

Palm head says turnaround hurt by swifter peers

December 8 2010, By RACHEL METZ , AP Technology Writer

(AP) -- The head of smart-phone maker Palm said the company's attempt at a turnaround - which ended earlier this year when it was bought by Hewlett Packard for \$1.8 billion in cash - was thwarted by competitors that simply moved too quickly.

Speaking at a tech conference Tuesday, Jon Rubinstein said that [Palm Inc.](#), a pioneer in the smart phone market that fell behind in recent years, had many of the necessary elements for success when it launched its fresh [operating software](#), [webOS](#), and accompanying Pre and Pixi smart phones in 2009. These strengths included a solid team and software, a great product pipeline and over \$500 million in cash.

Still, "the world moved faster than we expected and we ran out of runway," he said.

Palm was founded in 1992 and helped originate the handheld computing market with its Palm Pilot "personal digital assistants" in the 1990s. But after Palm reshuffled itself repeatedly - it was bought by U.S. Robotics, a modem maker that itself was bought by 3Com Corp. in 1997, and then spun off again as its own company in 2000 - other companies took control of the market.

Apple Inc.'s iPhone was already a major success when Palm announced its turnaround plans in early 2009; its popularity has continued to skyrocket, most recently buoyed by the [iPhone 4](#). And [Google Inc.](#)'s Android operating software, which was first released on a smart phone

about two years ago, is now running on 172 different handsets worldwide. [Research In Motion](#) Ltd.'s BlackBerry smart phones have remained popular, too.

Rubinstein said that, given all this, Palm saw that it could be small and successful but that didn't seem like a sustainable business long term.

Instead, Palm turned to Palo Alto-based [Hewlett-Packard](#) Co., which said in April that it would buy the company.

The acquisition came after Palm studied a number of alternatives, Rubinstein, a former Apple executive who is now a senior vice president and the general manager of HP's Palm unit, said. He said HP was a good choice because as the largest computer company in the world it could help Palm bring its products to more people. And HP didn't have a great mobile strategy before adding Palm to its fold, Rubinstein said.

Rubinstein, who was speaking at the D: Dive Into Mobile conference hosted by tech blog AllThingsD, wouldn't say who else Sunnyvale-based Palm spoke with about a potential acquisition, but said six companies were "very interested in Palm in a variety of deals."

At HP, Palm has unveiled the next version of webOS, which runs on its new Pre 2 handset, and is working on upcoming webOS products, including phones and a tablet that Rubinstein said will be released next year. He would not give specifics about when the products will be released.

"This is just the beginning. It's not 'game over,'" he said.

It's not clear if the Palm name will carry on in the future, though. Rubinstein said that is something the company is still determining.

"It does have some strengths as far as brand recognition; it also has some negative connotations around it as well," he said. "At the end of the day, HP needs to build a brand around what it's going to do going forward and webOS is one of those key elements."

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