

Microsoft changes tune with Zune

Microsoft's Zune portable music player will let people share and sample tracks via wi-fi, reports suggest.

Although details of the gadgets are sketchy, Microsoft said it will use a hard drive, wi-fi and owners will be able to buy tracks that are downloaded direct to the device.

The first Zune player will appear in late 2006 with more to follow in 2007.

Industry experts were split on whether Zune can topple Apple from its top spot in the music download market.

Music match

Zune is the umbrella term for the hardware player, the software on it and the download service it will be tied into. Music tracks, movies and other content will be available via this service.

Microsoft said that, at first, only music will be available via Zune with other content to follow later.

Incompatible copy protection systems will make it unlikely that music can be moved seamlessly from iTunes - used predominately by iPod owners - to Zune or vice versa.

The Zune project is aimed at toppling Apple which has a 50% share of the global portable music player market with its iPod and a 70% share of the music download market via iTunes.

Hi-tech industry watchers such as US blogger Om Malik suggested that, in the first instance, it would not be Apple that felt the effects of Zune but Microsoft's partners who produce music players of their own.

"They certainly can't be enjoying the news," said Nate Elliott, digital home analyst at Jupiter Research. "The irony is that Microsoft's partners are starting to do some good work right now."

Mr Elliott said it was hard to predict what effect Zune would have because Microsoft has released few details about how the whole system will work.

For instance, it is not clear whether Zune will be a closed system or if it will work with the other music, media and movie systems Microsoft is a partner in.

Microsoft has yet to say how, or if, Zune will work with its existing MSN Music service or how it will affect its alliance with MTV on a download service. There is also no word on whether Zune will impact the Plays For Sure initiative which helps people work out what gadgets will play their music collection.

Mr Elliott said before now Microsoft had pursued a relatively open strategy via Plays For Sure and its promotion of its WMA audio format.

"It'll be interesting to see if that openness goes away with the Zune initiative," he said.

Mr Elliott said 2006 was important for the music download market because during the year portable players were predicted to break 20% penetration - widely seen as a mark of a gadget reaching the mainstream.

Risky business

Others saw both risks and rewards in Microsoft's strategy. Respected analyst Rob Enderle from the Enderle Group said the Zune project was less about Microsoft making its own

iPod and more about changing the entire music download market.

"It is a flanking move," Mr Enderle said. "Microsoft is trying to encompass Apple and turn them into a bit player."

He added: "The strategy is brilliant, but the question is can they execute?"

Mr Enderle said Zune was likely to be pitched at those creating music, movies and other content. The service would also use download statistics to generate lists of the most popular tracks and compile recommendations of artists that others might like.

By contrast, said Mr Enderle, Apple was aimed more squarely at consumers.

By courting artists and recording studios Microsoft could end up with a very large portfolio of fresh content on Zune, said Mr Enderle.

"If you get the artists excited collectively, they will be more powerful than a Steve Jobs can be," he said.

Details of the Zune project and the broad outlines of Microsoft's plans were unveiled in an interview published in Billboard magazine.

Some of the Microsoft team behind the Xbox game console are reportedly working on Zune.

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