

Hewlett-Packard developing smartphone, CEO says

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Hewlett-Packard Co. is working on a new smartphone as its core personal computers and printer businesses continue to dwindle, CEO Meg Whitman said in an interview Friday morning.

In an appearance on the Fox <u>Business Network</u>, Whitman said that the company is developing a new phone to ensure it can get <u>mobile devices</u> into the hands of consumers who use smartphones as their sole computing device, especially in foreign countries.

"We have to ultimately offer a <u>smartphone</u> because in many countries of the world that is your first computing device. You know, there will be countries around the world where people may never own a tablet, or a PC, or a desktop. They will do everything on the smartphone. We're a computing company; we have to take advantage of that form factor," Whitman said, according to a transcript.

HP previously attempted to push into the mobile device market with its \$1.2 billion purchase of Sunnyvale, Calif.-based Palm in 2010, offering smartphones and eventually a tablet from that company based on the WebOS platform developed by the company. The devices did not catch on with consumers, however, and HP eventually decided to offer WebOS as an open-source operating system.

Whitman did not say what operating system an HP smartphone would use. The Palo Alto, Calif., tech giant has a close relationship with Microsoft Corp., with its personal computers running the company's



Windows operating system. Smartphones running Microsoft's new Windows Mobile software are expected to hit the market soon, with devices being developed by Nokia, Samsung and other hardware manufacturers. Google's Android mobile OS could also be an option.

Whitman's comments focused more on the hardware, with the CEO saying "We've got to get it right this time."

"My mantra to the team is: 'Better right than faster than we should be there.' So we're working to make sure that when we do this, it will be the right thing for Hewlett-Packard, and we will be successful," Whitman added.

HP has struggled to stay relevant in what Apple CEO Tim Cook and analysts have deemed the "post-PC era," as Cupertino, Calif., rival Apple has seen its profits boom on sales of the iPhone and iPad. While Hewlett-Packard is still the world's leading seller of PCs, Whitman has been forced to follow IBM's path of focusing on enterprise services to maintain profitability.

In its most recent earnings report, however, Whitman revealed that the tech giant is working on a tablet offering as well. Analysts also say that the fall release of Microsoft's newest <u>operating system</u>, Windows 8, could be a boost for the company.

In the meantime, Whitman has worked to trim down the company, with the biggest round of employee layoffs and buyouts in its history. HP announced earlier this month that an additional 2,000 workers will be leaving the company, increasing the cutbacks to 29,000 through Oct. 31, 2014.

The company's stock price has struggled along with HP, with shares recently trading at an 8-year low. HP has begun to move higher on Wall



Street this month, however.

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