

Google's Coup Shifts Mobile Alliances

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Major telephone makers like Samsung, HTC, Sony Ericsson and LG said on Monday that they supported Google's planned purchase of Motorola. But will they still feel that way in a year?

Those companies have made plenty of money selling millions of devices powered by Android, Google's mobile operating system. Analysts and industry specialists say the deal could sour relations between Google and its partners, who have helped Google beat Nokia and Apple to win the biggest share of the mobile software market.

"They can't be too thrilled to find that suddenly, these companies are no longer partnering with Google — they're competing with Google," Michael Gartenberg, director of research at Gartner, an information technology research and advisory company, said referring to the telephone makers. "No matter how Google tries to spin it, they're competing."

Larry Page, one of the founders of Google who recently became chief executive, provided reassurance in a company blog post, saying that the acquisition would "not change our commitment to run Android as an open platform," meaning that any manufacturer will continue to be able to use it. He added that Google would run Motorola Mobility as a separate business.

Analysts, however, warned that it is exceedingly difficult for a company to both license its products and compete with those licensees at the same time. They pointed to Apple's attempt to license its Mac operating system in the mid-'90s, and to Palm's unsuccessful effort to split itself into separate software and hardware companies.

Google previously tried to enter the hardware business with its Google-branded Nexus One smartphone that it designed and sold through its Web site, rather than stores. But the phones were met with a lukewarm reception as customers were unaccustomed to buying phones without handling them first.

The Motorola deal will help cement Google's status as a mobile player, not only among competitors but also among consumers, said Gene Munster, an analyst with Piper Jaffray.

"It changes Google from being just the company they turn to for search," he said referring to consumers. "It makes them the company delivering their mobile experience in a post-PC world."

The deal will only add to the flux in the market for mobile telephone software, where Android has surged recently. It had a 43.4 percent global share in the second quarter of this year, up from 17.2 percent a year ago, according to Gartner. Apple's iOS devices captured an 18.2 percent share, up from 14.1 last year, while the former heavyweight Research in Motion, which makes BlackBerry devices, slipped to 11.7 percent from 18.7 percent.

The acquisition may lead some hardware makers to cast their lot with Microsoft, which is pouring resources into becoming a serious mobile competitor. Nokia has already done just that, betting on Microsoft and abandoning its own mobile operating system.

Others may try to strike out on their own and create operating systems, rather than risk becoming dependent on Google. Samsung has dipped a toe in those waters, releasing phones that run on an in-house system called Bada. HTC already had a team of engineers dedicated to customizing the version of Android that it uses on its phones, called HTC Sense.

Meanwhile RIM is struggling to move to a new operating system, QNX, to try to revive its smartphone and tablet offerings.

A statement by Peter Chou, chief executive of HTC, the Taiwanese phone and tablet manufacturer, was typical of the partners' reactions. "We welcome the news of today's acquisition, which demonstrates that Google is deeply committed to defending Android, its partners, and the entire ecosystem," he said.

Google stands to gain much from Motorola. Owning a hardware manufacturer could help Google better integrate its software with tablets, where it has struggled to gain footing against the iPad. Google also may be able to better integrate its services — books, music, games — into Android devices.

Analysts say that the move could bolster Google TV, Google's poorly received attempt to wed the Web with home television sets. Motorola has a strong presence in the set-top box market, which Google could leverage.

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