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Motorola beats expectations but guidance disappoints as Xoom fails to match iPad

By [Daniel Eran Dilger](#)

Motorola Mobility posted better revenues than expected, but lost \$56 million in the quarter and provided disappointing guidance that sent its shares down 6 percent.

The company announced \$3.3 billion in revenues for the quarter, higher than the \$3.12 billion analysts had collectively predicted. But Motorola lost \$56 million in the quarter, compared to a profit of \$80 million in the year ago quarter.

Last year, Motorola's position in smartphones was rebounding while riding the wave of the "year of Android," benefitting from a tight relationship with Verizon Wireless, which had heavily promoted the firm's Android phone offerings under its Droid brand.

Motorola was also gearing up to launch its Xoom tablet running Android 3.0 Honeycomb, which was widely expected by Android enthusiasts to mount a significant challenge to Apple's iPad.

Instead, the launch of iPhone 4 on Verizon's network this spring blunted the prospects for a variety of new Motorola handsets that had banked on Verizon's 4G LTE network to carry sales, including the Motorola Atrix 4G, touted by the firm as "the world's most powerful smartphone." In the most recent quarter, Apple's smartphone [continued to outsell](#) all 4G handsets on Verizon's network by nearly a factor of two.

Additionally, Apple's iPad 2 launch left the Motorola Xoom stalled on its launch pad. The Honeycomb tablet had originally [taunted](#) the iPad as being suited to lemmings, while touting itself as having support for Adobe Flash as well as features of Google's latest Android 3.0 release, sold as being designed "from the ground up" for tablets.

Sales of the Xoom were depressed by its price, set higher than the iPad, as well as missing features such as its originally non-functional Flash support and a variety of other unfinished features in the brand new Android 3.0.

Motorola stated that it shipped 440,000 tablets in the most recent quarter, ahead of analyst expectations of just 366,000 but far lower than the 9.41 million iPads Apple sold in its most recent quarter.

A [report](#) by *Reuters* noted that Motorola provided a third-quarter "bottom line target ranging from

break even to 10 cents per share, excluding unusual items."



The report cited Charter Equity Research analyst Ed Snyder as saying, "This looked a lot weaker than Wall Street had been expecting," contrasting expectations for 24 cents per share. "It's all lining up to be a weak quarter that's going to ripple though to the end of the year," Snyder said.

Motorola's Xoom was to be the flagship tablet showing off Google's Android 3.0 Honeycomb, but instead appears to have delivered a blow to Google's reputation in consumer software about equal to the disastrous launch of Google TV, which is being blamed with tripping up Logitech by helping

it [lose](#) \$29.6 million in the latest quarter as more of its Google TV boxes were returned than sold, promoting the resignation of its chief executive Gerald Quindlen.

Original [estimates](#) for the Xoom hoped for sales of 3 to 5 million units in 2011, but so far the company has sold closer to a half million of the devices, [depressing](#) the prospects for other Honeycomb tablets and tablets in general outside of the iPad, and further reinforcing the reality that the iPad, like the iPod before it, exists as its own market with exclusive demand, rather than being part of a larger, generic "tablet" market.