

Google-Samsung relationship profitable but could change

April 4 2013, by Brandon Bailey

The world's leading smartphone maker managed to spotlight a youthful tap-dancer, Broadway actors and plenty of lame jokes during an hourlong event to show off its latest high-end gadget - but there was barely a mention of the Android software that makes Samsung's most successful phones work.

That snub didn't go unnoticed by tech analysts who are watching for signs of strain in the lucrative partnership between [Samsung Electronics Co.](#) and [Google Inc.](#), which developed Android. Some have wondered if Samsung's tremendous growth could tip the balance in that relationship.

"After the announcement for the Galaxy S4" - the new smartphone that goes on sale this month - "there was a lot of questioning about whether Samsung was trying to subsume Android or even move away from it," said Ross Rubin, a veteran tech analyst at Reticle Research.

[Google](#) lets Samsung and other hardware makers use Android without charge, in an innovative strategy to ensure that its online services are available on [handheld gadgets](#) used by consumers around the world. To date, that arrangement has paid off for both companies.

Samsung relied on Android devices to achieve dominance in the smartphone business, while Google says its mobile revenue has reached \$8 billion a year from showing ads and selling digital goods on a variety of [handheld devices](#), including Samsung's. Google also counts on Android to balance the ambitions of Apple, which has begun de-

emphasizing Google apps on the [iPhone](#) and [iPad](#).

But Samsung has begun building its own features on top of Android for its Galaxy phones. And some analysts have speculated Samsung's success might give the Korean tech giant enough clout to create its own version of Android, demand special features from Google or install more of its own software to replace Google's ad-supported services. It might even demand a share of Google's mobile ad revenue.

Almost 70 percent of smartphones sold worldwide last year use Android, as opposed to operating software from Apple, Microsoft and others, according to the Canalys research firm. Analysts at IDC estimate Samsung sold more than 215 million smartphones last year, almost half of all Android phones sold.

Samsung also sells phones that use Microsoft's mobile software, and it's planning a phone based on new software called Tizen, which Samsung developed with Intel and other partners.

But Gartner analyst Ken Dulaney said Android's ecosystem of applications and services are so popular that Samsung is unlikely to abandon its partnership with Google. "Both parties need each other," he said.

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