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Dell's answer to iPhone, iPad: Streak

Smaller tablet PC, which makes calls, to debut this summer

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Dell Inc. is developing a new line of tablet personal computers that would expand the computer maker's mobile communications business.

This summer, Round Rock-based Dell (Nasdaq: DELL) plans to launch the tablet, called the Streak, in three sizes. The tablet — which could also be used as a phone — would be sold in 5-inch, 7-inch and 10-inch versions, according to several published reports. **Apple Inc.**'s iPhone has a 3.5-inch screen and the iPad, which can't be used as a phone, is almost 10 inches, when measured diagonally.

Dell has already launched netbook computers, smartphones and tablet PCs, and the Streak would be the latest move to diversify beyond hardware to higher profit margins generated by mobile product subscriptions and services.

Dell officials declined to comment on reports about the Streak but they did make a photo available. Industry analysts said the company will be among the herd of computer makers jockeying for position in the tablet market.

Dell's existing tablet PCs are mainly for business customers. The Latitude XT, which has a 12-inch screen, includes a Windows operating system and weighs more than 3 pounds.

Also, at least two local companies produce tablet computers for Dell. Motion **Computing Inc.** develops them for the health care industry and other niche markets. They sell for \$2,300 and higher. **Xplore Technologies Corp.** develops impact-resistant tablet PCs that sell for more than \$4,000 apiece, according Dell's website.

The latest tablets, however, are a departure from those first created nearly a decade ago to increase work productivity. Computer makers such as Apple Inc. (Nasdaq: AAPL) and **Hewlett-Packard Co.** (NYSE: HPQ) are creating a new category called "media tablets," said Jeff Orr, senior analyst for mobile devices at New York-based **ABI Research.**

Such devices are designed to consume content rather than create it. Keyboards are not as important with media tablets, which are lighter than laptops and use mobile operating systems that are always on, requiring no time to boot up.

Dell, which just last year established new services and communications divisions, is still in transition as it expands from its trademark plain-Jane computers to more profitable products. After Chief Financial Officer Brian Gladden said the company's communications deals would be "carrier-centric," Dell has forged a string of partnerships with telecommunications companies.

Earlier this month, the company revealed that it is teaming with Spanish telecom giant **Telefónica S.A.** to develop future products and services. In January, **AT&T Inc.** (NYSE: T) revealed that it would carry Dell's Android-based smartphone. AT&T, which also provides the service for Dell's netbooks, plans to begin selling the devices by midyear, including Dell's Mini 3i smartphone, which was unveiled in November.

Dell is also teaming with carrier **China Mobile Ltd.** for its Chinese business, and a carrier affiliated with Mexico's **America Movil S.A.B. de C.V.** to sell its phone in Brazil.

Tablet PCs can connect to the Internet through wireless fidelity, or WiFi, service and cellular telephone service.

Analyst Roger Kay, president of Massachusetts-based **Endpoint Technologies Inc.**, said there is room in the market for “two tablet form factors,” one that is as large as the iPad and one small enough to be used like a smartphone.

Starting next year, more than half of the tablets sold each year will be distributed via mobile and fixed carriers. The service providers are expected to offer increasingly competitive service plans and up-front equipment subsidies to attract tablet buyers and increase subscription revenue, according to **IMS Research**, which operates an Austin office.

Apple, which released its iPad tablet computer earlier this month, was initially projected to sell 5 million of the devices this year. It's now expected to sell 8 million to 10 million of the devices with a price tag between \$500 and \$830, depending on features and storage.

Although Apple has attracted plenty of attention and revenue with its iPad, competition is just around the corner. Other computer makers, including Dell, are expected to roll out more affordable tablets based on **Google's** Android operating system. IMS Research is projecting that 24 percent of the tablets shipped this year will be based on Android because the system enables the device makers to quickly offer content to users.

To most consumers, practical interfaces and applications are just as important as the hardware, IMS principal analyst Anna Hunt said.

“Suppliers are realizing the importance of content and service,” she said, “and many are turning to the Android ecosystem to be able to offer the complete user experience and compete with Apple's offering.”

Courtesy of JB Goodwin