

SPEED TO MARKET

'Kick-starting the 3G high-speed data market is much less daunting when you know that there's a ready-made customer base,' says David Foster, head of the global mobility marketing and strategy team at Lucent Technologies. He has good grounds for his optimism, for detailed analysis of primary research with more than 1500 IT and telecom managers worldwide suggests a huge pent up demand for 3G high-speed data (HSD).

While the market is ready, the availability of a properly configured, robust network remains only part of the story. Leveraging existing brand equity will initially help to differentiate operators but for those wishing to compete in this arena, a number of fundamental marketing issues must be addressed if a profitable and sustainable business is to be built.

The IT/telecom managers who participated in our latest study represent a broad spectrum of business activity, and, by extension, their views reflect the needs of the mobile workers they support. By analysing the data for each vertical segment, we have been able to derive an accurate picture of the needs of the enterprise HSD market and gain a better understanding of the issues operators need to address in order to establish a foothold.

Understand vertical segments

The HSD business case reveals 22 distinct vertical segments, each with



In-depth primary research makes it significantly easier for operators to kick-start 3G launch strategies. So what are the key sectors telling us?

its own unique profile. For starters, the size and composition of each segment's mobile workforce varies enormously. In the pharmaceutical industry, the mobile workforce is dominated by sales people. In contrast, service representatives make up the balance of mobile workers in the insurance sector while the utilities seem to have more senior executives on the road than anyone. Not surprisingly, these populations display very different usage patterns and requirements for remote access.

Understanding how and where mobile workers will need to use HSD and what type of applications they need is critical because it enables operators to respond with tangible and immediate benefits. It also enables them to structure their offer according to the needs of each sector. For example, mobile workers who need access to their own corporate systems while on site with a customer want to convey the impression of a successful, effective professional – whether it's a sales person hoping to close a deal or a service rep on call. Busy executives using HSD on the road want ease-of-use, guaranteed connectivity and the knowledge that their service package will reduce stress rather than contribute to it. Thus uncovering both the hidden need and the business benefit provides the key with which to unlock the potential from each sector.

Having profiled each segment, operators can next determine which ones represent the most attractive targets. History dictates that IT adoption rates vary by industry and are shaped by the nature of its product. By targeting those industries that have a track record of early adoption, coupled with the prerequisite size and composition of its workforce, operators can implement a 3G HSD deployment strategy that will generate significant revenue from the word go. And there's nothing like success for breeding success. Once services are established, they pave the way to target other segments and ultimately the consumer market.

HSD as a productivity tool

Our study revealed that, on average, mobile workers spend more than 50 per cent of their time on the road. Laptops and PDAs allow them to work independently up to a point, with periodic access to the company network, often in a hotel bedroom after a day's work. Wireless access to the internet and corporate intranets heralds a shift from occasional, time-consuming downloads, to more frequent, shorter bursts of connectivity on

demand. IT/telecom managers rated 'increased workforce productivity' as one of the most compelling justifications for HSD. As a rule of thumb, the productivity improvements arising from equipping the sales force with mobile office capabilities are forecast to be between 6 and 20 per cent per employee – thus HSD is no longer desirable but a 'must have'.

HSD as IT solution

That there is real pent up demand for HSD cannot be refuted, but even so it would be dangerous to adopt the adage 'build it and they will come'. But for many operators, selling the product represents a paradigm shift as it is clear that enterprises regard HSD as an IT tool rather than a traditional telecoms product. Therefore the ultimate decision maker is more likely to be an IT manager than a telecoms manager. However daunting this may be, it carries certain advantages. Decision makers appear happy to pay for a data card solution that is laptop-based in contrast to a mobile handset which seems to be subject to different purchasing considerations and budgetary constraints. In the US, IT/telecom managers suggested that they would be prepared to pay up to US$90 per month per subscriber while their European counterparts said they would pay more than US$100 for HSD. The fact that 3G HSD is regarded as a tool that will increase productivity, customer satisfaction and revenues, rather than a means to cut costs may have something to do with it.

Partnerships

The nature of 3G HSD as a business tool means that it can't be considered in isolation – IT and telecom managers tell us that HSD must integrate with their networks and existing systems. As we have seen, it is not regarded as a telecoms solution, but one of many components that comprise the enterprise communications environment; HSD as a tool must interact with both an enterprise's mobile telecoms network and its IT infrastructure.

Therefore, enterprises need a 3G HSD vendor that can provide a full end-to-end solution which includes integration expertise. In many cases a network operator may not be the obvious choice. In fact, a third of our respondents told us they would look to their IT or networking supplier for an HSD solution instead. With a growing trend for outsourcing, many enterprises may already have an existing systems integrator or IT consultant partner that manages their network. The smart mobile operators are already partnering with the players who will become critical to the strength of their end-to-end offer.

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Distribution channels

Success in this new market relies upon accurate targeting of industry segments – understanding how they will scope, evaluate, select and purchase an HSD solution is critical. Only when armed with this knowledge, can an operator provide tailored marketing support to each segment. Not only is it important to understand the structure of the IT channel through which 3G HSD will be sold into each segment, but it is also important to agree a tactical approach, company-by-company. When approaching large corporations for instance, direct selling by well-trained sales executives, with a well-honed appreciation of their target sector may be appropriate. An alternative, equally effective means may be to sell HSD via the incumbent systems integrator. SMEs and SOHOs will go to their conventional VAR or PC retailer for advice and supply of data cards and supporting equipment.

Lead with enterprise

Selling 3G HSD in to major enterprises first is the way for an operator to gain the early-to-market lead. Furthermore, when the underlying projections arising from our study are run into the operator's business case, the imperative to be first to market becomes clear. Large companies with sizeable mobile workforces make the most attractive target in the early days for they have the potential to provide an operator with high volume usage and strong revenues at a manageable cost. Operators should establish the network, then target, engage and service these large companies as a priority. Developing a culture of usage amongst large enterprises will encourage word-of-mouth advocacy that will draw in SMEs and SOHOs that, due to their diversity, will be harder to engage.

Do not over-sell 2.5G

IT and telecom managers cite poor data connections, woefully inadequate data speeds and the lack of always on connectivity as the main causes of frustration with today's technology. 2.5G has stimulated the appetite for a wireless HSD solution but has so far, failed to

deliver. Remote workers need more than email access when away from the office – they need to access presentation material, technical specs and emails with data-rich attachments. 2.5G manifestly struggles to provide the download speeds they require. In a worst case scenario, over-selling GPRS runs the risk of causing frustration, encouraging users to look elsewhere for a data access solution. Further, once damaged, an operator's brand equity and relationship with its enterprise customers may be difficult to repair. There is a market for GPRS but the performance requirements means that it is not an appropriate solution for all of the enterprise market needs.

Provisioning and network quality

Market reports suggest that the provisioning of one in every three GPRS phones fails. It therefore goes without saying that for 3G to succeed, this situation must improve. Enterprise users need to be able to activate their cards in minutes not days, so that valuable productive time isn't lost.

In order to provide high quality, high-speed data, an operator must have a robust, secure 3G network in place. The need for end-to-end security is a given, with all enterprises expecting water-tight security before they will introduce the solution to their mobile workforce. Successful network deployment on the other hand requires an in-depth, practical understanding of the 200-plus performance parameters that determine the efficacy of spread spectrum technology, the basis for UMTS. Given these complexities, GSM operators need to partner vendors with extensive field experience of spread spectrum deployment.

Data card solutions

UMTS terminals will be expensive and in limited supply well into 2004. The reasons for delays are well rehearsed and centre on size, interoperability issues, processing power and battery consumption. Given 3G licence costs and falling ARPU, operators cannot afford to wait for these issues to be resolved before they seek out new 3G revenue streams.

> "3G HSD for enterprise has the capacity to exceed end user expectations."

However some vendors have already secured volumes of 3G enabled data cards. Data cards coupled with laptops and PDAs reduce the cost of implementing a wireless HSD solution. Unlike conventional handsets which corporates regard as low value negotiation items, IT and telecom managers see data cards as IT peripherals with a significantly greater perceived value. Providing a laptop-based HSD solution means companies need not introduce new appliances or change mobile workers' user patterns. Unlike the adoption of other devices, the data card approach is simply an evolution not a revolution and thus will prompt more swift deployment.

Invest in marketing

As 3G networks move from drawing board to deployment, enterprise IT budgets have emerged as the most significant new revenue stream driving launch strategies. HSD for enterprise will comprise a significant component of informed 3G business models. Operators can ensure that this shift happens quickly by meeting the expectations and technical requirements of these large companies.

The priority for operators is to understand the market and target messaging through systematic in-depth research. By analysing the vertical segments and the profile of mobile workforces, the benefits of 3G HSD can be sold to enterprises. As a key component of 3G launch strategies, operators must focus on identifying and targeting the early adopters, both by vertical segment and by user type. The trickle-down effect of securing large scale enterprises early in the game will support the business case medium to long term.

In developing the 3G market, it is essential that the industry as a whole learns from the experience of WAP and GPRS. The takeaway here is don't sell on technology but on benefits. Properly marketed as an IT solution, HSD is a compelling proposition for the IT and telecom manager, particularly when the benefits are closely aligned with the working habits and requirements of their mobile workforces.

Fortunately, 3G HSD for enterprise has the capacity to exceed end user expectations. The priority for the wireless industry in the year ahead is to ensure that enterprises understand the potential of the technology. But before we can do this properly, we must fully understand the needs of the enterprise. ■

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