

# *Samsung joins Symbian mobile phone group*

By Victoria Shannon, International Herald Tribune

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Symbian Ltd., the British phone software consortium led by Nokia Oyj, got a financially small but symbolically important endorsement Monday from Samsung Electronics Co., the aggressive South Korean cell phone maker.

Samsung took ownership of 5 percent of Symbian for £17 million (\$18.35 million), its first minority investment outside of South Korea and a move that some analysts said helps assure the British group's systems will be a major force in the next generation of phones.

Samsung joins the other four top mobile phone makers as a part-owner of Symbian, with a seat on the board. The move intensifies Symbian's rivalry with Microsoft Corp. for control of the software to run cell phones.

The price paid values Symbian at £340 million, up from £285 million a year ago, when Siemens AG of Germany bought 4.8 percent of the company. "Clearly, all the shareholders felt the value had increased," David Levin, chief executive of Symbian, said Monday.

The deal was announced at the 3GSM World Congress in Cannes, a day after Microsoft signed up T-Mobile, which agreed to use the company's operating systems in an advanced data-savvy phone set for the summer.

"For Symbian, it's good because there have always been lingering doubts about it," said Lars Vestergaard, analyst for International Data Corp. "And Samsung is showing it's being bold enough to drive things in the market."

The two moves, by T-Mobile and then Samsung, also demonstrate that the next business model for the cell phone world has not yet emerged. While Microsoft is courting mobile phone operators like Orange SA, Symbian has pursued the hardware makers.

The split is also evidence that customers around the world are divided over whether their loyalty is to the brand name on the phone or to the carrier who provides the service.

"In the next year, there will be a tug-of-war over who owns the customer," said Juha Christensen, corporate vice president for mobility at Microsoft. Company research shows Europeans buy for the handset name, while Japanese and Koreans are wedded to their carriers, such as NTT DoCoMo Inc., he said. Americans, he added, are split.

Both the Microsoft and Symbian factions argue that their approach will bring simplicity and uniformity to the use of cell phones at a time when the phones' functions are ever more complicated and far-flung.

Mobile phones can now send photos, display video and e-mail spreadsheets, for example, and carriers are counting on more such uses over so-called third generation networks to drive revenue in saturated markets.

To be safe, Samsung is covering its bets. It has licensed both Microsoft's software and that of Palm Inc. for different versions of its phones for different buyers. Sang Jin Park, Samsung executive vice president, has said, "For the time being, I believe all three operating systems will coexist in the market because they have weaknesses and strengths."

In an interview last year, Park said : "There are sentiments among carriers that Microsoft is a very greedy company. They saw what happened in the PC industry together with Intel. They took up all the added value. So they don't want to see such a situation repeated in the mobile industry. Yet Nokia's strength and presence in the North American market is limited."

For his part, Christensen of Microsoft said that "what drives demand is operators." He added: "Samsung's strategy is very tough to execute. You need three times as many engineers. It's a very labor-intensive approach. It might work for a little while."

Vestergaard, the analyst, said that with the Samsung deal, "Symbian has proved itself in the short run." But, he noted: "There's still going to be a large focus on Microsoft. They are a big, scary monster to many people, but a lot more people need them than hate them."

Nokia and Motorola each owns 19 percent of Symbian, as does the combination of Ericsson and Sony Ericsson. Other owners, besides Samsung, are Siemens, with its 4.8 percent, and Panasonic, with 7.9 percent. The balance is owned by Psion PLC, which spun off Symbian in 1998.

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