

## Target Audience for HP iPAQ 500 Series Smartphone Is Unclear

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HP has entered the highly competitive smartphone market with the iPAQ 500 series Voice Messenger. But it's not clear whether its features will appeal to enterprise users.

### Event

On 12 February 2007, HP introduced the HP iPAQ 500 series Voice Messenger. Measuring 4.2 inches by 1.9 inches by 0.64 inches and weighing 3.6 ounces, this smartphone features Wi-Fi connectivity, quad band Global System for Mobile Communications (GSM) and Enhanced Data Rates for Global Evolution (EDGE), as well as Bluetooth 1.2. The iPAQ 500 series runs on the Windows Mobile 6 operating system. Other features and capabilities include:

- Voice over Internet Protocol (VoIP)
- Windows Mobile Direct Push e-mail
- Voice command software

HP expects the iPAQ 510 to be available in the U.S. in 2Q07. International availability and pricing has not yet been determined. It will be sold as an unlocked model; thus, pricing and service charges will vary by the wireless operator.

### Analysis

HP's iPAQ shipments fell from 2.66 million units in 2004 to 1.72 million units in 2006, despite the fact that the PDA market grew by more than 40% in the same period. Gartner believes HP's first iPAQ smartphone will not meet the expectations of HP's customers and is unlikely to gain much traction in either the consumer or enterprise market.

The iPAQ 500 does include some appealing features.

- HP claims the device offers more than six hours of talk time.
- The iPAQ 500 responds to more than 20 voice commands, enabling hands-free operation. Using what HP terms a "voice reply" feature, which makes use of .wav file conversion, users can reply to e-mail without typing by dictating and sending a voice response. Users can also listen to e-mail and text messages, navigate through phone and calendar tasks and speak to start applications.
- The iPAQ 500 has built-in Wi-Fi, which enables it to be employed as a VoIP phone integrated with office phone systems, potentially eliminating the need for desk phones. This likely is handled through third-party software and may not be as sophisticated as current offerings from Nokia.

But the iPAQ 500 looks like an older design. The layout of the controls and dial pad feel cramped. We are puzzled that HP has not delivered a lightweight, Windows Mobile-based cellular device with a full QWERTY keyboard, which may have improved HP's market position relative to Research in Motion's BlackBerry. Instead, HP might have abdicated its leadership position in the Microsoft camp to Motorola and Samsung — vendors that, unlike HP, lack a large base of enterprise customers looking to deploy such devices across many countries.

Also, based on the iPAQ 500's features, it's unclear whether it is targeted at consumers or business users. The voice command, converting voice to .wav files, will have to be executed at an extremely high level to persuade corporate users to accept such files instead of e-mail text. Extraneous noise can make these systems problematic.

Further, HP's decision to sell the iPAQ 500 in North America "unlocked," without the assistance of a mobile carrier, is unlikely to help this device achieve success. This decision means the iPAQ 500 won't be supported by carrier sales channels, nor will it receive the significant price subsidy that many competing devices obtain from carriers.

## **RECOMMENDATIONS**

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Recognize that the HP iPAQ 500 series Voice Messenger does not appear to be a strong entry in the mobile market. Gartner believes the device will appeal to a niche group of business users looking for HP support and single-product deployment across multiple geographies; other business users should evaluate competitive products.

## **RECOMMENDED READING**

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- "Quarterly Statistics: PDA and Smartphone Shipment Forecast" — The smartphone market will continue to expand, reaching 120 million units in 2007. **By Roberta Cozza**
- "How to Build Mobile Worker Segmentation Profiles: Classify Mobile Profiles and Set Requirements" — Useful mobile profiles can be built more easily when you start with five core work styles. **By William Clark, Leif-Olof Wallin and Ken Dulaney**

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