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Executive Summary

As content and applications shift into the cloud and communications and computing merge into one gadget, an increasingly mobile lifestyle is demanding a new and innovative device form factors. Alternative approaches to the traditional PC and handset will play their part, but more radical designs are also emerging - the newest of these is the cloudbook.

Pioneered mainly by Google with the Chromebook, the cloudbook is a stripped-down, highly mobile device with a large screen, geared to doing almost everything in the cloud rather than locally on the device. This fits in with various trends in user behaviour and also appeals to enterprises looking for greater control and cost efficiency in the mobile world. However, there are rival form factors emerging, such as tablets and Intel’s ultrabook, so the cloudbook will need to differentiate itself clearly on functionality and price in order to carve out a place in the market.

This report is based on interviews with device OEMs, retailers and resellers and provides a comprehensive analysis of the new cloudbook device segment, providing insights into the anticipated evolution over its first five years and the impact it will have on related markets, from notebooks to netbook to tablet devices. The factors that will drive cloudbooks and the competitive pressures it will face are also discussed in order to develop a picture of its place in the connected devices landscape.

The key topics analysed are:

- The evolution of the cloudbook and how it differs from the form factors
- The market changes that make a new cloud-based form factor necessary
- The key attributes of the cloudbook’s software platform, and how these will evolve
- Analysis of the first commercial cloudbooks and their bill of materials
- The target BOM and pricing levels to make the cloudbook into a mass-market product
- Customers bases and channels to market for the new devices
- Expected cloudbook growth and the cannibalisation impact it will have on rival form factors such as netbooks.
We anticipate that sectors such as the enterprise and budget users will drive the cloudbook from a low base in 2011, to an 80 million unit market by 2015, achieving CAGR of 84% over this period, which is comparable to the growth of netbooks during their peak. Some of this success will come at the expense of netbooks, which we forecast will disappear as a category, but cloudbooks will also steal share from conventional notebooks, even though the latter remain the largest class of end user connected device (excluding phones) in 2015.

The cloudbook is geared towards a cloud-oriented world and the report makes comparisons with previous thin client efforts to assess the demand for such a device. The first major commercial cloudbooks - Samsung and Acer devices based on the Google Chromebook platform - are analysed in terms of cost, feature set and competitive landscape. Other approaches to the cloudbook concept, and the likely response of Microsoft, Intel and other key players, are also considered. Comparisons with the Intel ultrabook idea are also included.

The user experience and apps ecosystem are vital to the performance of the cloudbook, with the rise of HTML5 and browser interfaces central to this. Google hopes its early move with the Chromebook will drive its own browser to the top of the market but it knows Windows cannot be forgotten overnight, so virtualisation partners such as Citrix and VMware also emerge as important players.

Turning early interest into commercial success will rely on a list of critical success factors, which are analysed in turn. In particular, a strong user experience, changes in mobile data pricing and security are key factors. Getting the cloudbook’s retail price-point right is also of fundamental importance. The price and BOM of the first Chromebooks is high for the mass-market, and the report addresses this in detail together with key trends in components and costs.
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