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Gadjo Sevilla

Apple looking to ramp up in-house component design and production

Article

The news: While 2023 is expected to be a lean year for **Apple** releases—except its possible expansion into AR/VR goggles—the company is making moves to control development and production of more components.

Control over supply chain: There are signs of Apple pulling in various development and production processes in-house to have greater control over component supply and create even more tightly integrated products.

- Apple is developing in-house Bluetooth and Wi-Fi chips and could switch to its own custom 5G modem by 2024, per 9to5Mac. This would diminish reliance on companies like **Broadcom** and **Qualcomm**.
- The company is also planning to make in-house displays for mobile devices and wearables by 2024, which will reduce its dependence on suppliers like **Samsung** and **LG**, per Bloomberg.
- Despite years of pushing back on touchscreen-enabled **MacBook Pros** and **iMacs**, **Apple is reportedly considering adding touch displays to MacBooks by 2025**, per AppleInsider.

Why it's worth watching: As it becomes larger and more successful, Apple may want to rely less on external partners and production hubs and bring all possible production in-house.

- Coronavirus-related factory closures in China have led to reduced profits, even as Apple accelerated plans to move production to India and Vietnam.
- The tight integration between Apple software and hardware has resulted in unparalleled design and performance for **iPhones**, **iPads**, and Macs. Making its own radios, displays, and components will result in even more integrated devices.
- **Future iPhones are expected to have fewer parts.** The upcoming **iPhone 15 Pro** will reportedly replace clicky buttons with solid-state ones integrated into the case, per Pocket-Lint.

Short-term expense could lead to better market control: Building the factories and establishing the processes required to design and build bespoke radios, displays, and touchscreens will require a sizable investment but could set Apple up for future success.

- Apple has been actively acquiring talent to expand its own expertise, possibly in preparation for making the whole widget. Some of the most notable acquisitions include **Intel**'s smartphone modem division, **PA Semi**, **Dialog Semiconductor**, and **Anobit Technologies**.
- Producing Apple components in-house gives the company more control over supply chains and production cadence, which could lead to more affordable products in the future.

A huge loss for suppliers: Once Apple weans itself off reliance on third-party suppliers, many of these companies stand to lose their largest customer and could have a hard time adjusting to life without Apple.

Desktop/Laptop Shipments Worldwide, by Brand, 2021 & 2022

millions, % of total, and % change

	2021	% of total	2022	% of total	% change
Lenovo	81.8	23.4%	68.0	23.3%	-16.9%
HP	74.0	21.1%	55.3	18.9%	-25.3%
Dell	59.3	16.9%	49.8	17.0%	-16.1%
Apple	27.9	8.0%	28.6	9.8%	2.5%
ASUS	21.8	6.2%	20.6	7.0%	-5.7%
Other	85.2	24.3%	70.1	24.0%	-17.8%
Total	**350.1**	**100.0%**	**292.3**	**100.0%**	**-16.5%**

Note: includes desktops, laptops, and workstations; excludes tablets and x86 servers
Source: International Data Corporation (IDC), "Quarterly Personal Computing Device Tracker" as cited in press release, Jan 10, 2023

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