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3GSM World Congress: Intrinsyc Launches Windows CE Platform for Feature Phones

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Report Date:

February 15, 2006

Module:

**Mobile Devices - U.S.,
Wireless Services
- Europe**

Summary

Event Summary

February 13, 2006 – Intrinsyc launches Soleus, a turnkey development platform for feature phones that leverages the Microsoft Windows CE operating system. Designed for the feature phone market, Soleus offers designers and mobile operators the benefits of a Windows CE environment and the ability to reduce product design cycles and component costs. This will allow ODMs and mobile operators to offer feature-rich mobile devices to a wider proportion of their customer base, thus driving accessibility to advanced features and services.

Current Perspective:

Positive

Vendor Importance:

High

Market Impact:

Moderate

Analytical Summary

- **Current Perspective:** Positive on Intrinsyc's launch of the Soleus platform, because it offers a more cost effective route to market for the development of mid-range feature phones. With mobile operators looking to drive acceptance and usage of mobile services throughout their customer base, then the adoption of feature phones (such as those based on Soleus) by the mass market is key to future growth.
- **Vendor Importance:** High to Intrinsyc, because this launch heralds the commercial availability of its Windows CE-based platform, Soleus. As the mobile device market heats up there is increasing pressure for new designs and increased functionality, but at a lower cost. Intrinsyc is set to tap into this market, with its familiar Microsoft development environment, which will appeal to existing developers and ODMs.
- **Market Impact:** Moderate on the wireless services market, since Soleus is just one of the solutions on offer for the development of feature phones. Whilst operators want to drive greater handset functionality and value-added services to a wider cross section of their customer base, the stakes are high and existing handset vendors and many new entrants are rising to the challenge.

Perspective

Current Perspective: **Positive**

We are taking a positive stance on Intrinsyc's commercial launch of its Soleus feature phone platform, since this offers a tailor-made solution specifically for the feature phone market. With this market representing the largest segment of handset sales in developed markets, the stakes

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are high, and developers, manufacturers and mobile operators are all looking for cost effective solutions to meet the needs of mid- to high-end consumers, and for volume sales to business customers. Whilst smartphones capture the limelight, they only represent a small proportion of overall handset sales and whilst they offer feature rich designs they do not respond well to producing cut-down versions with reduced functionality and hardware requirements for the more cost-conscious volume handset market. With Soleus based on the familiar Windows Mobile development environment, this allows existing developers to adapt to the new platform easily, thus extending their existing investments to focus on a new handset market segment.

Current Perspective:

Positive

However whilst Soleus is focused directly on the feature phone market, the opportunities in this sector are too large for any other market player to ignore. Symbian, primarily designed for the high-end smartphone market, has designs on this space and Nokia with its high market share of mid-range handsets is also active with promoting the openness of its Series 60 platform and its Series 40 designs. Mobile operators are also active in this market and the recent announcement of a partnership between Vodafone and Huawei offers some cause for concern since Vodafone has effectively bypassed any discussion on platforms by directly commissioning a vendor to produce exclusive 3G consumer handsets. This agreement further reinforces the competitiveness of this market sector and ensures that in the medium term customers will be the ultimate beneficiaries from a wide range of low cost, feature rich mobile devices.

Vendor Importance:

High

Market Impact:

Moderate

Positives and Concerns

Competitive Positives

- Intrinsic is launching its Soleus platform to enable the development of cost effective, feature rich mobile handsets for the mid-range feature phone market. This market represents the largest segment of handset sales in developed markets and appeals to medium to high end consumers as well as to volume sales into businesses where the fully featured smartphone devices are too complex or expensive for widespread deployment.
- For mobile operators, Soleus allows them to control the customer experience from mobile handsets and the branding of the device, in terms of the overall software design and common interface to applications. It also allows operators to choose the availability of applications to suit particular market conditions.
- For handset manufacturers, Soleus allows for faster development times, using a familiar Microsoft development environment, hence allowing for quicker response to the requirements of mobile operators. Also Soleus offers lower platform costs from reduced memory and processor requirements.
- Intrinsic is promoting partnerships with independent software vendors to enhance the Soleus platform with additional applications. Software developers can also reuse their investment in Windows Mobile to develop for the Soleus platform.

Competitive Concerns

- The feature phone represents the largest segment of the handset market, so Intrinsic is facing tough competition from both established players and new entrants. With such competition the stakes are high; mobile operators will need to seek the best short-term commercial deals to ensure an adequate supply of new models to their portfolio, thus lowering pricing across the board for

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developers and manufacturers.

- Whilst Soleus is designed for mid-range feature phones, other market players have plans to move smartphone designs into this market. Whilst these still represent higher cost solutions for the top end of the market, greater volumes in the feature phone market will drive costs lower and make their designs more competitive.

Current Perspective:

Positive

- Existing industry players such as Nokia with its Series 60 platform are responding to the feature phone challenge by agreeing to release source code to the global community of open-source software developers. This demonstrates support of mobile open-source software application development and mitigates any concerns over the proprietary Nokia nature of the Series 60 platform.

Vendor Importance:

High

- Mobile operators such as Vodafone are already navigating their own path through the handset maze and have the purchasing muscle to offer their own designs. The recent partnership of Vodafone with Huawei for affordable 3G handsets is a case in point since the company is able to utilise Huawei designs without the need for open operating systems such as Soleus or Symbian.

Market Impact:

Moderate

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