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## Motorola deal a win-win for Lenovo and Google that could reshape smartphone market

by [Michael Passingham](#) 30 Jan 2014

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[Google's decision to sell its Motorola Mobility smartphone business to Lenovo](#) for \$2.91bn has the potential to change the face of the smartphone industry.

The offloading of the business seems like an admission of failure by Google on the deal, but there is disagreement about what exactly the company's intentions were when it splashed out \$12.4bn two years ago.

### Patent grab

At the time, the buy seemed to be all about Motorola's extensive patent portfolio. The company was

declining in the smartphone world, but still retained a number of intellectual properties that Google wanted in order to defend itself and its Android partners. Since then, Motorola has released several handsets, concentrating mainly on North and South America, and has not really made much of an impression in Europe – a pattern it's kept up for the best part of a decade.

"The Google and Motorola deal was only ever about patents," Gartner principal consumer technology analyst Annette Zimmerman told V3. "They're all about eyeballs and not about becoming a serious hardware vendor," she added.

On the face of it, it is easy to agree with this. Google has released branded hardware in the form of its Nexus line, but has only ever partnered with third-party firms such as Samsung, Asus and LG, and mostly sold them online rather than through mobile network operators.

IDC research director Francisco Jeronimo disagrees with this sentiment, however, insisting that the sale represents a change of heart from Google. "I don't think that was the case," he said when asked whether this sale was always the end goal. "The market was a lot more difficult than they thought it would be."

Jeronimo believes that the initial buyout was a defence mechanism in case phone makers decided to take their toys elsewhere and use another mobile operating system.

This never happened, and Android remains the world's most popular smartphone operating system. That, combined with the huge investment required for Motorola to truly compete with the likes of Samsung in the smartphone market, was too much even for Google, which instead cut its losses, took its patents and shook hands with Lenovo.

### Local knowledge

Either way, Google will soon be shot of Motorola, with Lenovo now hatching plans to expand into more markets under the more recognisable Motorola brand.

Lenovo is far from the first PC maker to move into smartphones: both HP and Dell made failed attempts at the market in recent years. Their failures were not down to a lack of capital, more a lack of understanding about the stringent requirements of local mobile networks, according to Jeronimo.

"Nobody really succeeded because they didn't have the relationship with the network operators," he explained. "Operators don't care whether the brand is strong or not, it's whether the company has the money to drive the brand and whether they have the money to support a local operation."

Zimmerman added: "As a vendor, one of their key priorities is to have a good relationship with the carriers. Ninety percent of [Motorola's] sales in the US go by carriers, and it takes a long time to establish those relationships."

With Motorola on board, Lenovo can both continue to expand its operations in China and other developing markets, while also selling handsets in markets where Motorola has pre-existing supply lines and carrier relationships.

This will have smartphone makers in all regions looking over their shoulders as a once-powerful brand – backed up by a global computing superpower – invests some considerable cash into new plans. This is exactly the sort of shake-up the smartphone market needs, as Apple and Samsung's dominance continues almost unabated.

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About [Michael Passingham](#)

Michael Passingham joined V3 as a reporter in June 2013. Prior to working at V3, Michael spent time at computing magazine *PC Pro*. Michael covers IT skills, social media, tech startups and also produces V3's video content.

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