

Nokia shows off new flagship phone

September 5 2012, by Peter Svensson



Nokia revealed its first smartphones to run the next version of Windows, a big step for a company that has bet its future on an alliance with Microsoft.

Nokia's new flagship phone is the Lumia 920, which runs Windows Phone 8. The lenses on its camera shift to compensate for shaky hands, resulting in sharper images in low light and smoother video capture, Nokia said. It can also be charged without being plugged in; the user just places it on a wireless charging pod.

Nokia also unveiled a cheaper, mid-range phone, the Lumia 820. It doesn't have the special camera lenses, but it sports exchangeable backs so you can switch colors.

The Finnish company revealed the new phones in New York on Wednesday. The American market is a trendsetter, but Nokia Corp. has been nearly absent from it in the past few years. One of CEO Stephen Elop's goals is to recapture the attention of U.S. shoppers.

Facing stiff competition from Apple's iPhone and devices running on Google's Android software, Nokia has tried to stem the decline in smartphones in part through a partnership with Microsoft Corp. announced last year. It has moved away from the Symbian operating platform and has embraced Microsoft's Windows Phone software.

Nokia launched its first Windows phones late last year under the Lumia brand, as the first fruits of Elop's alliance with Microsoft. Those ran Windows Phone 7 software, which is effectively being orphaned in the new version. The older phones can't be upgraded, nor can they run applications written for Windows Phone 8.

Nokia sold 4 million Lumia phones in the second quarter, a far cry from the 26 million iPhones that Apple Inc. sold during those three months. So far, the line hasn't helped Nokia halt its sales decline: its global market share shrunk from the peak of 40 percent in 2008 to 29 percent in 2011, and it is expected to dwindle further this year.



Jo Harlow, Executive Vice President, Smart Devices, Nokia, unveils the Nokia Lumia 920, Nokia's flagship Windows Phone 8 smartphone, at a press event in New York, Wednesday, Sept. 5, 2012. The Lumia 920 features a camera able to take in five times more light than competing smartphones for sharp pictures in low light without flash, and the phone comes with integrated wireless charging as well as an augmented reality mapping app, Nokia City Lens. (Photo by Diane Bondareff/Invision for Nokia/AP Images)

Elop said the new phones will go on sale in the fourth quarter in "select markets." He didn't say what they would cost or which U.S. carriers would have them. AT&T Inc. and T-Mobile USA have been selling the earlier Lumia phones.

Investors weren't impressed. Nokia's stock fell 27 cents, or 9.6 percent, to \$2.56 in midday trading Wednesday. It had dropped to as low as \$2.41 after the announcement. Shares of Microsoft, which is based in

Redmond, Washington, was unchanged at \$30.39.

For Microsoft, the alliance with Nokia is its best chance to get into smartphones again, where it has been marginalized by the rise of the iPhone and then phones running Google Inc.'s Android software. The launch of Windows Phone 8 coincides roughly with the launch of Windows 8 for PCs and tablets. That launch is set for Oct. 26.

"Make no mistake about it—this is a year for Windows," said Microsoft Steve Ballmer, who joined Elop, a former Microsoft executive, on stage.

The new Windows Phones come as Google and makers of Android phones have run into legal trouble, which could slow the momentum of Android devices. A jury in Silicon Valley ruled two weeks ago that some Samsung Android phones infringed on Apple patents. The jury ordered Samsung to pay Apple \$1.05 billion, and Apple is seeking a ban in the U.S. on some Samsung devices.



Microsoft CEO Steve Ballmer, left, and Nokia President and CEO Stephen Elop unveil the Nokia Lumia 920 and Nokia Lumia 820, Nokia's first devices for Windows Phone 8, at a press event in New York, Wednesday, Sept. 5, 2012. The Lumia 920 features a camera able to take in five times more light than competing smartphones for sharp pictures in low light without flash, and the phone comes with integrated wireless charging as well as an augmented reality mapping app, Nokia City Lens. (Photo by Diane Bondareff/Invision for Nokia/AP Images)

U.S. phone companies are also eager to build up Windows Phone as an alternative to the iPhone and Android, to reduce the leverage Apple and Google have over them. Android and Apple devices dominate in smartphones, with 85 percent of the worldwide market combined, according to IDC.

Samsung Electronics Co., which has succeeded Nokia as the world's largest maker of phones, showed off a Windows 8 phone last week. It didn't announce an availability date either.

At Wednesday's event, Nokia executive Kevin Shields demonstrated the wireless charging technology by placing the phone on top of a JBL music docking station, which charged it. Wireless charging has shown up in other phones, most notably the Palm Pre of 2009. But Nokia is making its phone compatible with an emerging standard for wireless charging, called Qi. That means the phone can be charged by third-party devices.

The docking station also played music from the phone, even though it wasn't plugged in. The music was transferred from the Lumia's near-field communications chip, which can connect automatically to other devices at short range. Coupled with the right apps, NFC chips can also be used to pay for things in stores, by tapping the phone to credit-card

terminals.



Nokia President and CEO Stephen Elop debuts the Nokia Lumia 920, Nokia's flagship Windows Phone 8 smartphone, at a press event in New York, Wednesday, Sept. 5, 2012. The Lumia 920 features a camera able to take in five times more light than competing smartphones for sharp pictures in low light without flash, and the phone comes with integrated wireless charging as well as an augmented reality mapping app, Nokia City Lens. (Photo by Diane Bondareff/Invision for Nokia/AP Images)

Worldwide market share for smartphones

On Wednesday, Nokia revealed its first smartphones to run the next version of Windows. The Microsoft operating system will have a lot of catching up in the phone world.

Android and Apple devices dominate in smartphones, with 85 percent of the worldwide market combined, according to IDC. Companies making Android devices include Samsung Electronics Co., HTC Corp. and Motorola Mobility, which Google now owns. Samsung also makes phones running Bada, which is based on Linux.

Nokia has traditionally relied on Symbian, but it is now banking its future on Windows.

Here are IDC's figures for worldwide smartphone unit sales and market share in the second quarter of 2012, by operating system.

— Android (Google Inc.)—104.8 million units, 68.1 percent share (46.9 percent a year earlier)

— iOS (Apple Inc.'s iPhone)—26.0 million units, 16.9 percent share (18.8 percent a year earlier)

— BlackBerry (Research in Motion Ltd.)—7.4 million units, 4.8 percent share (11.5 percent a year earlier)

— Symbian (mostly used by Nokia Corp.)—6.8 million units, 4.4 percent share (16.9 percent a year earlier)

— Windows (Microsoft Corp.)—5.4 million units, 3.5 percent share (2.3 percent a year earlier)

— Linux—3.5 million units, 2.3 percent share (3.0 percent a year earlier)

— Others—0.1 million units, 0.1 percent share (0.5 percent a year earlier)

Source: IDC.

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