

■ Increased Outlook for Low Cost All-in-One LCD PCs Not Enough to Lift LCD Desktop Display Market Above 2008 Shipments, But Nettops to Play a Key Role in 2009 Shipments

AUSTIN, Texas, April 7, 2009—DisplaySearch’s updated forecast for desktop monitor displays confirms that, as anticipated, this sector of the LCD market is now projected to show negative Y/Y growth from 2008 to 2009 for the first time in history. According to the DisplaySearch Q1’09 [Quarterly Desktop Monitor Shipment and Forecast Report](#), LCD monitors dominate the desktop display category, with a share of more than 95% of all desktop displays shipped worldwide in 2008. CRT monitors are now almost completely obsolete from the mainstream world-wide computer monitor market. The re-invention of the all-in-one (AIO) desktop PC may help to reinvigorate and redefine the category in the near term, however.

The growing acceptance of mobile platforms have had a major impact on the traditional desktop PC/monitor bundle over the last five years. With the world-wide economic crash of late 2008, the desktop PC market was wounded even more when both consumers and commercial purchasing alike slowed down significantly for PC products. All-in-one LCD PCs (AIO LCD PCs), often overlooked by many as a desktop display, have historically amounted to no more than 2% of the total desktop display market in any given year, but new developments in the industry may give renewed life to this category.

As the market looks toward the future, a new concept dubbed “nettops” is emerging in the PC landscape: lower-priced PCs that do not sacrifice screen size or require a premium for portability. These new desktop PC designs incorporate many of the same design ideas associated with the still hot mini-note (or netbook) category. Based on the Intel® Atom™ processor microarchitecture, which helped to launch the mini-note category, nettops are expected to be a far cry from the existing AIO LCD PCs, which are typically feature-rich and high priced. However, the attractive prices of nettops are expected to help lift the AIO LCD PC category from 3.5M units shipped world-wide in 2008 to more than 6M units in 2009 (with most of these coming toward the end of the year).

Table 1: World-wide Forecast Increase for Desktop PCs with Built-in Displays, Due to Lower-Priced Form Factors (000s Units)

AIO LCD PCs	2009	2010	2011	2012
Q4’08 Forecast	3,374	3,666	3,951	4,211
Q1’09 Revised Forecast	6,010	7,104	7,650	8,155
Forecast Change	78.1%	93.8%	93.6%	93.6%

Source: Q1’09 [Quarterly Desktop Monitor Shipment and Forecast Report](#)

New, lower-priced AIO LCD PCs are already being developed in the supply chain, and some are beginning to hit various regional markets around the world. Most will use newer 18.5” and 21.5” 16:9 aspect ratio LCDs for a larger viewing area than notebooks or mini-notes; at the same time, they can cut costs by not having to design for mobility, eliminating extra costs for smaller components, heat dissipation, and the battery. Like their mini-note counterparts, these nettops are optimized for internet usage. Such low-priced, reduced-feature desktop PCs target both at-home consumers and in-office workers alike.

These new AIO LCD PCs may soon become available in retail outlets that haven’t typically sold PCs, such as big-box wholesalers or larger discount retailers that have not focused on consumer electronics products. Their all-in-one design make them less intimidating for consumers, allows for easier set up and can easily be merchandised in one box on retailers’ shelves. Preliminary material cost simulations by DisplaySearch show that an 18.5” AIO LCD PC can be produced for as low as \$240-250, making a shelf-price of \$299 attainable in some regions of the world. Taking into account mark-ups typically associated with bringing products to market, however, \$399-499 seems to be a more realistic ASP (average street price) for these products when they come to market before the end of the year.

Low-priced AIO LCD PCs could also be attractive to businesses, as they scrutinize every penny spent on IT. Businesses have begun to embrace the concept of “cloud computing,” in which applications and data are hosted on centrally-located servers, which are accessed by workers using lower-priced PCs to access applications and data, without requiring a standard PC with copious amounts of memory, large hard drives, faster processors, etc. Using low-priced AIO-LCD PCs to access centrally-stored data could also help to keep institutional information safe; it would not reside on a portable computer that can be lost or compromised. Additionally, emerging green initiatives may soon reward corporations and institutions for swapping out older, more power-hungry PC equipment with newer power-efficient systems.

“While the concept of all-in-one PCs has been around for quite a few years, new developments which allow for lower-priced solutions to meet the needs of today’s cost-conscious consumer and institutional buyers show the potential of this new breed of AIO LCD PCs to become market-disruptive products,” noted [Chris Connery](#), Vice President of PC and Large Format Commercial Displays. “Indeed it seems that the timing is right for lower-priced personal computer products, much like their new lower-priced mobile counterparts. However, the longevity of these new devices beyond the recovery of the current state of the global economy remains to be seen.”

An additional trend in the AIO LCD PC space in recent years has been the introduction of touch capabilities for the desktop platform. Along with the new low-priced AIO platforms are variations that incorporate some form of touch technology. Touch remains an emerging interface for desktop computing and adds cost to such platforms. While touch-enabled desktop platforms will continue to evolve, the near term outlook for AIO LCD PCs is based more on the lower-priced platforms (without touch) in today’s cost-sensitive global marketplace.

Even with the forecast increase in sales of lower-priced all-in-one PCs, the collective desktop display market (which consists of both detached desktop monitors as well as those PCs with built-in displays) is still forecast to see a Y/Y decline of just over 5% worldwide from 2008 to 2009 and not expected to exceed 2008 unit volumes until after 2010, however.

Table 2: Worldwide Market Forecast for Desktop Display Solutions Through 2012 (000s Units)

Form Factor	2008	2009	2010	2011	2012
LCD Monitor	167,048	155,997	159,995	174,270	188,828
AIO LCD PC	3,531	6,010	7,104	7,650	8,155
Total	170,579	162,007	167,099	181,920	196,983

Source: Q1'09 [Quarterly Desktop Monitor Shipment and Forecast Report](#)

The DisplaySearch [Quarterly Desktop Monitor Shipment and Forecast Report](#) includes shipment and forecast data for LCD monitors, CRT monitors, LCD PCs and TFT LCD monitor modules, as well as cost forecasts of TFT LCD monitor modules, LCD monitor interface electronics and LCD monitors. The report is delivered in PowerPoint and includes Excel pivot tables. For more information, contact DisplaySearch sales at 512.687.1511 or via email at sales@displaysearch.com.

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