



**Jonny Evans**

*Apple Holic*

August 30, 2011 – 9:46 A.M.

## Opinion: The Apple v. Samsung battle is inevitable

By **Jonny Evans**

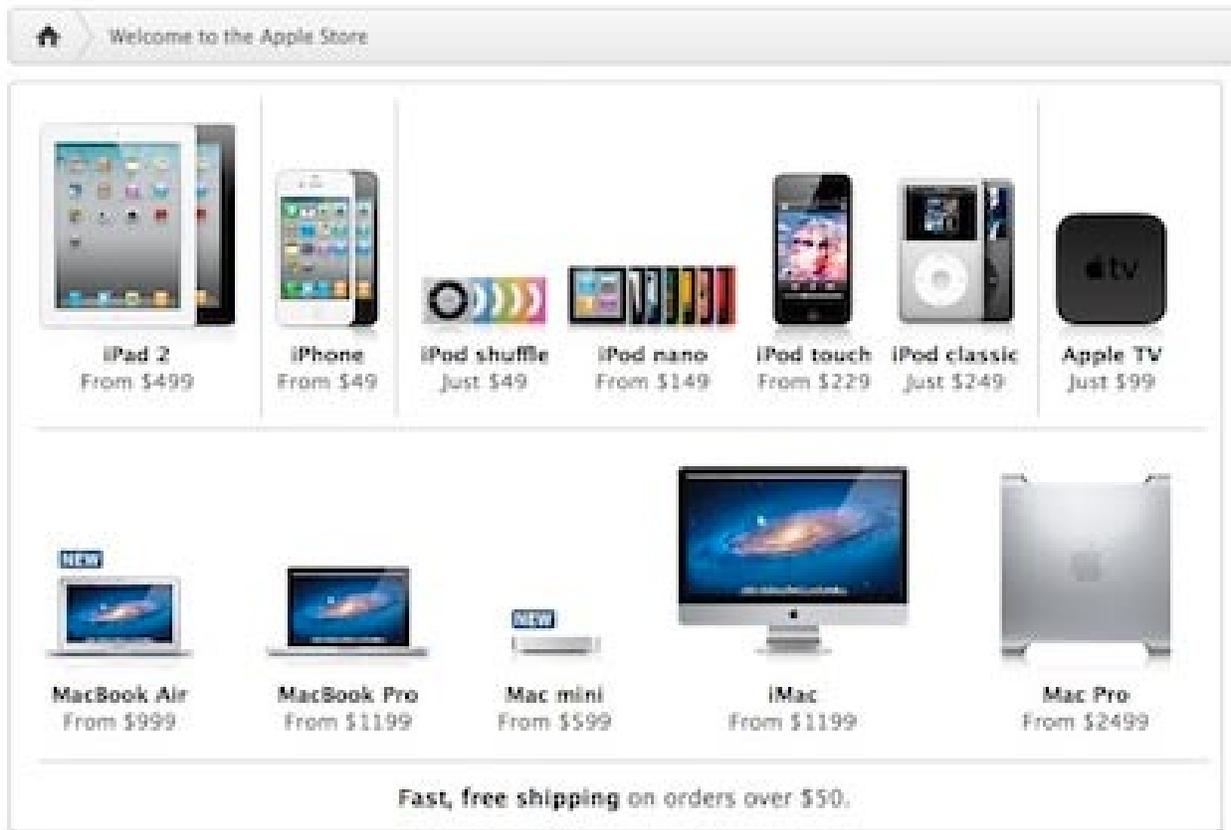
This battle between Apple [AAPL] and Samsung isn't just about smartphones and tablets but concerns the very future of the consumer electronics industry in the post-PC age.

### **Forget everything -- again**

The old barriers between consumer electronics devices, from coffee makers to microwaves to remote-controlled vehicles have been eradicated, flung into the *historical concept incinerator [TM]*. Forget old notions of PCs, smart devices and graphics devices -- all these things have become appliances, as wisely expected and to a large part made happen by the vision of Apple CEO, Steve Jobs.

The cast of characters is both small and large. Will Nintendo produce a games-playing smartphone? Should a digital high street retailer like Amazon seriously be considering selling its own tablet? Should HP really divest itself of PC manufacture in favor of a brave new future as a corporate IT solution provider? Is Microsoft ever going to be interesting again and does it really turn a profit on the Xbox? Is Sony a sleeping giant, an endangered species or just another big cat waiting for its catbirdseed chance? And that's before you include the content providers whose creations largely act as the binding to glue consumers to their shiny devices.

So you see at this point in the evolution of a fully-converged device, content and PC ecosystem, everyone is playing each other, so it was inevitable that Apple would find itself playing against competitors who may only now be waking up to the true face of the converged future. And perhaps are only now waking up to the realisation Apple has been building toward that future since 1999.



[**ABOVE:** *Apple's success is built on just a few products -- will the company slowly diversify?*]

## Everything and nothing

Rest assured, product diversification will be part of this future, and specific technologies such as NFC will be elements that help humankind command their role within this space.

It won't be long until we all expect to be able to check our home systems, refrigerator contents and lighting conditions from our smartphones while away from home. It won't be long until our iPhone will be our wallet, our home automation system, translator and tour guide. So much of this is about the apps, and the huge third party industry prepared to commit to the best selling devices in order to create those apps on which the future of the devices and the manufacturers behind them are equally set.

Samsung sees this and made immediate moves to introduce its Galaxy range, because it knows that with an Apple Television just around the corner and Cupertino's decades of advanced software development experience the Korean firm had absolutely no choice but to step up to the plate or it will see the value of its own self reduced to that of any other contract manufacturer.

Apple knows it must continue to ride the emerging wave of this tech evolution, it set the waves in motion and now has to hang onto the crest as competitors begin to climb aboard their own boards. Though Apple has the clear advantage.



### **Litigation or emulation?**

The litigation between Apple and Samsung was and is inevitable. Samsung's failure to adequately prevail so far should fill that firm with shame -- should it really have attempted to emulate Apple's look and feel, or could it have developed its own? Of course, in truth the latter isn't an option, because Apple's focus on simplicity means it has perfected a simple-seeming software overlay for products of great complexity. However, Samsung has failed to adequately differentiate its products from those of the market leader.

There's talk Samsung is pondering the purchase of HP, or at the least HP's recently-acquired webOS software. Would this make sense? To an extent it would: Samsung needs to invest heavily in software expertise if it wants to out-Apple Apple. It will be interesting to see if such a deal might also see the return of a certain one-time Palm-leading ex-Apple exec to the limelight, perhaps in some position to run Samsung's mobile strategy.

That's not necessarily such a great idea, based on Palm's recent fortunes. Also, the continued Apple/Samsung litigation poses the very real threat that Samsung may be forced to remove its devices from sale in certain key markets. It is also worth noting that for the most part competing smartphone manufacturers are fighting each other in a race to the bottom; and given the still not fully understood impact of this wave of disruptive change on the consumer electronics/technology sector, Apple's competitors are all fighting Cupertino and each other for their very lives.

## No easy path

Many competitors are looking at the departure of Steve Jobs as Apple CEO as a really big win in their fight.

They are deluding themselves.

Not only has Jobs clearly spent the last few months focusing the company executives on profitable survival of just that event, but he has also been quietly lining up the r&d teams onto the next few waves of iDevice innovation.

New CEO Tim Cook has already proved himself a diligent and highly protective leader who is quite willing to get into a fight with the enemy. With continued innovation under Cooks' switched-on management, Apple's competitors should be looking -- immediately -- to *divest themselves of all non-profitable operations in order to focus all their resources on developing and extending their successful markets, while also pouring energy into staking a claim in the future converged consumer electronics industry*, which will look nothing like the business we exist within today.

Samsung versus Apple is a microcosm of a larger event: the consumer electronics industry is fighting for its life, and at present, Apple is winning.