

Challengers gain in important phone software fight

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In this June 19, 2009 file photo, a shop worker holds the new Apple iPhone 3GS in Barcelona, Spain. As smart phones increasingly appear alike, with high-end models mostly taking their cues from Apple Inc.'s iPhone, more and more it's the software they run that makes a difference. (AP Photo/Manu Fernandez)

(AP) -- As smart phones increasingly appear alike, with high-end models mostly taking their cues from Apple Inc.'s iPhone, more and more it's the software they run that makes a difference.

A growing number of operating systems are jostling for the attention of [phone](#) buyers and manufacturers. The winners will determine what our phones can do, which Web sites we're steered to, and which manufacturers will survive the next few years.

The battle will be on display as wireless carriers and phone makers

gather next week in Barcelona, Spain, for the industry's largest trade show, Mobile World Congress. The CEO of [Google](#) Inc., suddenly a strong contender in phone [software](#), will address the show. Also hoping to make a splash is Microsoft Corp., which is struggling to revitalize its software.

One in six U.S. adults had a smart phone last year, according to Forrester Research. That share is expected to grow rapidly in the next few years, as consumers warm to mobile devices that can run a wide range of applications and surf the Web nearly as well as computers.

Analysts don't expect [smart phones](#) to settle on one kind of [operating software](#), like the PC industry largely has with Microsoft's Windows. But analysts do expect the smart phone field to be winnowed down to two to four winners over the next few years.

These are the contenders, starting with the largest worldwide market share:

- **Symbian** - Nokia Corp.'s use of Symbian software has taken it to the top, but its perch is precarious. It's down from 56 percent worldwide share in 2008 to 44 percent in 2009, according to research firm In-Stat. Even though it's No. 1 in the world, it's nearly unknown in the U.S. One problem is that Nokia and Symbian have failed to keep up with the latest trends in the U.S. market, particularly touch screens. And now the love of touch screens is spreading overseas.

"I think Nokia suffered somewhat in 2009," says Forrester research analyst Charles Golvin. "They're clearly struggling to regain their mojo on the high end of the spectrum."

To power more-capable high-end phones, Nokia is now trying a version of the Linux operating system called Maemo.

Symbian used to be developed by a company of the same name. It charged manufacturers that used the software. In 2008, Nokia decided to upend that, buying the company and setting up a foundation to give the software away for free, mimicking Google's strategy with its Android software. Giving it away can boost adoption of the software and make it more attractive to application developers, whose programs can entice more phone buyers.

- **iPhone** - Apple's phone continues to roil the industry, and its sales more than quadrupled last year. Its features are a model for competitors, and it has by far the most support from application developers, despite complaints about the company's opaque and slow approval process.

But while Apple is likely to be one of the winners in the smart phone fight of the coming years, its reach will be limited because Apple doesn't allow any other manufacturer to use the iPhone operating system. And Apple doesn't make a wide variety of phones to choose from - just two models, with some variations in color and memory capacity. Apple's narrow focus gives it excellent profit margins but also leaves plenty of room for competitors.

Apple won't be at the Barcelona show, because it prefers to put on its own events.

- **BlackBerry** - Research in Motion Ltd. of Canada uses its own software for its BlackBerrys and doesn't license it to others. Though sales are still growing strongly, they could not keep up with Apple's growth last year, and the iPhone's market share at 19.8 percent edged past the BlackBerry's 19.2 percent, according to In-Stat.

RIM has a nearly impenetrable hold on the market for corporate e-mail phones in North America, so analysts expect it to stay around. However, it has stumbled in trying to expand to the consumer market and in

introducing touch screens.

"The BlackBerry platform looks old and tired. It needs a significant scrub and redo," ABI Research analyst Stuart Carlaw says. "I don't think we'll see that in the first half of this year, but it's something that should be in the cards for them later in the year. If it isn't, it needs to be."

- **Windows Mobile** - Once a pioneer in smart phones, Microsoft is struggling to keep up. Manufacturers like Motorola Corp. and HTC Corp. are shifting away from Windows Mobile toward Google's Android. Last year, fewer Windows Mobile phones were sold than the year before, even in a market that grew 35 percent.

[Microsoft](#) is expected to show off a new version of its mobile software Monday in Barcelona. Analysts see that as a do-or-die attempt to stay relevant in the business.

- **Android** - Google's software has been on a tear, racking up a lot of support from manufacturers, and favorable reviews. There was just one Android phone out in 2008. At the end of 2009, there were more than a dozen, from Motorola, HTC and Samsung and others.

"I think 2010 is a year when Android share will really expand," Golvin says.

Android is free for manufacturers as part of Google's effort to stimulate use of its Web services on cell phones. It's attracting a lot of attention from application developers, but the offerings still don't match those on the iPhone, either in quantity or quality.

Carlaw believes Android will, much like Symbian, mainly be used in mid-to-low tier smart phones, leaving the high end of the market to the [iPhone](#), and perhaps Nokia's Maemo.

- **webOS** - Palm Inc. more or less created the smart phone then limped along for years with aging software that had its roots in the Palm Pilots of the mid-'90s. Last year, it made a clean break, introducing the new webOS, running on two phones, the Pre and Pixi. It's the only phone software that does a good job of running several applications at once and letting the user switch between them. It's gotten very favorable reviews, but sales have been less than stellar. In the U.S., the phones were exclusive to Sprint Nextel Corp. until January, when Verizon Wireless added two upgraded models. AT&T Inc. has said it will add webOS phones later this year.

"The easiest one to write off is Palm. They're just so small in terms of overall market share," says In-Stat analyst Allen Noguee. "Unless they really see phenomenal growth coming out of Europe, and their expansion with Verizon and AT&T, it's going to be very challenging for them in the long run."

- **LiMo** - Short for Linux Mobile, LiMo is a consortium that gives away its software. Its selling point is that it gives wireless carriers and manufacturers the freedom to put their own stamp on their cell phones. It's also suitable for cheaper, non-smart phones. But uptake has been minimal, and Android and the free version of Symbian seem to have stolen a lot of LiMo's thunder. Motorola uses LiMo for some non-smart phones, but is now focusing on Android. Carriers may like the idea of customizing their phones, but consumers are more focused on phone brands that stretch across carriers, like the BlackBerry.

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