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Nokia's new phones

Not drowning, but waving

The struggling phonemaker shows off its first Windows handsets

Oct 29th 2011 | from the print edition

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EIGHT months ago Stephen Elop, Nokia's newish chief executive, told the Finnish phonemaker's staff that they were "standing on a burning platform" and had no choice but to jump into the "icy waters" below. His plan for fishing the company out of the freezing briny rests largely on making smartphones that use Microsoft's Windows operating system—and getting them to market quickly. On October 26th Mr Elop unveiled the first of these devices. On a live feed from Salo, in Finland, a proud employee packed a Lumia 800 into its box. It is due to go on sale in six European countries next month. It will have a cheaper sibling, the Lumia 710.

By recent standards, this is fast work. Nokia had been slow to cotton on to the popularity of touch screens. Its own operating system, Symbian, which was not designed for touch, looked clunky. While Nokia dithered, consumers lapped up Apple's iPhone and the many smartphones based on Google's Android operating system. All this cost Mr Elop's predecessor, Olli-Pekka Kallasvuo, his job in September 2010.



Hey, I've sold two phones!

Having plumped for Windows over Symbian and MeeGo, a system Nokia had worked on with Intel, a huge semiconductor-maker, Mr Elop has had to move quickly. Even fewer people want Symbian, though Nokia updates and supports it: Nokia's smartphone sales fell by 39% in the year to the third quarter, when the firm made its second quarterly operating loss in a row. Pricing is another sign of urgency. The Lumia 710 will be the cheapest Windows smartphone available. It may be the first to be offered free to low-tariff customers after operators' subsidies, says Francisco Jeronimo of IDC, a research firm.

The new phones have more going for them than price and cool Nordic design. Operators will surely be glad of an alternative to Apple and Android. Microsoft's software is a more reliable bet than Nokia's own. "They've had great hardware but the software was a disaster," says Ben Wood of CCS Insight, another research group. "With this product, they know the software's going to be rock solid."

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The phones contain applications to distinguish them from rivals, such as a navigation system for drivers that uses Nokia's maps, by common consent the best in the trade, public-transport information for 450 cities in 44 countries, and streamed free music. Carolina Milanesi of Gartner, another research outfit, expects further differentiation once a new version of Windows appears, probably next year.

That said, Nokia must still work to keep its chin above the waves. Microsoft, though a titan in personal-computer software, is a homunculus in mobile devices. Nokia's market share in America, where new smartphones are due to go on sale next year, has all but vanished. Operators there may prefer Windows phones under more popular brands. And Windows' "tiles" require more explaining to the novice than the icons on an iPhone or Android phone. Hence Nokia's plan to put lots of "seeding" devices into retailers' hands.

Nokia is still the biggest seller of less sophisticated "feature" phones and shifted 25% more of them in the third quarter than the second. This week it presented four new models, aimed chiefly at aspiring, fun-loving youngsters in emerging markets—though they will be sold everywhere but America and Canada. Mr Elop thinks these products are "blurring the line" between smartphones and feature phones: they even come with "Angry Birds", an online game to which many smartphone users have become hopelessly addicted, made by Rovio, another Finnish company. Mr Elop does not need people to crave Nokia's new phones. Merely to buy them.

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