RESEARCH BULLETIN

IC Insights

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Standard PCs Will Lose Status as Largest IC Application in 2013

Even the booming tablet PC market isn't enough to keep total personal computing ahead of cellphones in IC consumption.

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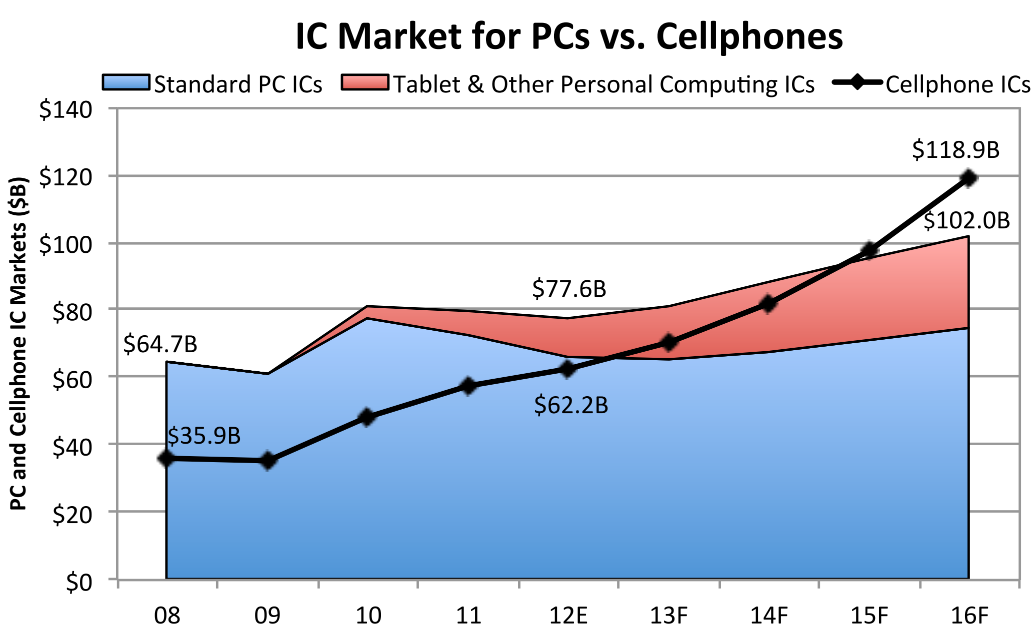
For most of the last two decades personal computers have accounted for a third or more of annual IC sales, but standard PCs are now on the brink of being replaced as the largest end-use product category for integrated circuits, according to IC Insights' new 485-page 2013 edition of *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*. With cellphones and tablet computers racking up stronger growth rates, standard PCs are expected to use just one quarter of the ICs sold in 2012, and that share will fall to slightly less than 20% in 2016, based on the forecast in the new report.

Meanwhile, cellular phones are expected to account for 24% of the IC industry's revenues in 2012, and that share is forecast to reach nearly 32% in 2016, according to the *2013 IC Market Drivers* report. The new report predicts that cellphone IC sales will exceed standard PC IC dollar volumes for the first time in 2013—$70.7 billion versus $65.1 billion for integrated circuits used in standard PCs (see Figure).



Source: IC Insights

In 2015, cellphone chip sales are forecast to surpass total IC sales for all types of PC systems, including standard PCs, fast-growing tablets, new "convertible" hybrid tablet/notebook computers, and Internet-centric portable products (such as Google's Chromebook platform) designed for cloud-computing applications.

The *2013 IC Market Drivers* report divides the total PC market into five product categories: touch-screen tablets; desktop computers; notebook PCs; "convertible" tablet/notebook systems; and Internet-centric portables. Total PC system shipments are projected to reach 749 million units in 2016 compared to 418 million in 2011, representing a CAGR of 12.4%. In terms of dollar revenues, the total PC market is expected to reach $348 billion in 2016 compared to $268 billion in 2011, which is a CAGR of 5.4% in the report's five-year forecast period.

An analysis in the *2013 IC Market Drivers* shows that the IC content value of tablet computers is about half that of standard PCs—meaning that it requires the shipment of two tablets to generate the same IC dollar volume as a single, standard (desktop, notebook) PC.

Desktop PC unit shipments are projected to rise by a CAGR of just 0.1% in the forecast period while notebook computers are expected to grow by a CAGR of 7.4% between 2011 and 2016, according to the new report's 80-page personal computing section. Tablet shipments are forecast to increase by a CAGR of 33.9% while convertible tablet/notebook systems are expected to grow by an average annual rate of 130.5% in the 2011-2016 period. IC Insights believes Internet-centric portables (some of which could be called "thin-client" systems) will remain a small niche in personal computing. Internet-centric system shipments are expected to decline by CAGR of -4% in the forecast period due to shrinking sales of netbooks, which were backed by Intel and briefly took off four years ago before losing momentum to tablets in 2010.

Report Details: *IC Market Drivers 2013*

IC Market Drivers 2013—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits examines the largest, existing system opportunities for ICs and evaluates the potential for new applications that are expected to help fuel the market for ICs.

IC Market Drivers is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2016. In Part 2, the *IC Market Drivers* report examines and evaluates key existing and emerging end-use applications that will support and propel the IC industry through 2016. Some of these applications include the automotive market, cellular phones (including smartphones), personal/mobile computing (including tablets and Ultrabooks), wireless networks, digital imaging, and a review of many applications to watch—those that may potentially provide significant opportunity for IC suppliers later this decade. The *2013 IC Market Drivers* report is priced at $3,190 for an individual-user license and $6,290 for a multi-user corporate license.

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