

Microsoft: a danger for Skype users?

June 17 2011, By Sharon Pian Chan



Long before the iPhone, the Sidekick was the cool mobile phone. It was to the iPhone and Android what Paris Hilton is to Kim Kardashian - version 1.0.

Danger, the [Silicon Valley](#) company that made the Sidekick, had created an entirely new kind of phone, one that could surf the Web, instant message friends and attract the Us Weekly crowd.

When [Microsoft](#) bought Danger for \$500 million in 2008, many hoped the merger would put rocket boosters on the Sidekick.

Instead, joining Microsoft turned out to be a pin prick that sent Danger whizzing around the room like a balloon losing air.

On May 31, T-Mobile USA, which sold the Sidekick, and Microsoft ended the Danger wireless service. The Sidekick brand name will live on with other T-Mobile phones, but without the guts and unique device that won over believers in Danger's earlier days.

Danger's fate casts a long shadow today as Microsoft prepares to consummate its \$8 billion purchase of the new hotness, [Skype](#), a Luxembourg-based [Internet phone service](#). Although Danger and Skype are decidedly different companies, there are parallels. Both are hyper focused on consumers, and both have a strong startup culture. The similarities make Microsoft's experience with Danger all the more relevant to its pending assimilation of Skype.

When the Sidekick launched in 2002, the BlackBerry and Palm Treo were the most popular Web-connected mobile phones, and they were mostly for business execs. The Sidekick was the first breakout smartphone success for noncorporate types who just wanted to message their friends.

"It was innovative for its time," said Will Stofega, a mobile analyst at research firm IDC.

The Sidekick pioneered many features that are now de rigueur on mobile phones.

App Store? Danger created a store for developers called Catalog, before the App Store for the [iPhone](#).

Beloved by celebs and hipsters? Hilton and Lindsay Lohan were early Sidekick users. MC Hammer used to visit the Danger office in Palo Alto, Calif., to troubleshoot his Sidekick, former employees said. Dallas Mavericks owner Mark Cuban and skateboarding mogul Tony Hawk were avid users.

Cloud computing? Before people even called it the cloud, the Sidekick service was storing messages, photos, apps and address books on servers.

"Consumer electronics is a world filled with regret," said Zz Zimmerman, a former manager at Danger. "You see this gigantic vision and you ship with 1 percent. With the (first Sidekick) hiptop I don't think anyone felt that way. I think we shipped 90 percent of what we wanted. We had this super useful product."

HIPTOP

Started in 1999, Danger invented the hiptop, which had a black and white screen that swung around to reveal a full keyboard underneath. A dial on the side scrolled through contact lists, messages and Web pages. The software switched quickly between multiple instant-messaging programs, contacts and email. It even had a small attachable camera. The company was named for the 1960s TV show "Lost in Space" and its robot that kept repeating the line, "Danger Will Robinson."

Danger showed off the device at the Consumer Electronics Show in January 2002 by dropping a bowling ball on the phone, then firing up a new phone and downloading all of the smashed phones' contacts, photos and messages from the cloud.

The first major U.S. carrier to sell it was T-Mobile USA, which branded it the Sidekick and launched it in October 2002. Even by today's standards, the voice and data plan was surprisingly affordable, attracting customers younger than 35. T-Mobile offered the device for \$199 with a \$39.99 monthly plan that included all-you-can-eat data and 1,200 minutes of voice calls.

When the company launched the Sidekick 2 in 2004, T-Mobile ran an ad overflowing with celebrities - Hilton and rapper Snoop Dogg messaged

each other on a Sidekick about their laundry. Many in the hip-hop community replaced their pagers with the Sidekick as their messaging device of choice.

Bridging the def and deaf, the Sidekick also became the communication device of choice in the hearing-impaired community.

The company even made two limited-edition Sidekicks, one by urban artist Mister Cartoon and the other by fashion house Juicy Couture. NBA player Ray Allen, then with the Seattle Sonics, called in a favor to get one because it was not immediately available in Seattle.

The phone had drawbacks. The design was clunky, and surfing was slow because the wireless network was running older technology.

T-Mobile was the only major national carrier that sold the Sidekick, and its customers represented 92 percent of Danger's business.

Danger made most of its money by receiving a cut of the service plan from the carrier. Danger also sold apps and shared that revenue with developers.

The number of Sidekicks sold grew from 136,000 to 923,000 from 2004 to 2007. That was a wafer-thin slice of the estimated 80 million smartphones shipped in 2006, but the fan base was dedicated.

The company lost \$12 million on sales of \$56 million in 2007, according to filings with the Securities and Exchange Commission, and had about \$13 million in cash. By then, Danger knew Apple was preparing to launch the iPhone. As Danger prepared to go public (as Skype was poised to do this year), Microsoft swooped in and bought the company for \$500 million in April 2008.

What happened next changed the course of Danger and phone development at Microsoft. Asked for its version of events, Microsoft declined to comment for this story.

T-Mobile released a statement saying, "Data services as of May 31st, are no longer available on Sidekick devices with the Danger Service." People with Sidekicks will be able to make phone calls and send text messages, but they won't be able to access the Internet or receive email.

For at least some former Danger employees, the acquisition was exciting news. The company kept its office in Palo Alto, and the hope among the Danger ranks was that Microsoft would use its vast resources to help the device expand into the mass market.

But they said they quickly realized that Microsoft bought the Sidekick team to put to work on its smartphone project, the Kin, and that the work cultures and environment were different.

Microsoft executives repeatedly told members of the Danger team that they would have access to a "pantry of Microsoft software," some former employees said. But it took five hours to build experimental features instead of the five minutes it used to, slowing innovation to a crawl, said Zimmerman, the former Danger manager.

The renegade culture of a startup clashed with the corporate culture of Microsoft. In one example, a Microsoft manager sent emails that ended with "BOOYAH" in giant type, Zimmerman and another former Danger employee said.

Microsoft managers set up an underground Twitter hashtag #TMDP, which stood for "truly, madly, deeply," a former Danger employee said. To some Danger employees, Microsoft seemed like Phil, the dad on "Modern Family" always trying a little too hard to be cool around his

kids.

Some former Danger employees remember rampant mocking of Microsoft corporate speak during meetings - via instant messaging on their Sidekicks, of course.

A separate Microsoft team was working on Windows Phone 7, and it was confusing to the outside world what exactly Microsoft's mobile strategy was.

When the team launched the Sidekick 3 in 2006, the new device barely lost any weight from the old model. Apple began selling its first iPhone a year later.

In October 2009, some Sidekick users lost access to their messages and address books, which was eventually recovered. Sidekick owners, including Hilton, savaged Microsoft on Twitter. Microsoft apologized and T-Mobile gave affected users \$100 gift cards.

Microsoft launched the Kin in May 2010 with a thud. The phone tried to make social networking its core function, but it had fewer features than the Sidekick had.

The Kin also was hobbled by the lack of an App Store. And the pricing that the carrier, Verizon Wireless, had set was higher than what the Sidekick service had cost. Zimmerman walked into a Verizon Wireless store to check out the phone, and he said the salesperson steered him elsewhere.

Microsoft pulled the plug on the Kin less than two months later.

A year later, Microsoft launched Windows Phone 7. As Microsoft began shutting down the Danger service this year, former Danger workers were

absorbed into other Microsoft teams, according to former Danger employees. A skeletal team still works at the Danger office in Palo Alto, they said.

Stofega says the mobile industry needs another Danger to introduce creativity. "There needs to be a startup, a company that has nothing to lose and everything to gain," he said. "Now everyone has decided on the black slab of metal. ... I wish someone would take a chance. It's almost like everyone is just a follower."

On May 31, current and former Danger employees gathered in the cafeteria in the Palo Alto office to bid the Danger service farewell, then moved to Antonio's Nut House, a bar down the street.

Danger employees have scattered. The bulk went to work at Google for the Android group. One of the original co-founders, Andy Rubin, built the mobile operating system Android, which Google acquired. Android, with 100 million users, now is the fastest-growing smartphone operating system.

T-Mobile has launched a new 4G Sidekick device under the Sidekick brand name. It runs on Android.

DANGER TIMELINE

Danger 1999: Andy Rubin, Joe Britt and Matt Hershenson start company.

October 2002: T-Mobile USA begins selling hiptop device, branded as Sidekick.

April 2008: Microsoft acquires Danger for \$500 million in cash.

October 2009: Danger service has significant outage, and Sidekick owners briefly lose access to messages, address books and photos.

May 2010: Microsoft launches Kin, a smartphone for social-networking tweens.

June 2010: Microsoft stops selling Kin.

October 2010: Microsoft begins selling Windows Phone 7 mobile-operating system.

May 2011: Microsoft shuts down Danger service that ran previous T-Mobile Sidekick devices.

(c) 2011, The Seattle Times.

Distributed by McClatchy-Tribune Information Services.

Citation: Microsoft: a danger for Skype users? (2011, June 17) retrieved 28 April 2024 from <https://phys.org/news/2011-06-microsoft-danger-skype-users.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--