

New partnerships, creative migration strategies and a firm focus on services are the key to prosperity, says GSA president Alan Hadden

3G strategies for operators It's tough for operators to plan migration paths when timelines for the delivery of 3G seem so uncertain. How can organisations like GSA help operators forge plausible migration strategies?

Alan Hadden We don't see timelines as being uncertain, and we don't see that technology *per se* is something customers buy into. The important point is to focus on services, evolve services and provide the technology to support them. What we are seeing today is a real appetite for new services and that will mean new revenue streams for operators. Right now the technology we have that can bring such services to market is GPRS. So that must be the priority because that's the forerunner to 3G. Operators need to start building the new services market beyond voice. Perhaps a better word than 'migration' would be 'evolution' – we have to evolve the market from today's 3G test trials to actual commercial reality. GSA believes that by the end of the year there will be something like 120 GPRS networks worldwide. But it's not just about the technology – operators must also have capacity to meet the new demand. Which is why Edge is important. This is a technology that can act as a turbo-booster for networks. It allows operators the chance to more or less triple their capacity.

3GS For a while Edge was the lost technology. Why is it suddenly back on the agenda?

AH GSA believes Edge is a low risk complement to 3G – it 'de-risks' operators' investments by providing wide area coverage more cost-effectively than a completely new, comprehensive W-CDMA network. There's been a lot of confusion about Edge, but now people are beginning to see the advantages. Edge is easy to implement, it's practical and it's efficient.

3GS So how does the 3G evolution story look today?

AH Volume take-off of commercial GPRS-based services has now commenced, with high initial interest from the user community. The true mass-market adoption will be here from beginning of 2002 as the number of user applications increases. Some 120 networks with GPRS will be up and running by end of this year. 3G is on schedule from a technical point of view. Trials will take place end of 2001 and beginning of 2002. These will ▷

movers and shakers



Alan Hadden
President
Global Mobile Suppliers Association



then turn into pre-commercial launches during first half 2002, with more widespread launches in the second half of 2002. The global volume business will be here 2003. Exactly when operators will launch 3G will differ from operator to operator. But we see already today that 3G is a commercial reality with NTT DoCoMo's head-start in Japan. But users need to be able to access higher bandwidth services when they are away from those dense urban areas. That's where we see Edge providing that capacity boost – to the semi-rural and rural areas where capacity and throughput to GPRS will probably not be enough. We have to look to the expected high take-up of higher bandwidth services as well, so capacity is very important. We would see an operator typically operating GPRS, W-CDMA, and Edge in a complementary way to provide seamless coverage.

3GS What about the cost implications of Edge?

AH The fact is Edge is much cheaper than overlaying a completely new radio network. The deployment of Edge in the field can usually be done when engineers visit sites for capacity upgrades and maintenance – so there's no added cost there. Importantly, Edge is deployed within operators' current spectrum – so again, there are big savings there. In addition, not all operators who wish to offer 3G services have sufficient spectrum. We all know about the special situation in North America. We're also seeing situations in Europe, where some incumbent operators have failed to obtain new spectrum.

3GS There's a new version of WAP about to hit the market. Isn't there a danger that the WAP 'brand' has been so damaged in the minds of consumers they'll stay away in droves?

AH Well, the word 'brand' is important in this context. Perhaps we'll see the term WAP less prominent in the next wave of marketing campaigns. Operators have their own brands to promote and they'll also want to grow their customer base by offering new services. That's where the marketing budgets will go. In terms of WAP, it has had a difficult launch but we must move forward from what might be considered a trial. The first significant point is that the ability to access content through WAP services via GPRS will be of little interest if the content remains limited, although improved speed of access will help. In addition to getting more speed, we must also have compelling, easy to use, robust content. Services that exploit the benefits of 'always on' wireless connectivity are needed. Second, customers must have the ability to roam between regions and countries. With GSM, this is what customers get today, automatically. And they need to be able to roam from service day one. In addition, operators need to give great attention to two other issues. One is how services are priced. There are broadly six different pricing models employed for delivering services via WAP today. GSA advocates much simpler tariffing models – perhaps a trend towards flat rates. Finally, operators need to focus on their place in the value chain. GSA is working with operators to show them how different players can come in, participate and prosper on a 'fair value' basis in the new value chain and generate more business for more people.

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3GS WAP, Edge, GPRS – isn't the industry overly focused on technology when it's services that matter?

AH I think the industry appreciates that the technology discussions are more or less complete now. The standards are there. Much of the equipment has been developed. So, I think it's right and proper to focus more on services. GSA's unique quarterly mobile portals survey is one example of that new focus. It provides the industry with information and feedback about what services are available, it shows where the revenue's coming from and showcases what can be done. The surveys can be downloaded at *www.gsacom.com*.

Another area of service focus can be found in our work with content and application developers to encourage the development of 3G services. We established the New Ventures Programme (NVP) that specifically targets start-up organisations in the wireless applications development space. It is important that the wireless community understands this sector's concerns. GSA is happy to give these start-ups the opportunity to bring their ideas and voices to the industry globally, through the framework of the GSA organisation.

3GS Could you tell us a little more about NVP?

AH NVP was launched at the 3GSM World Congress 2001 in Cannes. The start-ups we are targeting in the application development sector are typically less than three years old, usually at the pre-IPO stage. Enterprises such as these are typically very dynamic and innovative. However, it's also the time when a lack of resources, measured in people-time as well as financial, tends to inhibit their ability to travel and resource meetings to, for example meet with potential partners. We recognise these things and we set out to support them in a programme that in its first year is funded by GSA. The idea is to provide ▷

these developers with contacts and access to key suppliers so they can get dialogue going, and to identify and promote their issues. NVP brings together applications developers and suppliers of infrastructure, messaging and gateway platforms, billing systems and device manufacturers who are members of GSA. One of our primary objectives is to create an environment that facilitates the exchange of information and know-how, and delivers new business opportunities for everyone involved.

3GS There are a lot of operators out there looking for partners in the development community. Is GSA bringing them together?

AH We give visibility to NVP players through GSA and this includes to operators. There's huge creativity in this industry and we will target promising players, harness that energy and continually refresh the programme. Many of the companies involved are already in partnerships, having signed up to work on some of the application development programmes with some of the major manufacturers. Many spread themselves too thinly, because in a sense they need to make themselves visible to major players in the industry. But their ability to work in a practical way and service all those agreements is limited by their own resources. NVP helps to overcome this.

3GS What sectors do you see operators targeting for the roll-out of advanced services?

AH Different operators will have different focus and target segments. We see operators targeting different segments according to their business plans. Some are targeting corporates as part of their first approach to key customers. Corporates will drive increased usage. We can easily see the value for corporate users in accessing enterprise information databases or specific core applications like email, the internet, intranets and so on. In the long term, though, we need a success for the mass market and that is the ultimate goal of everybody in the industry. The signs are good. We've seen fantastic growth in services like SMS on GSM and iMode in Japan has approaching 30 million customers already. Many of these users are ready to migrate to enhanced messaging, and multimedia services which will be on offer in the coming 12 months on a global basis; the appetite is there. We need GPRS to be a success and everybody needs to work towards this success. As the technology provides more capacity, as it provides more speed, this will give operators the chance to evolve their services, to give a richer experience or a faster experience, more interactivity, more capacity, towards the mass market.

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3GS How are enhanced data services going to be sold, marketed and introduced?

AH As manufacturers, we provide the operators with the platforms and the tools. We also support the operators with experience from around the globe. But we have competitive markets in most places in the world – so getting it right is clearly critical. I think it comes down to keeping it simple. The appetite is there for the services, the equipment is available, but will people change their handsets or upgrade because an operator is suddenly offering GPRS technology? I think the answer must be no. But when customers are able to understand the potential of new services that relate to efficiency or lifestyle at a price they consider to be acceptable, that's when we'll see take up. We expect that to begin seriously towards the end of 2001.

3GS What about take up in developing markets? Are there backward compatibility issues as the new technologies come on line?

AH We see a quick take-up of GSM and its evolution in South America, for example, and in Africa. In Brazil, we're hearing news of more contracts, and these countries will have the opportunity to take the latest and the best that's on offer and benefit from global economies of scale. The market in Asia is growing very strongly. We are very hopeful in all those areas. In terms of the compatibility question, GSM is designed for evolution; it is designed for migration, so backward compatibility is assured. From a customer's point of view, there has to be backward compatibility, because they actually don't need to know what's inside the handset or what sort of network they're on. They will really be focusing on services provided.

3GS What does the wireless industry need to do to steady the nerves of the investment community?

AH I think what investors need now are more facts. There's been a lot of talking between the industry and the investment community – such dialogue is very important and will continue. From our point of view, we are gathering and analysing results from the GPRS experience. Today, it's a little early, but towards the end of the year with something like 120 operators running GPRS services, there should be a lot more data. We are bringing together this kind of information so that we can talk again to investors with hard facts in our hands. We believe we will see significant take-up of enhanced data services and the industry moving forward with renewed confidence.

3GS What about issues that could slow 3G roll-out still further? For example, are operators doing enough about health?

AH Operators are taking the health issue very seriously. As well as significant investment in research, they are working closely with local authorities to solve any problems in this area. From the GSA perspective, suppliers are working closely with operators to support their roll-out needs and providing solutions that will help. In terms of health itself, GSA does not have a specific activity in that area. There are other groups in our industry like MMF that are working in these areas and publishing information, and we point to that work and where more information can be found.

3GS What about job losses? We're seeing significant cuts across the industry – will this impact the roll-out of these technically very sophisticated and demanding projects?

AH GSA does not believe there is any relation between job cuts and the roll-out of 2.5 or 3G. What is going on in the industry today is essentially a rationalisation process and one that is focusing on the job to hand – which means making sure 2.5 and 3G networks and services are rolled out as soon as humanly possible.

3GS Could you outline GSA objectives for the year ahead?

AH Well, we've spoken about our service focus and that will certainly intensify over the next 12 months – through the New Ventures Programme and the portals surveys. We will also be sharing information about what users are expecting from their services: how they are presented, how they can use them, and where they can use them. We believe it is important to provide the industry with relevant and accurate information so all players can manage the evolution to 3G. We research the key issues and publish papers on the GSA website regularly with our views and findings. For example, we've just published a paper to assist AMPS and TDMA operators and showing why evolution to GSM/GPRS is the best business option. We set out the business and technology rationales for selecting the GSM technology family as the best platform for these operators to compete in the global 3G market. Another paper looks at the revenue potential of 3G.



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3GS What about practical activities rather than publications?

AH Along with the trade shows, we also hold seminars in the course of the year. This is an excellent way to meet and interact with operators and their participation is usually very high. During 2001 we have already held a seminar in Singapore, and another will be held in Brazil on 3 December. Our mission is to continue to work on the issues that directly affect suppliers, and how we can support operators. One of GSA's most significant achievements is that it has facilitated regular, on-going dialogue between members, their customers and business partners. The objective is to bring improved networking, more dialogue and follow-through to help change the way people approach issues that impact the industry.

In addition to these activities, we also hold roundtables with operators to discuss how the GSA as the forum for GSM/3G suppliers can support them. We also launched a programme in August which brings GSA member companies together for dialogue every month. This helps to focus on the important issues, improve information sharing, widen and deepen the understanding, and strengthen the contacts.

We are becoming well known for the Global Mobile Dialogue forums that we have established – that's very much an external industry forum, and we will continue to roll out these four or five times each year globally. These tackle strategic topics like 3G profitability, mobile multimedia and regional dialogues like the key issues impacting PCS operators in Brazil.

We have over 60 organisations today working on GSA's programmes, spanning the entire value chain. If I were to pick a single issue of focus this year and in the years ahead, I would say GSA will continue to find ways to support operators in the search for new revenue streams. We will also want to help them find solutions to capacity shortages, quality, and to make sure they are able to benefit from all the exciting opportunities on the horizon. Delivering a richer experience to a mass market will require more capacity. This is a crucial point, which requires planning, skill and investment. □

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