



Stanford eCorner

Growth Prospects for PDAs and for PalmOne

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Though recent market research suggests that the PDA industry may be finished growing, Wirt questions this conclusion. He points out that conventional wisdom is often wrong. It is not the market researchers that create the future, but the entrepreneurs.



Transcript

What's interesting, you know, the conventional wisdom is frequently wrong but if you look historically and you look at the PC business, I mean I can't tell you how many times when I was working at a tower in a computer division, I remember when IBM introduced the PCs so I've been in it for like however long it's been, you know, 20 something years now and there had been numerous times when there was a lot of like increase in the PC business and the PC business never really went down but it definitely flattened out. You know, originally PCs had spreadsheets that serve people in accounting, I mean that's what it did and when they said, "Oh, PC market saturated everybody in accounting. We needed the spreadsheet. It has one." Like that's it. We're not going to have any more growth and then all of a sudden along comes Office Suites and laser printers. And they just say, "Okay it's not just for accounting people. It's for people in graphic arts that need to do newsletters and serve people that used to use typewriters." They went back up again. So there has been a lot of these kind of growth level off recovery cycles driven by applications not typically hardware features. The PDA market's actually done the same thing. People back to the sharp wizard, which was in that early well kind of the mid 80s.

There's a huge boom in sales, you know, like Sharp sold tens of millions of Sharp wizards and then the sales went down, along came pen computing then there was Apple and Apple Newton and the AT&TEO and Microsoft had pen windows and Motorola Android and the Sony Magic Cap. I mean the companies, you know really big companies had all said this was the next big thing and sure enough they had sold for like two years and then it went down again. And along came Palm and you know back up. So I think just because, you know, market research companies tend to look in the rear view mirror and it is true that the PDA market has leveled about right now and, you know what's required to get the PDA part of the market, this part of the market going again will be some new applications. And we'll certainly work on some of those at palmOne and I'm not at the liberty to discuss exactly what these are but I think there was some indications there in some of the things I talked about. But we think there are some opportunities to get that growing again. The smart phone segment is clearly a new segment and it's clearly experiencing really rapid growth, you know, the current growth rates forecast that 70% a year compound annual growth over the next 5 years and you're seeing a lot of companies pour resources into it. So it is growing and it's growing at a rapid rate. It's you know, so far it's like smaller than the PDA business has been but if the forecasts are right it keeps growing at this rate then it'll be bigger, then the PDA business unless we get the PDA business growing again. Nobody has a crystal ball and, you know, in a large part I think it's up to people in the industry to make the future happen.

I mean the market researchers don't make the future happen. If we want us the leader in the PDA business, if we want PDAs to grow, then it's up to us to come up with the application that's going to get people excited about what they can do with

the PDA again, more people excited and get to grow. So we're clearly working on that.