

Synopsys Takes a Big Leap in the EDA Solutions Segment with Ansys Acquisition

Electronics industry solution provider consolidating solutions across “silicon-to-systems” and “systems-to-silicon” development

On Tuesday, January 16, 2024, Synopsys, Inc. (NASDAQ: SNPS) announced its intention to acquire Ansys, Inc. (NASDAQ: ANSS). Ansys, Inc. is the undisputed market share leader in the multiphysics simulation and analysis (S&A) solutions segment.

While Synopsys, Inc. is a leader in the EDA segment, the acquisition of Ansys will provide Synopsys with a significant advancement in its portfolio for EDA applications, especially in the simulation and analysis space. The companies in a joint press call estimated the total available market for the combined company to be \$28B. This gives a lot of room for future growth of the combined entity from their current combined revenue of ~\$8.3B. While an acquisition of this magnitude was not anticipated, it underlines the trend towards “smart” and “intelligent” features in products and IIoT services across a broad range of industry segments. This is creating a huge demand for electronics systems and custom silicon. The trend has helped both companies achieve double-digit revenue growth and significant profit margins. Both companies have been working as partners for some time and Ansys’ technology has been used by Synopsys customers as part of the overall EDA workflow. Ansys has a diversified simulation and analysis portfolio ranging from fluids, structural, optics, optimization, digital twins, and systems simulation serving many industries outside the electronics and semiconductor industries. Some of the Ansys applications are also used in the electronic design automation domain (EDA). Also of note is that Synopsys has a significant presence in the optic/photonics design and simulation domain via a previous acquisition of Optical Research Associates. This merger will solidify the combined companies’ leadership in this area.

The challenge now is that Synopsys and Ansys leadership will need to ensure that Ansys customers are given confidence about continued innovation and investment in the Ansys suite of EDA and multi-physics simulation and analysis applications. Various sources are reporting that this was a multi-party race, and many other parties were considered by the Ansys board of directors before agreeing to go with Synopsys due to a long-term partnership and perceived synergy.

CIMdata views this as a continuation of the trend in convergence of mechanical design and electronics systems design domains, particularly in the strategic role of simulation and analysis applications in developing electronics systems and customized semiconductor chips. The acquisition of Ansys by Synopsys is unique from the point of view of the amount of capital involved but the fundamental premise of the transaction is the same. We believe that this development may lead to further consolidation of the market and smaller rivals of Ansys will receive significant attention. CIMdata expects that this trend will continue with the ever-expanding need for smart products and interconnected systems in the world of Industry 4.0, and simulation driven systems engineering processes such as MBSE.

About CIMdata

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