

Linux Netbooks now almost as cheap as cell phones

Written by Christian Einfeldt
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Computer manufacturer Acer is now offering the Acer Aspire One A150-Aw in the UK [for just £149.99](#)

, which is not much more than the cost of advanced smart phones such as the iPhone. In fact, Acer promotes the Aspire One A150-Aw as a communication device, more so than a general purpose computer, as shown below. Linux netbooks are changing the rules of the game in the PC market. Consumers are learning that they can get decent basic computing services inexpensively and they don't need Microsoft Windows or Microsoft Office for their most basic computing needs. Click the

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button below to get the rest of this story. Acer is smart in the way that they are changing the expectation of the consumer. Acer is not trying to place its Aspire One A150-Aw against a general purpose computer such as a Microsoft Windows Vista machine or an Apple Macbook. Instead, they are promoting the computer as a "

[communications device](#)

":

The Aspire one is more than just another ultra-mobile notebook: its an all-new communication device designed to deliver continuous access to the internet and a simplified wireless experience no matter where you are. The Aspire one was designed to get you online in no time at all and thanks to the Linpus Linux Lite operating system, start up and shut down times are reduced to the minimum. With the Aspire one running on Linux environment, the simplicity continues with the intuitive and specifically optimized software interface.

By changing the consumer's expectations, Acer is avoiding consumer rejection of the Aspire One 150-Aw as being underpowered. Acer doesn't want the consumer to expect to use the Aspire One 150-Aw as a substitute for a desktop computer or a more powerful notebook, because the consumer would always be unhappy with that comparison.

Instead, Acer is signaling to the consumer to acquire a specialized netbook dedicated to just getting on-line and doing simple email, web-browsing, word-processing and spreadsheet functions with a much lighter, much cheaper netbook that is is meant to supplement the more powerful machines already available to the consumer.

This is a brilliant move, because Harvard Business School professor Clayton Christensen has shown that new disruptive technologies like Linux often get their start by changing consumer expectations and opening up new markets below the market leader's target market. Acer is saying, "We know that Microsoft and Apple can make more powerful, snazzy general purpose computers. We're not competing in that market. We're offering a less expensive netbook for use on the go."

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There has been a flurry of activity lately in Linux on netbooks. Netbooks are proving to be a big growth area for GNU-Linux and thus a major threat to Microsoft's revenue base. Many more companies are offering small, inexpensive notebooks, called netbooks, with GNU-Linux pre-installed, and Microsoft has responded by extending the life of Microsoft Windows XP far beyond their original plans. All of this is good for consumers, because it gives them more choice at lower price points.

Netbook maker Acer also [plans to manufacture Google Android Linux netbooks](#) in 2009 (this year). That is huge, because Google is a product name that people know and trust. These netbooks will be cheaper & faster than the comparable Microsoft Windows netbooks.

Netbooks are already selling with GNU-Linux pre-installed. GNU-Linux installs amount to of Dell Inspiron Mini 9s netbooks. Even Microsoft Windows XP netbooks [come with Free Open Source Software pre-installed](#). And number one world-wide computer maker HP is [planning to offer Linux netbooks](#) at \$50.00 below the XP netbooks.

Intel makes the Atom processors that are so prevalent on netbooks, and OSstatic reported before on the fact that Microsoft has attributed some of its recent revenue shortfalls to the success of netbooks. In a recent 10-Q filing that came just before the Microsoft laid off 5,000 employees, [there was this quote](#) :

"The decline in OEM revenue reflects an 11 percentage point decrease in the OEM premium mix to 64%, primarily driven by growth of licenses related to sales of netbook PCs, as well as changes in the geographic and product mixes." There is still a huge, long competition before GNU-Linux reaches 50% install base, but Microsoft has some huge challenges in front of it, as is shown from the above-referenced mandatory investor disclosure in its recent US SEC annual 10K filing. If you want to know what worries a US corporation, look at its SEC 10k filing. Microsoft has been talking about Linux, Free Open Source Software and OpenOffice.org in its 10k annual filing for years.

Oh, and by the way, Microsoft's stock has been flat since 2002.