

Why hardware is the new software

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Consumer electronics makers are cranking out new devices at an increasingly rapid clip, leading to software-like product lifecycles. That may end up hurting them in the long run.



FORTUNE - Hardware just isn't what it used to be.

Recently, Underwriters Laboratories, a product testing and certification company, issued a study that found that 48% of consumers think tech manufacturers are shipping new products faster than they need them, the end result being a sort of "global gadget fatigue." Either consumers in general just can't keep up with the rate of innovation, or manufacturers are releasing upgrades too frequently with not enough new features to justify the change.

I think it's both. Being a gadget hound and early adopter, the chase used to be thrilling. Finding cause to buy a new laptop was easy. You could point out the differences because the gap between one product generation and the next were huge. You could easily hang your jones to upgrade, for example, on the increased productivity you were sure to see.

But hardware has since crossed a threshold where you don't need the newest thing to have *good* performance. Owning a Packard Bell computer in the 1990s with a 120 MHz processor guaranteed it a trip to the junk bin a few years after purchase. Now, we live in an age where many computing devices are "good enough." (Ex-TechCrunch columnist MG Siegler recently pointed this out nicely.)

Say what you like about its looks, but even that \$550 Toshiba (TOSBF) laptop from Best Buy (BBY) should have enough muscle to run 99% of everyday software, save graphics-heavy games or video editing apps. And if sales are any indication, a \$499 tablet like the Apple (AAPL) iPad also fills many people's basic computing needs too.

On the higher end, we're seeing this attitude permeate some devices like the newest MacBook Airs and PC ultrabooks, which marry "good enough" performance, design, and portability. Instead of what the side of the box reads, it's more about the "experience." Does it *feel* fast? Is it easy to use? Is it reliable? If a computer or smartphone meets that criteria, most of us may comfortably amble about for years without wanting to upgrade.

And yet, we're still seeing updated devices hit shelves at a ridiculous rate, sometimes with imperceptible differences. Hardware has generally gotten so iterative that it approaches software -- especially web-based software -- that updates in small increments so frequently, you can barely tell the difference from one update to the next.

Take Google (GOOG) Android devices. The operating system itself is solid, versatile and widely available. But I'd argue the rate of Android devices hitting the market is just too frequent. Over the last two years alone, how many reviews have we seen end with decrees like, "It's the best Android phone you can buy" or "the best Android phone ever made." Hearing that one Android phone is "the best" one month and that another's "the best" the next, it's no wonder if consumers have gadget fatigue. Because at this point, if it's fast enough, easy enough to use, runs a ubiquitous, upgradable operating system with a healthy ecosystem of apps -- not to mention carries a decent battery charge -- who needs something like the quad-core HTC Edge? Another reason hardware may not have quite the same luster it has in years past is the convergence of data. More and more of it is being stored in the cloud. And consumers are becoming more reliant on content streamed remotely from services like Netflix (NFLX) and Spotify. On the one hand, what's really great about that is that much of our content is accessible across a slew of devices. Buy an Kindle e-book, for instance, and you can read it

on your dedicated Kindle e-reader, smartphone, tablet or any computer you can access Amazon's (AMZN) reading app. That also applies to data stored via Dropbox, Box.net and Evernote.

My fear is that could eventually spell bad news for manufacturers who keep foisting iterative products upon an increasingly "fatigued," less receptive audience. If our devices merely become portals, rather than objects with intrinsic value, their importance could be further diluted.

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