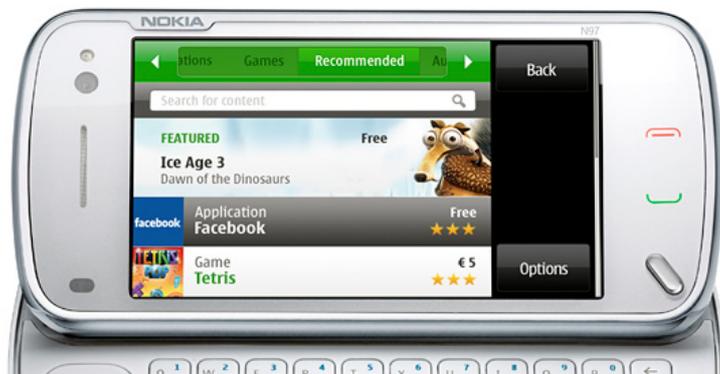


Nokia takes aim at Apple's app store

Jack Ewing

Eyeing Apple's success at offering online iPhone software, Nokia will court outside developers and beef up its mobile service offerings.



Nokia (NOK) took another step Apr. 28 to turn its dominance of handsets into a bigger stake in the fast-growing world of mobile online services. The Finnish company announced it is further opening its technology to make it easier for software developers and online entrepreneurs to use Nokia handsets as a platform for mobile commerce.

The mobile-phone giant also said it will better link its service offerings to make them easier for customers to use. For example, customers who want to buy a track from Nokia's music service won't need to log in a second time to then buy a Nokia game, and they'll be billed via the same account.

The bad news is that about 450 Nokia workers will lose their jobs as the company eliminates some duplication that resulted from acquisitions in businesses such as mobile maps, security, and advertising. The cuts will be spread across numerous locations.

Nokia's actions come as the company tries to inspire the flood of creativity among software developers that Apple (AAPL) has stirred with the iPhone and App Store. At a company-sponsored event for developers in Monaco, Nokia released technical information for its new top-of-the-line, touchscreen-equipped N97. Software authors can use the specs to write applications that will appear on the device's home screen, an indication that Nokia is becoming more willing to share that precious real estate with mobile operators and independent software makers. Nokia also said it will cooperate more closely with social networking sites, photo-sharing sites, and other outside parties.

Nokia: big goals, deep pockets

"The world is a mash-up," Niklas Savander, Nokia executive vice-president for services, told BusinessWeek. "The consumer at the end is the one who chooses what he or she wants to do."

Nokia needs plenty of help to meet its goal of turning services into a major source of revenue. The company aims to boost sales from maps, music, games, and other services to \$2.3 billion by 2011. That compares with \$194 million in the first quarter of 2009. Nokia also aims to have 300 million active service customers by 2012. The company has to convince partners that it's in their interest to invent cool things to do with Nokia handsets. "We are providing a foundation for others to build a business," Savander says.

As one incentive, Nokia will dole out cash to encourage new applications for its devices. Along with Adobe (ADBE), maker of the Flash software used to run many online applications, Nokia has set up a \$10 million fund to support companies such as Denmark's Little Big Ideas, which makes an application that golfers can use to manage their hobby. Another recipient is Better Day Wireless, a small U.S. company that makes a virtual piano player for touchscreen handsets.

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