

PRINT EDITION

[Full contents](#) [Subscribe](#)
[Enlarge current cover](#)
[Past issues/regional covers](#)

NEWS ANALYSIS

POLITICS THIS WEEK

BUSINESS THIS WEEK

OPINION

[Leaders](#)
[Letters to the editor](#)
[Blogs](#)
[Columns](#)
[Gallery](#)

WORLD

[United States](#)
[The Americas](#)
[Asia](#)
[Middle East & Africa](#)
[Europe](#)
[Britain](#)
[International](#) Country Briefings Cities Guide

SPECIAL REPORTS

BUSINESS

[Management](#)
[Business Education](#)

FINANCE & ECONOMICS

[Economics Focus](#)
[Economics A-Z](#)

SCIENCE & TECHNOLOGY

[Technology Quarterly](#)

BOOKS & ARTS

[Style Guide](#)

PEOPLE

[Obituary](#)

MARKETS & DATA

[Weekly Indicators](#)
[Currencies](#)
[Rankings](#)
[Big Mac Index](#)
[Chart Gallery](#)

DIVERSIONS

[Correspondent's Diary](#)

RESEARCH TOOLS

AUDIO

DELIVERY OPTIONS

[E-mail Newsletters](#)
[Audio edition](#)
[Mobile Edition](#)
[RSS Feeds](#)
[Screensaver](#)

CLASSIFIED ADS

The Economist Group

[Economist Intelligence Unit](#)
[Economist Conferences](#)
[The World In](#)
[Intelligent Life](#)
[CFO](#)
[Roll Call](#)
[European Voice](#)
[EuroFinance](#)
[Economist Diaries and](#)

Business

Philips

Bright idea

Nov 29th 2007

From *The Economist* print edition

Low-energy illumination is lighting up the Dutch electronics giant

THIS weekend the Italian village of Torraca proclaims itself the world's first "LED city", unveiling new streetlights that emit a bright, white and ecologically green glow. The new lights use light-emitting diodes (LEDs), which are winning favour over incandescent bulbs for interior lighting because they use only one-eighth of the power, stay cool and last for up to ten years. All this also makes LEDs an attractive alternative to the baleful orange glow of traditional sodium streetlights.

Torraca's new lights have been installed by an Italian start-up, Elettronica Gelbison, which makes components for cars—a growth market as the volume of electronics in each vehicle increases. Many cars already have LED tail-lights; headlights will be next as LEDs increase in power and new applications open up. The Torraca project is the first example of LED streetlighting, and a beacon for the new wave of "clean-tech" innovation that is attracting investors just as early computers did a generation ago.

The rise of LEDs is giving birth to new firms such as Gelbison, but is also affecting the giants of the world's electronics industry. Philips, Europe's biggest electronics company and a world leader in lighting, this week bought an American firm, Genlyte, for \$2.7 billion, its fifth acquisition of a lighting firm in recent months. Philips has said that it has as much as €20 billion (\$29.7 billion) to spend on acquisitions. It hopes to use Genlyte's relations with distributors and retailers to increase sales of LED lighting in America. The deal makes Philips the biggest lighting firm in the American market, ahead of General Electric.

The Genlyte acquisition is the group's biggest since it started reshaping itself from a sprawling conglomerate into a business built around three pillars: health care, lighting and consumer products. Philips hopes the reorganisation will enable it to double earnings-per-share by 2010 and increase margins through innovation and acquisitions.

Lighting is particularly attractive to Philips, because the revolution triggered by LEDs is changing the whole industry. Lighting is becoming integrated into interior design, making neon strips and incandescent bulbs look as old-fashioned as black-and-white television. LEDs can be implanted into furniture or walls and can even change colour. Torraca's new lights should earn the town a place in history, alongside Holborn Viaduct in London, where the first electric streetlights were deployed in 1878.

[Back to top »](#)

Advertisement

[Printable page](#)[E-mail this](#)[Bookmark](#)

Advertisement