



Creating Wireless Value

It's time to stop waiting for a killer app, and make the most of what we have

A few weeks back, SYS-CON's group publishe, Jeremy Geelan and I chatted about how mobile applications had the potential to influence our lives, but also about how many ideas never go anywhere – no value. While others may spend their time chasing killer apps, we decided to create a forum to review applications that are driving the frontiers of wireless Internet by creating real value. We came up with the concept of Value Applications.



by
Andrew Martyn

Value Applications, as we have defined them, are uses of wireless Internet that create value for end users (stimulating a market demand), are timely in terms of market and technical readiness, create value for operators (generally increasing ARPU), and sometimes have the potential to define a new category of services. This column will regularly review commercially available and highly innovative applications from around the world that meet our criteria.

While in start-up mode, this first edition explores two themes. The first is a company that is evidence of a trend for more openness and less big company "control" in the mobile communications value chain. There is a new breed of company developing more specific devices and applications packages for specific uses. IXI Mobile plans to provide the middleware to support this trend. Pretty soon your favorite brand could be providing you with wireless-enabled products and making people wireless without knowing it. The second theme is a summary to clear

the Value Applications decks before we go too far into the future. One of the largest value creators in mobile data for operators has been broadcast media's use of SMS to create interactivity. Where is this industry within an industry likely to go in the next couple of years?

If you have any suggestions for future Value Applications, you are welcome to e-mail your

nomination to me at am@mobile-identity.com. And yes, I can receive my e-mail on my mobile phone:-)

Wireless Without Knowing It – IXI Mobile

Perhaps one of the reasons that mobile services are enduring a pretty rough baptism is because most devices are focused on doing very specific things. The evolution of devices from something you could only speak into, to something capable of supporting data and applications is taking some time. But maybe that's about to change. Imagine a new range of low-cost and cheap-to-operate devices that are wireless enabled and serve specific needs. Or perhaps regular products that we use today having a new lease on life because they have suddenly



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become connected.

California-based IXI Mobile has a vision to provide an operating environment – the middleware – that will make mobile applications more relevant and part of our daily lifestyle. They support the creation of devices and applications to match the needs of people in their everyday lives.

At the center of the system is what IXI Mobile calls the personal mobile gateway, or PMG. This allows simple devices to connect to a mobile communications network using a primary mobile device (most likely a mobile phone acting as a communications hub). An example might be a small keyboard that allows a user to write and receive SMS, using their nearby mobile phone to actually send and receive the messages. Using Bluetooth as a short-range communications protocol, it connects the secondary devices to an applications and services infrastructure. This setup means that a range of secondary devices can be “sleek” because they don’t have the need for bulky batteries and power-hungry communications innards.

Each “sleek” device can be designed to be relevant for a particular use, and applications are designed specifically for that device and use. Let’s take an example. I’m training for a marathon and was dreaming the other day of a connected watch that could allow me to receive SMS while running, and upload data to my training schedule to benchmark my current performance. Actually, while talking to Edgar Auslander, senior VP marketing & strategy at IXI Mobile, I found that a prototype wireless watch based upon the PMG model has already been developed by Seiko. This early model uses a Bluetooth connection with your mobile phone (locat-

ed nearby) to beep through SMS messages, download new alarm tones, and display news and weather information.

Unfortunately, carrying my mobile phone is not so practical on long training runs (I’m carrying enough weight as it is), but pretty soon I can imagine that the watch may become the primary device itself. Can you imagine the nice range of “sleek” telephone handsets that would then become possible? In the meantime, the Seiko watch is an interesting solution to the problem of getting my mobile phone out of my bag every time a new SMS is received. Other prototype devices developed on the PMG model include a voice memo connected pen, games consoles, messaging devices, and sleek phones.

Given the openness of IXI Mobile, device and application developers have a free range to create and market any type of product or service on the platform, reducing current bottlenecks in the supply chain. Operators can support the introduction of a range of wireless devices and services from some distinctly nontraditional manufacturers; current prototype devices are made by the likes of Seiko and Samsung. If IXI Mobile’s vision is right, mobile applications and services will be designed in conjunction with simple and, in many cases, low-cost devices. This means that people will own more than one device and incremental ARPU growth is achieved.

Operators can therefore win in a number of ways – increased data revenues, less reliance on the current handful of device suppliers, and a fresh wave of innovative products for consumers to stimulate growth. Consumers win because their needs will drive the development of new sleek devices that

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can be more quickly designed and launched than current mobile devices.

Media in Search of a Back Channel

As this is the first edition of **Value Applications**, I want to pay homage to the most substantial driver of SMS use other than peer-to-peer messaging or voice-mail alerts. In Europe, broadcast media has generated a huge amount of SMS traffic with various applications that support interactivity with TV shows, radio, and even newspapers. Operators have been the major financial beneficiaries of the boom, and realistically have not had to do a great deal to support it. So as a Value Application, using SMS as a back-channel to broadcast and offline media deserves a round of applause from the studio audience.

To provide a summary of what is currently creating value, MTV provides a good case example. In Europe, MTV has helped cement SMS as a mass-market interactive TV tool with its interactive programming. Henrik Werdelin, creative director at MTV, explains the stages of evolution: "Our viewers' early comfort with SMS gave birth to shows like "Video Clash" where they could vote for the next video clip using SMS – with voting percentages live on the bottom of the screen. Other shows allowed viewers to send SMS comments that are published at the bottom of the screen to begin creating a community among viewers. This format has since developed a step further, with the introduction of services where the viewer's picture appears on screen together with his or her message."

Werdelin is referring to the Dutch music television channel TMF (which is owned by MTV),

which created a large community of viewers who can interact using a mesh of different media including TV, Web, SMS, and teletext. It was so successful in its early days that they had to restrict new members until they could upgrade the capacity on their SMS platform. The benefits are not only about direct revenue. Werdelin points out that, "As well as earning revenues through sharing agreements with operators, using mobile interaction engages viewers and encourages loyalty, and increases brand value and time spent on the channel." Programs such as "Big Brother" have used SMS to deliver content and engage viewers when they're not actually in front of their TVs – extending the reach of television programming past the sofa.

So let's explore where the future of the convergence of traditional media and mobile might take us:

1. Expansion to other traditional media: While SMS is now a fairly standard option for TV shows, other offline media have not significantly adopted the use of SMS. Print media can learn from the successes of SMS and television. I recently conducted a mobile business workshop for a major newspaper where many of the participants walked into the room quite skeptical about how mobile might influence their business. We walked out of the room with 30 new concepts for reader services that they could begin implementing today.

Radio also has a range of different opportunities. Some radio stations are enabling listeners to send an SMS to find out the name of the artist and song that has just been played. More advanced services allow calling a num-

ber and holding your phone to a radio speaker, and the application will tell you the song being played. Given that many new mobile devices support MP3 audio, purchase and download of songs is technically possible once the digital rights management issues are ironed out.

2. Technology enabling new innovation: The availability of MMS, digital cameras, Java applets, and streaming video and audio all create opportunities for new services to support communities' interaction and participation. Java applications on handsets will allow richer interfaces to interact with communities. Positioning technology has already been used in Sweden last year, where a virtual cops-and-robbers television show, "Position X," had celebrities hunting contestants across Sweden, the chase being directed by positioning on mobile phones.

3. Business models will evolve: Involving advertisers in the model will surely mean a new angle, as will the more significant profiling of viewers. It is also likely that the nature of TV programming may change. Programs will not be supported merely by mobile enabling interaction or delivering content, but a new category of TV programming may emerge where the viewer provides content using a mobile phone. This is already starting to happen in some cases with TV screens dedicated to user content (profiles, pictures etc) and chat screens. Revenue comes from user participation (SMS revenue share) and constant advertising opportunities. ♣