

Monolithic Power Systems: The Next Power Roadmap

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This case presents a hypothetical FY2027 planning decision based on public information. It does not describe an actual MPS budget, executive assignment, or decision.

The decision

Monolithic Power Systems (MPS) designs semiconductor-based power electronics. It is a fabless company: outside suppliers manufacture, assemble, and test its products, while MPS focuses on design, engineering, system knowledge, integration, and packaging. Its leadership has described a continuing shift from a chip-only supplier toward a full-solution provider.

By the end of Q2 2026, MPS had existing revenue from AI/server power-management products, had received initial orders for high-speed DDR5 memory components, and had begun sampling high-voltage AC-to-DC products for 800V data-center architectures. At the same time, it served five other end markets. Its reported revenue mix had shifted sharply toward Enterprise Data.

Imagine MPS is beginning its FY2027 product-roadmap cycle. A hypothetical strategy team must decide how to direct its next cycle of product-development and application-engineering attention:

- Accelerate the data-center solution stack, including current AI/server products and the sampled 800V architecture.
- Maintain a balanced roadmap across MPS's end markets and customer programs.
- Develop shared power and packaging technology, then stage additional application commitments as customer, qualification, and supplier evidence develops.

What should the team prioritize? How should it decide when a product opportunity merits more engineering attention, and what evidence would justify expansion, pause, or redirection? No public budget, customer-specific commitment, or project-level return data is available.

The business and its markets

MPS describes itself as a fabless global power-semiconductor company. It collaborates with outside foundries on proprietary process and packaging technology; third parties manufacture, assemble, and test its integrated circuits. Management says this structure limits fixed costs and capital expenditure while allowing the company to focus on engineering and design.

MPS reports **one reportable segment**. Its six end-market categories are management's revenue classifications, not six separate segments, profit centers, or product-line returns:

- **Enterprise Data:** cloud and on-premises servers, workstations, and AI systems.
- **Storage & Computing:** memory, storage, notebooks, and graphics cards.
- **Automotive:** ADAS, infotainment, USB, body electronics, motion control, and lighting.
- **Communications:** network infrastructure, satellite communications, optical modules, switches, and other wireless products.
- **Consumer:** appliances, gaming, televisions, lighting, monitors, and stereos.
- **Industrial:** power sources, meters, security, and other industrial equipment.

MPS's sales are predominantly through distribution arrangements. The Q2 2026 Form 10-Q reported that Distributor A represented 28% and Distributor B 15% of total revenue for the quarter; for the first half, the corresponding shares were 27% and 15%. Eighty-eight percent of sales were through distributors in both periods. Those are consolidated direct-channel figures, not a measure of ultimate Enterprise Data customers. In its earnings webinar, management described Enterprise Data's customer set as ranging from large to small and “not concentrated.” That statement is not an independently reported customer-level concentration analysis.

A fast-moving quarter

MPS reported Q2 2026 revenue of \$980.6 million, up 47.6% from Q2 2025. First-half revenue was \$1.785 billion, up from \$1.302 billion a year earlier. The company said Q2 growth was driven primarily by Enterprise Data and Communications demand and a richer mix of power solutions, which management said generally carry higher average selling prices than discrete ICs.

Management end-market classification	Q2 2026 revenue	Q2 share	H1 2026 revenue	H1 share
Enterprise Data	\$380.6m	38.8%	\$643.4m	36.0%
Storage & Computing	\$199.8m	20.4%	\$374.2m	21.0%
Automotive	\$157.1m	16.0%	\$309.4m	17.3%
Communications	\$131.6m	13.4%	\$243.0m	13.6%
Consumer	\$56.8m	5.8%	\$111.3m	6.2%
Industrial	\$54.8m	5.6%	\$103.4m	5.8%
Total	\$980.6m	100.0%	\$1,784.8m	100.0%

Q2 Enterprise Data revenue was up 164.3% year over year. Management attributed that increase to higher sales of AI and server power-management solutions. Communications revenue grew 78.3% year over year, which management attributed primarily to higher optical-module and switch sales. These explanations accompany aggregate reported revenue; the public data do not provide a unit, price, customer, design-win, or end-market margin bridge.

The mix has moved before. Enterprise Data represented 25.2% of FY2025 revenue, compared with 32.5% in 2024 and 17.7% in 2023. Storage & Computing was the largest category in FY2025 at 26.3%. A single quarter's growth or mix does not show how persistent the demand will be or how much profit, engineering effort, or customer value each market produces.

Product opportunities at different stages

The company has disclosed several relevant activity measures. Their stages differ.

Company statement by the cutoff	What is public	What remains unknown
AI and server power management	Existing sales are included in the broad Enterprise Data category; management attributed much of its recent increase to AI/server solutions.	AI-only revenue, customer-level orders, end-customer sell-through, product-level margins, design-win conversion, and demand duration.
800V data-center power	MPS said it had begun sampling high-voltage AC-to-DC products designed for 800V data-center architectures.	Whether a sample becomes a design win, is qualified, enters production, is deployed, and on what timing or volume.
DDR5 memory components	MPS reported initial orders for high-speed DDR5 memory components. Management expected the opportunity to grow its serviceable available market into the following year.	Order size, repeat orders, shipment timing, adoption across applications, and revenue ramp. In Q&A, management said it was too early to call a revenue ramp.
Automotive	MPS said it had shipped products for more than 1,500 new "sockets" so far in 2026.	The socket-counting method, per-socket revenue, qualification status, lifetime economics, and conversion or retention.
Automotive pipeline	The Q2 investor overview showed "\$1B wins in pipeline."	Metric definition, probability, timing, conversion, and realized revenue.

Sampling, initial orders, socket shipments, design wins, qualification, production, and recurring sales are not interchangeable milestones. MPS did not disclose the customer or project-level data needed to estimate the value or conversion risk of these activities.

The resource and timing problem

Management extended its stated capacity goal significantly beyond \$6 billion to support future growth and the transition toward full solutions. It did not specify the goal's measurement basis, timing, product or geographic allocation, supplier commitments, or expected revenue conversion. The goal is not reported capacity already delivered or a forecast of revenue.

MPS is fabless, but its supply chain still has constraints. The company says sales may take a number of quarters to ramp after an initial order. Typical supply lead times are 16-26 weeks, and customers can cancel or reschedule orders without significant penalty. The annual report describes supplier-capacity constraints at required geometries at times, as well as supplier reservations, prepayments, manufacturing capacity, packaging, and qualification requirements. These outside-supplier constraints are separate from the possible demands on MPS's internal design and application-engineering teams. Public filings do not say which is the binding resource for any particular opportunity.

MPS reported \$571.0 million in unconditional purchase commitments at June 30, 2026, with \$542.1 million due within a year. The filings do not identify these commitments as the incremental cost of the expanded capacity goal. R&D expense was \$118.6 million in Q2 and \$219.2 million in the first half; the company did not break it down by project or end market, disclose application-engineering headcount, or report returns on R&D.

Competing interpretations

The Q2 Enterprise Data increase could indicate durable AI/server design wins and higher power content per system. It could also reflect order timing, channel inventories, a rapid but volatile build cycle, mix, customer concentration, or comparison against a lower base. Public market-level revenue does not distinguish these explanations.

An accelerated solution strategy could let MPS deepen customer integration and capture value from system-level power design. It may also require more support, reliability testing, qualification, packaging coordination, and supplier commitments. A balanced portfolio could preserve exposure to different applications and cycles, though the markets may draw on different engineers and have different design-in timelines. Shared architectures may create reusable capabilities, but the filings do not show which technology or teams transfer across programs. A staged approach could preserve options and generate information while waiting, but it could delay commitments needed to win a design slot.

The assignment

Prepare a recommendation to the hypothetical FY2027 roadmap team. Address:

1. Which path-or combination-should receive priority, and why?
2. Which products, applications, or customer programs belong in the first wave? State the evidence required; do not invent specific customers.
3. What milestones distinguish a sample from a qualified, production product? What evidence would show that an opportunity merits additional engineering or supplier commitments?
4. How should management track design-win conversion, qualification time, production, reliability, customer value, supply readiness, and market diversification?
5. What evidence would trigger acceleration, staging, or a pause? Explain the strongest argument against your recommendation.

Use only information available by October 4, 2026. Attribute company statements, preserve the Q2 and H1 periods, and distinguish MPS's six revenue end markets from its one reportable segment and from project economics. Do not invent a budget, customer, program return, or post-cutoff outcome. Financial modeling and Excel are out of scope.

Selected sources

- [MPS Q2 2026 Form 10-Q](#)
- [MPS Q2 2026 earnings commentary](#)
- [MPS FY2025 Form 10-K as filed](#)
- Research detail: integrated literature review