



**“Peace on Earth, good will toward men?
There’s an app for that!”**

It has been an interesting and challenging year for many of us. Thank you for your business and I look forward to another year of providing the very best service and value I can.

Each year, various industry watchers make predictions for the coming year. The one I included here is from Tim Bjarin with PC Magazine. He has been doing this since 1990 with pretty good results. I hope you find his predictions interesting.

“1. Tablets will have a negative impact on laptop sales.

Although I believe laptop computer sales will continue to stay strong, it's becoming clear that Tablets will have a noticeable impact on overall laptop sales in 2011. In fact, various market researchers are now suggesting that it could reduce the total amount of laptop units sold by as much as 10 to 12 percent over the next 1 to 2 years. At the moment, consumers' questions about whether to buy a tablet or laptop will actually hurt sales of laptops in Q4. Many are simply waiting to buy a new laptop until they see what types of new tablets come out in early 2011. I believe this will be evident in the laptop sales numbers for this quarter when they come out early next year. This is both good and bad news for the industry. For Apple, it validates its iPad product and is forcing the rest of the industry to

innovate around the tablet platform. But for the traditional laptop vendors, they need to aggressively pursue their own innovative tablets to make up for lost laptop sales. But the good news is that combined they will sell even more mobile digital devices overall. However, 2011 could be a tough year for the traditional PC vendors as they scramble to make this transition in portable computing devices.

2. Skype will be sold again.

eBay bought Skype some years ago to try and integrate this telephony service into its overall selling service. It was a nice idea but it didn't work, and the service was spun back out last year. Skype is still a hot property, though, and a serious acquisition target for someone. Rumors say Facebook wants to integrate Skype into its social network, but I don't get the sense that it will buy Skype. I could be wrong, as it might make sense for Facebook, but I believe the perfect acquirer is Cisco. Cisco has made solid moves to get closer to the consumer in the past, and Skype would give them direct access to over 125 million monthly users and 500 million overall user accounts, most of them consumers. If there is any company that could help Cisco move closer to the consumer, it would be Skype.

3. The Cloud will get personal.

At the moment, the concept of cloud computing is getting the most attention in the business world, as companies like Salesforce.com, Oracle, Microsoft, Google, etc. are all championing their moves to software as a service. Of course, all of these services are cloud based. But I believe that Apple will take a major position in cloud computing in 2011 and be the company that makes the cloud very personal. How will it do this? I believe that Apple will heavily exploit its new data center in North Carolina early next year by offering a set of services that allow Mobile Me customers to put their entire music, video, and imaging library in the cloud and make it accessible on any device. More importantly, it will deliver a solid synchronizing layer so that when something changes on one device, it changes on all of the other devices in a person's private cloud network once connected to the service. HP might have the slogan "the PC is personal again," but Apple will add its own spin on this to "The cloud is finally personal."

4. Cost per gigabyte of cloud storage will decline.

The cost of cloud storage, along with services provided with it runs about \$1.25 to \$165 per gigabyte of storage a year. Now it's true that there are serious costs to hosting these cloud-based servers that include things like air conditioning, huge power demands, etc., but for cloud-based services to be attractive to consumers, the cost per gigabyte of storage has to be much less. I believe that Apple will prove that consumers are willing to put their music, video, and images in the cloud and will want well over 100 GBs of storage for their stuff. Most likely, that means that there will be increased competition to host this "personal content," which could drive storage prices down 1/3 to as much as 1/2 by the end of 2011.

5. Solid-state storage will go mainstream in laptops.

Speaking of reduced storage costs, look for more and more laptops to sport solid-state drives in 2011. Each year, solid-state storage prices have decreased and are finally becoming attractive for use as storage drives in laptops. Apple's MacBook Air has helped popularize this type of storage, and I expect at least 10 ultrathin laptops will come out next year sporting similar solid-state drives. And, they will be priced lower than the MacBook Air. In fact, solid state ultrathins will be one of the hot new laptop form factors next year and become an important part of the portable computing landscape.

6. PC apps will drive new innovations in software.

Apple recently announced that it will soon offer apps for the Mac. I suspect that these will actually be

apps that are front ends to cloud-based software, but there will clearly be local apps as well. Interestingly, the PC world could respond to this Apple move rather quickly with PC apps of their own. In fact, there are a lot of Web apps already that, if given an app front end and organized properly into an app store, could make Windows-based PCs more useful immediately. Add a solid SDK for Windows applets and this could give the PC crowd a quick response to Apple's Mac App Store in 2011.

7. True Ubiquitous Computing

I know that we have been predicting this for quite a while, but once you've experienced access to the Internet anytime and anywhere, there is no turning back. Most people are already hooked on ubiquitous computing with their smartphones. But smartphones only deliver a limited Internet experience. In 2011, AT&T and Verizon will both offer their newest 4G networks based on LTE, which will enhance users wireless data speeds and will allow for more people to be on the wireless network simultaneously. These new networks should also drive monthly data fees down if all goes well. Its biggest impact will be with tablets, and we expect that at least 50 percent of all tablets sold in 2011 will be 3G and/or 4G-enabled. But 2011 will be an important year in wireless data access and more people should be able to afford these services as they become priced more reasonably by Q3 or Q4.

8. Windows Phone 7 will not be used on tablets.

It would seem plausible that Microsoft's new mobile OS could be used on tablets in a similar way that Google's Android smartphone OS is being used now on various tablets. But Microsoft has said that it is sticking with Windows as its tablet OS. But it's more likely that it is working on what some have called Windows 8, which is a special version of Windows optimized especially for touch-based tablets. I don't know how it will do this since Windows is such a code-heavy OS and demands more processing power than most current mobile chips can handle, but look for some type of new version of Windows with enhanced touch features made for tablets sometime in late 2011.

9. ARM-based processors will continue to dominate the mobile device marketplace.

Expect ARM-based processors from nVidia, Qualcomm, TI, Marvell, and others to continue to dominate the mobile device space for all of 2011. However, Intel is expected to deliver its first true low-voltage Atom chip sometime in 2011 and take serious aim at these ARM competitors. By the end of 2011, Intel could start taking business away from some of these ARM players if its chip really delivers serious processing power at the low-voltage rates needed to drive hand-held mobile devices.

10. Streaming video will still slow down Internet traffic.

We all love to stream our movies and TV shows on demand. However, if more and more streaming media is downloaded simultaneously within any given network, it has the potential of really slowing down our Internet speeds. Key networks are already thinking about ways to cap individual's monthly download allotments, so expect this topic to be debated and argued vigorously by network providers and consumers and be one of the hotter topics next year.

11. Debate about open vs. closed Web will heat up.

There is real concern in some circles that the Web is actually becoming closed and that a service like Facebook is driving people toward living within a closed Web environment. The pundits point out that sites like Facebook are becoming a central location where people go to not only socialize, but do commerce, play games, communicate, and eventually get all of their information and entertainment without ever leaving the confines of the site. Google, Microsoft, Yahoo, and even Apple are creating eco-systems where people spend more and more time within these sites, and while people do leave them for broader surfing, they do represent somewhat of a more closed or at least concentrated

approach to capturing eyeballs for longer periods of time. This will be another hot subject that spurs heated debate.”

As always, I hope you have found this information useful. If you do not wish to receive these emails in the future, let me know.

All the best!
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