

**INTUG**

eBusiness Summit 23-26 August 2001

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# The market potential of m-commerce

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# INTUG contents

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- globalisation and different markets
- legislative, security and privacy issues
- "killer" content, applications and services
- global interoperability
- unbundled best-of-breed services
- metrics
- economics, billing and payment

# INTUG what is INTUG?

- members
  - national associations
  - corporations
  - individuals
- activities
  - ITU and WTO
  - OECD
  - APEC, CITELE and EU

# INTUG our aims

- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- innovative services
- constructive co-operation with
  - international bodies
  - governments
  - regulators

# INTUG needs

- seamless global interoperability
- integrated end-to-end technology
- unbundled best-of-breed value added service provision

# INTUG m-commerce market

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- separate competitive choice of network operators **and** service providers
- flexibility to change suppliers
- open interfaces to:
  - applications
  - information
  - services
  - exchanges

# INTUG m-commerce

- underlying global market differences
- who are the players?
- barriers:
  - oligopolistic structures
  - downstream leverage by licensed operators

# INTUG underlying differences

- fixed Internet usage
  - dial-up
  - broadband
- mobile telephony
- B2C e-commerce
- culture
- business structures and practices
- legal frameworks



# INTUG telecommunications

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- USA
  - strong fixed Internet usage
  - low/medium mobile
- Europe, Africa, Pacific and rest of Asia
  - high/growing mobile
  - low/med Internet usage

# INTUG telecommunications (2)

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- Japan
  - very low fixed Internet usage
  - own mobile standards
  - success of i-mode
- South Korea
  - massive broadband usage
  - very rapid growth of mobile (CDMA)

# INTUG major players

- fixed operators
- mobile operators
- service providers
- Internet Service Providers
- Application Service Providers
- Wireless ASPs

# INTUG major operators

- Deutsche Telekom
- France Telecom
- Hutchison
- NTT DoCoMo
- Telefonica
- Sprint
- Verizon
- Vodafone

# INTUG I-mode - the success

- wild success
- desire to copy and catch Japan
- what are the real lessons to learn?
- watch J-Phone compete with NTT

# INTUG I-mode - questions

- highly culturally specific
- illegal:
  - SIM-lock
  - portal-lock
  - discriminatory third party billing by operator

# INTUG walled gardens

- solid competition law
- customer reservations systems
- electronic programme guides
- French case on Vizzavi

# INTUG regulatory context

- market deficiencies
- auctions & beauty contests
- roaming/fixed termination
- mergers/take-overs
- new legislative package
- competition law inquiries



# INTUG market deficiencies

- high mobile-to-fixed termination rates
- high roaming rates
- national oligopolies turning into a global oligopoly
- absence of global and regional services

# INTUG auctions & beauty contests

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- 3G allocation has come to an ignominious end
- banking regulators worried
- consolidation amongst operators
- proposals to share infrastructure
- no underlying business model
- payback 7 ... 10 ... 15 ... 20 years?

# INTUG MVNOs

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- slow progress
- NRAs shifting to open access
- will reduce high termination costs
- might cut exorbitant roaming fees
- some operators conceding MVNOs
- a lot of competition to take part
- financial markets unenthusiastic

# INTUG data protection

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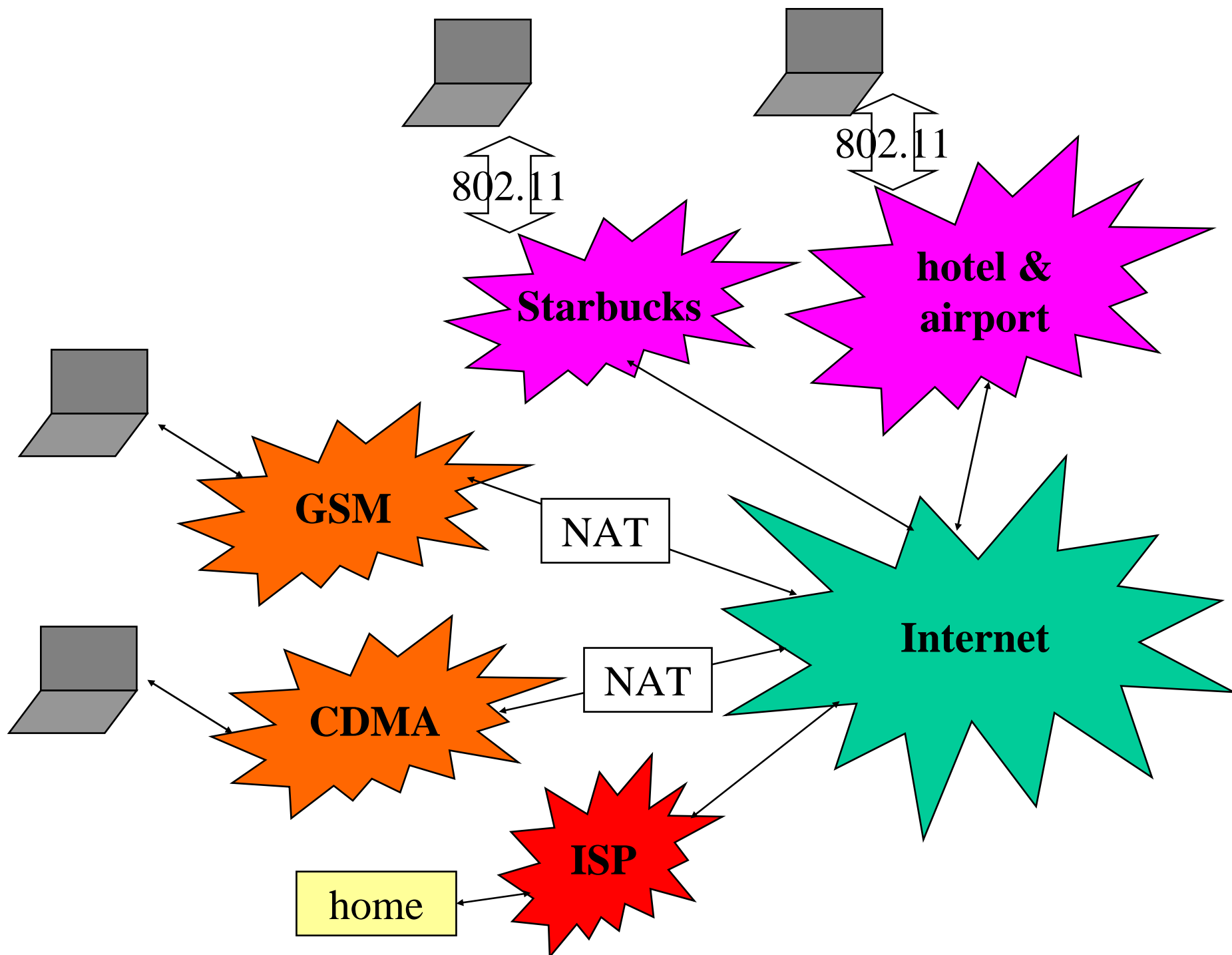
- European Union has a specific telecommunications measure in addition to the general Data Protection Directive
- considerable interest in US Congress
- possibilities of legal actions
- some complex issues when roaming abroad

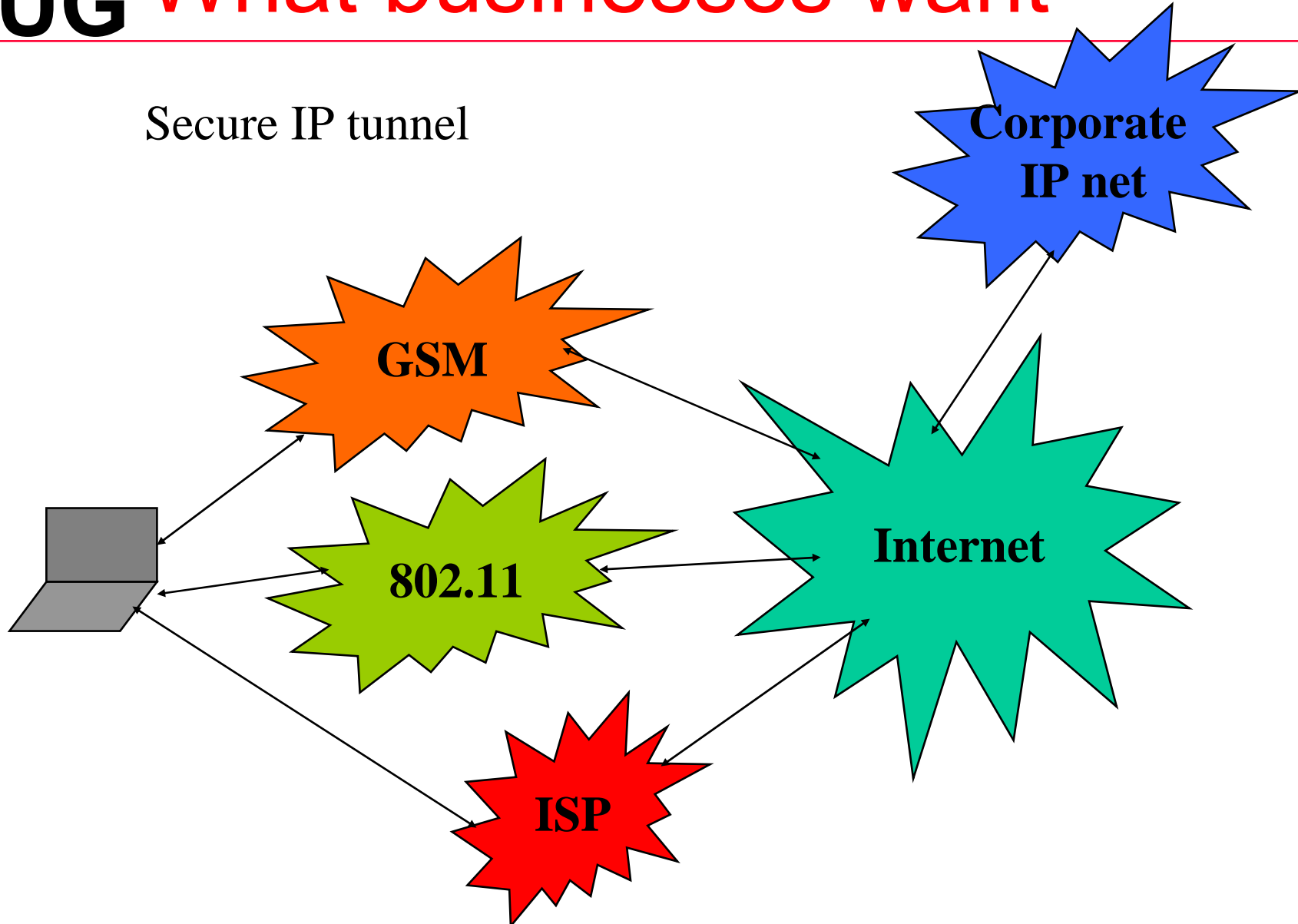
# INTUG who would pay for your location?

- parents
- children
- partner/spouse/mistress
- boss
- direct reports
- retailers?

# INTUG mobile Internet or 3G

- 3G network operators?
- manufacturers?
- service providers?
- rapid adoption by:
  - individuals
  - business
  - government and administrations







# INTUG general packet radio service

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- operators control customer information **identity** and **location**
- is it (freely) available to service providers?
- Network Address Translation (NAT)
- fits very poorly with the traditional regulatory framework
- very complicated privacy issues

# INTUG killer information

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- access to relevant market data
- consolidated customer data
- interpreted supplier data
- marketing/promotional data
- a tailored information portal

more information than my competitor at the point of decision/negotiation including what I didn't know

# INTUG killer applications

- multimedia not voice
- browser based thin client
- windows terminal functionality
- transactions on-line (legacy systems)
- advertising (streamed video/sound)
- machine to machine
- intelligent agent surfers

# INTUG killer services

- unbundled
- market prices and news
- messaging, not just SMS
- location finding (push << pull)
- vending machine access
- ticketing/reservations
- real-time logistic optimisation

# INTUG killer technologies

- GPRS/EDGE
- 3G UMTS
- five-band global roaming
- IEEE 802.11b
- 4G with high resolution GPS

# INTUG killer suppliers

- global reach and interconnect
- competitive in more than one layer
- access to content, function, transport
- free of GSM-dependency
- virtual and virtuous

# INTUG changing metrics

- population in licensed area
- increase in number of customers
- customer “churn” rate
- Average Revenue Per User (ARPU)
- spending on e-commerce
- quality of service

# INTUG competition and choice

- current market delivers neither
- mobile commerce needs both
- enterprises are global like the market
- interoperability drives growth
- open application/information interfaces
- unbundled web-based services
- network operators AND service providers



# INTUG summary

- 3G or mobile Internet?
- wireless operators or service providers?
- niche or mainstream?
- can services be customised?
- is location a big issue?
- can privacy problems be overcome?
- will there be short term successes?