INTUG

Images & mobility

Ewan Sutherland

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[Remarks as prepared, check against delivery.]

Ladies and gentlemen

Good morning and welcome to this session, entitled “from production to broadcasting”.

As my name might suggest I come from a somewhat different part of the world. In addition to being Scottish, I worked for some years in the University of Wales or the Pryfisgol Cmyru. So I am quite familiar with the issue of economic development in the Celtic fringes of Europe.

I should briefly introduce myself. I am the Executive Director of the International Telecommunications Users Group (INTUG).[1]

In that capacity I spend a lot of my time representing complaints about market failures to the public authorities. Over recent years, cellular mobile telecommunications has taken up a significant amount of my time, not least because of the spirited rearguard actions fought by the cellular operators in the face of regulation to ensure competition.

It means arguing for reductions in the prices of calls terminating on mobile networks and international mobile roaming. It also means advocating Mobile Number Portability (MNP) and the introduction of Mobile Virtual Network Operators (MVNOs).

It is important to understand that “mobile” is not one market, but several. Each has its own peculiar characteristics. Sadly, competitiveness is not something we often find.

AFUTT, our national association here in France, records amongst its most common complaints problems with the cancellation of contracts for mobile services and inaccuracies of billing.[2] There are also serious problems with mobile number portability, an unreasonably slow and cumbersome process.

From the perspective of the corporate user, mobile network operators remain a disappointment. They are focused on technology, rather than services and on consumers rather than business users. They are an obstacle to convergence in business networks.

[1] http://www.intug.net/ewan.html
[2] http://www.afutt.org/

In Europe, cellular operators have had a series of failures in bringing new technologies to the market: HSCSD, WAP, GPRS and EDGE. 3G already looks to be an uphill battle, with cheap voice services being the current Unique Selling Proposition (USP).

Reliance on over-priced text messages that are more reliably billed than they are delivered is not the way of the future.

The mobile cellular operators seem to live in the nineteenth century, being wedded to national markets. They seem unaware of either globalization, held back by their dependence on international roaming charges.

The mobile operators continue to believe in the GSM model─that they can take a decade or two in adjusting business practices and prices to the realities of market forces and regulation. However, the tempo of the markets is now very much faster, not least because of competition from other technologies, notably WiMAX and digital broadcasting.

In looking to the future, we can see enormous potential in technological developments, always provided it can be brought to market. However, we are also well aware of the vested interests and their capacity to place obstacles in the way of rival technologies and potential competitors.

Technology comes in waves, with little time before the next arrives. If a service provider, network operator or device manufacturer has not achieved a strong position on the market, it may be forced to compete with a new technology offering more and better features at lower prices. So that the creation of demand must be rapid, before the next wave inundates the effort.

Success or failure on the market will depend on decisions taken by individual consumers and businesses. That means they have to see for themselves or be persuaded of the value of the services offered to them. They will certainly not buy technologies; it will be lifestyle choices and measurable business benefits.

I think one of the hardest jobs today is in deciding what to include in a new handset. Aside from the constraints of fashion, there are the limits of size and battery power. Memory storage with the new 16 Gigabyte flash memory chip offers vast capacity and raises the difficult question of preferences for entertainment content that is stored rather than received over a radio network. The broadcasting, multicasting and unicasting alternatives include satellite and terrestrial transmissions for both radio and television over DxB, plus terrestrial cellular networks and wireless broadband.

Economies of scale can be enormous. In China the operators consistently add five million new GSM customers each month. The total presently stands at 370 millions, to which you must add CDMA and *Xiaolingtong* customers. It is likely that key decisions on handset design will be taken not in Europe, but in Asia.

There are significant regional variations in technologies, in scale and in cultural preferences. For example, the view from Japan and Korea is of the Ubiquitous Network Society (UNS), containing many network elements over which services can be provided and accessed.

An important achievement of the Japanese and Korean operators is their ability to move customers to new platforms. They do so without hype and without pain. They do so with large numbers and great speed. It is a lesson that needs to be better understood by operators elsewhere.

Japanese companies do not inflict on their customers bug-infested beta releases, nor do they price at punitive levels until forced to reduce prices to levels that are merely very expensive. They offer high quality and attractive prices from the outset, aiming to build revenues by adding more services and features.

Much will depend on the management of spectrum policy on making it available to new players to provide services on the market. It is essential the approach taken is pro-competitive and technology neutral.

Personally, it may be lack of imagination, I have never understood the argument that spectrum trading would lead to harmonization. I still suspect that it requires coordination by suppliers and that, unless one is very trusting, requires supervision by competition authorities.

So, if the innovations we have already heard about and will be covered in this session are to succeed, they must be of the highest quality and be attractive to potential customers. Moreover, they must be packaged attractively and they must be sold in ways that are imaginative.

For business they must be attractive both as a purchaser of corporate mobility solutions and also as a means to deliver marketing messages to current and future customers.

It must be done quickly, since more technologies will be coming along shortly. Whether directly or indirectly these technologies will challenge the present round of innovations, challenge them in quality, price and business model.

To achieve economies scale companies require the largest scale possible. In Europe that can only mean the single market. Yet the achievement of the single market in electronic communications is something which will take many, many years.

We are now to hear presentations on the:

- constraints of formats
- coding debate
- impact of standards on production and broadcasting
- new ways in creating contents with formats and duration criteria
- perspectives and constraints for video producing companies (larges and SMEs)
- added value of portals and content platforms

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