

Nokia/Intel Collaboration Raises Stakes in Mobile Chip Market

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The broad mobile collaboration between Intel and Nokia validates Intel's mobile strategy. The announcement is strong on good intentions, but weak in offering concrete actions.

NEWS ANALYSIS

Event

On 23 June 2009, Nokia and Intel announced a collaborative effort on mobile technology. The key points include:

- Nokia and Intel will collaborate on future Intel-architecture-based devices.
- Nokia and Intel will coordinate their open-source activity and investments across a broad range of mobile open-source technologies and initiatives, mostly in the area of Linux components, such as oFono, Mozilla, ConnMan and BlueZ.
- Intel will license Nokia's third-generation (3G), high-speed packet access (HSPA) modem technology. This is the only part of the arrangement in which money changes hands.

Analysis

Though full of good intentions, the collaborative effort described in this announcement is very weak on concrete actions. The announcement implies that Nokia will build some Intel-architecture-based devices, but it's unclear at this point what type of devices will result from the partnership or when they will be delivered.

The relationship with Nokia, the largest handset manufacturer, validates Intel's mobile strategy. Nokia will also continue to use ARM-based solutions, although its work with Intel will keep Nokia's options open and promote competition between suppliers. By licensing Nokia's modem technology, Intel can integrate the market-leading HSPA wireless broadband technology with its own technology to improve the attractiveness of Intel platforms.

The combination of Intel and Nokia also will be a powerful force in open-source contributions and potentially a powerful voting block in standards bodies. This will enable Nokia and Intel to promote their particular vision of open-source mobility.

In the long term, this collaboration will impact other industry players — notably the ARM-based processor vendors, including Qualcomm, Marvell, Texas Instruments and ST Microelectronics — making Intel's solutions more viable competition. Vendors with proprietary platforms such as Apple may also be threatened by more sophisticated open standards.

RECOMMENDATIONS

- **Mobile application developers:** Monitor the work being done by Nokia and Intel, which could result in new platforms, application programming interfaces and devices that would be profitable application targets.
- **Mobile technology providers:** Accelerate efforts to firmly establish your competing architectural vision before this alliance delivers concrete results.
- **Intel and Nokia:** Consider merging Moblin and Maemo to create a platform that is more likely to gain critical mass, or retire them and replace them with a single new platform.

RECOMMENDED READING

- "Market Share: Mobile Phone Application-Specific Semiconductors, Worldwide, 2008" — Revenue in this market fell 1.7% in 2008, to \$26.1 billion, due to a steep decline in the last quarter after three relatively strong quarters. **By Jon Erensen and Stan Bruederle**
- "Market Trends: Mobile Devices Worldwide, 2009" — Gartner expects a 4% decline in device sales year-on-year, with the most pressure on midtier devices, while demand remains stable for high-end and low-cost devices. **By Annette Zimmermann and others**

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