

UMPC Has Promise but Is Far From Mature

Published: 14 March 2006

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The Ultra-Mobile Personal Computer (UMPC) concept has merit but is unlikely to succeed without key changes, including a lower price and longer battery life.

News Analysis

Event

On 9 March 2006, Microsoft and Intel unveiled details of the UMPC, a reference platform for a sub-notebook-size computer weighing less than 2 pounds, with a 7-inch touch-screen. Initially, UMPCs will run Microsoft Windows XP Tablet PC Edition 2005, with Microsoft Touch Pack software (formerly code-named "Origami") providing a touch-screen-optimized interface. (UMPCs will be available with Windows Vista at a later date, and can run other operating systems, such as Linux and Mac OS X.) The first UMPCs are expected to be priced in the \$799-to-\$999 range, and to be available in 2Q06 from vendors such as Founder, Samsung, Asus, TabletKiosk and PaceBlade Japan.

Analysis

Today, the device is a "tweener" — neither PDA (too large to be pocketable) nor notebook (too small to be a useful PC). But the UMPC concept has longer-term promise in the consumer and "prosumer" (professional consumer) markets as a lifestyle device acting as a notebook auxiliary or replacement. This device would let users store and carry their digital "stuff" (including photos, videos and MP3 music files) and would act as a real-time e-mail client (which would require a wireless WAN card and an eight-hour battery, currently unavailable). UMPCs may also have potential in semi-vertical segments such as field sales and education.

But while the UMPC concept has promise, today's hardware cannot deliver on it. In Gartner's view, success will require:

- Technology advances that are at least two years away (including an eight-hour battery and a sub-\$400 price)
- Low-cost, compelling content bundles (Intel and Microsoft are working on partnerships in this area)
- A better Microsoft shell/interface running on top of Vista

- Text entry options beyond “thumb-typing”
- “Dock and go” synchronization, requiring minimal user interaction
- Sustained market momentum from Microsoft and Intel

Today, we believe it isn't possible to produce compelling UMPC products — just “proofs of concept.” The low battery life, high price and non-Vista operating system will likely hurt the UMPC's market acceptance in this first go-round, and the negative backlash could damage its future chances. For these reasons, we question the timing of this launch: Why rush this to market before it is ready to succeed? Despite the promise of this device category, the UMPC as currently conceived will fail to achieve mainstream success — defined as unit sales in the millions rather than the thousands — by 2009 (0.8 probability).

Recommendations

- **Enterprises:** Wait for more mature UMPCs — and low-cost content services — to emerge before considering them for field sales or other “notebook replacement” applications.
- **Device manufacturers:** Monitor the UMPC technology road map toward viable product delivery. Understand that a key element of UMPC's value proposition is its positioning as a new lifestyle category, not just another hardware form factor.

Analytical Sources: Leslie Fiering, Brian Gammage and Van Baker, Gartner Research

Recommended Reading and Related Research

- “Desktop User Interface Changing Gradually During Next Three Years” — The desktop user interface is about to undergo a series of changes that will significantly alter the user experience. **By Stephen Kleynhans and Leslie Fiering**
- “Tablet PC Market Continues Slow but Steady Shipment Growth” — Tablet PCs will not start to become mainstream computing devices until 2007. **By Leslie Fiering and others**

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