

# Nokia unveils smartphone with 41-megapixel camera

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*Nokia CEO Stephen Elop showed off his company's Nokia Lumia 1020, in New York, Thursday. (Richard Drew/Associated Press)*

Nokia on Thursday introduced a new smartphone, the Lumia 1020, with a powerful 41-megapixel camera in its latest bid to catch up with rivals Samsung Electronics Co Ltd and Apple Inc .

Tech bloggers responded enthusiastically, saying the camera quality was the highest in the market. But analysts questioned whether it was enough to help Nokia, suffering a fall in cash reserves after years of poor sales, survive.

"The hardware's a beauty on this thing," said tech website Engadget after CEO Stephen Elop demonstrated features including "floating lens" technology that adjusts for camera shake and six lenses that help produce sharper images.

The Finnish mobile phone maker is pinning its hopes for a comeback in smartphones on Microsoft Corp's Windows Phone — an operating system that is struggling to compete with Google's popular Android system.

While regular mobile phones still account for the bulk of its shipments, smartphones are viewed as crucial for its long-term survival because of their higher margins and increasing demand for web access from mobile phones.

Jo Harlow, Nokia's executive vice president in charge of smart devices, said the growing popularity of photo and video sharing meant more consumers will want better cameras.

"Taking pictures is in the top three things people do with a smartphone. It's a relevant feature to be focused on," she told Reuters. "To stand out you have to differentiate."

The new Lumia's 41-megapixel count far exceeds those of the iPhone 5 and Samsung Galaxy S4 Zoom, at 8

and 16 megapixels respectively. It is also higher than some compact cameras, although higher megapixels do not necessarily mean better photos as factors such as lens quality also affect the end result.

"The imaging capabilities here are extraordinary," said Current Analysis analyst Avi Greengart.

But he added: "It's still a Windows Phone ... if somebody is looking for applications they're still going to look at iPhone."

## Marketing push

The new Lumia, which use Windows software, will be sold through U.S. carrier AT&T Inc starting July 26 for \$299.99 with a two-year contract, and will be available later in other markets including China, Nokia said.

Telefonica SA, a carrier partner in European and Latin American markets, will get a version of the device, Nokia said without giving any details.

Earlier Lumia models also won positive reviews from critics and technology blogs but have failed to halt a shift to Android phones. Android and Apple's iOS together account for over 90 percent of smartphone sales, according to research firm IDC.

One major handicap has been a lack of apps. Windows Phone has only 160,000 apps, while rivals offer about five times as many because developers prefer to make them for the higher-volume operating systems.

"Despite the quality of the device, I have some serious doubts about whether it will change Nokia's fortunes, and it risks becoming a niche product," said IDC analyst Francisco Jeronimo.

He and other analysts have also said Nokia needs to step up advertising and promotion of its phones. Many have said telecom carrier partners, particularly in the United States, have failed to promote Nokia to their customers.

Elop said Nokia was pooling resources with AT&T and Microsoft to market the Lumia 1020, positive news for investors who have been worried about the company's lack of funds.

Nokia said last week that its net cash position at the end of the second quarter was between 3.7 billion euros and 4.2 billion euros (\$4.7 billion and \$5.4 billion), meaning it burned through as much as 800 million euros in the quarter.

"This is the first real glimmer of hope for Nokia's resurgence and the viability of the Windows ecosystem in smartphones - provided Nokia, Microsoft, and their operator partners can convince consumers that this experience is indeed a leap forward," said Forrester Research analyst Charles Golvin. "That will be the real hard work."

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