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Before Apple's iPad, there was the Intel IPAD. Seriously.

CNET takes you back to 2001, when Intel almost jumped into the tablet business.

by **Shara Tibken** | December 5, 2013 4:00 AM PST

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The Intel Web Tablet connected wirelessly to a PC to allow a user to browse the Web.

The **iPad** [<http://reviews.cnet.com/ipad/>] is universally known as one of the most coveted consumer electronics devices on the market. But have you heard of the IPAD?

That would be Intel's botched attempt at building a tablet -- which nearly came out roughly a decade before Apple unveiled its first **iPad** [<http://reviews.cnet.com/apple-ipad-air/>]. The device, which was dubbed Intel Pad, or IPAD for short, could browse the Internet, play music and videos, and even act as a digital picture frame.

Unfortunately, the operative word is *nearly*, as the IPAD was scrapped before consumers could get their hands on it. It's just one of many opportunities that Intel has

missed out on, which **CNET has chronicled here**. [http://www.cnet.com/8301-1001_3-57614279-92/more-than-a-chip-maker-intels-blown-opportunities/]

For Intel, forgoing an early run at **tablets** [<http://reviews.cnet.com/tablets/>] is one of the company's biggest blunders -- especially given how quickly the business has grown. Here's what was, and what could have been.

New avenues

It was the late 1990s and early 2000s, and Intel was supplying semiconductors to much of the world's computers and servers. At that point, Intel was looking to diversify its operations beyond the PC. Among the new entries were Web hosting, toy making, and even streaming video. And there was the tablet.

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In 1998, Intel had several small teams within its research arm tasked with exploring new business opportunities. One, composed of three Intel employees, had been conducting research into usability and mobility in the home when they came up with the idea for a tablet. Unlike today's Apple iPad or **Samsung Galaxy Note** [http://reviews.cnet.com/smartphones/samsung-galaxy-note-unlocked/4505-6452_7-35003942.html], the IPAD, which included a touch screen and stylus, wouldn't run entirely on its own but would connect to a computer to browse the Internet through an Intel wireless technology.

In those days, "mobility" meant the ability to move around your home, and the idea behind the IPAD was to have a portable device you could take around your house. The need to connect to a computer was Intel's way of tying things back to its core PC chip business.

Intel executives believed the IPAD would also more closely associate the company with the Internet boom.

"Nowadays when we see tablets that are all touch screens, we look at them and say, we really were on the cutting edge back then," Ed Arrington, venture lead in Intel's new business initiatives group and one of the three initial employees working on Intel's tablet, told CNET.

Going public

The team quickly built a prototype, with plans to work with partners to take it to market. Over the years, Intel has often created reference products that customers can take and rebrand as their own or use as a model for their own designs. Big PC makers like Dell or Hewlett-Packard -- which are currently struggling in tablets -- would have been able to sell Intel's tablet design as their own devices.

But the prototype made its way onto a local TV program, which caught the attention of Intel Chairman Andy Grove. He decided that the company should make and sell the device as the Intel Web Tablet.

For a company like Intel, which supplied components to devices that ultimately reach consumers, creating a branded Intel product was a big deal. At that time, it had only started branching out to other areas, such as digital cameras and MP3 players.

Intel's decision to sell the device itself put a lot more pressure on the small team. But thanks to Grove's more ambitious goals for IPAD, the team got additional funding and a team of about 100 workers. The team quickly set about tweaking the device and pursuing deals with content providers and retailers. To bring down the device's cost, Intel struck agreements with companies such as Disney and ESPN to sponsor landing pages.

"What we were doing was risky on a lot of fronts," Arrington said. "Everything was about performance back then...Then here we were, a renegade group building a product based on usage experience instead of speeds and feeds."

The Intel Web Tablet included five buttons that would take users to those sponsored landing pages. There was no such thing as apps, but the device did have a dedicated browser. It also played music and videos and served as a digital picture frame.

After several years of development on the Intel Web Tablet, then-CEO Craig Barrett unveiled the device at the Consumer Electronics Show in January 2001. The company planned to sell the tablet to consumers later that year.

An early death

The IPAD, however, ruffled the feathers of its traditional PC partners, which didn't want a product that could potentially compete with them. The devices were boxed and ready to ship to retail partners such as Circuit City (remember that company?) when Intel caved to pressure and canceled the project.

It ended up selling the devices to employees in a fire sale.

"We all knew how our toast was buttered," Arrington said. "We all knew we didn't want

to do anything that would disparage or cause issues with our" PC partners.

There were other reasons to kill the tablet. The device came at the same time as the dot-com bust and at a time Intel was evaluating all of its businesses. It ended up closing down all of its branded consumer electronics operations, focusing instead on its core business. It didn't help that the device was poised to be pretty pricey, and would have shipped late because of software issues.



Intel planned to sell the Intel Web Tablet in 2001, but it ended up scrapping the project amid pressure from computer makers.

(Credit: Intel)

At the time, it was no major loss for Intel to scrap the tablet project. After all, it had a pretty big business selling chips. Why anger its partners or back something that might not make money for a long time?

It was also no guarantee the IPAD as Intel envisioned it would have been a success. It lacked the apps that make modern tablets so useful, and consumers may not have been ready for a home "companion" device.

Still, it may rank as one of Intel's biggest blunders when you consider where the market for consumer tech is headed.

The company may dominate PCs and data centers, but it's definitely a laggard in mobile devices, where you see much of the growth. Most mobile devices use chips based on technology from ARM Holdings. Even Intel's IPAD used an ARM-based chip before the project was shuttered.

Intel now pushes its homegrown X86 chips for mobile devices, and companies such as

SurfCast Ex. 2062,

Microsoft v. SurfCast IPR2013-00292, page 4

Dell are choosing X86 for its tablets. However, Intel's chips are largely found in Windows 8 devices, which pale in comparison to the number of Android and iOS devices sold. Tech research firm IDC estimated that only 3.4 percent of tablets sold in 2013 ran Windows, and that figure should rise to only 10 percent in 2017.

"For months, Microsoft and Intel have been promising more affordable Windows tablets and 2-in-1 devices," IDC analyst Jitesh Ubrani said. "However, we still don't expect them to gain much traction."

Intel may now be wishing it had pushed a little harder with its first tablet.

"I couldn't say then that Intel was making the wrong decision," Arrington said. "Now I look back on it and say that if we'd done a tablet back then, look at where we'd be today."

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