



The mobile space: Microsoft's next online frontier

by Lisa Angerame (Endeavour Consulting) - December 10, 2007

Alexander Graham Bell's invention has grown some legs in the past 130 years becoming a mobile PC, camera, Web portal, inbox, search engine, music player, as well as a phone.

With Windows Mobile, Windows Live for mobile and Live Search Mobile, Microsoft has been part of this mobile phone revolution and will continue to be a big player as the industry evolves. Five years ago, Microsoft launched its first mobile phone using its own software largely to meet the needs of business users. Today, smart phones are extremely powerful, and people all over the world are exposed to MSN Web portals through the mobile phone rather than the PC.

The potential in the mobile phone space has caught the attention of Google, who recently announced its development of Android. The press buzzed about the news but many who had been waiting for the announcement found it "underwhelming." Corporate Vice President of Mobile Services Brian Arbogast says, "Google did not announce a new 'Gphone' or even a new end-to-end experience on someone else's phone, but a new mobile operating system called Android." Windows Mobile already competes with operating systems such as Linux, Symbian, and Apple OS X "so now Android represents a new player in this space," says Arbogast in recognizing the heightened competition.

Windows Live for mobile: Services & Search for your phone

With 250 million [subscribers](#) in the U.S. and more than 2.6 billion worldwide, people want their phones to be personalized as well as high performing. Responding to consumer demands, Windows Live for mobile has a rich-reach strategy that targets smart phone and mainstream phone subscribers. Windows Live offers a client that works with Windows Mobile on Samsung, Motorola, and HTC handsets to name a few. This lets users connect all their Live services such as Search, Hotmail, IM and Spaces. "You don't need a smart phone, a pre-installed or downloaded client to use all these services," says Martin Krupicka, Sr. Product Manager for OSMG-IMS.

"Our broad-reach browser offerings, which run on your basic mobile device, are good, strong offerings. They are just not as rich because they aren't integrated with the phone's operating system." Having a broad reach for Windows Live for mobile services is important because [most phones in the market are not smart phones](#), though this segment is slated to grow rapidly as they become more affordable. In late November, [Verizon Wireless began offering the XV6800 Smartphone](#) fully loaded with Windows Mobile 6 showing Microsoft's strength in this sector.

Gabe Dorfman, Product Manager for Live Search Mobile, echoes these sentiments talking about how Live Search works well for basic mobile phones while offering best of breed performance when run on Windows Mobile phones. "Our mobile client provides a rich, interactive experience, which is great for getting directions, or viewing maps, movie show times or traffic. The [client](#) for Windows Mobile phones also supports voice recognition for queries, which is hugely valuable when you're on the go." People are more action-oriented when searching on their mobiles, and Live Search for mobile was designed to accommodate this.

But you don't need a smart phone to enjoy all that Live Search offers. Dorfman explains, "Our browser-based search at [m.live.com](#) works on any web-enabled phone, and provides local search, maps and driving directions." Users can search for news, weather and sports as they normally would and get results that neatly fit onto their screen.

Windows Mobile: Software + Services

Windows Mobile brings the power and familiarity of Windows to mobile devices. Users can access Word or Excel on their Windows Mobile smart phones, for instance. In FY07, Microsoft sold more than 11 million licenses and expects to sell 20 million in FY08. "Our participation in the [3GSM World Congress](#) was pivotal in signaling how we're accepted as a real competitive player in the industry," says Greg Cox, Business Manager for Windows Mobile. It also benchmarks how Windows Mobile has reached phase one – offering a credible product with critical mass. Strategically, combining services with the Windows Mobile is the next phase. "Now, we're thinking about the entire platform, from the device to software and services to the Internet cloud, for meeting all life and work style needs," says Cox.

Google's development of Android through the formation of the Open Handset Alliance and Apple's iPhone illustrate how the market continues to become more competitive. "Google's move into this space serves to validate what we already know: that smart phones are going to continue to evolve by adding richer functionality and enabling people to do things while mobile that they previously only thought of doing on their PCs," says Cox. "We've always been strategically focused on the importance of putting services on the phone, but these recent announcements are just going to accelerate our efforts."

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The outcome of Google's open platform efforts remains to be seen. Windows Mobile has openness for developers enabling them to create applications; more than 70 percent of developers worldwide already can build applications for Windows Mobile. Ultimately Google wants to disrupt the industry and replicate the success it's had on the PC with its search engine replete with ads to the mobile device, says Todd Biggs, Sr. Product Planner for Mobile Services Planning.

Monetizing Mobile Devices with Ads

Consensus across the industry indicates that no one really knows yet how mobile advertising is going to play out, which gives Microsoft an opportunity to leverage its platform. "Microsoft is the only company that has the unique portfolio of mobile advertising assets -- MSN mobile, Windows Live for mobile, Windows Live Search for mobile -- to become a leading player in this market," says Didier Kuhn, CEO of ScreenTonic. [Microsoft acquired](#) the Paris-based mobile advertising pioneer because of its success in working with brands such as Coca Cola, Procter & Gamble, Peugeot, 20th Century Fox, and others in Europe. Pairing Microsoft's worldwide presence with ScreenTonic, one of the few players operating effectively in the industry, Microsoft is well positioned to become the go-to company for mobile advertising solutions.

Microsoft's strategy is to build a leading world-class mobile advertising network, based on its inventory and syndicated partners. Microsoft today launched mobile advertising on MSN Mobile in the U.S. and the UK. "MSN Mobile customers will see banner and text ad placements on various pages across the portal. These ads will complement the existing ad-network built by ScreenTonic with premium mobile publishers and carriers," says Kuhn.

The mobile industry is a competitive one, and Microsoft has the talent and resources to remain a key contender in this ever-changing space.

See also:

- » [New Version of Windows Mobile Coming](#)
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