Google Buys Motorola Mobility - Is this the Gee-Phone deal?

Eric Broockman, Alereon (www.alereon.com)

There is a lot of speculation in the industry as to what is behind the Google purchase of Motorola Mobility and likewise a plethora of speculation on the future of Motorola Mobility now that they are part of Google. Though speculation about Google wanting to take on Apple's iPhone is rampant this deal is clearly about patents and defending Android and not about Google's new CEO wanting to jump into the hardware game with Apple. Recently Google missed out on the purchase of Nortel patents with the highest bidder being a consortium which spent $4.5B for Nortel's patents. For Google the purchase of Motorola Mobility was simple math – for $12B they could have the undisputed premiere mobile patent portfolio AND buy a cell phone business and its revenue to boot. Pretty gutsy move.

To me, when it comes to a future of Life without Wires™, what is most interesting to ponder is the future of Motorola Mobility. For Dr. Sanjay Jah, Motorola's CEO this acquisition may be like a kid being locked in the candy store. Sanjay is the "Steve Jobs" of Motorola Mobility and is Motorola's visionary. With the acquisition he doesn't have to worry about quarterly earnings prep, etc the same way as the CEO of a public company. Sanjay will have more time to focus on his business and is likely to have more cash to spend on software oriented R&D for his products. He will be able to further simplify the lineup of Motorola phones and will also naturally be pushed to take Android to new heights. Sanjay is just the guy to do it. I also anticipate he will direct further innovation with the unique Atrix cell phone and align it more with Chrome books going forward.

For Google, it is not in their best economic interest to become the gee-wiz-phonemaker compared to Apple by betting singly on Motorola and pushing aside the likes of HTC, Samsung, LG and others. Google does best when 100s of millions of cell phone users have Google Android in the palm of their hand and use Google Mail, Voice, Search, Plus and future services. They also do best when the various handset makers compete to best the iPhone. The Android ecosystem diversity is what helps Google win and driven Android to 50% market share in the smartphone market as of last quarter. In summary, expect Google to let Sanjay steer the Motorola smartphone division to be a leading edge Android provider, much as they are today, but to benefit from Google's software and cash. Don't expect Google to do anything to harm their relationship with Samsung, LG, HTC and the like. What you can certainly expect is Google to bring out the Motorola cellular patent portfolio blunderbuss and point it at anyone who wants to harm Google's Android momentum.