

Wednesday, January 26, 2011, 04:00 pm PT (07:00 pm ET)

Qualcomm rises on prospects of Verizon iPhone, iPhone 5, iPad 2

By [Daniel Eran Dilger](#)

Qualcomm shares were up more than 6 percent after it said it would post new revenue and earnings growth as demand for its chips accelerate. Apple's iPhone 4 on Verizon, as well as the next generation of iPhone and iPad, are all expected to use Qualcomm's baseband chips.

The San Diego-based company developed the CDMA-2000 and 3G EVDO mobile networks currently used by Verizon and Sprint in the US, but those mobile standards are evaporating away globally as existing CDMA carriers build new 3GPP UMTS/HSPA overlays (as carriers in Australia, Canada and Mexico have), or make plans to shift to the next generation 3GPP LTE standard (as Verizon is doing).

Qualcomm also makes application processors like the ARM Snapdragon used in the HTC Droid Incredible, but is facing stiff competition from Nvidia's Tegra family (used in the Zune HD and many Android tablets), Texas Instrument's OMAP 3 and 4 series chips (used in Motorola's Droid X/Pro/2 phones, and RIM's upcoming PlayBook tablet), Samsung's Hummingbird (in the Galaxy S smartphone line and Galaxy Tab), and Apple's own A4 design (used in iPhone 4, iPad, and Apple TV), which is also manufactured by Samsung.

Qualcomm hits pay dirt

The company scored a clear hit however in becoming the provider for Apple's Verizon iPhone 4 baseband chips, which enable the iPhone to work with that provider's existing CDMA network. It is also [rumored](#), with substantial [evidence](#) supporting those rumors, that the next generation iPhone 5 and iPad 2 will also use Qualcomm baseband chips, enabling their use on both CDMA and GSM/UMTS networks.

AppleInsider began reporting [that prospect](#) back in late 2009, when reports of a world-mode iPhone began to surface with the ability to support both CDMA and GSM/UMTS networks. It was initially predicted that this could appear by mid-2010.

"Not only was their quarter much better than expected [for Qualcomm] but guidance for next quarter is even better," Charter Equity Research analyst Ed Snyder [told Reuters](#). "All the suffering of a year ago has paid off in much bigger design wins, and now those are all coming to fruition."

Key parts for the best selling smartphone and tablet

Apple's iPhone 4 and 3G iPad currently use baseband chip and transceiver parts from Infineon, which in total cost roughly as much as the ARM application processor. All modern smartphone designs essentially pair a general purpose computer (running iOS, Android, or something similar) to a serial-connected mobile modem run by the baseband chip.

Winning exclusive access to provide all of Apple's baseband chips for new iOS devices is a huge win for Qualcomm, and will enable Apple to sell unified products globally that can work on either network, something only a few other smartphone models can do, including the Motorola Droid 2 Global.

Qualcomm posted earnings of \$1.17 billion on revenues of \$3.35 billion for the December quarter, and projects revenues in the current quarter to hit \$3.45 to \$3.75 billion, well above the \$3.1 billion anticipated by analysts following the company.