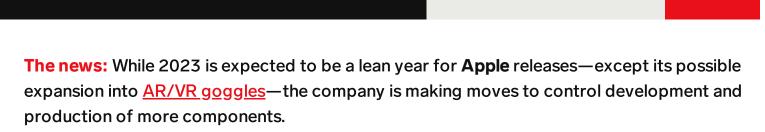
Apple looking to ramp up in-house component design and production

Article



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 <u>Bloomberg</u>.
- Despite years of pushing back on touchscreen-enabled MacBook Pros and iMacs, Apple is reportedly considering adding touch displays to MacBooks by 2025, per <u>AppleInsider</u>.

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 <u>factory closures in China</u> have led to reduced profits, even as Apple accelerated plans to <u>move production to India</u> 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

279858

nsiderIntelligence.co

This article originally appeared in Insider Intelligence's Connectivity & Tech Briefing—a daily recap of top stories reshaping the technology industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.

- Are you a client? Click here to subscribe.
- Want to learn more about how you can benefit from our expert analysis? Click here.