

# Why does Apple spend \$ 400 million on lasers?

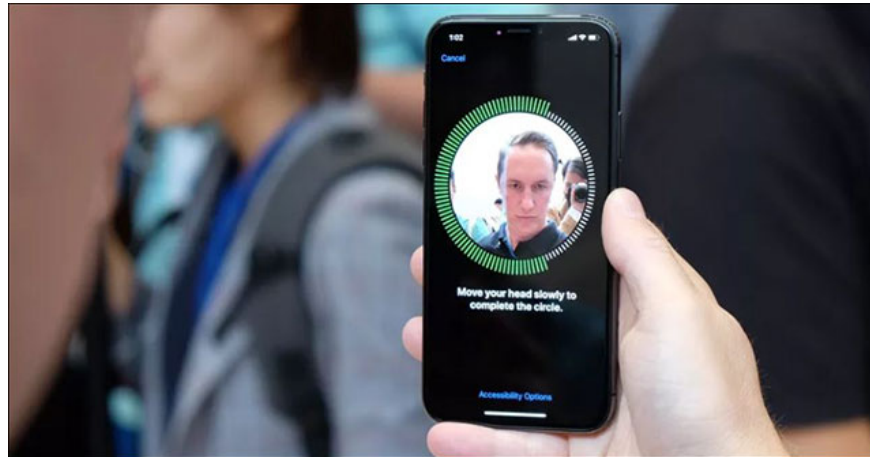
Today is Face ID - face recognition, and tomorrow is AR - augmented reality.

Apple said it would spend \$ 390 million on one of its suppliers, Finisar, to build a factory in Texas for the fabrication of 'surface emitting laser with vertical resonator' VCSEL.

## Why does Apple spend money on VCSEL?

Apple uses VCSEL on its latest iPhone X to scan and identify faces for Face ID, Portrait Mode, Animoji and Bluetooth AirPods wireless earbuds to feel the ears (automatically turn off / open when wearing on / off).

Things like 3D or deep sensors will appear more on Apple's product lines in the next few years - not just Face ID will be put on more iOS devices (not just iPhone X) but also products. Future products like augmented reality glasses.



*VCSEL is the key technology that Apple uses on its products*

So Apple will need more VCSEL. Apple said that by the fourth quarter of 2017, they would buy 'VCSEL wafer more than 10 times what was produced around the world in the same period'.

It is not uncommon for Apple to spend money on suppliers. It should also be stated that this amount is to help Finisar build a factory, produce more VCSEL when they are also sure that Apple can dominate the supply at a reasonable price, which is good for Apple but not to believe good with other competitors. According to Gene Munster from Loup Ventures, Apple also bought VCSEL from a company called Lumentum.

This tactic is no stranger to Tim Cook. Remember when Apple owned the flash memory market, it helped iPod and iPhone dominate for more than 15 years and gave Apple huge profits.

However, this is not a capital investment, but in its press release, Apple calls it a "reward". Finisar's shares then increased by 30%. This is a big deal with Finisar, a company with nearly 30 years of age, that has overcome the dotcom bubble and many thorns during that time.

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2. What will your face actually look like when you look through Face ID?
3. iPhone X can be the foundation for Apple's smart glasses

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