Tablets to Power Growth of Mobile Broadband Market in 2011

Booming sales of tablets in 2011 will help drive a sizzling 57.8 percent increase in the shipments of mobile broadband devices that provide high-speed wireless connectivity while on the go, according to a new IHS iSuppli Wireless Communications topical report, from information and analysis provider IHS.

Shipments of mobile broadband devices in 2011 are projected to climb to 157.9 million units, up from 100.1 million units in 2010. Aside from tablets, the mobile broadband segment includes devices such as notebook and netbook computers, as well as e-book readers.

This year's growth rate for mobile broadband devices parallels the robust 57.4 percent expansion of 2010, and coming on top of a larger base affirms the market's strong performance for the second year in a row. Shipments will continue to rise during the next few years but at lower rates, declining to 38.1 percent in 2012 and gradually trending downward until 11.0 percent in 2015 to some 350.7 million units, as shown in the figure attached. The five-year compound annual growth rate, computed from the starting year of 2010, stands at 28.5 percent.
Within the segment, tablets will represent the fastest-growing mobile broadband device this year with shipments projected to reach 58.9 million units, up a mighty 239.3 percent from 17.4 million in 2010.
"More than any wireless device, media tablets—exemplified by the best-selling iPad from Apple Inc.—appear to be at the forefront in boosting mobile broadband," said Francis Sideco, principal analyst for wireless research at IHS. "Affecting everything from supply ecosystems to chipset design, to services, applications and business models, tablets are spurring innovation not just in the wireless sector but also across multiple industries," Sideco noted.

In particular, media tablets are influencing every node of the value chain, including suppliers, device manufacturers, mobile network operators, third-party applications and service suppliers. In the supply node of the value chain, for instance, tablets impact not only how core chipsets and architectures are designed but also how chipset strategies are implemented and then marketed.
"The excitement surrounding tablets is primarily due to the virtually unlimited range of value-added services and applications that may be delivered through tablets because of their wireless networking capability," Sideco said. "Whether tablets have built-in Wi-Fi or come with embedded 3G/4G chips, the wireless function of tablets enables them to transcend just merely being another cool gadget into a virtual storefront, with the potential to generate revenue for any number of downstream businesses and industries."

A full arsenal of tools to provide Internet access for mobile devices
The mobile broadband segment utilizes four primary methods for Internet access:

USB dongles, mobile hotspots, embedded modules and embedded chipsets, with pros and cons for each tool.
For instance, USB dongles typically were used in conjunction with notebooks and netbooks, providing flexibility for use on multiple devices. However, the arrival of media tablets and other consumer electronics with embedded Wi-Fi capability saw the emergence of the mobile hotspot, a battery-operated device using a 3G or 4G network as backhaul for data traffic.
In comparison, an embedded module or chipset solution incorporates mobile broadband functionality at the board level, providing the convenience of a solution that does not break, become lost or get stolen—while allowing for optimal performance of the mobile device in which the embedded solution is used.

Of the various ways to enable broadband access for consumer electronics devices, mobile hotspots and embedded chipsets are the fastest-growing methods, growing 25 to 50 percent faster than the overall market, Sideco noted. Key to their growth is the capability of mobile hotspots to combine data access for multiple devices while staying at the forefront of technology, as well as the flexibility of design enabled by chipset solutions in devices.

By 2015, the majority of mobile broadband devices will utilize the 4G wireless standard known as long term evolution (LTE), in line with consumer demand for faster speeds and, perhaps more important, lower latencies or delays from their mobile broadband networks.

“Growth in mobile broadband devices will drive an explosive increase in mobile data traffic, causing carriers to rapidly rethink their strategies for network and service deployments as well as data monetization,” Sideco said. “And as new players target the mobile device market, existing players at every node of the communications value chain will need to continually evolve their business strategies. Failure to do so in this dynamic market, with continually changing paradigms, will cause even well-established players to be relegated quickly to marginal roles.”

For more information on this topic, please see the IHS iSuppli report entitled: “Mobile Broadband Powering Up with Tablets.” [1]

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