

# Microsoft pinning mobile hopes on new operating system

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Microsoft CEO Steve Ballmer is pictured during the 'Windows Phone 7' presentation at the Mobile World Congress in Barcelona, earlier this year. The new mobile phone operating system is to be unveiled on Monday in what is being seen as a potentially make-or-break effort by the US software giant to remain a player in the hotly competitive niche.

Microsoft unveils a new mobile phone operating system on Monday in what is being seen as a potentially make-or-break effort by the US software giant to remain a player in the hotly competitive niche.

Microsoft chief executive [Steve Ballmer](#) is to take the wraps off a new

line of smartphones powered by [Windows Phone 7](#) (WP7) at an event in New York and the devices are expected to hit stores around the world in the next few weeks.

Though mobile makes up only one percent of Microsoft's revenue, Morgan Stanley analyst Adam Holt said WP7 is a "pivotal release" for the Redmond, Washington-based company.

"This is an 11 on a scale of one to 10," agreed Ramon Llamas of technology research firm IDC. "They've been slow to come to market, and when they do, they use yesterday's technology. There's some catching up to do."

Ballmer is confident WP7 will help Microsoft claw back market share lost to Apple's [iPhone](#), Research in Motion's Blackberry and devices powered by Google's Android [mobile platform](#).

"I think our products will stand out compared to any others," Ballmer told a business conference in Madrid. "We would not be launching the product if we did not feel good about its chances to do well."

Analysts are cautiously optimistic about Microsoft's future in a smartphone market which Morgan Stanley estimates is seeing annual growth of 38 percent.

"While WP7 is debuting in the midst of intense competition, Microsoft seems to have developed a viable next generation mobile platform which may help the company gain credibility in mobile," Morgan Stanley's Holt said.



New operating system, 'Windows Phone,' is seen here on a smartphone HD2 of mobile phone manufacturer HTC at the Microsoft stand during a high-tech fair in Hanover, Germany, earlier this year. Microsoft unveils their new mobile phone operating system on Monday in what is being seen as a potentially make-or-break effort by the US software giant to remain a player in the hotly competitive niche.

WP7 is Microsoft's first significant update to its mobile [operating system](#) in 18 months and its release comes on the heels of the disastrous launch of a "Kin" line of mobile phones.

"The Kin was an abject failure," said IDC's Llamas of the devices aimed at the youth market which were pulled from stores after just two months.

According to technology research firm Gartner, Microsoft's share of the worldwide mobile operating system market will fall to 4.7 percent this year from 8.7 percent last year. It is expected to rise to 5.2 percent by 2011 but decline to 3.9 percent in 2014.

Among the handset makers expected to launch WP7-powered devices in the United States and Europe are South Korea's Samsung and LG Electronics and Taiwan's HTC.

Nicolas Petit of Microsoft France said WP7 features a number of innovations which will help make the company a player again.

"In 2010, an operating system needs to decompartmentalize and allow content to circulate more easily," Petit said, comparing other platforms to "a long hallway with doors to a lot of rooms that don't join up with each other."

Smartphones powered by WP7 will run email from various services, not just Microsoft's Hotmail, integrate calendars, contacts and social networks and allow for documents to be viewed, edited and shared using Microsoft Office.

WP7, which represents a shift for Microsoft from the enterprise market to the consumer, will also allow users to tap into Microsoft's Zune music player ecosystem and to access mobile versions of Xbox 360 games.

If WP7 proves to be a hit, Microsoft will once again manage to overcome the skeptics.

Since its launch in June of last year, Microsoft's new Internet search engine, Bing, has steadily gained market share and its Windows 7 computer operating system has been a commercial and technical success.

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