

Lenovo moving to launch smartphones in U.S.

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Lenovo Group Ltd (0992.HK), which is making a concerted global push into tablets and ultrabooks, now expects to launch a smartphone in a lucrative U.S. market dominated by Apple Inc (AAPL.O) and Google Inc (GOOG.O) gadgets.

The No. 2 computer maker - China's standard-bearer in consumer electronics - sells smartphones on its home turf but has yet to make inroads abroad, nor is it in any hurry to do so.

"I think we will," David Schmooch, Lenovo's North American chief, said when asked if the company planned to launch a phone in the United States.

"It's more of an evolution over time," he said in an interview on the sidelines of the Consumer Electronics Show in Las Vegas.

Personal computer makers are increasingly looking to mobile devices such as smartphones to drive up razor-thin margins. Lenovo's operating margin clocked in at 12.2 percent in the fiscal second quarter of last year.

The company, which has carved out a 7 percent share of the U.S. computer market, said it is in the process of establishing relationships with wireless carriers - AT&T, Sprint and Verizon - and distributors as it assesses the marketplace.

"Clearly, we are playing hard on two of the screens," Schmooch told Reuters, referring to PCs and tablets. "The other two - smartphones and smart TVs - you will see over time."

LAYING THE FOUNDATIONS

Schmooch plans to lay the groundwork for the launch of a U.S. smartphone over the next few years. The company sells the S2 smartphone in China.

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"I will spend time over the next couple of years building out the relationship with the mobile providers - AT&T, Sprint, Verizon, etc.," he said. "You have to build out that network first, then that allows you to put products on the shelf."

Lenovo moved in 2009 to reacquire the cellphone business it had previously sold off, and launched the "LePhone" smartphone two years ago at CES.

The device is still only available in its home market. Schmoock did not provide a timeframe for a U.S. launch but said the U.S. market still has room for more smartphone players.

At CES, the company showed off one of its expanding ultrabook laptops, including new additions IdeaPad U300s and the IdeaPad Yoga, a touchscreen notebook that flips and folds backward, making it a large tablet.

Traditional PC makers have seen tablet PCs - a category dominated by Apple's iPad - taking business away from laptops and desktops, particularly among increasingly Internet-savvy consumers.

Schmoock said while tablets may have stalled sales of PCs for some time as people digest the new category of computers, he doesn't see tablets replacing PCs in the long term.

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