

## Microsoft CEO takes CES stage amid tablet crush

Written by Administrator  
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One year ago, Microsoft Corp. CEO Steve Ballmer took the stage at the tech industry's premier gadget show to showcase a Windows tablet computer to an audience that had yet to meet the iPad. This year, with tablets marking the hottest items at the show and Windows lagging far behind Apple Inc.'s popular iPad, the stakes were higher. Microsoft's status as a technology oracle, which guaranteed its spot delivering the trade show's night-before keynote each year, is slipping. On Wednesday evening, Ballmer spent more time talking about such existing products the Xbox video game system and Windows Phone 7 smart phone software than he did tablets.

Even Surface, Microsoft's giant coffee-table-sized touch-screen computing system, got more attention. Beyond tablets, there are other major themes emerging at this year's International Consumer Electronics Show in Las Vegas - areas where Microsoft has also failed to take the lead despite spending years developing products. Among them: smart phones and Internet television, two areas where Google Inc. and Apple, which aren't even attending the trade show, are getting most of the buzz.

Gadget makers including AsusTek Computer Inc. and Vizio Inc., the TV company, have already unveiled new tablet computers this week, and more were expected from the likes of Motorola Inc., Dell Inc. and Toshiba Corp. Many of the new tablets will use Android, Google Inc.'s operating software that was initially designed for smart phones.

So far, none of the tablets running Microsoft's Windows 7 have made waves with mainstream consumers. That may be true for a while longer - tablets seemed to be almost an afterthought for Ballmer on Wednesday. The CEO left it to an employee to demonstrate a Windows 7 tablet from Taiwan's Asus that responds to touch and a special pen, and that comes with a wireless keyboard.

While Windows 7 remains a question mark for its prospects as a tablet system, Microsoft began talking Wednesday about the next version, which is expected to be called Windows 8 and to launch in 2012.

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Microsoft showed a very early build of the next Windows, including a version that runs on cell phone chips, providing an alternative for the first time in many years to the chips based on Intel Corp. technology. At the moment, most tablet computers including the iPad use that type of chip, which consumes less energy and allows for longer battery life.

"Whatever device you use, now or in the future, Windows will be there," Ballmer said.

This year's trade show, which runs Thursday to Sunday, will also see TV makers adjusting strategies for selling 3-D televisions after a year of tepid sales. LG Electronics Inc. said Wednesday it will be among the TV makers switching from sets that require expensive battery-powered glasses to ones that work with cheaper glasses like those used in movie theaters.

For Microsoft, a software maker, Internet-connected televisions or set-top boxes from competitors such as Google and Apple are more of a concern. Microsoft has had an Internet TV system for many years, but its customers have been telecommunications companies that repackaged the service to their own subscribers - not consumers directly. Google and Apple, however, have gone straight to consumers with Internet TV offerings under their own brands, while Microsoft has stuck with the Xbox as its main entertainment play.

Ballmer said Microsoft sold 8 million of its new Kinect sensor, an add-on for Xbox 360 that lets people control games and other features by moving around and speaking. That's 3 million more than expected in Kinect's first two months on the market.

The CEO himself demonstrated new Kinect avatar software that will more closely mimic game players' behaviors and facial expressions after an update this spring.

Microsoft also said that this spring, people who have Xbox and Kinect will be able to wave their hands or speak aloud to browse and play video from NetFlix and Hulu.

This was Ballmer's third year leading the gadget show address. He took the mantle from Microsoft co-founder and chairman, Bill Gates, who had used the stage for the preceding 10

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years to talk about his vision for the future of technology.

Gates used the opportunity to predict the rise of PCs in U.S. homes, the arrival of portable touch screens that would display Internet content and music streamed from a home PC and the advent of even simple gadgets such as pens that can connect to the Internet.

He was not always right about the timing, or the specific device or software that would bring about the revolution.

A most memorable case in point: the tablet computer. Gates talked about it a decade ago, but it is only in the last year that the tablet - a slim touch-screen computer with no keyboard - has caught consumers' imaginations in a big way.

Ballmer took over Gates' role as CEO but not as company visionary; as such, his pronouncements have not seemed as grand or oracle-like. But people will be paying particularly close attention this year, seeking signs that Microsoft has made progress since Ballmer took the stage one year ago.

During the keynote, a Microsoft employee walked the audience through the features in Windows Phone 7, the company's answer to the iPhone and Android that launched toward the end of 2010. Microsoft said it will update the phone software in the next few months to make it faster and to support copying and pasting. Windows Phone 7 devices will also become available for Verizon Wireless and AT&T Inc. networks.

Windows Phone 7 has a lot of catching up to do in terms of both the number of users and the number of "apps" available for the phones. On Wednesday, handset makers Motorola Mobility Inc., HTC Corp. and Samsung Electronics Co. showed off several upcoming smart phones that will run on AT&T Inc.'s higher-speed "HSPA+" network. All the phones will run a version of Android, not Windows.

Microsoft also showed an updated version of Surface, with new technology that lets thin LCD screens recognize objects placed on top without the use of cameras.

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