

Intel updates Atom chip to take on smartphones, tablets

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SAN FRANCISCO (MarketWatch) - Intel Corp. on Wednesday unveiled a new version of its Atom chip, raising the stakes in its bid to establish a bigger footprint in smartphones and tablets, the hottest segments of the consumer tech arena.

The rollout of the Atom platform, codenamed Moorestown, which the chip giant touts as being more power-efficient, underscores the Santa Clara, Calif.-based company's aggressive push into new areas beyond its core PC market, which has seen growth slow in recent years as more customers flock to mobile devices.

It is an arena where low power consumption is key, and Intel [INTC, -0.03%](#) is stressing the new chip's energy efficiency, while highlighting the processor's ability to deliver a "PC-like" experience.

The previous Atom chip helped pioneer a new market for netbooks, small laptop-style devices that fell between a full-function laptop and a smart phone. But while Intel has established a beachhead in netbooks, its prospects in the smart phone market remains unclear, analysts say.

"Penetrating smart phones will not be easy," Brigantine Advisors analyst Allan Mishan said in a note. "Intel still has a long way to go before it takes meaningful share in the smart phone market. Virtually all smart phones use an ARM processor."

ARM Holdings' [ARMH, -0.06%](#) technology is widely used in the smart phone market by such manufacturers as Samsung, Nokia [NOK, -0.48%](#) and Palm [PALM, +0.00%](#) Unlike Intel, the British company makes money through licenses and royalties from partners that use its technology.

However, Mishan said that given Intel's size and reach, the new Atom threatens other established chip companies that make application processors in the smart phone market, including Texas Instruments [TXN, +0.25%](#) Qualcomm Inc. [QCOM, +0.55%](#) Marvell Technology [MRVL, -0.22%](#) and Samsung.

"Although Intel has had limited success in the wireless market to date, the company's R&D resources, manufacturing capability, and dominant position in the microprocessor market overall make it a force to be reckoned with," Mishan wrote.

Lazard Capital's Daniel Amir wrote that "with a 50x reduction in power consumption, increased performance and reduced footprint, Intel is making its 2nd attempt to overtake the handheld market with Moorestown."

Amir said he remains "skeptical of Intel's ability to overcome growing competition from ARM-based designs," but noted the new chip's "performance leadership" in such features as video playback and Web page load times

compared to competing products.

Charter Equity's Edward Snyder also wrote that Intel "faces an uphill battle versus entrenched ARM-based competitors," but also said he was "encouraged by their incremental approach, manufacturing prowess, and the strength of their core business."

Meanwhile, Mishan also saw Intel emerging "stronger in PC-like tablets."

"As far as tablets go, Intel has a good offering for tablets that are designed to mimic a PC, especially if they run PC operating systems like Windows," Mishan wrote.



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