

# Philips launches global initiative to develop solutions for ultra low-cost mobile phones

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*Sets out roadmap for sub-\$5 hardware and software platform to drive handset costs below \$20*

Royal Philips Electronics today announced a global initiative to develop ultra low-cost mobile phones to bring the benefits of the technology to an untapped global customer base of 3.3 billion people. The first product from the project will be a sub-\$5 system solution – an integrated hardware and software platform constituting all the electronics needed in a mobile phone – that will drive handset costs below \$20, fueling already fast-growing markets in regions including China, India, Africa, South America and Eastern Europe.

Speaking at the Ultra Low-Cost Handset Conference (Amsterdam, 28-29 June), Thierry Laurent, an executive vice president of Philips' semiconductor division, said that the initiative would be based at Philips' facility in Shanghai, and that it would seek to drive down total handset costs for this market segment below \$15 by 2008.

Currently, the lowest cost mobile phones on the market are just below \$40. By bringing to market a sub-\$5 system solution, with all the hardware, software and peripherals necessary for building mobile phones, Philips is enabling its ODM, OEM and operator customers to dramatically reduce costs and bring sub-\$20 handsets to the consumer. As an evolution of a system solution that has already been integrated into millions of handsets, the platform will also meet demand for low-cost and easy-to-use phones in more established markets.

“Right now, 77 percent of the world’s population lives within range of a mobile phone network, but only 25 percent of the world’s population subscribes to a mobile phone service (Sources: World Bank and EMC). All around the world operators have the infrastructure in place for mobile services, but the relatively high cost of mobile phones is holding back potential subscribers,” said Thierry Laurent, executive vice president of business development, communications businesses, Philips Semiconductors. “By offering mobile manufacturers all of the electronics of a phone as an ultra low-cost single unit, we’re opening up a huge potential market for mobile phone services around the world.”

Philips has pioneered the system solution approach, with one in seven GSM handsets built on the platform. The scalability and flexibility of its Nexperia system solutions is at the heart of enabling Philips to deliver its low-cost solution, which can easily be integrated into mobile handsets by its customers. The sub-\$5 system solution spearheading the initiative will be a GSM device capable of making calls and sending SMS messages. It will have a black & white screen and will be able to play polyphonic ringtones.

The ultra low-cost Nexperia Cellular System Solution 5130 will be sampling in Q4 2005.

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