

Microsoft: Samsung Deal Could Improve Xbox, Zune

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Microsoft executives said the patent deal struck with Samsung Thursday morning could have implications for the [Zune MP3 player](#) and the Xbox, as well as for Windows PCs.

The patent agreement that Microsoft and Samsung Electronics signed Thursday morning will be used to enhance Microsoft's consumer electronics hardware with Samsung's CE knowhow, Microsoft executives said.

Microsoft will gain access to Samsung patents relating to digital media and computer-related inventions, while Samsung will be privy to Microsoft patents that can be used in Samsung products like computers, set-top boxes, digital media players, camcorders, televisions, printers and home appliances.

Microsoft and Samsung are heavily invested in research and development (R&D) so it makes sense that they "leverage the ideas of one another," said David Kaefer, general manager of IP and licensing at Microsoft. "Mutual customers are looking for devices for similar features and functionality, so we have to partner up and leverage the R&D expertise."

Kaefer pointed to Microsoft products like the Xbox gaming system, the Zune MP3 player and Windows-based PCs as those "that can stand to benefit" from the Samsung deal. Microsoft reportedly has a flash-based Zune MP3 player in the works, although the company has declined to

comment.

The lines are blurring between TV, video and phone and it has become increasingly difficult to be the sole enterprise researching a particular technology, Kaefer said. "One of the big subtexts of this announcement is that of device convergence. In software, there are so many patents and people are innovating the same things."

Kaefer acknowledged that "patents are pretty abstract" so this deal will not likely find Microsoft and Samsung officials hunkered down in a lab amidst bubbling beakers and beeping gizmos.

"When you have huge portfolios with thousands of patents, - Microsoft - wants to know that they might have some raw freedom to look at a Samsung device – to look at the functionality and how it performs and try to mimic it," he said. "If anything, it removes one hurdle for engineers to learn from one another."

The companies did not reveal the financial details of the deal.

The agreement is "an indication that there are some areas within consumer products that Microsoft is interested in," said Crawford Del Prete, an analyst with IDC. "Samsung isn't going to be a device company forever and as they look at software functionality, there are some indications that these worlds are coming together."

"Samsung is really a powerhouse," Del Prete said. "They have a significant number of patents and they've been steadily increasing. It really speaks to Microsoft looking beyond traditional" means of innovation, he said.

Ross Rubin, an analyst with NPD Group, views the announcement as a means to avoid litigation. "Patent licensing is a way for companies to

avoid becoming embroiled in suits," he said. "It opens the door to intellectual property that can be leveraged in products and Microsoft is clearly looking to leverage its investment in R&D as a bartering tool for use with other technology companies."

Samsung officials were unable to respond by press time due to time zone differences.

Robert Doherty, a senior analyst with Envisioneering, said the arrangement is "mostly something that helps Microsoft build up its own patent portfolio."

But Microsoft is also probably attracted to Samsung's flash memory capabilities, possibly heralding a flash Zune, Doherty said. "Microsoft wants mobile PCs and that is cheaper with flash memory than disk drives," he said. "There is no more strategic partner Microsoft could have."

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