

MIDs Spell Success for China's UMD Market

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Report Summary

Ultra mobile devices (UMDs) are a family of devices that can access full Internet pages and use a range of internet applications via mobile cellular or Wi-Fi network. Examples of UMDs include the ultra mobile PC (UMPC), a percentage of high-end smartphones, some emerging consumer electronic (CE) devices and the mobile Internet device (MID). The MID is the latest member of the UMD family and has provided a great boost to the UMD market in general. According to our optimistic forecasts, 230,000 MIDs were shipped in China in 2008.

The UMPC is another market success. The notebook UMPC, in particular, is attracting an increasing number of manufacturers and end-users owing to its competitive price. Numerous UMPCs and slider UMPCs have been available to consumers in the past, but weak battery life and higher prices have hampered their spread. Mostly, they survive as a kind of notebook PC for business professionals.

The last member of the UMD family, the high-end smartphones, such as Apple's iPhone and RIM's BlackBerry, are the offerings to the UMD space from handset manufacturers. They also support full Internet access.

Leaving aside notebook UMPCs and high-end smartphones, however, the ecosystem and value chain for the UMD market are becoming mature. Increasing numbers of notebook and cellphone makers are recognizing the huge potential of the UMD market and are acting accordingly. Many popular Internet applications can run on UMDs and an improved wireless environment is providing faster mobile Internet access. All these things show that the UMD is on its way.

The majority of current UMPCs and MIDs are based on x86 architecture. Intel dominates the UMD market, followed by VIA, and plays an important role in moving the UMD industry forward. The x86 camp's main rival, ARM, has mainly targeted the cellphone market but is now attempting to enter this booming market.

HIGHLIGHTS

- The introduction of the MID in 2008 has speeded up the development of the UMD market.
- The price of UMDs (other than notebook UMPCs and smartphones) is US\$800–\$1,200. In-Stat predicts that the target market price inflection point is just under US\$500.
- MIDs can best leverage Internet experience and portability and are regarded as the best UMD solution.
- x86-based MIDs have had a relatively mature ecosystem and value chain, and an increasing number of OEM makers and application developers have entered the market. ARM-based MIDs have a longer road ahead, owing primarily to issues of Internet access and backward compatibility.

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A UMD functions like a normal notebook and incorporates many features that meet user demand for on-the-go Internet access anywhere, anytime. The MID can best leverage its strength in Internet experience and portability and is regarded as the best solution. Intel introduced the MID to the industry and has built an organization, moblin.org, to accelerate its development. More than 20 OEMs and over 30 application developers are currently partnered with moblin.org, and MIDs by Lenovo and Aigo support as many as 20 applications, such as QQ, Sina, and stock software. Intel plans to make other popular Internet applications available on x86-based MIDs by mid-2009.

Most cellphone manufacturers remain cautious toward the MID market because prospects for the ARM-based MID remain cloudy, especially with regard to Internet access and backward compatibility. For example, Cortex A9, the latest ARM core, is not backward compatible with the old ARM family, including ARM 11, ARM 9, and ARM 7. As a result, developers must devote time to developing port codes.

On the other hand, MID-oriented UMDs are booming and enhancing prospects for all parties in the UMD value chain, although battery life and price issues need to be resolved in order to raise the UMD's profile and increase sales. Intel and its partners are exploring solutions, including cutting costs by maximizing the use of components originally designed for notebooks or other electronic devices.

Notebook UMPCs target low-end users, while tablet UMPCs and slider UMPCs target business professionals. The MID has a wider user market that consists of three segments: young adults, media-centric consumers, and business professionals. This makes it likely that MID shipments will soon surpass those for UMPCs and bolster the UMD market.

What Information is in this Report?

- An overview of China's UMD market, including UMPC, MID, and high-end smartphone markets
- Profiles of the main players, including processor and chipset vendors and OEM vendors
- An outline of the elements of the UMD ecosystem and value chain, including processors, connections, Internet content and service, and BOM analysis
- Discussion of x86-based and ARM-based UMDs
- Shipment forecasts for UMPCs and MIDs in China from 2008 to 2012

Who Will be Interested in this Report?

- Processor and chipset vendors
- Notebook/cellphone manufacturers, both foreign and domestic
- Current UMD manufacturers
- Third-party application providers

What Questions Does this Report Answer?

- What is the history of the UMD?
- What is the current development status of the UMPC, the MID, and the smartphone?
- What are the elements of the UMD ecosystem and value chain?
- What are the drivers and barriers for the UMD market in China?
- What are the shipment forecasts for the UMPC and MID markets?

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