App Developers Cautiously Optimistic about MSFT’s Windows 8

Research Question:

Will Windows 8 have a significant effect on the mobile device market and, if so, how quickly?

Summary of Findings

- Six of nine app developers are optimistic about Microsoft Corp.’s (MSFT) Windows 8 operating system, which Nokia Corp. (BIT:NOK1V/NOK) will use in its smartphones and tablets. These sources expect to produce apps for the OS if consumers begin to adopt Windows 8 embedded products. In contrast, 11 of 14 app developers interviewed for our Sept. 22, 2011 report were not interested in developing for Windows 7.

- Google Inc.’s (GOOG) Android and Research In Motion Ltd. (TSE:RIM/RIMM) stand to lose share if consumers adopt Windows 8 smartphones and tablets, but adoption is expected to take time. The enterprise market presents the best opportunity for Windows 8 products.

- Industry specialists are positive about Windows 8, but also said adoption will be an uphill battle. The consumer market is dominated by Apple Inc. (AAPL) and Android. One source said Microsoft has lost its hold on the enterprise mobile market because employees now use personal iPhones, iPad and Android products at work.

- Several new Windows-driven products have been announced at this week’s Consumer Electronics Show, for 2012 release. Windows 8 product reviews have been positive, and the trade press and one industry specialist sources reported that Microsoft and Nokia are planning to spend $200 million on advertising to promote Nokia’s Lumia 900 smartphone.

- Nokia is in a do-or-die situation. The company has abandoned its operating system and is completely dependent on Microsoft and its OS.

Silo Summaries

1) APPLICATION DEVELOPERS

Six of nine developers were very optimistic about Windows 8’s ability to compete in tablet and smartphone markets. One source said the OS has “the opportunity to change the game.” Developers are taking a wait-and-see attitude but remain excited about Microsoft’s enterprise market reach and about the possible inclusion of Kinect capabilities and natural language processing. Sources expect the consumer market to remain in the control of Apple, but said Windows 8 smartphones and tablets could take share from Android and RIM. The remaining three developers lacked excitement about Windows 8 given Android’s lead position in smartphones and tablets and the lack of an incentive to develop for Microsoft’s OS.

2) INDUSTRY SPECIALISTS

These seven sources varied in their expectations for Windows 8. Five were positive on the breadth of the OS, but were mixed on its potential. Two of these five said Windows 8 faces an uphill battle for market share, but a third thinks Windows phones could gain between 12% to 18% market share this year. The fourth source thinks Windows 8 will only be successful in the tablet space. The most negative source said Microsoft has lost its hold on the enterprise market and will not be successful with front-end products. He sees no demand for Windows Mobile solutions. Another source said Nokia is in a do-or-die situation with the new Windows 8 phone, and he questioned Microsoft’s commitment to the partnership.

3) STORES VISITS

Visits to seven consumer electronics stores found that store personnel were interested in Windows 8 but customers were largely unaware of Windows Mobile products. Demand also was slowed by the lack of apps for Windows phones and limited store inventory. Five of seven sources said Windows phones and tablets could gain market share if properly marketed; they said the products are easy to use and compatible across the Windows line.

4) CUSTOMERS

Windows phone and tablet users were difficult to find; we located only five Windows phone consumers—all heavy-tech users including two electronics store associates. One of the five said he briefly considered a Windows phone because he was impressed with the OS, but instead he purchased an iPhone and a MacBook Air because they are standard for his profession. The remaining four sources were very positive about their Windows phones, for which they said demand could increase if the products were better advertised. Sources said Windows phones can effectively compete with Android.

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Nokia/Microsoft Platform: App Developers

Background

App developers interviewed for Blueshift Research’s Sept. 22, 2011, Nokia/Microsoft report reported having little interest in creating apps for Nokia’s smartphones using Windows 7. Developers said the OS carried too much business risk and that they had plenty of development demand from Apple for iOS and Google for Android even though several sources said they liked Windows 7 better than Android. Developers did say that the new platform could resonate in the enterprise community and threaten RIM. One source, a tech blog editor who focuses on mobile computing, reported hearing buzz about Microsoft’s Windows 7 and 8, codenamed Mango, and said developers were excited to build apps for Nokia/Windows phones, especially as an alternative to Android for which only free apps have thrived. Microsoft is expected to unveil Windows 8 in early 2012, and Nokia was rumored to be using Windows 8 in a tablet debuting midyear.

CURRENT RESEARCH

In this next study, Blueshift gauged the potential effect of Windows 8 on mobile devices and the speed with which this effect will be felt. We employed our pattern mining approach to establish and interview sources in five independent silos:

1) Application developers (9)
2) Industry specialists (7)
3) Stores visits (7)
4) Customers (5)
5) Secondary sources (3)

We interviewed 28 primary sources, including five repeat sources, and included three of the most relevant secondary sources focused on the smartphone and tablet industries.

Silos

1) APPLICATION DEVELOPERS

Six of nine developers were very optimistic about Windows 8’s ability to compete in tablet and smartphone markets. One source said the OS has “the opportunity to change the game.” Windows 8 is scheduled for beta release in February, resulting in limited demand thus far. Developers are taking a wait-and-see attitude but remain excited about Microsoft’s enterprise market reach and about the possible inclusion of Kinect capabilities and natural language processing. Sources expect the consumer market to remain in the control of Apple, but said Windows 8 tablets and smartphones could take share from Android and RIM. The remaining three developers lacked excitement about Windows 8 given Android’s lead position in smartphones and tablets and the lack of an incentive to develop for Microsoft’s OS.

> Developer of a corporate productivity app for Android devices; repeat source

Windows 8 could be a game changer if Microsoft can successfully combine consumer features such as video watching with creative features such as document editing. Add in innovation such as Kinect integration and Windows 8 devices could challenge Apple’s best sellers. This source has mixed feelings about how consumers will respond to the Metro user interface on tablets and desktop hybrids, but he is very interested in writing apps for the platform.

- “We would love to write apps for the [Windows 8] platform. Microsoft has again done a switcheroo with the developer story, as they do every three to five years, but if that is what it takes to evolve the platform, so be it.”
- “As far as we have seen, Microsoft is not competing in the smartphone market at all. Unless they bring in a new wave of innovation to the new devices, just like Apple did with touchscreens in the iPhone, they probably will stay behind.”

I don’t really believe Windows 8 [tablets] will threaten Android or iPad in the near term. However, starting fresh in the game, Microsoft has an opportunity to stay away from having the me-too mentality ruin their reputation in the enterprise.

Developer
Corporate Android Productivity App
“I don’t really believe Windows 8 [tablets] will threaten Android or iPad in the near term. However, starting fresh in the game, Microsoft has an opportunity to stay away from having the me-too mentality ruin their reputation in the enterprise as they did with Windows Phones. If they do not balance the enterprise with the consumer, Windows 8 will not be in any better shape than Windows phones.”

“Traditionally, iPads and Android tablets have been oriented toward watching, seeing, reading, playing. Windows 8 has the opportunity to change the game by doing all of the above plus writing, creating, editing, developing—consume plus create. Combine that with very high security and manageability and you have a recipe for success in the enterprise as well. Also, [put] all this on the Metro [mobile] form factor and not just on the desktop.”

“Knowing what Microsoft research is capable of, if they bring in something radical like a Kinect integration—watching your head/eyes/fingers to see which way to scroll or zoom for instance, or robust natural spoken-language processing—and not just for asking for directions, but holding a steady 60 word-per-minute text to speech with zero errors—Android will be left in the dust. Find a manufacturer to build devices with lots of quality and love put into in the device, packaging and support, and iPad may even be trumped.”

“While Microsoft may not claim much innovation in the true sense in Windows 8, the whole Metro user interface and tile paradigm, which they started with the Windows phone and are bringing to Windows 8, will probably be a change some will like on tablets. Keeping the common user interface simple and easily accessible to touchscreens will be useful for a segment of users.”

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“I don’t believe Windows 8 will have much effect on Nokia unless they have the will and ability to bring their rugged industrial design robustness and couple it with an endless quest for thin, light and beautiful.”

“Nokia and RIM [would be like] two kings without crowns looking for a new kingdom to invade. Not likely, but then who knows? Three years ago, Android on the T-Mobile [Deutsche Telekom AG/DTE] G1 did not look like a winner either.”

Founder of a UK-based mobile app developer with six apps in the Windows phone Marketplace

Windows 8 tablets are going to shake up the market almost immediately upon release because the OS works well and will be widely available. Such sales will encourage developers to build apps for Windows 8, but the source said some important technical specs have yet to be disclosed.

“My impression is that [Windows 8 tablets] are going to turn the whole tablet world—not necessarily upside down, but suddenly Android and iPad, after having all of the tablet market, are overnight going to face a massive hit just because of the sheer volume of devices [running Windows 8] and because it kind of works.”

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“I think Apple has shipped, what, 100 million iPads? Windows tablets should ship that easily in the first 12 months.”

“I think they’ll be adopted in the enterprise far more readily than the competition just because you can plug it into the monitor and use it as a classic desktop. Enterprise is never quick to adopt, but I think IT departments will be happier giving their employees a Windows-based tablet rather than trying to work out security on an Android.”

“The market share will mean it’s a no-brainer for developers [to build Windows 8 apps]. There are just some technical issues that holding developers back at the moment.”

“It takes a bit of a mindset change to look at it and not think it’s a Windows desktop. We’ve yet to see some of the consumer apps to see what people will be able to do with it. We’ve got some ideas [for developing apps], but they’re bound up in how Metro will be deployed. There’s still some unknown. For a developer, there’s still a bit of uncertainty in terms of how this convergence is going to happen at the end of the year.”

“In terms of the quality [of the Windows phone OS], it’s very good. They run, they get upgraded. People say the hardware specs are 18 months old, but they don’t need to be anything crazy. They have a very fluid performance.”

“As far as consumer demand for Windows phones, just look at the statistics. It’s still ridiculously low. What impact Nokia is having is still unknown until we start to see their December, January, February results.”

Founder
Windows Mobile App Developer
UK-based
“In terms of getting an app up and running [in the Windows phone Marketplace], it’s been very easy, a very accessible environment. In terms of transferable skills, it’s great. The steepest curve has been the actual publication in the Marketplace. The paperwork side has been painful at times.”

General manager of an app development studio that creates apps for Windows

This source sees Windows 8 as a huge shift for Microsoft, one that will enable applications that travel well among devices, create a dynamic user interface for consumers, and satisfy a number of long-standing enterprise demands. Windows 8 has a very good chance to succeed in tablets and to take share from Android. Payment processing will gain among vendors before being adopted by consumers.

- “It’s a huge shift from Microsoft; they’re moving away from the legacy into the Windows RT framework, which will have some huge benefits. You’ll be able to take apps that can be written from Windows 8 without changing code, to a phone or Xbox, and make those apps work on a wide range of devices. It’s risky; they’re telling all the guys who traditionally write to Windows 32-bit, ‘Here’s a new paradigm you have to program to.’
- “iPad owns the market right now, but Windows 8 will make a light, functional tablet. Microsoft supports so much legacy; it’s always been great about keeping the old programs running. But it’s changing over to the Metro interface. From all the apps I’m looking at in Metro, it will be completely different from what you’ve seen in a Microsoft system before.”
- “Windows 8 will stretch to all platforms. It works with very light resources, is very power-aware so you don’t have a brick to carry around, so it’s in those consumer devices that it will really shine. But the enterprise will see a unified platform that brings all the controls and directories together, what they’ve asked for.”
- “[Windows 8] can succeed on tablets, absolutely. ... With Android you can change the device drivers. With an iPad you can’t do anything. With Microsoft taking their feedback well, they’re in this middle ground. They have what enterprises need, which is the consistent security.”
- “Because of the legacy, the backward compatibility they’ll have some market share. Will they be the leader in tablets off the bat? I don’t know, but you can’t write to the iOS. Microsoft is in a good position to come from behind—maybe not competing with the iPad but competing with Android, where it has some clear advantages.
- “[Personnel changes at Microsoft are] par for the course. Before Windows 7 came out, MS almost nuked the majority of the team and started over. Companies like Microsoft can be very myopic, quarter to quarter. They’re worried about the number of phones licensed and apps sold, which will clearly pale in comparison to iOS and Android. But the reality is, they’re on a long-tail path and it will take a while to catch up, where Apple’s got five years of dominance in the field. So these management changes happen all the time, happened at Apple and Google as well. In the developer community, a management change is an opportunity to reach a company that hasn’t been listening to you.”

President of a production company focused on apps for families and children

Microsoft should focus more narrowly on enterprise where it has proven itself. The company has an opportunity to attract BlackBerry’s users and business. Nokia is chiefly a provider of simple phones; Windows 8 will provide an interface unfamiliar to the typical Nokia user.

- “I believe many developers will do what we’re doing; wait and see. I don’t believe Windows 8 can take away any significant market share from Apple or Android. I think they will focus on unhappy RIM customers and might succeed in converting some of those.”
- “It’s definitely possible for Microsoft to dominate in enterprise phones or tablets. BlackBerry owned it, but they dropped the ball. It was very hard to develop to BlackBerry. But what I’m afraid is going to happen is if Microsoft tries to go wide and say that Windows 8 is great for kids, techies and business people, it won’t be as good as if they focused just on the business and tried to develop to that niche.”
- “If they try to go head to head with Apple on the consumer side, they’ll find it hard to do. Apple has a great product and a sexy image, and an iPad is a commodity on its own.”
Technologically, Windows 8 is impressive, on par with the Android and iPhone. But what kind of perception is there? Microsoft doesn’t have the sexy image as Google or Apple. I see the format as capable, but as a developer I need a good system to develop on, and I haven’t looked into the API and how easy it is to develop for Windows 8. If Microsoft does things right, it will make it easy on developers.

“Because we’re focused on families with children, the market is a lot bigger on iPhone than on Android for that space. We are an iOS-only (for now) development shop. In order for us to even start thinking about developing apps for Windows 8, we need to see Microsoft get a significant customer base first.”

“Also, perception plays a huge role. When you tell a techie crowd you’re doing Android apps, they will ‘ooh’ and ‘aah,’ and the same happens with Apple apps. However, you won’t hear any oohs or aahs from anyone when you tell them ‘I am a Windows 8 developer.’”

“I don’t see what kind of people are going with Windows 8. There might be business clients. How it will probably happen is, Microsoft will go after the customers of the BlackBerry and take some of that business. But it wouldn’t make sense for me as a developer to go after the business space.”

“Any time you have a new competitor with deep pockets, there’s worry. I think not everybody’s happy about a competitor [such as Microsoft] with deep pockets and a lot of potential. Nokia is at a disadvantage because Google bought the Motorola business and Google is Android. Nokia had its own little operating system, Symbian, and I think they’ve abandoned that for Android.”

“Nokia has a big share of the market for low-priced phones, not necessarily smartphones. Windows 8 is a high-end interface. It’s probably not going to have too much effect on them.”

Chief software engineer and creative director of a Web and mobile app consultancy firm

This source was impressed with the Windows 8 system and the Metro interface, which he described as far more dynamic than iOS, but he was cautious in his enthusiasm because of Microsoft’s past OS releases. Nokia will continue to be the go-to source for simple or “dumb phones,” but its best chance for survival is to move into smartphones. It seems strongly committed to the Mango interface, which is far superior in utility and ease to Android interfaces.

“Overall we’re very excited by what we’ve seen in Windows 8. It’s one of the most genuinely impressive things to come out of Redmond in years. Let’s hope it’s the start of a new era for them.”

“We’ve set up a machine running the Windows 8 Developer Preview to test the Metro widget/app development in preparation for client requests, and working on another machine to test Windows to Go.”

“We didn’t want to dive in to Windows 8 feet first till we see if the ecosystem grows.”

“So far, we’re most intrigued by the Metro UI and, to a lesser extent, the Control Panel. The whole interface appears to be geared toward tablets/touchscreens and casual users, with great potential. Even with this simplicity, the underlying architecture is sufficiently full-featured to support applications for power users and professionals. I’d love to see a touchscreen solid modeling solution that uses the UI elements of Metro.”

“As much as I hope Microsoft will be able to pull off a marketplace coup with their Windows Store, I don’t think they have the kind of culture/direction/vision required to build a successful ecosystem.”

“Windows 8 adds ARM [Holdings PLC/LON:ARM/ARMH] Tablet Support & Swipe gestures. With the dominance of ARM processors in the tablet market, Microsoft has a huge market available. Between this, the Metro UI, engine upgrades, Windows to Go, and SkyDrive, it really feels like Microsoft is trying to make this their primary market rather than PCs.”

“I see it as the first operating system of its kind. You have iOS for mobile devices but not for power users. For the actual coding you need an actual computer, and Microsoft seems to be pushing to run a full operating system on a mobile device.”
“The Metro interface looks dead-on ready for touchscreens, but it’s a matter of waiting to see if it happens. Windows Longhorn looked fantastic, but it got ‘neutered’ down to Windows Vista. I was really looking forward to Longhorn, and wondered where was all the stability and speed and polish I saw in prerelease?”

“Mango is what the Metro user interface is based off of. Microsoft for the first time is paying attention to design, not just gloss. It’s a fantastic user interface, giving people the ability to organize their information as they like it.”

“Is it a game changer? I would prefer it style-wise. In iOS, here are your icons and apps. In the Mango and Metro interface, any app that you have like a weather map, the icon itself is a living, stylized image of what the current temperature and weather looks like. And Android? That’s an absolute user experience mess and a nightmare.”

“Microsoft can take away a ton of the market from Android, especially if it runs properly on devices. If you think about it, the next-generation tablets will be incredibly high-end machines. I don’t think it can become the next iPad; nothing can for the foreseeable future. The ecosystem may be locked in, but it is such a high-quality user experience. The customer who buys a tablet to install Windows 8 is going to be a power user who wants control over the hardware.”

“Nokia’s walking away from Symbian. They’re going to be committing to Mango phones. So even Nokia doesn’t have much faith in its operating system. It is neat, clean and well-designed, but there are no apps for it. … The Nokia Lumia will be what [Microsoft will] push, and there’s still a huge handset market worldwide. But unless they catch up in smartphones, they’ll start slipping. So far, it looks like they’re committed to their Windows phone.”

CEO of a mobile app and e-mail security firm

Windows 8 will turn Microsoft into a major tablet player, through which it will have the upper hand on Android-based tablets. A consistent interface across tablets and PCs also will help the company’s smartphone platform as consumers become used to the look and feel of Windows 8.

“I’m definitely interested in creating apps for Windows 8. I think that having a similar look and feel across the platforms makes it an attractive target for our development efforts.”

“I think you’ll find that Windows will continue to dominate in the traditional desktop and laptop spaces [after the release of Windows 8]. And as more people become comfortable with the [Windows 8] interface, the tablet space will open up as well.”

“I think that Windows 8 will dominate over Android in the tablet space though I think that the iPad will still be very popular.”

“I truly enjoy the Metro interface that Microsoft is using across its platforms now, and I think that the new Metro-style apps are going to be an innovative change to Windows. It remains to be seen, however, how the mixture of old-style Windows applications and new-style Metro apps will work for consumers.”

“I think that bringing Metro-style apps to Windows 8 will help boost awareness of the Windows phone platform. People will recognize the interface when they see it.”

“I’m not sure it makes sense [for Nokia to acquire RIM] unless it’s purely for the patents. I think that RIM is a dying company and it’s just a matter of when, not if.”

Game app developer; repeat source

This source was not optimistic about the development possibilities for Windows-based Nokia phones. Consumer-oriented developers have migrated to iOS and Android or write Java code for Web applications.

“We are not developing for native Windows because there’s no incentive in it. The phones may or may not sell, but it would be for productivity users, at least for the first few years. Those people use the spreadsheet and then, maybe after a few years, download a game when they get tired of hearts and solitaire.”

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Chief Software Engineer
Web & Mobile App Consultancy Firm

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Game App Developer
"Developing for that platform looks like a pain anyway. We can wait until we see whether the phones take off. It's not like we need to anchor the Windows Store on our own. We're too busy promoting ourselves on the Apple and Android app stores."

"You have to be fanatically loyal at this point to be excited about a Windows phone. Remember the 'I'm a PC' campaign? It worked because it was true. Apple won by selling computing to consumers, and then the consumers started bringing their iPads to the office. People still use Windows laptops at home, but it's because Apple is expensive and they're happy to go with the system they know from work. Now they're buying iPads instead."

"The center of the Windows world is the enterprise desktop. If it flies on the desktop, it needs to be on the Windows mobile device. If it does not fly on the desktop, putting it on the mobile device is probably a waste of space. ... If—and only if—Microsoft is looking toward X-Box instead of the desktop, things will get interesting."

Business-to-business app developer; repeat source
This source was no fan of Apple but acknowledged its supremacy in consumer mobile applications. He loathes Microsoft’s Silverlight development platform and does not see it as a viable replacement for Flash or HTML5. He gets very little call from clients to develop for Windows Mobile. Most requests are for HTML5.

"I'm not one of those die-hard Apple faithful, but if it's mobile, we develop on iPad first in tablet and iPhone for the smaller screen. Only then do we rebuild for Android. We do not develop for Windows Mobile."

"Silverlight is ... a bloated version of Java that crashes all the time. For some reason, Microsoft is still building it into Windows phones, which don’t even have the power or the robust error recovery of desktop machines. To think they killed Silverlight for desktop but are leaving it alive in mobile. It’s a travesty."

"Unfortunately, Silverlight is one of only two development environments for Windows phones relevant to our customers. You can, of course, simply go in HTML5, but at that point why not do most of the work for Flash or HTML5. He gets very little call from clients to develop for Windows Mobile. Most requests are for HTML5.

"I was skeptical about the future of the Windows phone last time, and I’m even more skeptical now. Every month that goes by with no real Windows category killer is a month that the brand becomes more of a joke in the technology community. ... The tablet is critical to Microsoft, whether it’s as a productivity device ... or a portable X-Box. In either scenario, the phone is beside the point."
Nokia/Microsoft Platform: App Developers

- “The success of Windows Mobile depends on how they sell it to corporate and government IT departments as a synergistic opportunity. Do the phones dock into the fairly vast Wintel desktop infrastructure that these departments have already invested time and resources creating? If so, then they have a way to make these devices productivity enhancers. But it will still be a fairly hard sell.”
- “We still don’t do any work for Windows Mobile. The clients just don’t ask about it. This isn’t a straight consumer-oriented shop where we’re worried about making sure we support all the different app stores. If our customers don’t use a type of phone, we don’t develop for it, so we develop for Android and iOS.”
- “I do a lot of Ruby development, so we’re essentially a native Apple shop. The clients want to be platform-agnostic, so they make sure our code works on Android also. We have a guy who ports the Ruby code to Android, and that’s the end of it. Clients seem content to support two operating systems at most. Three would be a case of diminishing returns, and as far as I know nobody’s ever spoken up and said, ‘I use a Windows phone; make sure I can access these apps.’”
- “We all love Xbox, but we don’t exactly develop for it. You might ask some game developers where they see Windows Mobile going, whether there’s a convergence with the gaming platform. I personally think they should bring the gaming people to run the mobile devices side, instead of the other way around. The mobile device effort has been a joke if not a disaster.”
- “From everything I see in enterprise IT, they’re not willing to buy a new phone for people just so they can stay connected to the office. People are already buying iPhones and Android devices out of pocket. The age of the BlackBerry is over although they’ll remain as legacy perks for some time to come, I bet. The BlackBerry is redundant in an age of smartphones and tablets, and if you can get the employees to buy their own smartphones and tablets, you’ve won important leverage. Given how tight budgets have been, I can see enterprise IT not so much replacing the BlackBerry with the Windows phone as eliminating the handset spend altogether.”
- “BlackBerry may end up in a marriage of necessity with Nokia, but I don’t see where that side of things goes. My clients carried their BlackBerries until IT got their iPads working. And they carry a personal iPhone or Android anyway, so the BlackBerry is just another device weighing them down that does nothing that the other devices don’t do. The exception is in extremely security-oriented organizations. Maybe BlackBerry becomes the government phone as corporate accounts migrate toward smartphone/tablet environments.”

2) INDUSTRY SPECIALISTS

These seven sources varied in their expectations for Windows 8. Five were positive on the breadth of the OS, but were mixed on its potential. Two of these five said Windows 8 faces an uphill battle for market share, but a third thinks Windows phones could gain between 12% to 18% market share this year. The fourth source thinks Windows 8 will only be successful in the tablet space. The most negative source said Microsoft has lost its hold on the enterprise market and will not be successful with front-end products. He sees no demand for Windows Mobile solutions. Meanwhile, one source was disappointed that Windows did not plan to use a low-cost chipset to reduce the Nokia phone’s power consumption and retail price. He thought Nokia and Windows could have become a major phone supplier to India’s emerging middle-class market. Another source said Nokia is in a do-or-die situation with the new Windows 8 phone, and he questioned Microsoft’s commitment to the partnership.

➤ Technology columnist and podcaster

Windows 8 is just one piece of Microsoft’s strategy to present a single vision throughout phones, tablets, gaming consoles and PCs with its Metro design language. Windows 8’s success in the mobile market will be tied partly to its success in the enterprise market. Variables outside of Microsoft’s control will determine Windows 8’s potential, such as Android’s evolution. Still, Microsoft has made great headway in recent years in reviving its reputation with the success of the Xbox, and has broken into the smartphone game with a very solid mobile OS that could garner close to 20% market share by the end of this year.
“Microsoft is trying to do something [with Metro] that only one other company—Apple—has managed, which is a consistency of vision over multiple platforms and multiple implementations.”

“Apple’s implementation of iOS is the same over the iPhone, the iPad, the iPod Touch. You pick it up, you know how to use it because you’ve used it on something else. Microsoft is going to be in that same place by the end of 2012. You pick up a Windows phone, you pick up XBox, you pick up a Windows 8 laptop or tablet, it’s going to be a consistency of vision.”

“You need to be in it for the long haul for that to work, and you need significant resources. That’s what Microsoft has been working on for three or four years. Microsoft can absorb a lot in terms of a very slow buildup. Any other operating system that had the last 15 months of sales that Windows phone had would be on the rocks.”

“I don’t think we’ve seen the final bits of the jigsaw for Windows 8, but I expect it to feel very familiar.”

“If they release Windows phone 8 and it has Halo 4, how many people are going to buy that handset? It would be a big attraction. At the moment you have all these little islands, but at some point they will all join up. People will realize if they download a bit of music on their phone, it’ll be there on their XBox and desktop and it’s there when they come back. And if they pause a movie they’re watching on their XBox, they can watch it on their tablet when they get on a plane.”

“If they could pull off 80% of the vision they had five or six years ago to link all these things together, they could consider it one of the greatest marketing feats of the early 21st century.”

“The Microsoft name [was battered], but they’ve started turning that around with gaming. It’s going to take them another two or three years to finish that turn.”

“You have to look very carefully at business cycles and product cycles in terms of IT and enterprise, who have essentially skipped over Windows 7. That’s a very big part of the equation that’s separate [from phones and tablets]. If you have a number of multinationals say they are going with Windows 8, then you have a very big base of licenses going out and a big pool of money coming in, a foundation to support [other efforts such as mobile devices].”

“Apple’s foundation is people who love the company and are just going to go out and buy the devices anywhere. Android’s foundation is Google AdSense. The whole point of Android is to get people looking at ads supplied by Google. Microsoft’s base is the enterprise and the desktop.”

“The problem is that [Windows 8’s success in the mobile market] is not completely under Microsoft’s control. Let’s assume Oracle [Corp./ORCL wins its patent lawsuit] against Google in terms of the Java Virtual Machine inside Android, which would basically knock Android completely away. You’d have a lot of market share up for grabs, and then Microsoft would be in a very good place.”

“What if all Android partners say they are going to provide updates, they are going to use the same user interface in Ice Cream Sandwich [Android 4.0] and there’s a consistency there? Then the carriers are going to tell Microsoft they’re not going to give them the time of day. Both scenarios are unlikely, but are circumstances that are not under Microsoft’s control.”

“I think Microsoft’s Windows phone will end up with between 12% and 18% of the [smartphone] market share by the end of 2012.”

“By reaching 50,000 apps [in the Windows phone Marketplace], they passed a psychological barrier with consumers and developers. The developer submission delta went up from about 165 per day in October to 265 per day in December. It took them 12 months to get to 40,000 applications; it only took them another 10 weeks to get another 10,000.”
“They know how to market themselves. For everyone that says Microsoft can’t do anything right, they took two goes at the Xbox, and now they have the dominant home console. The Xbox did it, and then the Xbox 360 did it right. The release of Windows 8 in the second half of 2012 would be the equivalent of the Xbox 360.”

“Windows phone 7.5 [Mango OS] is a competent smartphone. In terms of the user interface, Microsoft has done what people are always asking, which is to go back to basics and decide on a paradigm of use. You want people to pick it up, look at the screen, decide what’s going on and put it away again.”

“I think you’re looking at between three and five years [for Windows 8 to have a significant effect on the market] and you’re looking at a 10-year overall vision.”

“The problem is there is no tablet market. There’s an iPad market and then there’s a couple of percentage points for everybody else.”

Microsoft and Nokia have committed to making sure the next wave of Windows phones deliver impressive-looking sales numbers. Marketing costs will fall primarily on Nokia, leaving it vulnerable. This source has heard next to nothing about Windows phones and wonders why they are not getting more buzz.

“Microsoft and Nokia are throwing about $200 million into their marketing. They’re bypassing the technology press to go straight to the AT&T [Inc./T] stores staff in particular. There’s a $15 bounty for every Nokia smartphone they sell. In theory that’s 13 million phones right there.”

“Granted, they’re not going to sell 13 million phones right out of the gate, but they might sell 1.3 million in the next quarter. Take that as a benchmark. Anything better than that is relative success. Anything lower than that is complete failure, because it means you can’t pay people to give these things away.”

Nokia needs this. Microsoft can walk away or go back to the arms of one of their other licensees like Samsung [Electronics Co. Ltd./SEO:005930] or HTC [Corp./TPE:2498] and try again with another phone. They have the deep pockets that this would be an embarrassment but not a disaster. For Nokia, it would be a disaster.

“I’m told Nokia put up about $135 million or two-thirds of the marketing budget. They’re shoulderling most of the costs and all of the risk.”

Software engineer with an app in the Windows phone Marketplace

Windows 8 offers consumers a fantastic user experience, but Microsoft will be hard-pressed to challenge Apple in the consumer market and is likely to encounter resistance to change in the corporate space. This source said a major culture change among Microsoft developers would be needed to help Windows 8 make a significant dent in the mobile market. However, Microsoft’s decision to allow development with HTML5 will bring in some fresh blood to the developer pool.

“Microsoft is between a rock and a hard place. They have an innovative, compelling and drastically different user story with the Windows 8 operating system and tablet, but will have an uphill battle in the consumer market because of Apple, and will have an uphill battle in the corporate market because of the culture they themselves created—one that resists change, is not always backwards-compatible and generally has a [defensive] mentality.”

“They really have an uphill battle in the consumer space [with Windows 8 tablets]. They are late to the game, albeit with a high-quality OS, and they are fighting a status symbol in Apple. [But] the OS is only half the story. The tablet itself needs to be of incredible quality. A consumer won’t care how great the OS is if the tablet screen uses subpar touch recognition or a bargain-priced LCD screen.”

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“On the plus side, Microsoft dealt with similar hurdles when it initially released the Xbox in a market where Sony [Corp.’s/TyO:6758/SNE] PS2 and Nintendo [Co. Ltd.’s/TYO:7974] GameCube were top dogs. Xbox360 is now a main contender in console gaming.”

“Microsoft has done a really good job in meticulously evaluating all aspects of user experience. It definitely shows when you work with the Windows 8 tablet—a simply wonderful and innovative experience. The problem is that Microsoft is heading into a consumer market where Apple is king.”

“In the corporate arena Microsoft has a larger footprint, but they are dealing with a culture that resists change. It’s very frustrating to see how many corporate IT shops still haven’t upgraded to the IE9 browser [Internet Explorer 9]; most are still on IE7.”

“It wouldn’t surprise me if IT pushes back on Windows 8 upgrades for at least two to three years after it is released, based on what I saw with XP to Vista/Win7 upgrades in corporate America.”

“It all comes down to the developers who build the applications. The majority of developers who are currently aligned with Microsoft’s development platform have also aligned with their development mentality—slow to change, defensive, risk-averse. The development culture for iOS and Android developers is very different. They don’t rely on just one stack or just one platform.”

“If it’s a client server application, their backend servers may be Microsoft ... or any other programming language/platform. That diversity is what gives non-Microsoft developers the competitive advantage. They don’t rely on one company providing the entire story, nor do they expect it.”

“For the [Windows 8] platform to be successful, the development culture in the Microsoft stack has to change—a culture that has been ingrained ever since Visual Basic 4. Another option is to bring new developers onboard, and adopting HTML5 is a good step in that direction. Most developers understand Web development, so there would be very little ramp up.”

“The best thing that Microsoft did was to standardize on HTML5 and JavaScript for IE10. I hope they do the same on the mobile stack and allow for applications to be built using HTML5 and JavaScript as opposed to Silverlight. That will definitely draw developers to their platform because they don’t have to learn an entirely new stack to build applications.”

“I actually have an app in the Windows phone Marketplace. The development of the app was great, and the deployment was easy, extremely pleasant end to end. The app is one of the top 10 paid personal finance apps. It costs 99¢ and has been out there for over 12 months. I have 300 paid downloads of the application—no, I didn’t miss any zeros. That’s only 300. On the plus side, there isn’t a market saturation of apps, and I’ve seen a consistent uptick of downloads.”

“As long as consumers buy WP7 phones, I’ve gotten in early and that will hopefully pay dividends in the future.”

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**CEO of a mobile strategy consultancy and app development shop**

This source said Microsoft has lost its hold on the enterprise market. His firm has received very few requests for either training or development on the Windows platform. Enterprises have ceased to standardize and now allow employees to use their own devices; those employees choose Apple and Android devices. A Windows 8 tablet is unlikely to supplant Apple and Android devices, but mobile users have proven willing to experiment and change platforms.

“We have not had a serious client prospect on the Windows operating system since we opened our doors. We’re a custom app development shop and train people to develop mobile apps. If I wracked my brain, I could think of one or two instances where Windows was an afterthought.”

“Everything we’re getting requests for is iOS and Android. That’s been shifting; when we first opened our doors, it was BlackBerry and iOS; then BlackBerry lost and Android gained.”

“Right now it’s all coming down to iOS and Android, and BlackBerry has completely fallen off the map.”

“Windows Mobile was always creating apps for all platforms but never actually getting there. Very few people look beyond Android and Apple for the work they ask us to do.”

“There are some crazy things going on in enterprise mobility. Everything in the mobile world reflects what happened in the PC market. There are obstacles to Microsoft in general, like the demand for employee-owned

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CEO, Mobile Strategy Consultancy & App Developer
smartphones versus enterprise-owned. BlackBerry was on the right track for enterprise. Administrators had tight control of devices, which is the essence of maintaining security of information. iPhone and Android have never had such tight control.”

- “That’s what made Microsoft so attractive in enterprise. What ultimately will get adopted in enterprise is what makes the administrator’s job easiest, not necessarily what makes the front end easy. If you let employees choose the front end, they’ll choose iPhone and Android and some BlackBerries.”
- “Microsoft has to offer an astounding technology solution for companies to cough up the money it takes to standardize. Enterprises love standardization, but standardization on the BlackBerry didn’t stop executives from buying iPhones.”
- “Microsoft played really well in two factors: the back-end exchange in SQL Server, and their administrative solutions for IT administrators to manage the front end. It was easy with group policies. I don’t know how effective they’ll be in extending to mobility as long as companies allow employee-owned devices. When companies are burned enough by security, they’ll realize the ultimate cost of the device; then Microsoft will have a better chance.”
- “I can’t vouch for the security of Windows 8, but when you go off standard, things become chaos. I would love for enterprises to pick a platform and run with it; it would make the developer’s job a lot easier.”
- “Which standards are chosen [at enterprises] comes down to personal preference. ... Five or six years ago, you would have been an idiot to go with anything other than Microsoft. The interface hasn’t changed since Windows 95. But there are viable alternatives now that can’t be ignored. Apple’s not meant for enterprise; it’s a consumer-grade product. But people have a love for Google devices and products and maybe Apple, and they’re going to go into enterprises because of personal preference.”
- “I think Microsoft is going to lose the front-end battle. The front-end is becoming less meaningful, and Microsoft didn’t keep adding value into the front end and Office products, where what Google products can do is fantastic and scalable to the enterprise. I see Microsoft living in the back end—the SQL side, the reporting side.”
- “Everything has its day, but how has Microsoft made users’ lives better in the last 10 years? Microsoft doesn’t have love; people love Apple and Google. Is anyone waiting in line for three days to get a Microsoft product? And enterprise technology is decided by people who have a love for technology.”
- “We never got the demand for Mango. It was supposed to be a ‘game changer,’ but that’s Microsoft marketing for you.”
- “There was a time you wouldn’t want to displace Microsoft from the desktop. Everyone knew how to ‘drive’ a Windows computer. But with mobile devices people are jumping around more. They’re not afraid to touch Kindle Fire or the iPad, and it isn’t an operating system they’ve used for 10 years. Microsoft’s MO for a long time has been they may not rise to the top, but can steal market share. And they’ve tried to do that on a number of technologies like video games. So will Windows 8 take market share from iPad and Android? I haven’t heard anything that makes be believe they’ll take a substantial share.”

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Product executive at a Flash memory manufacturer
This source was not optimistic about Windows phones, which she considers a testing field for Microsoft as it prepares to enter the tablet market. Nokia only makes handsets and will be shut out of the tablet side of Microsoft’s strategy. A merger between RIM and Nokia would help to consolidate their dwindling presence in global handset markets.

- “Microsoft is concentrating on tablets as the path to migrate Office and the Windows environment off the desktop. As far as Microsoft is concerned, phones are a bit of a distraction: useful for testing the mobile operating system but not the prize in itself. Nokia is in a very different position.”
- “Nokia needs the phone to work. It’s their last real chance to compete with Apple and Samsung and Motorola Mobility Holdings Inc.’s/MMI Kindle Fire or the iPad, and it isn’t an operating system they’ve used for 10 years. Microsoft’s MO for a long time has been they may not rise to the top, but can steal market share. And they’ve tried to do that on a number of technologies like video games. So will Windows 8 take market share from iPad and Android? I haven’t heard anything that makes be believe they’ll take a substantial share.”
“Nokia needs to evolve its phones more toward computers in order to remain relevant. It essentially needs to go in the opposite direction that Apple did, which was to bring computing down to the mobile phone world. That’s difficult, and as yet I see little evidence that they are even looking at a tablet. Moving all the way to desktop would of course be insanity. They aren’t going to do that.”

“I see Nokia and RIM as natural allies. Nokia has no operating system, and its software partner is not terribly serious about the phone market or doesn’t seem to be. RIM has an aging line of devices, some so-so product launches and an operating system. Together, they’re one company that could rapidly reinnovate and take on Apple in some corporate environments.”

“Naturally, Microsoft would view a RIM relationship a little suspiciously, so it would have to come entirely from Nokia. I don’t actually see it happening, but it would be a good strategic fit. Both have strengths that have been overlooked lately. Together, they would be a lot stronger.”

Longtime telecom columnist; repeat source
This source wants to like the new Nokia smartphones but is not optimistic about the company’s low-end Lumia 710. He likes the higher-end Lumia handsets. Motorola’s early failures in the Android space are proof that an early misstep can be repaired.

“I’m eager for Microsoft to stop dawdling and give us a big, bold entry in the mobile form factor. There is absolutely no reason they can’t succeed here. It’s almost comedy. And I want Nokia to survive because they’re still one of the great names of the industry. They helped build this industry. But I’m wary of the way they’re handling the Lumia series.”

“Lumia 710 is a glorified walkie-talkie. It’s great for emerging markets and might sell extremely well there at this price point. But why launch it in the United States as the bellwether of the ‘all-new Nokia with Microsoft alliance’? You want to lead with your best material; if this is what people see, they’ll think it’s all that Nokia is capable of producing. That’s fatal.”

“The bigger Lumias they’re rolling out in Europe are better. Europe is still a Windows stronghold and the line between productivity and entertainment devices is different there, so it works. These phones are a way to do work and have some fun. They’re not high-glamour devices like the iPhone. But Android now exists as a viable platform in Europe, too, so the question is who will choose Lumia over Android? The answer will be in the hardware, so that’s really Nokia’s war to win.”

“They’ve got great cameras, great screens, greatly high production values, especially given the price point. In a blind taste test, I think they’d do all right. But in terms of building a brand, maybe not.”

“Motorola had some bad luck with their early Androids before the Droid took off, so there’s still hope. It sends a bad sign though. Did T-Mobile demand a low-end phone? Their relationship with Nokia is fairly bargain-basement. Will AT&T get a really over-the-top great handset? I hope so.”

Pacific Rim lithium battery executive
This source said use of low-power chipsets in Windows phones would make Windows and Nokia game-changing competitors in markets like India where uninterrupted power supply is at a premium. However, he suspects the companies are not going in this direction for their next wave of Windows phones, which instead will compete on processor power in Western Europe and North America.

“Windows and Nokia have two roads open to them. The first is to use the Qualcomm [Inc./QCOM] Snapdragon processors that are already being built into the Lumia Windows phones. These are fast processors and very battery-intensive as a result. The second is to use the low-power processors that AMD [Advanced Micro Devices Inc.] already has for tablets and Intel [Corp./INTC] is reportedly near unveiling. I wish they’d go that way, but so far they have not.”

“The exciting thing about a low-power processor is that it could dramatically enhance the life of these devices between charges. Granted, the screens burn a lot of charge, but the processor is not a trivial drain in most cases. This can differentiate a Windows/Nokia device that can provide even incremental battery life, and I’m told the AMD processor enhances battery life dramatically.”
“This would play into Nokia’s established strength in places like India where its more voice-oriented handsets still sell extremely well and the brand is still very powerful. In these places, power is not the trivial commodity it is in places like North America. A more power-efficient device is a selling point there, and if they can find a cheap price point as well, they could dominate these markets in smartphones.”

“I am disappointed that the Lumia phones contain the Qualcomm Snapdragon processors instead of the alternative. This tells me they are not taking the emerging Asian middle class seriously at this time, but are exclusively catering to the more affluent Western markets where Apple and others already offer a very powerful, very battery-intensive device.”

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3) STORES VISITS

Visits to seven consumer electronics stores found that store personnel were interested in Windows 8 but customers were largely unaware of Windows Mobile products. Demand also was slowed by the lack of apps for Windows phones and limited store inventory. Five of seven sources said Windows phones and tablets could gain market share if properly marketed; they said the products are easy to use and compatible across the Windows line.

Best Buy tablet and cell phone associates, South Florida

These two sources voice mixed expectations for Windows 8 but said Windows tablets are selling well. The most popular tablet is the Samsung Galaxy Tab. Windows 8 shows more promise as an enterprise system and could take share from Android because of its ease of operation and user-friendly format. Windows-operated smartphones have been overshadowed by iPhones and Androids, which sources said offer more compatibility with consumers’ desktop OS.

Computer associate

“The Windows tablets are selling pretty well. Samsung, Acer [Inc./TPE:2353] and Asus [Asustek Computer Inc./TPE:2357] are the three brands we carry.”

“The Galaxy is the most popular because of the software. The [Toshiba Corp./TYO:6502] Thrive is next because of its ports. The Motorola Xoom has not sold well. It is not good looking, and I have heard complaints about the software.”

“I think [Windows 8] can be an enterprise system ... to an extent. A lot of tablet users are not using them for business; they are using it for streaming and media. If Windows 8 can support both really well then, yes, I think they could take away from iPad.”

“Windows has the potential to gain some share from Android. Windows has everything and is Adobe [Systems Inc./ADBE]-supported. It is easy to use compared with the Android operating system.”

“Microsoft will continue to grow but slowly. People aren’t upgrading as often with Windows, or they switch to Apple. I think it will take six months to a year to get to the masses, and even then I’m not sure people are going to buy it in the tablet format. Laptops are a different story; they are more business-formatted and Windows is more for business.”

Cellular associate

“We don’t have any phones with Mango on it. You can upgrade your phone to get Mango.”

“I have worked here since August and have not sold one Windows smartphone.”

“I think it is going to take awhile when Windows 8 comes out for it to be popular—at least a year. Everyone is all about Apple and Android right now. It’s been like that for the last six to eight months. I don’t think Windows can change that unless Windows 8 is really great.”

“People still want the iPhone. The demand has lightened up, but it the most sought-after phone. Now that everyone has an iPad or Mac, their phone has to be compatible and vice versa.”

Cellular phone associate, Best Buy, Florida

Current demand for Windows phones is very small. Windows 8 could affect the mobile device market if supported by solid marketing, development and support of software and hardware. Windows is user-friendly and could compete with Android
The Nokia/Windows partnership could take the companies to the next level within the smartphone market:

- “In 18 months of working here I have sold two Windows phones.”
- “Windows could gain from Android through strong product development and marketing and having more app developers behind it.”
- “If Mango could have a tablet, that would be perfect. It could increase their market share because of the integration the system offers. Right now it’s not that big because it is only on the phones.”
- “The software and the way Windows works are great and user-friendly. It is easy to adapt Android to Windows, but developers aren’t developing that yet.”
- “There isn’t enough marketing, and the lack of apps is debilitating. What they do have is expensive. I don’t know why more developers aren’t behind it. I don’t know if it’s fear that not enough people will be behind it and that is why the prices are so high or Windows isn’t offering enough benefits.”
- “If Windows doesn’t gain momentum quickly, within its first three to six months, it won’t succeed.”
- “Nokia will benefit if they make more handsets with Windows on it. It is a well-known brand. It could do as well as Motorola did.”
- “Apple is the industry leader for handsets. Samsung and then Motorola are second and third.”

**HHGregg store associate, Pennsylvania**

This source reported having two Windows phones on display up until about two months ago and has no tablets with the Windows OS. The Windows phones were removed because of the lack of sales and customer interest. The few phones sold often were returned because of problems. He said demand favors Android and Apple phones. He was knowledgeable of Mango and its positive tech media reviews, but said it was not registering with consumers. He said he would welcome having another OS to offer to customers.

- “We had some Windows phone until about two months ago. They were pulled because of the lack of demand.”
- “We also had a lot of problems with the ones we did sell. Customers would come back in with problems or simple dissatisfaction, so for now I am glad they pulled the product.”
- “I am familiar with Mango. It seems like a great product and I know some of the phones running it have gotten great reviews, but consumers don’t seem to know anything about it.”
- “We never had any tablets with the Windows system that I am aware of.”
- “I really have not kept up with what Windows is doing so if they have a viable product right now, I could not tell you. I would like it though because competition is always good.”
- “The only thing customers know is Apple and Android, and Android phones outsell Apple all the time. I think it’s because of cost. If Windows is going to compete, they will really have to advertise.”

**Best Buy sales associate, Pennsylvania**

This store had no Windows tablets, but did carry two Windows phones: the Samsung Focus Flash and an HTC model. The sales associate was excited about Windows 8 and said it could be a game changer for the phone and tablet industries. However, adoption could take some time. He hopes Microsoft will promote its OS at CES this week and increase customer awareness because demand is very limited. If Windows 8 takes off, it could save Nokia.

- “I love the Windows operating system, but no one knows about it.”
- “AT&T has the strongest Windows lineup, and we carry two Windows phones in their plan. I like it because it’s simple and easy to use—just two screens to operate everything.”
- “I am excited about CES this week and what Windows might announce. Whatever it is, I hope they really promote it and raise customer awareness because the system is really good but nobody knows about it.”
- “I do think it could be a game changer or at least give Apple and Android a run for their money. And as far as Nokia, it could save them if
it catches on, but Windows will have to do a better job of getting the word out.”

Verizon store associate, Pennsylvania
This source reported little to no customer demand for Windows phones or tablets. The store no longer stock products with Windows OS. He thinks current Windows products are equal to or even superior to some of the competition, but they have not generated interest. However, the upcoming OS could have more appeal, particularly if well-marketed.
- “I don’t have any Windows product on the floor. Verizon [Communications Inc./VZ] does offer some, but we just don’t have the demand for them so we don’t stock them.”
- “It’s all Apple and Android that’s all consumers seem to be aware of, so that what we stock.”
- “If any Windows product is going to catch on, it will take a lot more advertising and marketing than they have done in the past. People just go with what they know, and they don’t know Windows phone or tablets.”

AT&T Wireless store associate, Chicago area
This store carries two Windows smartphones but no Windows-powered tablets. The source said customer demand for the phones is very low compared with the iPhone and Android. He likes the Windows OS because it is easy to use and uncluttered, and said it is better than the Android system. A lack of apps is holding back the Windows OS.
- “I think we have two Windows smartphone and no tablets, but there is very little demand for them. iPhones are our No. 1 seller and Android is the No. 2 seller.”
- “I like the Windows smartphone operating system a lot more that Android. It’s less cluttered and much easier to use; besides, we all have grown up with a PC and we know how it works.”
- “One of the shortcomings of the Windows phones is the lack of apps. If your phone doesn’t have the latest and greatest apps, it’s no good. If Windows could overcome that issue, it might gain more traction.”
- “I’ve never heard of a Windows tablet. I like the idea, but I have never seen one.”

Best Buy sales associate, San Francisco
This store carries three Windows phones: two from Samsung and one from HTC. Demand has been very low because of lack of customer awareness. She said the OS compares well with Android and the iOS because of the tile system and ability to sync with a PC. Demand would increase if the OS were advertised and more apps were available.
- “We have three Windows phones—two from Samsung and one from HTC—but they’re not very popular.”
- “Maybe one or two people per week ask for them. It is obvious that they read up on them or they saw one that a friend or coworker has, but people don’t really know that Windows has phones.”
- “The operating system is really good and is really competitive with iPhone and Android. The tiles feature and the sync features are really great.”
- “If Windows were to advertise, sales would really improve.”
- “The lack of applications is a problem for some Windows phone owners. They see other people with apps for the iPhone or Androids and they want them, but they are just not there. It is a problem.”

4) CUSTOMERS
Windows phone and tablet users were difficult to find; we located only five Windows phone consumers—all heavy-tech users including two electronics store associates. One of the five said he briefly considered a Windows phone because he was impressed with the OS, but instead he purchased an iPhone and a MacBook Air because they are standard for his profession. The remaining four sources were very positive about their Windows phones, for which they said demand could increase if the products were better advertised. Sources said Windows phones can effectively compete with Android.
30-year-old writer and music editor, Best Buy store, California
This source was in the market for a new phone and computer. He ruled out Windows-based products even though he was impressed with the Windows 7.5 OS. He said his occupation requires a lot of editing work and that Apple computing products are better suited for the tasks. He said he will most likely purchase an iPhone for simple integration.
- “I am shopping for a new phone and a new computer. I like what Windows has to offer in their new operating system, but as a writer and music editor my industry is driven by Apple.”
- “I have used Windows products up until now and for the most part been pleased, but it is becoming increasingly difficult to easily interface with my colleagues and others I work with.”
- “I was impressed with the demonstrations of the new Windows operating system, but there is just not enough there for me go with it. Maybe if I had a different profession.”

20-something tech salesperson, Best buy store, Pennsylvania
This source was more than satisfied with his Samsung Windows phone and is planning to buy another for his girlfriend because she prefers it over her iPhone. He said the Windows OS is easy to use and very intuitive. He does not know why more people do not buy Windows phones, but he thinks that could change with more promotions and advertising. The phone work seamlessly with his PC. He would buy a Windows-powered tablet if he could find one he liked.
- “I love my Windows phone, and so does my girlfriend. She has an iPhone, but if mine is sitting around she grabs it to look something up or listen to music. I plan on buying her one as soon as I can find one with a better camera.”
- “When I show my phone to my friends they love it, but then they buy an iPhone or Droid. I just don’t get it. Windows really needs to advertise.”
- “I think the Windows operating system would be excellent for the older generation. They know it and use it all the time at work and on their PCs at home. It’s simple and almost guides you through the phone. I think Windows has a real opportunity to shake things up in the phone and tablet market if they can get the word out.”

Technology sales professional, Best Buy, store, Pennsylvania
This source is pleased his Windows phone, but he did not know about Windows phones until he went through training for his job with Best Buy more than a year ago. He said customers are not aware of Windows phones. He is hopeful that CES will bring some attention to them. He was not that concerned about the lack of apps because he said most apps are of little value.
- “I learned about the Windows phones when I was training for a job with Best Buy, and I fell in love. It is simple to use and easy to integrate with my PC.”
- “When I am on the ‘floor,’ I always make sure I show people the Windows phones we have. Right now it’s a tough sell against the iPhone and Androids because that’s all people know.”
- “I know CES is going on right now and I expect Microsoft will try to get more publicity about the Windows phone system. If the tech media picks it up it will help sales, but customers want to see it on TV or know that they are buying something their friends have. It’s going to take a long time and lot of advertising with low prices to bring any kind of change to the smartphone market.”
- “I know there are not as many apps for Windows phones, but how many apps do you need? I use maybe three or four main apps, and that’s it. Who want all that junk on their phone?”

Windows smartphone user, Florida
Windows 8 will make an impact if Microsoft invests back into its product. This user likes the integration and functionality of Windows but thinks the OS needs better promotions and continued development efforts. He owns both a Windows phone and an iPhone; he reportedly is bored with his iPhone and said Windows tiles work well with social media.
“I have Mango and think it is great. I upgraded right away. Mango is smoother than Android. It is great and runs a lot better.”

“I enjoy my Windows phone. The update to 7.5 did a lot for the functionality and the speed. I like the integration with all the social networks, the look of it and how the tiles flow.”

“I have only seen Windows keep improving. ... They have come a long way.”

“I switch between the iPhone and the Samsung Captivate. I use the Samsung for work and the iPhone for fun, but I am getting bored with it.”

“Windows is fun, and the live tiles work better and have better integration than the iPhone. Apple is stable; it invests in its products, in development and advertising. That is where Windows could win—invest in their products and take the time to do it right. It could take away from Android.”

20-something Windows phone owner, California
This source was pleased with his phone and is considering buying another one when Windows 8 is introduced. He is particularly interested in the new Nokia Lumia phone. Windows offers easy device integration. He thinks Windows phones and tablets could successfully compete with Android products.

“There is not much I dislike about my Windows phone. I like the fact that there are a great amount of applications that interact with Windows-based services that I use for both work and home. There is also the familiarity factor of using a Windows product.”

“I think Win7.5 is an incredible upgrade to Win7 phone. It has brought many features that I enjoy. Yes, I have heard a lot about Win8 operating system.”

“I was looking into getting an iPhone 4S. The only reason why I didn’t get an iPhone is that I have already owned one. It was nothing new to me. I am considering getting another Windows phone. I am holding back my purchase, waiting for new Windows 8 phones to be released.”

“I have heard about the Samsung with Mango. I have used it and think it’s incredible. I am waiting to see how the Nokia Lumia is going to turn out once it hits the States.”

“I think the Windows system is improving due to the fact that it is bringing in so much new technology. Everything that runs on Windows 8 desktop will probably run on both tablets and phones. They are going to streamline the operating system and merge into one codebase.”

“I truly think Windows’ phones and tablets will give Android a run for its money once 8 comes out. It will give consumers something fresh and new.”

Secondary Sources
A review of secondary sources and trade websites uncovered discussion of Microsoft possibly returning to a dominant position in the tech world based on Windows 8’s potential. Windows OS products are being widely announced at the Consumer Electronics Show in Las Vegas this week, and Windows 8 tablets are expected this year from several major brands. Nokia is hoping the Lumia 900 will reposition it within the North American smartphone market.

Jan. 5 article on The Wrap
Microsoft is expected to return to a position of dominance this year. Its Windows 8 OS is scheduled for beta release in February and already is receiving praise, as is the reworked Xbox and the Windows phone OS. A $200 million advertising campaign reportedly is planned for the new Nokia Lumia Windows phone.

http://www.thewrap.com/media/article/microsoft-fights-get-its-groove-back-33581

“Having lost its beat about a decade ago, the software giant has more recently been plotting an aggressive grab for territory. And it’s getting back in the game with actual innovation.”

“Flush with capital from its steady core businesses of software and servers, the company has been quietly busy with research and development in recent months and years.”
“Windows 8, expected to come out in February in beta, is meant to operate at the heart of a Microsoft-wide ecosystem, one that bids to challenge Apple’s intuitive array of linked devices and functions.”

“The X Box 360’s upgrade, via an improved dashboard and the Kinect add-on, is ahead of the pack as a user-friendly voice- and gesture-controlled device and stoking enthusiasm not only among the early adopters and tech geek websites but on Wall Street. With its inviting user interface, it set a record for Black Friday weekend console sales.”

“It’s the first phone since the introduction of the iPhone to give Tercek gadget lust. ‘Have you seen the phone?’ he asked TheWrap, pointing to the OLED screen that’s easily read in sunlight and the tactile response of the touch screen compared to the iPhone’s hard glass and the operating system. ‘It’s a wonder to behold—a terrific comeback.’”

“And if a report of a leaked internal document is correct, the company’s planning to stack the deck for Lumia, combining with its phone partners what’s described as a $200 million ‘marketing tsunami’ in the U.S. alone for Lumia.”

Jan. 9 Cool Smartphone article
Several announcements were made at CES about new smartphones with the Windows OS. Nokia just announced it is launching the Windows-embedded Lumina 900 and sell it exclusively through AT&T. HTC announced the Titan 2, which will have Xbox Live gaming.

http://www.coolsmartphone.com/2012/01/09/htc-titan-2-announced/

“Nokia have just announced a new handset at CES in Las Vegas in their new Lumia range running Windows phone.”

“The Nokia 900 features LTE, Carl Zeiss 8 megapixel camera, front facing camera for video calls, 1830mAh battery, 1.4Ghz Processor, 4.3 inch Clear Black Display and is available in Black and Cyan. The Lumia 900 is exclusive to AT&T.”

“HTC have announced the Titan 2 over in CES running on AT&T’s LTE network. Specs of the new HTC Titan II include a 4.7” WVGA super LCD capacitive screen, a Qualcomm 1.5GHz Snapdragon S2 CPU, a 16 megapixel camera (yes, 16 megapixel!) with dedicated hardware button, autofocus, dual LED flash and a second 1.3 megapixel front-facing camera.”

“Running on Windows Phone 7.5 this has a 1730mAh battery, WiFi, 3.5mm audio jack, digital compass, gyro sensor, G-sensor, proximity sensor and light sensor. We’ve got the full specs here or you can click on for the press release. Strangely we’re unable to find the screen resolution. We assume it’s the same 480 x 800 resolution as the original Titan.”

Jan. 10 NPR technology blog posting
NPR coverage of CES reported that Nokia, with the help of Microsoft, is trying to regain lost market share in North America with the launch of the Lumia 900 smartphone.

http://www.npr.org/blogs/alttechconsidered/2012/01/10/144971249/can-two-smartphone-also-rans-rescue-each-other?ft=1&f=1002&sc=igg2

“Nokia, with the help of Microsoft, is trying to force its way back into the North American smartphone market. At the Consumer Electronics show in Las Vegas, Nokia said it will begin selling a new Microsoft Windows phone on T-Mobile on Wednesday—and is unveiling the high-speed Lumia 900 this week.”

“Not too long ago Nokia was the largest tech company in Europe. Its market cap rivaled Microsoft’s. It helped create the mobile phone industry as we know it. But the emergence of a new generation of smartphones—led by Apple’s iPhone and Android-based offerings from Samsung, HTC and others—left Nokia behind.”

“It [Nokia] decided to commit the company to building new phones based on Microsoft’s Windows operating system. Microsoft—like Nokia—had been left behind in the smartphone market after a series of false starts. Microsoft’s market share was virtually nonexistent.”
Nokia/Microsoft Platform: App Developers

Next Steps

Blueshift's future research will focus on consumers’ reactions to and adoption of upcoming Windows 8 products. We will interview component suppliers to determine their expectations of the new Windows OS ability and of Microsoft’s potential in the smartphone and tablet markets. We will research the Nokia/Microsoft partnership to determine the progress with the launch of the Lumia 900 smartphone and future products. Finally, we will continue to monitor the app developer community and their willingness to create apps for Windows 8.

Additional research by Seth Agulnick, Scott Martin, Dann Maurno, Erica Franklin and Kyle Stack

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