will be operational. Some of them will run at reduced capacity, with unsaturation charges currently estimated to be about 400 basis points."

Development engineers are in home office

Most development engineers are working from home. This is also true for CiA (CAN in Automation) member companies. CiA has rescheduled all meetings as online events. This means, we are communicating from home office to home office with all the challenges including kids, limited space, and sometimes not optimal technical equipment. Additionally, some companies have put employees in short-time work or have sent them in forced vacations. Short-time work in Germany means reduced salary.

Most of the CiA member companies are operating as usual. Renesas explained in a statement: "We are following guidelines from the government and local authorities and implementing best practices to keep our operations running effectively. There are no plans to shut down headquarters and offices including design centers located within Japan. Employees based in the affected prefectures will continue to work from home." Smaller CiA members such as Kvaser (Sweden) informed their customers, that the development team is working from home. "Conscious that more of our customers will be tackling CAN development remotely, our support and field application engineers have put together a few suggestions to help keeping your CAN projects moving ahead." The Swedish company provides an online guide to use the Virtual CAN Driver software coming with the CAN interface boards.

If you would like to read the complete article you can [download](#) it free-of-charge or you [download the entire magazine](#).

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