

## **Report: Apple Taps Pegatron to Make Low-Cost iPhone**

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Apple is moving to a new manufacturer to produce a low-cost iPhone, according to a [report \[1\]](#) from the Wall Street Journal.

As it seeks to lessen its dependence on Taiwanese manufacturer Foxconn in an effort to diversify its supply chain, Apple has reportedly tasked a company called Pegatron with producing a forthcoming version of the iPhone.

Citing people familiar with the matter, the Journal reports that the new low-end iPhone will be offered later this year. The reason for the shift was attributed to "risk diversification" following glitches in Foxconn's manufacturing process that resulted in scratches on the iPhone 5's metal casing.

The difference in strategy reportedly comes down to leadership. The journal notes that current CEO Tim Cook has been less forgiving of Foxconn's miscues than was Apple's previous leader, Steve Jobs.

Founded in January 2008, Pegatron boasts equity of \$2.7 billion and a product line that includes motherboards, desktop PCs, notebooks, broadband, wireless systems, game consoles, networking equipment, Set-top boxes, multimedia, LCD TVs, and more.

A low-cost iPhone has been rumored for some time now but has yet to materialize. The company's strategy has been to lower the cost of previous models as newer iterations come to market.

At the Wall Street Journal's D: All Things Digital conference this week, Cook [said \[2\]](#) Apple had limited the range and size of its phones in an effort to maintain focus.

"It takes a lot of really detailed work to do a phone right, when you manage the hardware, the software and the services around it," Cook said. "We've put our energy in getting those right and have made the choices in order to do that. We haven't become defocused in developing different lines."

According to the most recent numbers from ComScore, Android ranked as the top smartphone platform in the first quarter in the United States with 52 percent market share (71.1 million subscribers), while Apple's share increased 2.7 percentage

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points to 39 percent (53.3 million subscribers).

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[2] <http://www.wirelessweek.com/news/2013/05/cook-apple-focused-quality-not-quantity>