

Google to sell Nexus One, a 'super' mobile phone (Update)

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The Nexus One phone from Google Inc. is shown at a demo in Mountain View, Calif., Tuesday, Jan. 5, 2010. (AP Photo/Jeff Chiu)

(AP) -- Google Inc. began selling its own mobile phone Tuesday, a much-anticipated move aimed at protecting its online advertising empire as people increasingly surf the Web on handsets instead of personal computers.

The [Nexus One](#) joins about 20 other mobile devices that already run on Android, the mobile operating system that Google introduced in 2007 to make it easier to connect to its services and other Web sites away from home or the office.

Google designed the touch-screen phone in partnership with Taiwan's HTC Corp., which made the first Android-powered phone and will

manufacture this one, too. Google will handle all sales online and has no plans to let consumers check out the Nexus One in retail stores.

The Nexus One has been in the hands of Google employees for the past three weeks, triggering media speculation and anticipation for the company's first attempt to peddle a consumer electronics device.

Given the hype, the Nexus One could be a bit of a letdown because it only takes a few incremental steps beyond what's already possible on handheld devices. And the Nexus One's standard sales price of \$529 may lessen its appeal in a still-shaky economy.

The move does escalate the budding rivalry between Silicon Valley's two most valuable companies - Google and Apple Inc., which has sold more than 30 million iPhones in the past 2 1/2 years. [Apple](#) announced a deal Tuesday to buy [mobile advertising](#) service Quattro Wireless to counter Google's planned \$750 million acquisition of Quattro rival AdMob. Both announcements came ahead of this week's International Consumer Electronics Show in Las Vegas.

Most of the more than \$20 billion in ads that Google sells annually are tied to Internet searches, a market that it dominates. But a proliferation of programs that create more direct routes to mobile applications may lessen the need to conduct searches on wireless phones. In designing and selling its own phone, Google gets yet another way to ensure its services remain within easy reach of people on the go.

Google is billing the Nexus One as the first "super" phone in an effort to position the device as a cut above the [iPhone](#) and other smart phones such as Research In Motion Ltd.'s more utilitarian BlackBerry.

It appears to be sleeker than other phones, as thin as a pencil at 11.5

millimeters and as light as a keychain-sized Swiss army knife at just 130 grams. Among other things, the Nexus One will offer more ways to customize the phone's home page and use voice recognition technology to perform more tasks, including composing e-mails and navigating Google's mobile mapping products.

"This phone, from a performance perspective, looks a little like your laptop did four or five years ago," said Andy Rubin, a Google executive who oversees Android.

But most of the features on the Nexus One are already on other Android-powered phones, and it probably will be a long time before it can offer as many different tools as the iPhone, which boasts more than 100,000 applications compared with Android's 18,000.



Peter Chou, CEO of HTC, holds the Google Nexus One phone during a news conference at Google headquarters Tuesday, Jan. 5, 2010, in Mountain View, Calif. (AP Photo/Robert Galbraith, POOL)

The Nexus One's \$529 price tag is more than twice as much as the most powerful iPhone sold in conjunction with a two-year service plan from AT&T Inc.

Google is asking consumers to pay more so they can select their own wireless carriers. That's a departure from the usual sales model in the United States, where mobile phones are typically offered exclusively by specific providers and subsidized by them for customers who agree to service plans that cost \$800 to \$1,000 annually.

For the first few months at least, the Nexus One will only work on GSM networks - a limitation that means buyers in the U.S. will have to use T-Mobile USA if they want the handset for high-speed Web surfing. Consumers willing to enter into a two-year data plan with T-Mobile will be able to buy the Nexus One for \$179, \$20 less than the top-of-the-line iPhone with an AT&T subsidy.

The technological barrier also precludes the initial version of Nexus One from working on the U.S. wireless networks of Verizon Wireless and Sprint, though [Google](#) plans a version that will work on those carriers' CDMA technology this spring and Verizon Wireless plans to subsidize that. For AT&T, the phone's compatible only with its slower wireless network instead of the 3G one used by the iPhone.

The Nexus One should work with many carriers abroad, as GSM is the predominant technology used. Vodafone's wireless service in Europe also will begin to subsidize the Nexus One in the spring.

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