Microsoft and Nokia, in a challenge to Research in Motion's Blackberry, announced Wednesday that Microsoft Office software will be available on smartphones made by the Finnish company.

The software and cellphone giants said that starting next year, Nokia would include Microsoft Office Communicator Mobile on its smartphones, followed by other Office applications.

"This agreement represents an important milestone for both companies and the industry," Stephen Elop, the president of Microsoft Business Division, said in a conference call with reporters.

"It's the first time Microsoft will develop rich Office Mobile applications for another smartphone platform," he noted, adding that the two companies have identified several other areas for future joint collaboration.

"With more than 200 million smartphone customers globally, Nokia is the world's largest smartphone manufacturer and a natural partner for us," Elop added in a statement.

"Today's announcement will enable us to expand Microsoft Office Mobile to Nokia smartphone owners worldwide and allow them to collaborate on Office documents from anywhere," he said.

Microsoft and Nokia said the agreement will allow Nokia smartphone users to view, edit, create and share Office documents and use such
popular Microsoft programs as Word, PowerPoint and Excel.

"Together with Microsoft, we will develop new and innovative user experiences for employees of small and large businesses alike," said Kai Oistamo, Nokia's executive vice president for devices.

Microsoft and Nokia both stressed their commitment to their rival mobile telephone operating systems, Windows Mobile and Symbian.

"Nokia and Microsoft do compete in some areas and we will continue to do so," said Elop. "At Microsoft we remain deeply committed to Windows Mobile."

Oistamo emphasized his company's commitment to Symbian and said Microsoft's productivity applications will add "tremendous value to Symbian."

Asked whether the tie-up was intended to counter the growing popularity of Apple's iPhone, Oistamo said it was aimed more at the Blackberry, a favorite of office workers made by Canada's RIM.

"It is really about creating a formidable challenge for RIM rather than anybody else," he said.

Nokia is the world's leading manufacturer of mobile phones and holds a 45 percent share of the smartphone market according to research firm Gartner.

But the Finnish company has been facing increased competition in the smartphone business from the iPhone and Blackberry.

Microsoft also faces competition in the cellphone operating system sector from Google's open-source Android software and free Web-based
programs.

Microsoft shares were up 1.99 percent to 23.59 dollars at midday in New York while Nokia gained 1.22 percent to 13.24 dollars.

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