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2 February 2009

TECHNOLOGIES TO WATCH

The Palm Pre is coming

What is missing?

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Palm Reading

What Palm execs did NOT say at CES perhaps better defines the smartphone pioneer company's product & services direction far more than the Pre announcement details do

Now that the news has settled down over the Palm Pre announcement, it is time to discuss a number of key items that went un-discussed during the one-hour presentation and the VIP follow-up meetings that occurred during CES Las Vegas.

To Palm's credit, they used a clever slight of hand to expose the minimum information needed to make the last-minute cash infusion of \$100 million (by Elevation Partners) look brilliant, while running down their press briefing clock talking about Los Cabos, Mexico retirement spots, in an attempt to limit the information exposure they were clearly unprepared to discuss.

Palm is now pushing the idea of using its Web OS for connecting all of your address book data through the foundation web services that will exist at Pre launch. Some named services - like MySpace, Google, Facebook, YouTube and the like will merge via the new WEB OS contact views.

What was left un-said?

What may be a victim of the sins of omission from a short, snappy presentation are the elements of traditional desktop sync, importing of existing data from Outlook, Entourage, and migration tools to actually do this. There are many folks will not want to put their address book in the cloud as seen by the ongoing resistance to products like Plaxo that require faith in security of folks you will never truly know.

What happens to Palm desktop? Is it gone, or does it migrate to the on-line version that Web OS needs to keep your Pre fresh and up to date? Moreover, if the desktop does migrate to online, do the millions of Centro and other connected Palm OS 5 end users get play, too?

It's clear that RIM is adding more consumer features to its industrial strength enterprise products while Apple continues adding more enterprise features to its iPhone consumer focused products. Palm will likely need to augment the work that it has started with the enterprise by not only supporting Microsoft Exchange mail, but also other controls that the enterprise needs.

Palm OS 5 Compatibility

Since it clear that Palm is not leaving any vestiges of its legacy Palm OS 5, it's clear that Rubenstein and company are taking pains to avoid the problem that plagued Apple with the Mac OS 9/Classic transition, leaving a deadly "Chernobyl Box" emulator to cause support issues for years after. That means both developers and end-users will likely need to start over with any applications they need to fill the gap not filled on the Palm Pre initially.

New Development

While the vast majority of developers building Web 2.0 widgets, browser plugins and other applications constructed using "the language of the web" are already set, to them the Pre has everything they need. This means the first wave of applications will come fast, in quantity, and likely competitively priced.

From a PR standpoint, Palm will soon have lots to talk about beyond the developers that were already primed at the CES presentation. The next group of developers need to get down into the Linux operating system that Web OS is based upon and it is here that Palm must create a balance between developer access and risking the creation of holes for hackers.

Applications like SlingPlayer for Pre and Kinoma Play or apps that need to talk to the Pre's accelerometers directly will be detained waiting for the needed access while this balance is sorted out. Since live streaming and video uploads to services like YouTube are not in the initial product, applications to fill the gap will be essential.

Carriers

Palm cannot live on Sprint alone, and so you can easily assume that a GSM phone will follow as it always does in Palm channel history. Palm consistently gives Sprint a 90 day exclusive in the US, quickly followed by a GSM device with AT&T and then after all the testing is complete, Verizon comes in. Palm has a consistent set of GSM global partners that take most of their products, finally filling in with an unlocked, unsubsidied phone available direct on their web site.

The tricky part might be how a phone which is so data centric plays in a European world of data plans with real data limits. Currently most euro data plans are structured so that you will be paying \$12 for every three MP3 songs you stream or download! Web OS has the potential of pulling down a LOT of data. There was no mention of an option to only use the Wi-Fi part of the phone for these operations. Yet, companies like Amazon **require** the use of Wi-Fi during MP3 music purchases. So, look for clarity on these data-hungry actions prior to European partner launches.

Models and Pricing

It's becoming increasingly clear that the first Palm Pre will replace the Treo 755p at Sprint, likely at the identical price point of the 755p at the time of its launch. Rubenstein is a big believer in the "Good, Better, Best" consumer pricing model, so it's a safe bet that cost reduced, lower priced models will be released after the initial Pre launch bugs are squashed and the remainder of the business models have been validated. Look for this six months after first customer shipment of the Pre.

The \$100 Handset Rebate – Would You Like That in Cash or...as Software?

To attract developers, you need a large – and growing – installation base. When the low end product currently being covered by the Palm OS 5 based Centro converts to Web OS, Palm will be able to ramp up enough volume to attract the scads of iPhone developers. Palm will need to adopt several things from the iPhone model to ensure success. First, Apple has set the bar regarding fair revenue share. As Palm will have an over the air, un-teathered App store, and it appears that it may be the only way for developers to get their software on the device, so Palm mustn't be perceived as taking advantage of the situation especially while crucial handset sales volumes ramp up.

Palm shouldn't take a larger margin than Apple does. Next, Palm could do something to make their existing Palm OS 5 customers and developers stay happy. Instead of providing a cash rebate against the phone, provide a substantial part of that "usual" rebate for new Pre application purchases. That would stop the existing end-users from griping about the loss of their old software and possibly give anxious developers a real shot in the arm for producing products end users want and need.

Over time, Palm will surely talk more freely about these and other issues that were left unsaid in the frenzy that was CES. Don't expect to hear about any of the challenges discussed in this report at Mobile World Congress, 2009 in Barcelona. You will just need to wait until Sprint says they have the Palm Pre in stock in the US; a time when Palm will surely have to pony-up the rest of the story. – MW

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