

Apple's new SIM hurts Gemalto in France

PARIS, FRANCE: Shares in French digital security company Gemalto slumped as investors expressed concerns that Apple's plan to integrate SIM cards directly into the new iPads could threaten part of Gemalto's business.



Apple's new iPads are using chips that are embedded directly into the phone to securely handle transactions and this move poses a threat to French company Gemalto according to analysts at Barclays. Image: Gemalto

"Apple's new iPads launched last week may begin a material shift in operators' attitudes towards SIMs and pose a real threat to Gemalto's largest revenue stream," analysts at Barclays said in a note to clients.

Gemalto shares suffered last week when Apple announced that it would begin integrating SIM cards directly into its tablets.

"This risk factor adds to the already cooling excitement for operators' SIM-based wallets," said Barclays, predicting that Gemalto shares could fall as low as €50.27 from the current level of €55.16.

Gemalto makes part of its profits from installing chips and managing payments in the fast-growing mobile transactions market.

But analysts think that Apple's decision to work directly with Visa and Mastercard could squeeze Gemalto out of the market, particularly if the move spreads to Gemalto's home market of Europe, from the US and Britain.

Gemalto wants its platforms and services business, which houses the part that could be threatened by Apple, to grow at a compound annual rate of 20% a year to generate revenues of €1.0bn by 2017.

Gemalto dismissed the threat from Apple, telling AFP that the market did not understand Gemalto's business and that they remained world leaders in providing an ultra-secure platform for such transactions.

"With this process, there will be a recurring need for remote management. This is rather good news for us. When the

market understands that, it will largely correct," Gemalto said in a statement.

Source: AFP via I-Net Bridge

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