

TV maker Vizio turns to computers, takes on Apple, Dell and HP

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Vizio is no stranger to defying the odds. The once little-known company came from practically nowhere to become one of the USA's biggest TV makers, wresting the title from the top electronics companies, including Sony. Its co-founder and CEO survived a plane crash more than a decade ago.

But now the company is making a move some say is so daring, it's almost crazy: taking on the world's biggest PC makers -- including Apple.

Consumers don't have to wait long to see Vizio launch what could be one of the biggest disruptions to the [computer business](#) in years. The Irvine, Calif.-based company, located in an area between Los Angeles and San Diego, down the road from a Christmas tree farm, plans next month to launch a line of computers. It will sell two ultra-thin notebooks, a laptop and two desktop computers that feature high-style design. And leveraging its household name in millions of living rooms, its computers will be designed to be easy to set up and get going right out of the box.

The pitch is simple: Vizio aims to give consumers computers a fit and finish that rivals Apple's Macintosh, yet running the familiar Microsoft Windows software that powers 90 percent of the world's computers. Vizio plans to pull this off with a lineup of stylish computers in carefully machined aluminum bodies carved by robots. And as it did with its flat-screen TVs, it will do so at competitive prices.

"PCs have become a sea of black plastic," says Vizio [Chief Technology](#)

Officer Matt McRae, describing the lineup of Windows-based computers from other manufacturers, many of which focus on corporate customers where design is an afterthought. "We're building a product people want."

In the process, Vizio has torn up the playbook on how PCs are designed and marketed. It is pioneering a sort of casual joint venture, which gives makers of parts that go inside the computers great say in how the system is designed.

Vizio is taking the role of a general contractor, overseeing the big-picture but relying on partners for technical help. The computers' innards are optimized with suggestions from Microsoft and Intel, the companies that know the key components best and spend billions annually on research and development. Vizio has just a few hundred employees, and a small staff of engineers.

"Vizio is doing a good job listening and taking advice from the experiences on how to optimize hardware and software," says Steve Guggenheimer, vice president of Microsoft's OEM division, adding that Microsoft is willing to provide technical assistance to any of its partners.

Intel collaborates with all the PC makers that use its chips. But Vizio contacted the computer chipmaker very early in the process and "wanted to learn all we had to teach them," says Intel's Gary Richman, director of marketing for the PC client solution division that cooks up innovated designs that use the company's chips.

That leaves Vizio to focus on the consumer experience, making sure the PC looks and works the way it should, right from the get-go. As evidence of its commitment to consumers over profit, it's forsaking the industry's long practice of loading new computers with "crapware" software, which they're paid to install, but that many times hurt the

performance of the computers.

The company also plans to "in source" all the technical support. If consumers call with questions, they will talk to a trained professional at Vizio's consumer service center in Dakota Dunes, S.D. -- not a call center in India or the Philippines.

It might be tempting to scoff at Vizio. After all, the privately owned company has just 409 employees. Vizio was co-founded in 2002 by William Wang, now 48, an entrepreneur who created a number of companies, including several computer monitor businesses in the 1990s, among them a company called Princeton Graphics. Later, in 2001, Wang worked with Gateway, a former customer and a popular computer seller in the 1990s, to sell big-screen TVs in the retail stores operated by the computer maker. Wang and 95 others famously survived the crash of a 747 airplane taking off for a flight across the Pacific Ocean. Eighty-three people died in the crash, an experience, he said in an e-mailed response, that has helped him keep the pressure of life in perspective.

"Prior to the crash I worried about business issues every day. The crash allowed me to see the world from a different perspective, eliminating the fear that often limits innovation," he said in the e-mail. Getting into the PC business is just the latest way Wang hopes to push innovation. "We are entering the PC market because I know consumers want a high-quality and beautifully designed personal computer that is affordable," he says. "We asked the question, 'Why can't we deliver smart industrial design and performance without a price premium?'"

But even with its rapid success in TVs, how can it have a chance taking on Hewlett-Packard, Dell and of course Apple, which has grown to become the most valuable U.S. company and is sitting on almost \$100 billion in cash and investments?

Making things even more tricky for Vizio is the fact the market for laptops has been stagnant, and as more consumers look to tablets as their go-to devices for e-mail and Web browsing. Vizio also must deal with the fact Apple might encroach on its turf, too. Apple is widely expected to release some sort of TV set, although no details are known.

Vizio is used to taking on difficult tasks, though. When it entered the TV business, the segment was considered to be crowded and mature. But while there were many TVs and [TV makers](#), it turned out that there was a way to do it for less, while maintaining quality.

Consumers' positive association with Vizio's TVs and the company's relationships with big retailers such as Costco and Wal-Mart will certainly give it a fighting chance, says James Kelleher of Argus Research.

There's no shortage of critics, though. "It's crazy talk, as far as them competing with Apple," says James Ragan of Crowell Weedon. Initially, the company might make inroads against Dell and HP in the consumer market, but Vizio still doesn't have a strong answer to Apple's iPad tablet computer, which is where the industry's growth is, he says. "It's going to be tough for them," he says.

Not to mention that Apple is successfully locking consumers into a network of devices that starts with them buying a smartphone but branches into other devices and purchases from Apple's online market for music. Vizio is "not just up against the Apple brand, it's up against an ecosystem," says William Choi of Janney Montgomery Scott.

The idea that Vizio could challenge Apple is "ridiculous," says Andy Hargreaves, analyst at Pacific Crest, who responded to USA TODAY via e-mail. "Unlike the TV market at the time Vizio entered, the PC market is already entirely outsourced and Apple has advantages on component

purchasing," he writes. "Vizio has as much chance as I do in being more cost-efficient than Apple in its production."

But Vizio's McRae says the company has heard similar criticism before. Giving consumers what they want, they will be successful. "We have the view of what consumers want," he says. "We've built a different product on an open ecosystem."

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