

By: February 2006, Associate Games Editor

[PlayStation 3 \\$800 Cost](#)

Next-gen console components too expensive?

Analysts at Merrill Lynch (financial management and consulting company) predict that the [PS3](#) could be delayed by over six months and that the components used to build each console could cost Sony over \$800. Merrill Lynch analyst Joe Osha pins the highest costs on the Blu-Ray drive used by the system, at \$350, and the Cell processor, at \$230. The [NVIDIA](#) RSX chip (\$70) and the system's memory (\$50), together with the Bluetooth and Wi-Fi chips, bring the total to \$800. Although Osha predicts that the bill of materials cost will fall to \$320 within three years, his headline figure is stark - and the report describes the situation in harsh terms, stating bluntly that "it's now clear that the box is prohibitively expensive to make." Although at such a high price as \$800 the PS3 is expected to have a Read-only Blu-Ray drive, one must bear in mind that this is less expensive than most Blu-Ray Read-Write devices for which estimated price points have been mentioned. The other component which Osha expects to be incredibly expensive is the Cell processor, with the price for the chip placed at \$230. However, his assertion that the chip will be difficult and hence expensive to manufacture is thrown into doubt by comments made by [IBM](#) senior vice president William Zeittler earlier this month, when he said that the firm is succeeding in ramping up yields of Cell "faster than on any chip we've done." Merrill Lynch's report has not only influenced Sony's share price today, but has also cast a doubt on the status of the next-gen PS3. In the meantime, Sony is yet to confirm any speculative end-user price point for the upcoming console.