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By: Alexandru Macovschi, Editor In Chief



## **iSuppli Computes the Costs for the Video iPod**

*The production costs amount to \$150*

Shortly after iPod nano launched on September 7, iSuppli decided to dig deep into the device's structure and find out and the production cost. Thus it was found that the material costs by themselves would ensure Apple a 40% profit for every unit sold. iSuppli was so thrilled with the results, that it has decided to do the same with the new video iPod, launched on October 12. After analyzing every component of the video iPod, iSuppli concluded that the price for the components amounts to approximately \$150, while the company retails the 30GB hard disk version for \$299, and the 60GB one for \$399. iSuppli computed the price costs for the video iPod in the same way it did for the iPod nano. The company assumed that Apple receives an important discount for the components and disregarded the assembly, promoting and shipping costs. Another interesting discovery made by iSuppli was that the video iPod has separate chips for video and audio. The video chip is made by Broadcom, while for the audio solution, Apple is still using PortalPlay components. This is a rather strange option considering that there are producers offering chips able to deal with both the video and audio tasks. The component which was carefully analyzed by iSuppli was iPod video's display, especially since there were many complaints regarding the iPod nano's proneness to scratching and cracking. iSuppli has found out that the video iPod's display comes from a single supplier, which could spell trouble for Apple, should the producer fail to deliver sufficient units.