

The Rise of the Internet Tablet: The Keys to Success

SKU: IN1004604WH
Analyst: Jim McGregor
Jim.mcgregor@reedbusiness.com
+1.480.522.4369
February 2010

Overview

Now that hangover from the 2010 Consumer Electronics Show in Las Vegas has ended, it's time to separate hype from reality, especially in understanding the implications of the new technologies and proposed platforms. One of the platforms that received the most press, and rightfully so, was the Internet tablet, also referred to as a slate. Not only were there a number of new devices on display from industry leaders, but also a number of key enabling technologies, such as new processors from companies like NVIDIA and Qualcomm, and display technologies from Pixel Qi and Qualcomm (Mirasol). Even Apple managed to upstage CES once again with the industry's worst-kept secret about a tablet device, called the iPad, which was recently announced. Like all new technologies that appear at CES, however, it may be several years, if ever, before the platform becomes mainstream. We are already on the second year of the 3D TV hype and will see many more years before it becomes widely adopted (see the report, *3D Coming to a Home Near You* #IN0904469MBS for more research about the 3D TV market).

With our continuing coverage of the mobile market, In-Stat will continue to examine the technologies, platforms, applications, usage models, and business models that drive the highest growth and most dynamic segment of the electronics market—mobile solutions. This report clarifies some of the haze surrounding the tablet category and establishes some reasonable expectations for market development, consumer adoption, and system requirements.

HIGHLIGHTS

- Success in the mobile market requires offering a complete solution, including the device, content/applications, and wireless service.
- The potential unit TAM for Internet tablets is upwards of \diamond million in 2014.
- While consumer demand is still questionable, commercial opportunities for tablets are growing.
- Based on device BoM estimates, initial pricing of mainstream tablets should be in the \$400–\$500 range.
- New display, sensor, and wireless technologies could further enable tablet devices.
- Thus far, only Apple and ICD have indicated operator strategies, and only Apple offers an entire solution that includes content and applications.
- The silicon TAM is \$ \diamond billion in 2014.
- ARM and x86 appear to be the processors of choice for tablets.

Report Summary

The Internet tablet is entering a crowded market of mobile devices, but has the opportunity to carve out a portion of the fast growing mobile electronics market segment for those that can deliver a complete solution that includes the device, content, applications, and wireless services that offer a unique usage model to users at an attractive price.

This report examines the potential for what In-Stat defines as an Internet tablet by:

- Examining the evolution of the mobile electronics market
- Comparing tablets to other mobile devices
- Evaluating the keys to success in terms of technology, content/applications, wireless services, and business models
- Providing an outlook for both consumer and commercial segments of the market
- Analyzing the bill-of-materials of a tablet and forecasting the future trends
- Examining the initial products and strategies of some of the initial market entrants, such as Apple.

The report also provides TAM figures for silicon and non-silicon components based on the device forecasts and estimated bill-of-materials.

This report should be of interest to anyone interested in this market or potentially competing with this market, including:

- ODMs (companies designing and manufacturing the devices)—Foxconn, Quanta, Wistron, Compal, etc.
- OEMs (companies marketing the devices, including those potentially entering the market)—Apple, Dell, HP, ICD, Pegatron, NotionInk, MSI, Acer, Asus, Toshiba, Samsung, LG, etc.
- Silicon and non-silicon component manufacturers—Intel, ARM, TI, NVIDIA, Qualcomm, Freescale, Marvell, Samsung, Pixel Qi, LG, etc.
- Operators—AT&T, Verizon, T-Mobile, Sprint, etc.
- Application developers and content providers.

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