Qualcomm Doesn’t Need Apple, Stands to Benefit From 3G Smartphone Chips Geared for Other Handset Makers: Barron’s

07:34 AM Eastern Standard Time, 03/08/2010 (MidnightTrader) — Don’t hang up on Qualcomm (QCOM), says a column in this week’s Barron’s.

The wireless-chip outfit already is bouncing back from investors’ disappointment that it may not participate in Apple’s iPhone success anytime soon and the Street’s misplaced fixation on a certain pricing metric for its products.

Qualcomm (QCOM) had a gloomy January earnings call, which coincided with Apple’s unveiling of the iPad sans mention of a Verizon iPhone. The San Diego-based company presumably is designing the chip for the Verizon version of the smartphone. As a result, investors bolted, says Barron’s. Although Qualcomm shares were up 5.6% last week, closing Friday at 38.76, they’re still down from a 52-week high of 49.80 on Jan. 8.

Qualcomm is the maverick creator of CDMA (Code Division Multiple Access) chip technology that’s been embraced by Verizon Wireless in North America. The initial chatter was that Apple (AAPL) wanted to build an iPhone that would include both GSM (Global System for Mobile Communications) technology used by carrier AT&T (T) and CDMA. When that didn’t happen, Qualcomm was charged with designing a CDMA chip exclusively for a Verizon Wireless iPhone, but it apparently couldn’t meet Apple’s ambitious schedule.

Now, it appears that Verizon might have a CDMA iPhone by the first half of 2011, according to Charter Equity Research analyst Ed Snyder. Although some speculate that T-Mobile, which uses GSM technology, could get tapped by Apple as the next U.S. iPhone carrier, Snyder says that won’t happen. T-Mobile uses a different 3G frequency band than AT&T and therefore its iPhone would still require significant re-engineering, he says. Again, others disagree, arguing that Apple would prefer a second carrier in North America sooner than a Verizon handset, says the Barron’s piece.

While the prospect of CDMA revenues from an iPhone brighten Qualcomm’s prospects, the chip maker stands to benefit from 3G smartphone chips geared for other handset makers, including Motorola (MOT), Research In Motion (RIMM), Palm (PALM), Samsung (005930.Korea), Sony-Ericsson and Nokia (NOK).