

## Tech Rumor of the Day: Nokia Needs Palm

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As **Nokia** (NOK) continues to mishandle its crucial smartphone segment, a clear alternative is emerging: Buy **Palm** (PALM).

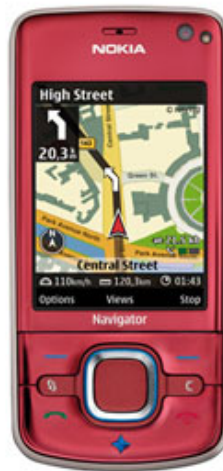
The rising cry for this particular solution grew louder after Nokia warned Thursday that it [expected delays](#) in the arrival of new touchscreen smartphones, the very thing consumers seem to be clamoring for these days.

Here are four reasons Nokia should buy Palm.

- Palm delivered a touchscreen, Qwerty keypad-design, Nokia is still tinkering
- WebOS answers what Nokia's Symbian operating system can't quite understand
- Palm gives instant access to the U.S. market where Nokia has almost no sway
- Palm buys time and marketshare, two things running low at Nokia

You need to look no further than Nokia's failed effort at a medium-priced smartphone to see that this is an industrial giant with no feel for the changing trends in consumer products.

In an effort to shave a few bucks from its manufacturing costs, Nokia put a skimpy 2.4-inch non-touch screen into a line of mid-range smartphones. The brilliant expense-saving move puts an inferior device into a hot market teeming with full-screen smartphones.



NOKIA

Nokia's Skimpy Screen  
Slip-up

Critics say Nokia's famously [unbending approach](#) threatens its position at the top of the mobile phone hierarchy.

"The company's manufacturing orthodoxy combined with a slow moving culture has encumbered its performance and delayed the release of a full suite of high-end advance-OS phones," Charter Equity Research analyst Ed Snyder writes in a research note Thursday.

### Palm Pre and Nokia N97: A Second Look

Snyder is the most recent industry expert to suggest that Palm could lend Nokia a helping hand.

The timing of a potential Nokia takeover of Palm would come at a key time as the industry turns a corner in technology.

A new generation of Web-friendly mobile phone operating systems from Palm, **Google's (GOOG)** Android, **Apple's (AAPL)** iPhone have become the new standard in smartphones. This vanguard has left players like **Research In Motion (RIMM)** and Nokia **lagging behind** in an increasingly touchscreen Internet device-driven market.

Charter's Snyder cut his rating on Nokia to hold from buy holding out little hope that Nokia would make it happen with Palm. He does, however, offer a strong argument from a purely money based standpoint.

"Nokia has spent \$11billion in research and development since the release of the iPhone in June 2007," Snyder writes. "Buying Palm would cost about \$3 billion and give it instant leadership in smartphone OS."

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