

Google and Samsung: the honeymoon is over for tech's odd couple

Eamonn Fingleton



Google Nexus S - Samsung Android Phone (Photo credit: Wikipedia)

For my money the Wall Street Journal's report today on tensions in the Google-Samsung relationship will probably rank as the high-tech news of the month – if not the year. According to reporter Amir Efrati, Google executives are becoming increasingly concerned about Samsung's dominance in Android devices. Apparently as many as 40 percent of all gadgets running Google's Android operating system are made by Samsung. As Efrati points out, this gives Samsung considerable leverage in talking back to Google.

Google's fears are not calmed by the cavalier way Samsung has treated Apple. First Samsung supplied humble me-too components. Quite soon it was making entire Apple-brand devices. The next logical step was to cut Apple out of the loop. And so the Galaxy was born.

Google evidently aspires to avoid a similar fate. But it is a delicate balancing act. If Google talks too tough, Samsung might be spurred to go it alone sooner rather than later. On the other hand if Google is too soft, it would merely be feeding the Korean cuckoo in its nest.

All this brings out a point often overlooked: in the ultimate, hardware trumps software. There are exceptions and, as Microsoft's early relationship with IBM made clear, a well led software company can run rings around a badly led hardware company. But generally dominance in hardware is what counts in the very long run. Don't believe me? Think of it this way: any intelligent teenage nerd can make an Apple or Android app. But how many teenage nerds can make, for instance, semiconductor-grade silicon? Or ceramic capacitors? Or LCD steppers? Such manufacturing is protected by wide moats – actually some of the widest moats in the history of technology.

Of course Samsung cannot make all those things itself. Actually it can't make any of them. It sources them from Japan. But it is clear that it enjoys exceptionally good relations with key Japanese suppliers that have been driving the miniaturization boom in technology for donkey's

years. These companies have names like ShinEtsu, Murata, and Kyocera. Not famous brands, of course, but without them — and dozens of equally advanced if obscure Japan-based producers' goods companies — the information technology revolution of the last two decades would not have been possible. Although they rarely make headlines, their leadership is abundantly apparent in international trade figures, not least in bilateral Japan-Korea trade. As the Korea page of the CIA Factbook testifies, Korea imports more than 70 percent more from Japan than Japan imports from Korea. In trading with Japan, the Koreans generally import only what they cannot make for themselves and that principally means producers' goods for Korean technology companies.

It is a two-way street. Just as Samsung needs the Japanese, the Japanese need Samsung. In fact Samsung is a de facto member of the Japanese electronic establishment and the evidence is there for all to see in the Roppongi district of Tokyo. I refer to the magnificent T-Cube building, where Samsung's Tokyo executives hang their hats. High above the Samsung logo is proudly dominant. This sort of presence in a place like Japan symbolizes a specially close business relationship. Among other things it means that Samsung has privileged access to the latest, most precise machines, purest materials, and fastest components. Samsung is a dangerous rival — and Google is right to watch its wallet.

Fonte: Forbes, New York. Disponível em:

<<http://www.forbes.com/sites/eamonnfingleton/2013/02/26/google-and-samsung-the-honeymoon-is-over-for-techs-odd-couple/>>. Acesso em: 26 Feb. 2013.

A utilização deste artigo é exclusiva para fins educacionais.