

Technology Rumor of the Day: Ericsson

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By Scott Moritz

Ericsson, the Swedish telecom equipment maker, is exploring an exit from its Japan-based mobile phone manufacturing joint venture with **Sony**, according to a [report](#) Wednesday in Germany's *Manager Magazine*.

The report would support speculation that Ericsson has not been happy with the way the losses from the flailing phone partnership have been undercutting the company's [financial](#) performance.

Sony Ericsson saw a 23% decline in phone sales from year-ago levels, as overall demand fell and its phones failed to catch on. Rivals like **Samsung**, **Apple** (and **Research In Motion**) have been rising in the phone standings at the expense of **Nokia** and Sony Ericsson.

"It doesn't sound like a final decision has been cast, but it seems clear something is going to happen," says Charter Equity Research analyst Ed Snyder. This is "not surprising given the chatter of friction between Ericsson and Sony since the business has been in a slide," he said.

On a [conference call](#) with analysts in January, Ericsson CEO Carl-Henric Svanberg said the joint venture has been a drag on the business. He indicated that the venture was still on firm ground but not indefinitely. He added that "there's nothing around the corner that we are planning," referring to the ongoing partnership.

Sony Ericsson's struggles have been evident to phone fanatics, who note that Sony Ericsson was [pitching a 12-megapixel camera phone](#) to a crowd looking almost exclusively for touchscreen smartphones at the recent industry show in Barcelona. A year ago, the company introduced its own touchscreen device called Xperia, but it has yet to materialize. A Sony Ericsson [Web site](#) says the Xperia will be available Thursday, curiously.

It's been a wild ride for Sony Ericsson, which was formed in 2001 as a marriage of two industry superstars. After a sputtering start, the venture's camera and music phones seemed to finally catch a trend cycle a few years ago. At the time, the company rose to one of the top five phone makers. It has since fallen into the other category.

As one analyst said, "They are looking like the next **Motorola**."

Ericsson had no comment on breakup rumor.

