

Microsoft Surface tablet: what the analysts say

With Steve Ballmer's company making its first serious assault on the iPad, we look at what the professionals are saying

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Microsoft Surface tablet Photograph: AP

On Monday evening, [Microsoft](#) unveiled its Surface tablet – a own-branded 10.6in device with a keyboard that doubles as a cover, which will come in two forms: one with an ARM chip ("WinRT"), and another with an Intel chip ("x86"). [Software](#) can be written to run on both, but unlike [Windows](#) PCs, it won't be exactly the same software on both.

The price hasn't been announced; nor has a delivery date.

Here's what the analysts say:

Michael Gartenberg, consumer analyst, Gartner

"This was clearly a referendum on Microsoft's partners. Microsoft felt they could not rely on others to deliver on their vision for [Windows 8](#) in mobile [computing](#)."

Francisco Jeronimo, IDC Research

"At the centre of CEO Steve Ballmer's presentation was a single message: the integration between the hardware and the software is key to deliver better experiences to end-users. The hardware designed by Microsoft tries to capture the interest from users for a device that combines a PC-like and a tablet experiences. Therefore, this tablet is clearly targeted to professional users in the first place.

"The physical keyboard, the lack of a camera and the focus on the MS Office environment shows that Microsoft is targeting the business segment, where it can differentiate and take some share from Apple. Microsoft's tablet will probably come with the best MS Office experience, the killer application of the device. The keyboard is also a very important accessory for a professional usage.

"Despite some interesting hardware features, almost nothing was mentioned about the

software, the user interface, the user experience and the ecosystem, Some of these points were previously introduced by Microsoft on previous presentations of Windows 8. Microsoft needs to start bringing together the different pieces of the Windows 8 story.

"What makes the iPad the most successful tablet on the market is the software, the applications and the added value that end-users perceive from that. The reason why Android tablets need to be cheap is because they do not deliver value. Besides Apple, no other manufacturer has captured a relevant market share in this segment. The main focus has been on the hardware and specs only.

"What I was expecting to hear from Microsoft is how the Surface delivers an integrated experience with the PC, what additional services or features are available and how the Microsoft ecosystem is growing to be a real alternative to the iPad or any Android tablet. Hardware-wise, Microsoft did a very good job by launching a device that can really be exciting and different. But it needs to deliver what has been promising with the new Windows 8 strategy.

"Consumers will not buy, and specially not pay a premium price for the Surface until they understand what additional value they can get compared with the iPad and how the device integrates with their PCs, gaming console, Windows Phone, etc. The entire ecosystem is what will make Microsoft proposition attractive, not unlinked pieces of it.

"Microsoft has also showed how serious it is about controlling the hardware. This tablet could had been announced with any of its partners (or several). But by designing and launching its own branded tablet, Microsoft is clearly refocusing its approach to a more closed strategy. And if that is the case the company will need to take a different route and to acquire a manufacturer that knows and controls the entire supply chain."

Carolina Milanesi, tablets analyst at researchers Gartner

"I think Surface serves three main purposes. It allows MS to evangelise on Metro [the Windows 8 interface] in their stores and control their end-to-end message; allows them to bring some sexy back to their brand, and prove that they know what it takes to succeed in the post-PC era; they nudge the [hardware] partners to up their game, either by delivering better specs or lowering their prices.

"I do not believe Microsoft see Surface as a big volume driver device in either version, but they establish the benchmark, sell a few at decent margins, and then let the ODM [original device manufacturer, eg HP or Dell] partners drive prices down. Not having 3G [mobile connectivity] makes things easier from a channel perspective [ie, it doesn't have to be sold with mobile contracts] and considering that the majority of users have been buying Wi-Fi [iPads] it will not be a limiting factor.

"Price will be a factor, but as I mentioned, I think these devices are not intended to be big volume drivers, so i would expect them to be competitive with the high-end iPad. Microsoft needs to deliver on time in time for the [Christmas] holidays, if not for back-to-school [early in September] as that might still leave a little time to the ODMs to fine-tune their designs.

"I am sure partners are not happy about this, but it is not like they have much choice. [Google's] Android has so far not helped them, and they do not know yet what Google will do as far as its own hardware goes. At least with Microsoft they know a lot of money will be spent on developers."

Sarah Rotman, Forrester Research

"This product line marks a crucial pivot in Microsoft's product strategy. It blends the Xbox first-party hardware model with the Windows ecosystem model. It puts the focus on the consumer rather than the enterprise. And it lets Microsoft compete with vertically-integrated Apple on more even ground.

"I am excited about this product, but it felt like Microsoft was pulling punches with this announcement. Hardware is only part of the dynamic. They need to explain how Microsoft manufacturing this device will change people's experience with a tablet. Microsoft will be its own worst enemy in this market. More so than Apple or Google, the worst thing that could happen to Microsoft's Windows RT tablets [with ARM chips] is Windows 8 on [Intel's] x86. Selling x86-based tablets in the same retail channels as Windows RT tablets will confuse consumers and sow discontent if consumers buy x86 and think they're getting something like the iPad.

"Microsoft and its partners need to articulate a compelling strategy for how they will manage consumer expectations in the channel. Consumers aren't used to thinking about chipsets. Choice is a key tenet of Windows, but too much choice is overwhelming for consumers. Apple gets this, and limits iPad options to connectivity, storage, and black... or white."

Rick Sherlund, Nomura Securities

"Microsoft will need to assure other hardware makers that it's a level playing field. I think this sets a high bar for their partners.

"The Windows Surface tablets are both different from iPad in that they have kickstands built in and come with a detachable cover that also serves as a keyboard (albeit probably not ideal). The response to these tablets has been cautiously favourable and the view is that they do a good job of showcasing what Windows 8 has to offer and have the scope to function as both tablets and laptops.

"The question on everyone's lips is: 'Well it looks very nice, but how much is it?' We are estimating that the the WinRT tablets will be around \$400-500, which could see good volumes, as these tablets are highly differentiated from the iPad and offer functionality to compensate the user for not having access to the highly desirable Apple application ecosystem.

"The devices are expected to be made available in the September/October time frame as Windows 8 becomes available on other devices. This is positive for Nvidia [which makes the Tegra chip that powers the ARM-based version] where our best guess is that a pre-build of 4-5m units would drive an incremental \$80-100m [revenue] in the back half of the year. Our estimate of \$550m from [Nvidia's] Tegra does not assume any contribution from Win RT in 2012. [Nomura has a "buy" recommendation on Nvidia.]

"This will raise questions for the PC makers, which are Microsoft's biggest customers and who would now seem to be potential competitors. However, tablets are only a tiny fraction of their revenues, and Computex [the computing trade show in Taiwan] was very disappointing when it came to Windows RT; thus it would seem likely that Microsoft has made these launches to demonstrate what is possible with Windows 8, rather than as a virtualisation move."

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