

## **From the Magazine: Mobile Platform Wars: What Does a Third Ecosystem Look Like**

Andrew Berg

*Some say there's only room for one more mobile platform, with Android and iOS helping themselves to the lion's share of the market for the foreseeable future. If true, the only question is just who will get the crumbs.*

At present, it takes some effort to imagine a world where Android and iOS are not the clear frontrunners in the U.S. smartphone market. Sure, BlackBerry and Microsoft are fighting tooth and nail for a way back, but for now—and much to the dismay of those operators struggling to manage steep subsidies—Apple and Google have a lock on just over 90 percent of the U.S. market.

The carriers are not shy about admitting that they're looking for a third ecosystem, and they've proven that they're willing to put significant advertising behind products that might drive competition amongst OEMs. Some estimates pegged AT&T's initial advertising budget for the Nokia Lumia launch at \$150 million, and Ralph De la Vega couldn't stop plugging the platform for months. He's right, of course, to put a shoulder behind Microsoft and BlackBerry. They're still trusted, recognizable names, and they both have experience in the smartphone game. But they're not the only ones vying for a piece of the pie.

The big buzz at Mobile World Congress this year was around a couple of different mobile operating systems, including the much touted Firefox OS, as well as Samsung's Tizen. While Firefox's play will probably be relegated, at least for now, to emerging markets, Tizen might be just what the doctor ordered in Samsung's fight to best Apple.

### **How big does the third ecosystem have to be?**

Stephen Baker, vice president of industry analysis for consumer technology at NPD Group, says that while carriers definitely are searching for a third ecosystem, they may not need one that comes anywhere near the size of Android or iOS.

"No one ever asks how big that third ecosystem has to be," Baker said. "At some level, just having big companies committed to the market, like a BlackBerry or Microsoft, in that third, fourth position, that provides enough balance for the carriers to be able to not feel beholden to iOS or to Google."

But even with Google and Android vying for consumer attention, Baker isn't entirely sure the carriers absolutely need a third and a fourth ecosystem given the many diverse Android options available out there.

"I think you can make a pretty good argument that given how varied the activity with Android is, you've already got multiple ways to play one brand and one group off another," Baker says.

Baker adds that smaller platforms like Firefox will have a tougher time getting carrier support. "The attractive part of BlackBerry and Microsoft is the either have a lot of money and a lot of brand, and Firefox just doesn't have either one of those."

### **It's still all about the apps**

It's a known fact that any mobile platform has to bring with it those most popular apps, or it's dead in the water before it even started.

Roger Entner, founder of Recon Analytics, eschews the idea that it has anything to do with how many apps a given app store has anymore, but rather the quality of the apps it does have.

"It's a fools game. It's a numbers game that's irrelevant," Entner says, noting that most people only have about 10 or 12 apps that they use regularly and for the most part those are well-known, big name apps.

"The biggest obstacle for new providers to come in is that people are hesitant to buy the same apps over and over again," Enter says. "Nobody in this industry has come up with the idea of giving customers \$50 or \$100 worth of free apps," he says. "That would completely level the playing field. Here, buy a BlackBerry and have \$50 worth of apps."

Enter agrees with Baker that Microsoft and BlackBerry are the clear leaders behind Apple and iOS, but he's also not enthusiastic about how either has executed. Essentially, he thinks both BlackBerry and Microsoft left the door open.

"Due to the lack of execution from the Microsoft camp, and it's too early to tell from BlackBerry, the race is wide open. Anybody can make it to be that third operating system,"

### **Who loses out?**

The idea of a third ecosystem is dependent on the idea that someone, namely iOS or Android, will end up losing market share to the newcomer. Given all the bad press Apple has had recently, it's tempting to jump on that bandwagon and say

Apple will lose out, but Enter argues otherwise.

"I would be very careful not to discount Apple. In the same way that Apple was overly glorified in the days of Steve Jobs. They are currently, unjustly criticized," Enter says. "They are a very good company that has better usability than anybody else."

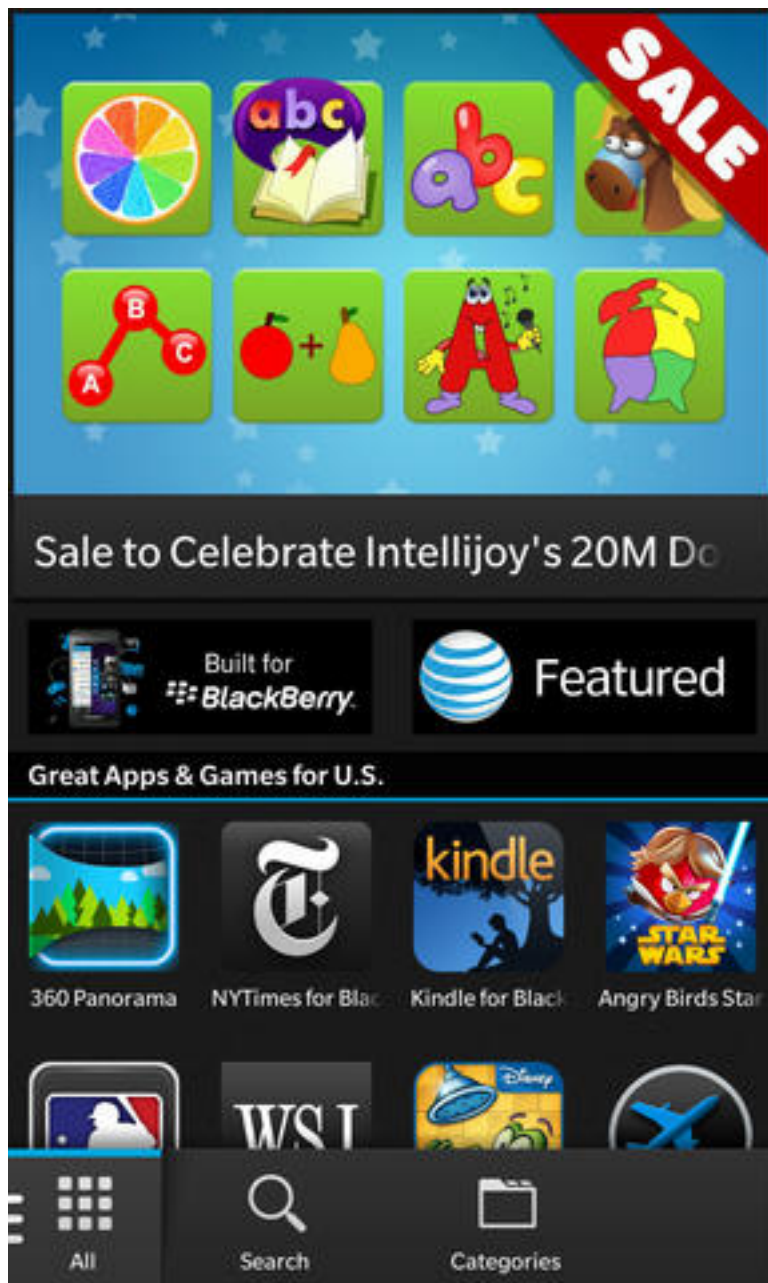
While he admits that Samsung has by necessity "out-innovated" Apple with the S3 and S4

"Samsung is energized by chasing number one. They tried to chase Nokia and now they're chasing Apple. They're relentless in that pursuit, and it makes them a very good company as well," Enter said.

Of all the OEMs, it's no secret that Apple and Samsung are dictating the terms of the market right now. Enter says that's perhaps even more of a problem than finding that third ecosystem, and he says it will have consequences down the line.

"The biggest concern that I have is that when you look at the profits in the industry, Apple and Samsung have more than 100 Percent of the profits," he says. "The rest of the industry is losing money. It's inevitable that there will be a shake-up. Some folks are gonna die."

### **BlackBerry 10**



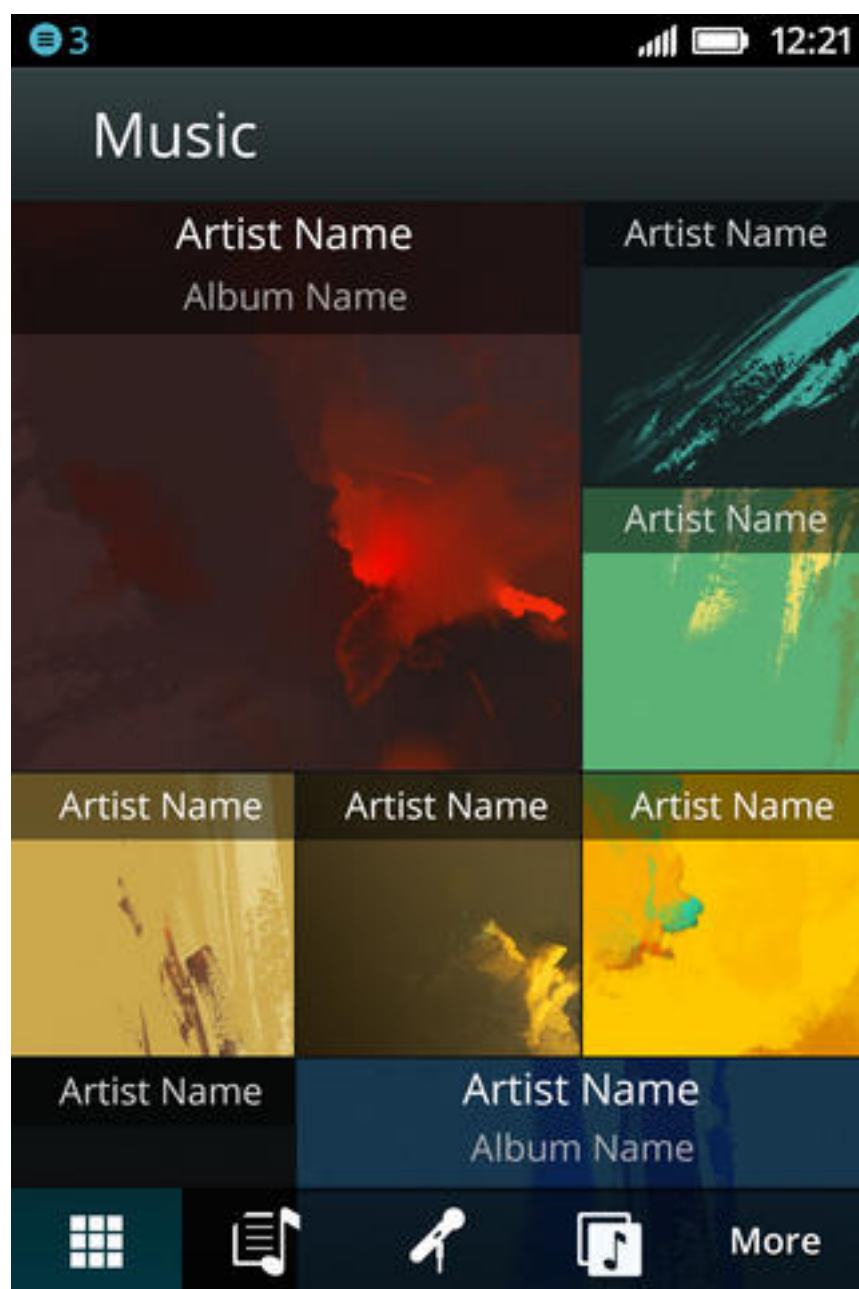
If ever there was a long way to market, BlackBerry, formerly Research In Motion, managed to find it. Delayed multiple times and at the loss of consumer confidence and one CEO, BlackBerry 10 has finally arrived. Based on QNX and featuring deep integration of HTML5, as well as beautiful UI work from Sweden's The Astonishing Tribe, BlackBerry 10 has actually impressed in reviews. Even the hardware has won some hearts. Still, many wonder whether BlackBerry is simply too late to the party, with too few quality apps, to sway now devoted and entrenched Android and iOS users.

**Enter's Take:** "If we ignore the rest of the world, they've done a very good job. Other than crashing a lot it's actually pretty good. Minor details, you know."

## Microsoft's Windows 8

The long-term results of Microsoft's partnership with Nokia are still unclear but there's little doubt it was the Finnish OEM's name and slick hardware that has kept Ballmer and company in the mobile game. With Windows 8, Microsoft is hoping some of the popularity of its desktop OS will rub off on its mobile platform. Windows 8 has arguably had more developer support than has BlackBerry, which can make or break an operating system. And there's even evidence that perhaps Windows is starting to gain some traction. According to the latest numbers from ComScore, Windows Phone actually gained .2 percent market share in the three months between November 2012 and February 2013, landing at 3.2 percent. No, that's not a lot, but it at least suggests momentum.

**Enter's Take:** "Windows Phone is the best operating system no one is using. Due to the lack of execution from the Microsoft camp, and it's too early to tell from BlackBerry, the race is wide open. Anybody can make it to be that third operating system."



**Tizen**

With roots in the open-sourced LiMo Foundation, Tizen is published under a closed Samsung license. This is one to watch, as evidence mounts that Samsung would

love to shift at least some of its dependence on Google's Android operating system. As previously noted, Samsung has already committed to producing high-end smartphones around Tizen. Given consumer adoption of its many connected products, including the Galaxy smartphone and tablet lines, the company just might be able to drive acceptance of Tizen. One thing Tizen has in its favor is the ability to run Android applications through a runtime environment. Whether other OEMs would want to license the platform from Samsung remains to be seen. One thing's for sure, Samsung has emerged as perhaps the only real competitor to Apple and an OS like Tizen could give it the kind of control it needs/wants to continue producing innovative products.

**Entner's Take:** "Absolutely [Samsung] will give Tizen a try. Tizen is their answer to iOS. [Samsung] treated Google and Android like a dirty word. It was mentioned only once when the S4 was introduced...They fully relegated Android to being the unseen middleware...By the way, Facebook is trying to do exactly the same."

### **Wildcard: Mozilla's Firefox OS**

Mozilla's Firefox's OS made was a hit at Mobile World Congress. While it's probably not ready for the high-end smartphone market, it could see traction in emerging markets. Based on HTML5, what's perhaps most interesting about Firefox is the support it has behind it. Mozilla has announced 18 carrier partners putting their weight behind the new web-based OS, as well as initial devices from Alcatel OneTouch, ZTE and LG, with Huawei to follow. Operators committed to the open Web device initiative include: América Móvil, China Unicom, Deutsche Telekom, Etisalat, Hutchison Three Group, KDDI, KT, MegaFon, Qtel, SingTel, Smart, Sprint, Telecom Italia Group, Telefónica, Telenor, Telstra, TMN and VimpelCom. The first wave of Firefox OS devices will be available to consumers in Brazil, Colombia, Hungary, Mexico, Montenegro, Poland, Serbia, Spain and Venezuela, with additional devices to come. Again, this isn't likely to take the United States by storm right now. However, as networks continue to get faster and improvements are made in browser technology, you never know what the future holds.

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