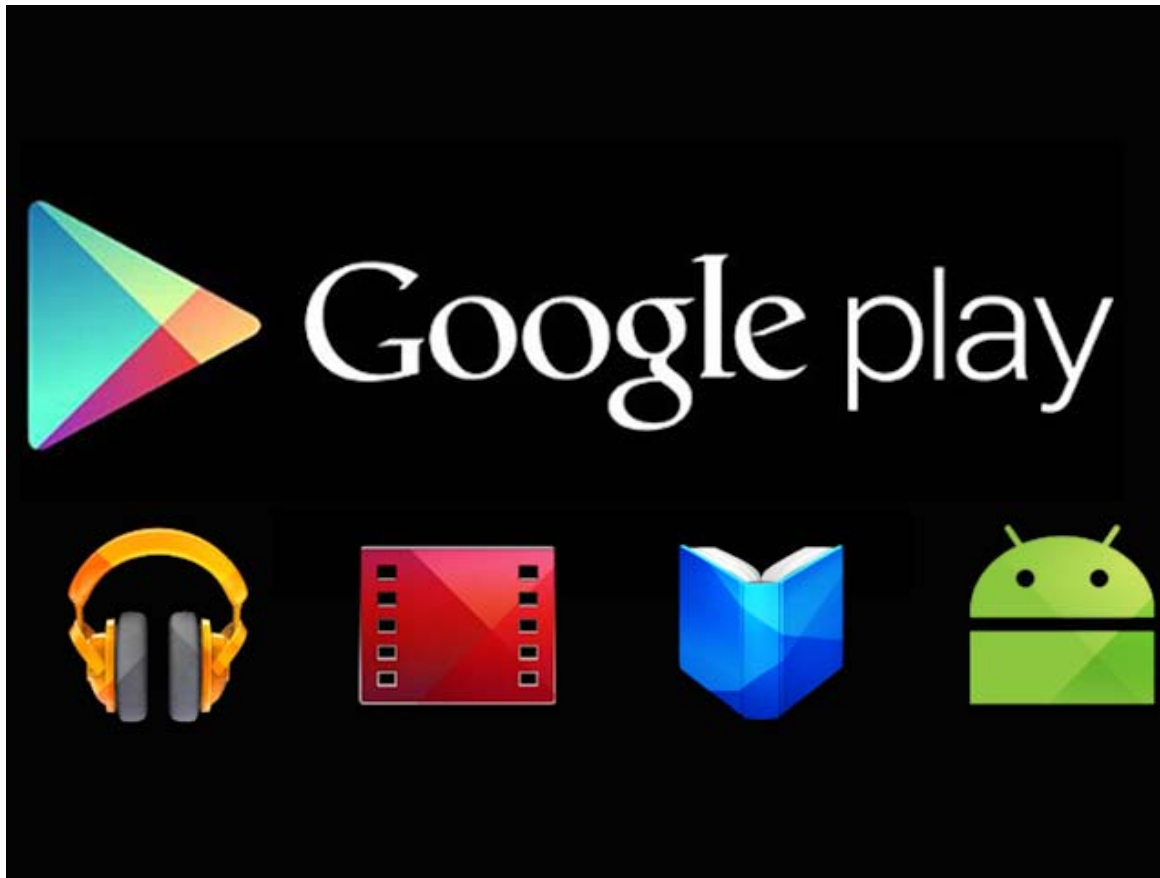


EXHIBIT 26



[Mobile](#)

After Google Pressure, Samsung Will Dial Back Android Tweaks, Homegrown Apps

January 29, 2014, 10:50 AM PST

By Liz Gannes



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In early January, while the rest of the consumer technology world at CES marveled at the sheer size of Samsung's upcoming Galaxy tablet, Google execs were dismayed by what they saw on the screen of the massive 12.1-inch slate — a fancy new user interface called Magazine UX.

As **Re/code**'s Bonnie Cha [wrote](#) at the time: "The Magazine UX looks like a mix of Flipboard and Microsoft's Metro user interface with its dynamic dashboard and app shortcuts." In other words, the interface was a dramatic departure from Google's vision for Android.

Multiple sources familiar with the companies' thinking say the two technology giants began hammering out a series of broad agreements at CES that would bring Samsung's view of Android in line with Google's own. The results of the talks, which have only just begun dribbling out to the public, also underscore the extent to which Google is exerting more of its influence to control its destiny in the Android open source world.

An agreement with Samsung comes as Google is facing a rise in Android devices that don't use its services, especially in China. A new report from ABI research finds 25 percent of Android devices shipped in the fourth quarter did not have Google's suite of services installed.

Google and Samsung representatives declined to comment on the discussions. Samsung added, "To continue our momentum of delivering great user experiences and bringing greater value to people's lives, Samsung will continue to identify and provide differentiated and innovative service and content offerings on our mobile devices."

This week, Samsung and Google announced a [wide-ranging deal](#) to cross-license patents that cover mobile devices and other undisclosed categories. But there's more.

Although the exact details of those meetings could not yet be learned, sources familiar with the discussions say not only will Samsung consider dumping or altering the Magazine UX interface in future devices, but, more importantly, new Samsung devices will spotlight Google's suite of apps to get movies, music and other content at the expense of its in-house-developed software, which was once a proud showcase of Samsung's evolution as a mobile industry leader.

It's unclear what concessions Google may have made on its part. The company could have, for example, agreed to work with Samsung on a Nexus device or offered other cooperation.

The relationship between Google and Samsung has gone through "a huge change, a sea change in the last few weeks," as one source described it.

Sea Change

Samsung is by far the largest Android device maker and controlled 32 percent of the global smartphone market in the third quarter of 2013, according to Gartner. Some 82 percent of the smartphone market operated on Android software. Samsung has maintained a delicate codependency with Google. Many in the industry have been studying the tea leaves for signs that the two are heading in opposite directions, especially after Google's purchase of Motorola, a rival handset maker.

Putting more emphasis on preloaded Google Play apps is clearly a concession for Samsung, which had been beefing up its media services efforts through its Samsung Media Solution Center group. [Over the past two years](#), that group built out movie and TV offerings and [acquired mobile music service mSpot](#).

Samsung's [WatchON](#) software is a mirroring and remote control app that ties into existing content services like Netflix and works best for people who have multiple Samsung devices, including a TV. Another app in the Samsung bunch is ChatON. It's a cross-platform messaging app that can work on non-Samsung Android devices [as well as iPhones](#). Sources were unsure if ChatON would be included in the apps getting the ax.

But Samsung's apps were largely forgettable in the wider Android community and moving to Google Play apps is not seen as a major loss.

In his [Galaxy S4 review](#), **Re/code**'s Walt Mossberg wrote, "I found Samsung's software often gimmicky, duplicative of standard Android apps, or, in some cases, only intermittently functional."

GoogleFlex

As the biggest Android app maker, Google has significantly stepped up its effort to get device makers to adopt its suite of services, separate from and in addition to the core Android operating system.

In recent months, an increasing amount of the innovation in the Android ecosystem coming from Google has landed not in the open-source operating system but in Google's proprietary Google Play services and its suite of apps. While seeing the benefits of keeping Android open source, this allows Google to ensure that some of its work is only used on devices that use its services as opposed to, say, the Kindle Fire, which uses the Android operating system but taps Amazon's services.

The Google Play apps are also made available to device makers, but under tighter conditions. Google no longer allows handset makers to pick and choose just one app to include on their phones, but wants them to include the whole shebang.

As one mobile executive who competes with Google's Android apps put it, "Google is really following the Apple playbook. It may be open source underneath, but not on top."

The fact that Apple wields such tight control over its own software-and-hardware combo seems to be the only thing separating Google from the M-word and competition scrutiny, considering its large and growing market share. But that's changing. Another app maker called Google's recent bundling moves reminiscent of the monopolistic heyday of Microsoft. "They're treading on very thin ice," he said.

What's Worse Than Fragmentation?

In fact, Google now makes [78 of its own Android apps](#), and in some cases pre-installs more than a dozen of them as a package deal on new phones.

This is especially significant because the Google apps bind tightly together. Google has apps for pretty much all the most important functions on a phone or tablet — email, messaging, maps, storage, browsing, reading the news, finding and consuming media — and they are interlocked so that tasks flow naturally from one app to the next.

Users generally welcome that kind of consistency across software — just ask an iPhone user — and Google sees this as an opportunity to improve the quality of the Android community that has been plagued by fragmentation. However, it's an awful lot of Google. It means Android is becoming more like an uber-Google experience than an underlying operating system topped with a selection of apps.

It could also be bad news for independent app makers. Samsung has given tremendous exposure to independent apps and services like Dropbox, Flipboard, SwiftKey and TripAdvisor by bundling and pre-installing them onto its devices. While a small group of beneficiaries has already reaped the benefits, Samsung could be less likely to cut deals to bundle more apps in the future, especially in cases where Google makes a competing app.

Without a strong advocate like Samsung, with all its market power and leverage, the barrier to success for smaller developers on the Android platform will be higher in this new era.

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