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## UCI EXPLORES THE MULTINATIONAL IPOD

By Colin Stewart

Where does the iPod come from? Researchers at UCI have taken a stab at sorting out the origins of the 451 components in a 30GB video iPod, which went on sale in 2005 with a retail price of \$299.

Their list includes the United States, Japan, Korea, Taiwan, China, Singapore and the Philippines – and a large degree of uncertainty.

The video processor, for example, is from Broadcom of Irvine, which contracts for manufacturing in Taiwan and Singapore. Broadcom makes a gross margin of 52.5 percent on that chip, which has a factory price of \$8.36. That represents 6 percent of the total cost of the iPod's parts. The origin of many parts remains undisclosed.

The [study](#) was conducted at Personal Computing Industry Center at the Merage School of Business with support from the Sloan Foundation. The researchers were Greg Linden, Kenneth L. Kraemer and Jason Dedrick.

The realities of multinational products such as the iPod aren't reflected accurately in international trade statistics, the study said.

They found that an American company, Apple, was the "biggest winner" with a gross profit of \$80 (36 percent) on the iPod's

estimated \$224 wholesale price, but component makers also did well. The largest components – hard drive and display – are made by Japanese companies.

"Today, no single country is the source of all innovation and therefore U.S. companies need to work with international partners to bring new products to market," the researchers concluded. "If (U.S.) companies get complacent or lose focus, there are plenty of foreign competitors ready to take their places. If this happens, the benefits from the global innovation system could quickly shift away from the U.S."