***Between the Lines***

# Motorola: Beyond Droid; MotoBlur's role and tablets possibly on deck

By Larry Dignan | April 30, 2010, 2:28am PDT

Motorola's first quarter was fueled by its popular Droid device on Verizon Wireless, but analysts seemed skeptical that the good times can last given the early buzz around HTC's Incredible and a bevy of Android smartphones hitting the market.

In many respects, Motorola is having a "what have you done for me lately" moment with analysts. Simply put, you can not rest on your laurels—or hit smartphone—for very long. With competition increasingly, people want to know what will replace the Droid (right) in Motorola's lineup.

For now, there are no signs that Droid sales are going to fall off dramatically. However, the Droid will have to battle a bevy of HTC devices for shelf space. Jason O'Grady is rating the Incredible above the iPhone. Simply put, Motorola needs a successor to the Droid and a bevy of feature phones powered by MotoBlur may not cut it.


To get a taste of why Motorola's better-than-expected first quarter—a profit of $69 million, or 3 cents a share, on revenue of $5 billion—was overshadowed by competition worries check out the following exchange:

Oppenheimer analyst Ittai Kidron asked Motorola co-CEO Sanjay Jha how Motorola is set up to handle increased competition from a bevy of Android devices, notably the HTC Incredible (lower right).

Jha said:

> With respect to competition, you are absolutely right. This is a very, very competitive marketplace, and particularly in the fourth quarter, I anticipate that there will be new devices from multiple people with probably three or four operating environments in the marketplace. There will be obviously devices on Android in other operating environments. I feel that we are well positioned to compete at each of our carriers in light of the competitive environment.

And then Jha was asked another flavor of the same question later. He said:

> Droid sell-through in the first quarter was very strong, and I anticipate that we will continue to get traction with our Droid franchise in the marketplace.

Meanwhile, Jha was asked about the next wave of Android innovation. Google has been pushing HTC's new phone and innovation on the Android platform wasn't moving as fast as the year before, said Edward Snyder, an analyst at Charter Equity Research.

Jha disputed that Android innovation has slowed and said the platform is "the fastest innovating ecosystem in wireless." Jha also noted that more devices would be in the works. These new Motorola phones would integrate the hardware with Android and be differentiated from other phones.

The good news is that Motorola isn't a one or two device pony—the company plans 20 smartphones with shipments of 12 million to 14 million in 2010—but there isn't a clear successor to the Droid just yet. Analysts will fret until Motorola delivers its next big hit.

In other notable odds and ends from Motorola:

> Jha said Motorola isn't in any discussions with Microsoft about licensing patents related to Android. Earlier this week, HTC licensed Microsoft patents covering HTC Android-powered devices.
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> Does Motorola need its own operating system? Jha was asked for his take on HP's acquisition of Palm. That deal revolved largely around the WebOS. Jha made a few interesting points:
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> I have always felt that owning your own OS is important provided you have an ecosystem, you have all the services, and you have an ability and the scale to execute on keeping that OS at the leading edge. And I continue to believe that at some point, if we have all of those attributes, that owning our own OS will be a very important thing.
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> But at this current point, I continue to feel that Google is the fastest innovating ecosystem. We have a very good working partnership with Google, and together I think we will work well to help each other succeed in the marketplace. So I continue to be committed to that particular way of working for us in the smartphone market.
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> MotoBlur remains an important cog in Motorola's smartphone lineup and will be featured on the majority of devices. Jha said carriers are likely to give MotoBlur some love. Regarding MotoBlur Jha said:
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> We are very pleased with the traction, and I would say that we have seen hundreds of

> thousands users on our MotoBlur server. And it enables us to get and understand our consumers better usage pattern and Internet usage patterns much more intimately, and allows us to think about what is the next service or what is the best way to serve our customers.
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> It is also actually meaningfully reduces their data consumption, which our carriers seem to like quite a bit. So if you go to a Facebook website, the website is something like 300 kilobytes. Whereas if we are able to take the relevant updates and push it to your home screen and do it in an efficient way, that changes quite a bit of the data consumption traffic. That is one thing. Second thing going forward, you have seen us participate in social messaging. I think social media becomes much more important, so location becomes much more important. So you will see a continued focus on delivering what we call push Internet to consumers' home screens using our MotoBlur technology.
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> Motorola will play ball in the tablet and converged device space. Jha noted:
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> I actually anticipate that there will be a lot of media consumption devices, which are able to be used in Home and create a whole Home ecosystem. I actually see this convergence as being very, very important. We are very engaged with this marketplace. We think that tablet is one form factor, but there are number of other form factors and other solutions that people are engaged in. We are engaged with this development very intimately, and we will announce whatever we need to announce at the appropriate time.

Larry Dignan is Editor in Chief of ZDNet and SmartPlanet as well as Editorial Director of ZDNet's sister site TechRepublic.

## Disclosure

Larry Dignan has nothing to disclose. He doesnâ€™t hold investments in the technology companies he covers.

## Biography

Larry Dignan is Editor in Chief of ZDNet and SmartPlanet as well as Editorial Director of ZDNet's sister site TechRepublic. He was most recently Executive Editor of News and Blogs at ZDNet. Prior to that he was executive news editor at eWeek and news editor at Baseline. He also served as the East Coast news editor and finance editor at CNET News.com. Larry has covered the technology and financial services industry since 1995, publishing articles in WallStreetWeek.com, Inter@ctive Week, The New York Times, and Financial Planning magazine. He's a graduate of the Columbia School of Journalism and the University of Delaware.

For daily updates, follow Larry on Twitter.