



Technology Insights..

March 20, 2023

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Research, Analysis, Strategy, Insight

Intel Exits 5G for its PC Products

A PUBLICATION FOR
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“...Intel is exiting the PC wireless WAN marketplace, but it is not leaving that market in a state of disarray. It will make sure its device OEMs get the support they need for any projects/products under way, and will work with its 5G modem partner to continue efforts in this space... This change is really not a big deal as it's not really critical to Intel's business objectives or revenues... It's important to note that this announcement does not affect Intel's WiFi or Bluetooth business....”

Intel is exiting the WWAN market for its personal computer systems and will discontinue work on supporting 5G enabled devices (and eventually 4G LTE as well). This does not affect any 5G work it is doing in other areas of its business (e.g., Core and Edge networking) or its other wireless and wired businesses for PC (e.g., Wi-Fi, Bluetooth, Thunderbolt, Ethernet, Network and Edge devices). Given all the changes taking place in its business models, the lack of meaningful 5G market and revenues, and the need to prioritize its efforts as it streamlines its operations, this move makes good sense.

This change is really not a big deal as it's not really critical to Intel's business objectives or revenues. Intel doesn't make the 5G modems in any event, choosing to partner with MediaTek in developing a PC-ready 5G chipset, and so generates no additional revenues for 5G modem sales. Intel did (and still does) provide 4G LTE modems and will continue to do so for a couple of additional years in support of its OEM partners, but this too is a relatively small market that in the overall scheme of things doesn't really help Intel's bottom line very much. And while the 5G group is relatively small, diverting its efforts to more pressing work is in Intel's best interest.

5G was launched with great fanfare approximately 3 years ago, and there remains a lot of hype around the benefits of 5G connected devices, but 5G in personal devices is not really all that material to Intel's business. The company never was able to build a mass market of 5G connected laptops, even as it tried to do so for several years. And even if it had been successful, it would have gained little additional revenue as the 5G components came from a partner. It tried in vain to stimulate the market, but Intel finally threw in the towel after the market never really emerged.

It's important to note that this announcement does not affect Intel's WiFi or Bluetooth business which remains robust and mission critical to their PC business, with WiFi and Bluetooth connectivity included in virtually every mobile PC. Local area connectivity is an integral part of Intel's product offering in the PC market, although partners do have the ability to pick another supplier's part if they choose. The vast majority work with the Intel components.

Because its strategy for 5G was to partner (with MediaTek) for modems, Intel never really had much of a hardware exposure. It did have connectivity

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software IP and design guides it created to operate from its Core chips to MediaTek modem devices, but they were furnished primarily as drivers and development tools. Intel expects to transition that IP to Fibocom and MediaTek once they establish a working model of how to do so, so the overall effect to 5G PC makers using an Intel/MediaTek design will be minimal.

The challenge of “mainstreaming” 5G connected PCs affects the entire marketplace, and Intel is not alone in not achieving significant market penetration. AMD has not made a major push into this space either. Qualcomm has made some inroads, but so far has had very limited success with its ACPC efforts built on their Snapdragon ARM-based processors and modems. And most PC OEMs are hesitant to offer products in any event given the need to significantly uplift the device cost by as much as \$300-\$400 for modem and antenna components.

With adoption of 5G connected devices at a negligible level to date, we believe that the 5G connected mobile device market still has potential, but only if there is a concerted effort at promotion (and subsidizing) business users (see our research report “The Revenue Opportunity for 5G Connected Business Laptops” J.Gold Associates, LLC., Copyright January 2023). The report details our analysis of how many business users want a 5G connected device and what they are willing to pay for it, along with the potential revenue streams to service providers and modem suppliers. But it will take considerable investment mostly from service providers to realize this potential, and to date none have been anxious to make the commitment.

Bottom line: Intel is exiting the PC wireless WAN marketplace, but it is not leaving that market in a state of disarray. It will make sure its device OEMs get the support they need for any projects/products under way, and will work with its 5G modem partner to continue efforts in this space. While on the surface this could look like a win for Qualcomm with its competing products, in reality the ACPC has yet to gain much traction either, so there is very little advantage to Qualcomm with Intel’s exit. This is especially true since the majority of 5G connected laptops sold to date are powered by Intel, which is likely to remain unchanged in the short term. We continue to believe that the market potential for 5G connected PCs and tablets exists, but it will take a major push that includes a combination of modem makers, PC OEMs, and service providers to stimulate the market, primarily through inducements. Unfortunately for Intel, this simply is not happening in a timely enough manner for them to stay in the game.



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