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INTERNET

Google hopes to conquer the wireless world

The company announces an alliance with major phone carriers and handset makers to turn cellphones into more powerful devices.
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SAN FRANCISCO — Google Inc. rules your computer. Now it wants to rule your mobile phone.

After months of speculation, Google on Monday unveiled its vision to transform the wireless industry by making mobile phones as good for Web surfing as personal computers.

Google and a consortium of 33 companies, including mobile- handset makers, phone carriers and other technology leaders, plan to offer free software to power mobile phones that will hit the market in the next six to 12 months. Through the Open Handset Alliance, Google wants to force the industry to give phone users better Web access.

Now everyone wants to know: Can the Internet giant succeed?

Google's interest is twofold: It wants to broaden Internet usage, and it wants to tap into mobile advertising revenue, which is expected to surge in coming years. To do both, Google is aiming to make its services, such as search, e-mail and maps, available to anyone anywhere -- something it has had trouble doing through partnerships with cellphone carriers, which typically restrict what customers can do with their phones.

Mountain View, Calif.-based Google is banking that consumers want free phone software that lets them get driving directions, watch videos and perform other tasks on the go.

Since Apple Inc. whetted the appetite for an Internet-friendly phone with its iPhone this summer, frustration has grown with slow and cumbersome Web browsing. And speculation about a Google phone -- dubbed the GPhone by the blogosphere -- has soared.

Google would not say whether it plans at some point to build its own branded phone. Instead Google Chief Executive Eric Schmidt said he wanted thousands of different phones to use the free software.

"We want to create a whole new mobile experience for users," Schmidt said. "Mobile users want the same applications on the phone as they use on the Internet."

Despite its influence as the world's fifth most valuable company, Google faces serious challenges in shaking up the wireless industry. Mobile providers have a long-standing hold on what customers can do with their cellphones, dictating which handsets work on their networks and which programs can be run on them.

In recruiting powerful partners such as Motorola Inc., Samsung, Sprint Nextel Corp. and T-Mobile USA, Google has made inroads in its quest to get the industry to open up. But no one can know the effect until the handsets appear on the market.

The two largest wireless carriers in the United States -- AT&T Corp. and Verizon Wireless -- have not yet signed on. One complication is Google's interest in bidding for wireless spectrum, which could make Google a direct competitor. Other concerns relate to potential security risks such as viruses and spam, analysts said.

Even carriers that have signed on may move slowly to see whether the initiative drives customers and revenue.

The marketplace already is crowded with mobile software platforms from companies that have been working with independent developers for years.

"This is not revolutionary," said Scott Rockfeld, group product manager in mobile communications for Microsoft Corp., which is a major force in the so-called smart-phone market.

Mobile has become Google's most important strategic initiative. The company made 99% of its $10.6 billion in revenue last year from Internet advertising, so to satisfy investors with continued growth it's vying for a piece of the burgeoning mobile advertising market.

Research firm EMarketer Inc. predicts that worldwide revenue from ads on mobile phones will grow to nearly $14 billion in 2011, from $1.5 billion last year.

Google also wants to extend its global reach, especially in developing markets where most people access the Internet only from mobile phones. Piper Jaffray analyst Gene Munster estimates that in 2007, more than 1 billion mobile phones will be sold, compared with 250 million PCs.

Even so, it could be years before the industry embraces Google's wireless push and consumers reap any substantial benefits, Forrester Research analyst Charles Golvin said.

Google is banking that its free "open source" development kit will set off a wave of innovation, inspiring software developers that have been discouraged by the difficulty of building software for mobile phones on so many different platforms. Google plans to make the Android development kit, named after a mobile software company it acquired in 2005, available to third-party developers Monday.

Alliance members said they were excited by the prospect of breakthrough features and lower-cost phones.

Making it easier and cheaper to create software will improve the Internet experience for mobile phone users, said Joe Sims, vice president and general manager of new business at T-Mobile. Those improvements will expand revenue for every company in the mobile market, said Paul Jacobs, CEO of San Diego-based mobile chip maker Qualcomm Inc.

If that happened, Android would experience a "snowball effect," Golvin said.

Google doesn't expect to make money directly from Android, but believes the initiative will hand it the lead in selling ads on mobile phones. The targeted text-based ads will appear on the phones as they do on Web pages, said Andy Rubin, Google's director of mobile platforms.

Schmidt said Google would share revenue from ads with wireless carriers. In the past, Google has expressed interest in a phone service with no monthly charges that is supported entirely by advertising revenue.

"Their core business proposition is organizing the universe's information and then monetizing it with advertising revenue," Yankee Group analyst John Jackson said.

"They are putting the pieces in place to enable that on the mobile phone."

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