

## A new

The PC's reign at the top of the electronics food chain is over. Are you positioned to succeed in the new digital age?

BY STEVE TOBAK

## era beckons

The personal computer has been the primary driver for the electronics industry for two decades, giving rise to U.S. technology leadership in chips, software and networking. The PC's role changed dramatically during that time, from enterprise productivity to communications and entertainment. Say what you will about IBM's invention and the Wintel duopoly; the PC has shown remarkable adaptability.

But adaptable or not, nothing lasts forever. The PC age has truly passed, and that raises a couple of interesting questions: If the business model that created the Wintel duopoly has run its course, what new model is replacing it? And on what critical factors should OEMs focus to position themselves for success?

Let's start with the business model. Unlike the PC era, there is no longer a single killer device, but a broad array of digital devices, that drives the industry. Cell phones, digital cameras, digital TVs, DVD players, DVRs, handhelds, MP3 players and videogame consoles are all killer devices.

Asian and European monoliths like Samsung, Sony, Matsushita, Nokia and Philips dominate the consumer electronics and communications markets. What will it take to compete against those venerable giants? While they do invent one CE hit after another, these companies don't necessarily create market



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Invisor Consulting LLC

successes.

TiVo may not have invented the DVR, but it did develop the best DVR. MP3 players have been around for a while, but Apple's iPod broke the mold. And while Japan has been making handhelds forever, the Palm and RIM's Blackberry were the first killer devices in that category.

Likewise, in the cell phone business, Qualcomm, which once made handsets, decided the best way to market the CDMA technology it invented was to license it. Today, it doesn't even make or sell cell phones, but Qualcomm's market valuation is nearly the same as Nokia's, a company nine times its size by revenue.

Which brings us to the second question: What should adolescent companies do to become the Sonys, Dells and Ciscos of

tomorrow?

**1. Focus on a single, unique market vision.** When everyone else was networking, Cisco focused solely on its unique vision of internetworking—and won big.

**2. Mix inspiration with innovation.** Inspiration turned existing technology into killer devices for TiVo, Palm and RIM.

**3. Create new business models.** Dell marketed direct and outsourced R&D; Qualcomm licensed its intellectual property. Both won big with nontraditional business models.

**4. Create new marketing strategies.** Consumer technology needs consumer marketing. Apple knows how to differentiate and manage its brands; the Mac, iMac, iPod hat trick proves it.

**5. Leverage the supply chain and supplier innovation.** Cisco, Dell and others all rely on a network of partners.

The post-PC era has been dubbed the digital consumer age. Megatransitions like this one only come along every 20 years or so, remaking landscapes, destroying empires and giving birth to new leaders.

Is your company positioned to become a leader in the post-PC era? ■

Steve Tobak can be reached at [stobak@invisor.net](mailto:stobak@invisor.net).