Microsoft's departure signals CES's decline

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Monday marked the end of an era at the Consumer Electronics Show, the tech industry's gigantic annual gadget fest in Las Vegas.

Steve Ballmer's keynote speech that evening was the last one scheduled by a Microsoft CEO after a 13-year run. And after this year's show, the company is pulling out of CES entirely.

Some will say Microsoft's departure is long overdue. With the shift away from PCs and Windows as the center of the tech universe, the company's influence has been on the wane for years. Ballmer's speeches of recent years have often offered little news or insight.

But Microsoft's departure says more about the state of the giant trade show than it does about the software company. Its move underscores that the show isn't as important as it once was. And I think its departure will mark the beginning of the end of CES as the tech industry's major annual event.

CES's importance as a venue for showing where technology is going and what hit products are in the pipeline has long been overstated. There's often little correlation between the products that garner attention at the show and those that end up being commercial successes.

That disparity has been most visible in those years when Apple, which has famously shunned CES, made a product announcement around the same time as the show. Products such as the iPad and the iPhone - both announced at January Apple-only events - became smash hits, household

names and industry-changing devices. Bonus points if you remember any products announced at CES the years those products came out.

But even when Apple hasn't served as a distraction, CES often hasn't been able to deliver the goods in terms of hit products or industry influence. Much of the buzz at last year's show, for example, focused on new tablets, such as Research In Motion's PlayBook and Motorola's Xoom, that would rival Apple's iPad. But those devices ended up being commercial busts. So, too, have 3-D televisions, which TV manufacturers have been flogging at CES for years.

Part of CES's problem is the disappearance of the annual product cycle. The show was established back in the days when the electronics industry had a simple ritual. Manufacturers came to the show to pitch to retailers the products they would be selling in the fall.

These days, manufacturers introduce products throughout the year and often refresh individual product lines multiple times during a year. Products shown off in January may no longer be on store shelves come the crucial holiday season. And products that end up being holiday hits often are those that reach store shelves just before the season starts.

Take Amazon's Kindle Fire. The new tablet was Amazon's best-selling product this holiday season. But Amazon didn't unveil it until late September, eight months after CES was held.

Tech companies have learned that they don't need CES to draw attention to their products. It's not just Apple that holds its own events. Amazon did the same trick when unveiling the Kindle Fire. And one reason Ballmer's keynotes have included little news is that Microsoft typically announces its products at other venues, whether its own developer conferences or industry-specific trade shows such as the E3 video game conference.

Indeed, such tailored conferences - big and small - now dot the calendar throughout the year. Such events give companies the chance to unveil products when they're most likely to draw attention from those most interested - rather than at CES, where they stand a good chance of being lost in the cacophonous din.

A still bigger problem for CES is that it focuses on hardware, whether speakers or televisions or phones. That made sense when the most important things about electronics were their design and technical specifications and how they looked or sounded.

But times have changed. As devices have become "smart," the most important thing about them is not what they look like or the parts inside them but the software they run, particularly their operating system or software platform.

Unfortunately for CES, with Microsoft's departure, the show will be virtually devoid of the most important software platform makers in consumer technology. Not only is Apple absent, but so, too, is Facebook. Google and Amazon have only a small presences.

Without such companies, CES's ability to showcase the future of technology is limited. Sure, you're still likely to see cool tech demos and lots of accessories for hit products. You may even see some neat hardware.

But the real action - the debut of truly game-changing products and the unveiling of the cool software that powers them - won't be found in Vegas.