

The Death of the PC The days of paying for costly software upgrades are numbered. The PC will soon be obsolete. And *BusinessWeek* reports 70% of Americans are already using the technology that will replace it. Merrill Lynch calls it "a \$160 billion tsunami." Computing giants including IBM, Yahoo!, and Amazon are racing to be the first to cash in on this PC-killing revolution. Yet, two little-known companies have a huge head start. Get their names in a free report from The Motley Fool called, "The Two Words Bill Gates Doesn't Want You to Hear..." [Click here to download this FREE report right now!](#)



Mobile Dominates at CES

By Chris Versace

January 13, 2010 | [Comments \(2\)](#)

- Email
- Share
- Print

Recs

7

Rec This

[ShareThis](#)

Disney Buys Marvel!

David Gardner called it. He's up 1,334%! See what David's recommending that you buy NEXT.

- [Click Here Now](#)

It's no secret that mobile was a key trend at this year's [Consumer Electronics Show](#). A plethora of smartphone products were announced, which underscores the view that an already competitive smartphone market will become even more so in the coming months as these announced products start to hit the shelves.



CES: harbinger of rising smartphone competition

Aside from last week's formal [Google Nexus One](#) announcement, [Samsung](#), [Motorola](#) (NYSE: [MOT](#)), [LG](#), [Lenovo](#), and [HTC](#) among others announced new smartphone models. The mobile carriers also had several announcements. Arguably the two most interesting were [Verizon Wireless](#) (NYSE: [VZ](#)) adding both the [Palm Pre](#) and [Pixi](#) and [AT&T](#) (NYSE: [T](#)) [launching several Android devices](#) and two Palm phones of its own. The Android devices will be made by Motorola, Dell, and HTC.

[Clearwire](#) announced plans for a WiMAX powered smartphone, but that the device won't be available until the end of the year. I suspect the device, which is expected to make phone calls over [Sprint's](#) (NYSE: [S](#)) network or using VoIP applications, will serve the purpose of attracting devices from other manufacturers. As I have often said, several devices at various price points are needed to bring a technology into the mainstream, and this holds true for component companies as well as carriers. Aside from more devices, Clearwire will need to continue aggressively launching its service in additional geographic markets above and beyond the 25 it currently serves, as I do not believe their service coverage is sufficient enough to cause existing wireless customers to migrate their service.

Wireless continues to move beyond mobile phones

Aside from sharing a portion of its smartphone strategy, AT&T described some of its efforts to bring wireless service to other markets and devices. One such example is wireless-enabled car entertainment systems and other consumer devices, such as a Photo Mail LED Digital Photo Frame by Pandigital. All in all, AT&T claims to have forged deals to add wireless services to almost 20 consumer devices, such as e-readers, mini-computers, and digital photo frames.

AT&T is far from alone and I would expect other carriers to make announcements in the coming weeks and months, particularly as more devices -- tablets, e-readers, netbooks, smartbooks, connected photo frames, and more are likely to hit the market in the coming months. Also of course is the [much-anticipated announcement](#) from [Apple](#) (Nasdaq: [AAPL](#)) later this month. Speculation continues to build around a tablet product, what features it will have, and whether it will come with a subsidized rate from carriers in exchange for a data plan.

Suppliers poised benefit as more wireless devices come to market

All in all, these announcements reinforce my view that smartphones are the next great technology battleground, and a competitive market will become even more so in the months ahead. As shelf space at mobile carriers becomes more difficult to come by, and price points come under pressure, the smartphone market is poised for a shakeout. Past winners in the mobile phone market may not be the new ones. Consider that IDC lists the top three players in the smartphone market today as Nokia, Research In Motion, and Apple. More dominant feature phone-makers like Samsung, Motorola, LG, or Sony Ericsson now lag behind. At the same time, mobile carriers and other consumer electronic companies are bringing new devices to the marketplace with wireless connectivity.

These two trends, not to mention the migration from current to next generation wireless technology, bode well for RF and key mobile suppliers as their addressable market and dollar content per device expand.

In my view, key players poised to benefit from this smartphone and mobile connectivity explosion include [RF Micro Devices](#) (Nasdaq: [RFMD](#)), [Skyworks](#), [Qualcomm](#) (Nasdaq: [QCOM](#)), and [InterDigital](#). Current valuations are attractive, more so for some than others, and growth prospects are high. The better bargains on an earnings basis are RF Micro Devices and InterDigital as those two are trading at 10.1 times and 8.9 times forward earnings, respectively. These compare to the 19 times and 14.5 times forward earnings for Qualcomm and Skyworks. That's not to say I don't see further upside in the shares of Qualcomm and Skyworks, because I do; however, given the [multiple](#) difference, I would argue there is more value to be had as RF Micro and InterDigital execute on this trend in the coming quarters.

Love this article? Get our best articles delivered direct to your inbox at no cost. Sign up for Foolwatch Weekly by entering your email below.