

Microsoft Aims to Dominate With Pocket PC 2002

Ken Dulaney

By adding features attractive to enterprises and new hardware licensees, Microsoft has mounted an assault to take personal digital assistant control from Palm.

NEWS ANALYSIS

Event

On 6 September 2001, Microsoft announced its Merlin release for the Pocket PC, officially named Pocket PC 2002. Simultaneously, Hewlett-Packard (HP) announced its revamped and improved personal digital assistant (PDA) platform, the Jornada 565.

Analysis

Windows CE and Pocket PC had already made inroads against Palm OS when, in the second quarter of 2001, Compaq Computer exceeded Palm PDA revenue. As Palm continues to migrate to the Advanced RISC Machines (ARM) processor and restructure its operating system, which is due in the fourth quarter of 2002, Microsoft, which is already on ARM, is adding the kinds of features that drive enterprise adoption.

Those features include better security, adding Point-to-Point Tunneling Protocol-based virtual private network connectivity, Windows Terminal Server, instant messaging, back-office integration and stronger development tools. On the negative side, the minor increase in usability doesn't reflect well on the year Microsoft spent on the release.

Microsoft has signed about 15 hardware licensees and Gartner expects more than 20 by the end of 2001. Of those, the HP and Compaq products are best suited for enterprise adoption due to their support infrastructure. HP's much-improved Jornada 560 series PDA, which ships 4 October 2001, is a credible alternative to the Compaq iPAQ. The Jornada offers onboard expansion; iPAQ expansion currently requires a jacket, but Gartner expects Compaq to add Secure Digital card expansion by the end of 2001. Compaq has better large peripheral support, but HP should narrow that gap quickly.

Enterprises should not worry about the possible HP/Compaq merger. Current products will likely be supported and new product integration will take 18-20 months, by which time current purchases would be beyond end of life.

Enterprises should support Pocket PC 2002; indeed, they will have little choice as users adopt the platform independent of company policy. Microsoft will likely improve its PDA operating system share significantly over the next year, to as high as 30 percent, mostly at the expense of Palm OS. With wider adoption of the Intel StrongARM by Pocket PC 2002 hardware vendors, a Windows-Intel alliance seems set to rise again with its benefits and downsides. Palm OS aficionados have to hope that version 5 offers breakthrough enterprise features and that Palm does a stellar job in maintaining developer loyalty.

Analytical Source: Ken Dulaney, Mobile Business Strategies

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