

Taiwan show to feature Apple tablet challengers

ANNIE HUANG - Associated Press - Associated Press

Computer manufacturers of all sizes and descriptions have been pushing to get a piece of the ever-expanding tablet market created by the launch of Apple's iPad in April 2010.

The obsession with tablet computing will be on full display Tuesday as Computex, the world's second-largest computer show, begins its annual five-day run in Taipei. The prominence of tablets underscores a dramatic shift under way in the personal computer industry — and keenly felt in Taiwan, which is home to some of the world's biggest PC manufacturers — as many consumers opt to buy a tablet rather than a new PC.

Computex will feature more than 50 tablet models, said organizer Taipei Computer Association, with big names including Lenovo Group Ltd. and Toshiba Corp. having their products displayed.

Researchers have predicted slower growth in PC sales this year because of the rising consumer interest in tablets. Gartner Research recently cut its sales growth forecast for global PC sales in 2011 from 15.9 percent to 10.5 percent. According to IHS iSuppli, world PC shipments declined 0.3 percent year-on-year to 8.1 million units in the first quarter of 2011, with sales by No. 3-ranked Acer plunging 20 percent.

Many analysts say it may take two or three years before mobile device software from Google Inc. and Microsoft Corp. can catch up with iPads, which have thousands of applications for consumers to choose from. That may mean a hard time for many PC makers in the short term.

Research company CDC says Apple Inc. had a 73 percent share of the tablet market in the last quarter of 2010. South Korea's Samsung Electronics Co. was a distant second with 17 percent. It said 2010 tablet sales totaled 18 million units. CDC expects Apple to account for 70-80 percent of 2011 tablet sales that it predicts will reach 50 million units.

Besides tablets, Computex will also feature corporate and home servers and other cloud-based computing equipment and services, a sector Taiwanese firms have recently entered to make up for shortfalls in PC sales.

The world's top contract laptop manufacturer, Taiwan-based Quanta Computer Co., is among those producing servers for global firms such as Google.

Cloud computing involves running applications in web browsers. The cloud allows users to store and retrieve data over the Internet whenever it is needed, instead of saving it on their own computers.

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At least 10 of the tablet models to be shown at Computex are powered by Intel Corp.'s new Atom chip, the U.S. technology giant's first microprocessor designed for tablets. Intel has moved into the fast growing market now dominated by chips using designs by UK-based ARM Holdings.

The new Atom "delivers improved video playback, fast Internet browsing and longer battery life," Navin Shenoy, general manager of Intel's Asia-Pacific region, said in an emailed statement.

There is "a tremendous amount of experimentation going on in the industry," Shenoy said. Tablets, which are more popular in mature markets, will not replace PCs, he said, noting the strong PC demand in Asia and emerging markets.

Taiwanese high-tech firms are also entering the mobile device market pressured by Apple, whose market dominance — extending to the second generation iPad2 — has cut into their PC sales and dented the profits of some.

Taiwan's top two PC vendors, Acer Inc. and AsusTek Computer Inc., are among those using Computex to display a range of touch-screen tablet computers. Their tablets run on the Android operating system that Google distributes free to allow quick Web browsing or film viewing, or on Microsoft mobile software that mostly targets the commercial market.

Acer and AsusTek have promoted their tablets — Iconia Tab and Transformer among others — as having expandable memory slots, hoping to lure consumers with more storage needs. The iPads don't have built-in USB ports.

In addition, the companies say their sleek devices can become full-fledged laptops when plugging them into a keyboard docking station for easy typing.

In terms of tablet prices, Apple's big orders give it a huge edge, while South Korean Samsung Electronics is able to bring costs down by making key components in house — an advantage denied local makers, said Simon Yang, an analyst with Taipei-based Topology Research Institute.

So far, the Taiwanese company with the best success in selling mobile devices is HTC Corp.

The company manufactured the first handset based on the Android operating system in 2008. It has since marketed a wide range of smartphones to meet different tastes, and has recently introduced a movie viewing program called "HTC Watch." HTC's sales jumped to 9.7 million handsets in the first quarter, up from 3.3 million a year earlier.

HTC's first tablet, the 7-inch Flyer, sold well in pre-orders in Taiwan this month, vendors say. Its 16 gigabyte Wi-Fi version is priced at \$499, the same as the 9.7-inch iPad. But HTC says its smaller-size device has an advantage, because it is lighter, and more manageable than the iPad.

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By contrast, Acer and AsusTek have pursued a low-price strategy. Their Iconia Tab and Transformer models — despite having larger 10.1-inch screens — are priced at \$450 to \$500.

"Taiwanese companies are yet to become serious rivals to Apple," said Yang. "They either price their tablets too high or sell them at a loss in order to become competitive."

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