

Motorola buy a blow to Google's Android partners

August 15 2011, by Chris Lefkow

Google's Android partners welcomed the [Internet giant's \\$12.5 billion purchase of Motorola Mobility](#) on Monday but the move may force the handset makers to rethink their strategies, analysts said.

In announcing the acquisition of the US smartphone and [tablet computer](#) manufacturer, [Google](#) stressed it would be "business as usual for [Android](#)" and it would continue to license the mobile operating system as an [open platform](#).

Google also released quotes from key Android partners Samsung, HTC, [Sony Ericsson](#) and [LG Electronics](#) praising the protection Motorola's [patent portfolio](#) will provide Android from lawsuits from rivals such as Apple and Microsoft.

"We welcome the news of today's acquisition, which demonstrates that Google is deeply committed to defending Android, its partners, and the entire ecosystem," HTC chief executive Peter Chou was quoted as saying.

But technology industry analysts said Google's move could not have gone down well in the corporate boardrooms of the Internet titan's Android partners.

"You have to wonder what kind of a morning the folks at HTC, Samsung, LG and Sony Ericsson are having right now," said Gartner research director Michael Gartenberg.

"This puts a lot of pressure on third-party OEMs (original equipment manufacturers) who built their businesses on Android," Gartenberg told AFP.

"As long as they can still get access to Android that's great," he said. "But the challenge for Google is very simple -- nobody has ever successfully licensed a platform and competed with licensees.

"Because if you do better, then your licensees get frustrated," he said. "If your licensees do better than you then you get frustrated, even if no money is changing hands.

"Lots of folks are going to have to rethink their strategy," he said.

In a blog post on the New Yorker magazine website, Ken Auletta, author of a book about Google, said Google has "recently labored to reassure telephone companies that its Android operating system, unlike Apple's [iPhone](#), will be open to all and exclusive to no one.

"Although Google says its purchase of Motorola will not grant it most-favored-nation treatment, don't be surprised if few believe this," Auletta said.

"The interests of Google shareholders who want their Motorola division to have exclusive mobile features will vie with the interests of the other mobile companies Google says it is serving," he said.

Forrester Research analyst John McCarthy said the deal leaves Google in an "awkward position of being half-pregnant and trying to be a provider of an open source 'environment' while at the same time competing with its 'customers.'"

He said it could potentially open the way for Microsoft to offer its

mobile operating system, Windows Mobile, to handset makers as an Android alternative.

"Forrester can hear Steve Ballmer and company pitching the Asian players on how Microsoft is the only hardware agnostic player left," McCarthy said.

Paul Ausick of website 247WallSt.com said Google's purchase of Motorola Mobility is "likely to cause consternation among its Android licensees" and agreed with McCarthy that it could be an opportunity for Microsoft.

"For Samsung and [HTC](#), switching (operating systems) would be neither cheap nor easy, but Microsoft has a big pile of money to help with the not-cheap part," Ausick said.

According to Gartner, Android will power nearly half of the smartphones worldwide by the end of next year with a 49.2 percent market share.

The market share for Apple's iPhone was forecast to remain relatively stable at 18.9 percent in 2012.

Windows will account for 5.6 percent of the smartphone market at the end of 2011 but will rise to 10.8 percent in 2012, according to Gartner.

Finnish mobile phone giant Nokia announced in February that it will begin using Microsoft's mobile platform as its smartphone operating system.

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