



PREDICTIONS FOR 2009 IN WIRELESS

By Azita Arvani, The Arvani Group

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As promised in my last Inside Mobile column, I'm addressing my wireless predictions for 2009. To do so, I took out my crystal ball, dusted it off, and took it with me to Mobile World Congress in Barcelona. There, I hung it by a wire from the ceiling. Then, I cut the wire. As the crystal ball was wireless and free falling, I managed to capture a flash of things to come in wireless in 2009.

1. App Stores to Change the Distribution of Wealth in the Wireless Ecosystem

Apple started selling iPhone applications on its App Store in 2008. The store made \$30M in revenue in its first thirty days and had more than 300 million downloads in the first five months. That success prompted other major wireless platforms to follow suit. The App Store trend will gain bigger traction in 2009. More importantly, it will change the dynamics of the revenue paths.

Google has already launched Android Marketplace and RIM has announced the BlackBerry App World. Nokia recently announced it will have an Ovi application store going live in May, first appearing on its N97 device. Nokia says the Ovi store is 'operator friendly,' meaning that operators can provide the billing and/or the actual applications. The revenue share with developers would be the same as with iPhone if the subscriber pays with credit card. The developer gets 70% of revenues and Nokia keeps the remaining 30%. If however, the operator billing is used, the operator gets paid first and the remaining revenue will be split 70-30 between developers and Nokia. If operator provides the application, the operator gets paid 70% of revenues, similar to any other developer.

Samsung launched a beta version of its Samsung Mobile Applications Store in January 2009. The company is also expanding its Samsung Mobile Innovator program to Java and Windows Mobile platforms, in addition to its Symbian platforms. This program helps developers with deploying their applications on Samsung devices.

Microsoft has just announced Windows Marketplace for Mobile planned for launch in Q4 of this year, with 20,000 applications for both consumer and enterprise uses.

It's clear we'll see more mobile App Stores coming from other vendors. This trend will certainly create much competition among major mobile players, much fragmentation across development community, and most importantly, much confusion among mobile subscribers.

The App Store revolution will migrate revenue that was once mainly owned by the wireless operator to the platform provider. It will also provide more revenue for the developer. Of course, not all App Stores will be successful and we will see a shake-out in 2010 timeframe.

2. Mobile Operators Will Continue Investments in High Quality Mobile Networks Despite the Economy

This year, there is a big push towards providing a more reliable and higher speed networks. Unlike the early days of 3G networks, mobile operators today can readily see the financial returns of higher quality networks, either in terms of higher revenues or lower costs. Globally, mobile operators will spend billions of dollars in 3G networks, upgrades to their existing 3G networks, or in trials with 4th generation mobile technologies such as Long Term Evolution (LTE) in 2009. AT&T is upgrading its network to HSPA+ by year end. The company will conduct LTE trials in 2010 and plans to have its first LTE deployment in mid 2011. Verizon Wireless will invest heavily in LTE and may become the first mobile carrier to commercially launch LTE, currently planned for 2010. DoCoMo is continuing its trials with LTE and will be ready to commercially launch LTE in 2010. Chinese operators just obtained their 3G spectrum licenses and will be rolling out 3G networks. T-Mobile International is running trials with LTE but deployment is pending the release of spectrum in Europe. Higher speed networks promise higher revenues for operators. Mobile Operator Telstra of Australia has seen a \$20 increase in ARPU from its customers using its high-speed HSPA network with peak download speeds of 21Mbps and is planning to upgrade the network to 42Mbps by year end.

In addition to higher speed mobile networks, more and more operators are launching femtocells to improve the quality of mobile connectivity while indoors (typically in a home or office). Both AT&T and Verizon Wireless will offer femtocells in 2009. Femtocells will decrease the load on operator's network and hence reduce their operating costs.

3. 'Open' Will Become An Open Loophole That You Can Drive a Truck Through

Everyone seems committed to an 'Open' platform, but really they are committed to their own open platform. The definitions of 'open' vary across offerings. This trend will continue in 2009 with more and more 'open' offerings creating more and more fragmentation. AT&T Mobility's CEO, Ralph de la Vega, said there are at least 9 major [open] mobile operating systems and this creates islands of innovation around OS platforms. China Mobile touted an open business model based on their version of Android platform, called Open Mobile System (OMS). Nokia's CEO, Olli-Pekka Kallasvuo, talked about open innovation and declared Symbian to be the only truly open and mature mobile operating system.

Microsoft's CEO, Steve Ballmer, talked about the open mobile ecosystem. He said Microsoft benefited the PC era through developing innovation partners around the Windows platform. For every \$1 that went to Microsoft for Windows, the PC industry received an additional \$18. Their approach to mobile would be the same, except that the projected revenue to mobile ecosystem would be much higher. Yahoo also touted their new Yahoo Mobile as an open platform that runs as a single web application on many smartphones (except Android-based ones) and can create a healthy mobile ecosystem.

'Open' will continue to be an over-hyped but vendor-defined concept in wireless in 2009.

4. Green Movement Will Be Slow But Steady

The top five handset vendors, along with a number of other major players, have finally come together as part of a 'Universal Charging Solution' initiative. They have agreed to support a mobile phone charger that will work with the majority of mobile phones shipped in 2012. The solution will have a micro USB interface. This is a great move for the environment but not necessarily a profitable move for the companies. We'll keep our fingers crossed. Solar-powered phones and chargers are beginning to show but will not be ready for mass market deployment in 2009.

On the infrastructure side, there are some developments around solar and wind-powered base stations but they are mostly targeted for developing countries. There are trials in Sri Lanka and Vanuatu.

5. Your Rolodex Will Be The Next Battle Ground

Call it an address book, a social graph, or a rolodex: there is a lot of value and intelligence about you and your business that is hidden deep inside your intertwined networks of friends and colleagues. Mobile players of all kind will try to make it easier for you to move around your rolodex from one device to another, navigating easier, and integrating across your many rolodexes.

There will be a plethora of mobile applications, services, and even devices that will let you reach out to your social and business circles from the convenience of your mobile phone. You don't have to remember if some one was your Facebook friend or your LinkedIn colleague.

6. Embedded Mobile Broadband Modems Will Be In All Kinds Of Devices

It is 4 in the morning; do you know whom your device is calling?

People's appetite for having immediate access to the Internet — anytime, anywhere, at high speeds — is growing exponentially. More importantly for the mobile operators, users are willing to pay for this access. With the

advent of mobile broadband networks, it is only natural to offer as many devices as possible that enable this access. In addition to mobile phones, both laptops and netbooks are having embedded mobile broadband modems. Mobile operators are even willing to subsidize these devices to lure customers into multiyear data contracts. So, just like WiFi chips in laptops, we'll see mobile broadband chips ubiquitously in all kinds of devices.

Well, I caught the crystal ball before it hit the ground. So, we can look back and see how well it did. I am sure you will keep me honest.

Written by:



Azita Arvani
The Arvani Group
E: azita@arvanigroup.com
P: 310-260-8558
M: 310-650-8558

Azita is a contributor to Inside Mobile and will write a column from time to time during 2009.

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