

Flailing phone business forces Microsoft to back off hopes for Windows 10

July 18 2016, by Matt Day, The Seattle Times

Microsoft says it will take more time than it thought to get a billion devices running Windows 10 because of its sharply curtailed ambitions in the smartphone business.

The [company](#) last year set a goal of reaching 1 billion devices running the new operating system by mid-2018.

But in a statement to ZDNet, the company says it will "take longer" to reach that goal. Yusuf Mehdi, who runs the Windows marketing team, attributed that to "the focusing of our phone hardware business."

In a statement confirming the delayed target, the company didn't offer a new expected date. Microsoft last month said there were 350 million devices running Windows 10, a tally that analysts say predominantly involves personal computers.

Windows 10, released in July 2015, is designed to run with a similar look and feel across personal computers, tablets, smartphones, and Microsoft's Xbox One game consoles. The operating system was pitched in part as a way to broaden the company's reach beyond its PC comfort zone. When Terry Myerson, who leads Microsoft's Windows and Devices Group, announced the 1 billion target, the company had just wrapped up a year in which it sold about 34 million Windows smartphones.

Since then, Microsoft has all but eliminated the smartphone hardware unit it acquired from Nokia in 2014, taking about \$10 billion in

writedowns and restructuring costs, laying off thousands of employees, and shuttering or selling factories worldwide. The company's smartphone sales totaled just 2.3 million in the first three months of 2016.

"It's hard to know what exactly they were counting on," said Steve Kleynhans, an analyst with Gartner. "At the time, they did have some pretty high expectations around Windows Phone."

Weak PC sales, he said, also likely played a role in Microsoft's changed expectations.

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