

A Short Review of Mobile World Congress 2008

by Barbara Lancaster and Trevor Hayes

(1) The Headlines

Mobile World Congress continues to grow and diversify. It's not getting prettier as it matures, but it still serves a purpose. Around 55,000 delegates turned up to the Barcelona conference center, which for four days holds the population of a good-size town, but with not so many bathrooms. Twelve-hundred companies paid for space on the exhibit floor and many more rented meeting rooms, or just turned up to network, sell, and buy in the halls and bars of the Barcelona conference center. This is a show that takes about five days to learn to find your way around. Too bad it only lasts four days.

First, here are the headlines to provide a flavor of the show for those who were not there.

Hot topics:

- Device operating systems - name the three or four that will survive long term;
- Over-the-top-services;
- Phenomenal growth in Asia;
- Video, of course;
- Femtocells;
- GPS-enabled handsets;
- The generation gap: this generation of users is very, very different.

Yesterday's hot topics that hardly rated a mention this year: IMS, walled gardens, NGOSS. Notable players missing from the exhibitors list: Apple. Most overused presenter expression: "I'm excited to share with you ..." Least mentioned mobile service: person-to-person voice calls.

(2) The Big Picture

Did a big theme emerge? A show of this size covers a lot of ground. It's difficult to perceive an image when you're studying the pixels, so we'll ignore all the exciting announcements and cautiously suggest that the important development this year is

not one single product or deal; it's the emergence of a new mobile ecosystem.

Ecosystems are not designed by anyone; they emerge, and they change. A couple of years ago, the wireless carriers were at the center of the ecosystem. Determined not to become an endangered species, they were snapping at anyone who wanted to invade their territory. Their metaphor was the walled garden; their ambition to continue to "own" the customer. True, we are still hearing wireless carriers uttering the old call to arms – "we will not be marginalized; we will not just be bit-pipes" – but this is just because the script-writers haven't caught on to what is actually happening. The new reality is that wireless carriers are starting to forge partnerships and relationships with the new inhabitants of the ecosystem and looking for ways to make money together, in preference to losing money in splendid isolation.

The trend is now towards, and not away from, concepts like collaboration, openness, and partnership. Maybe it's because the carriers realized that they were asking a bit much to expect regulators to protect voice-era business models forever. Simple changes – such as widely available unlocked phones and devices open to third party applications – can have profound impacts. Also, some carriers re-learned an important truth – that the most fundamental, sticky, and hard-to-enter business in the mobile communications industry is, in fact, carrying the bits. Owning the access networks provides carriers with a valuable and sustainable basis for working out ways of making money in partnership with all those upstart Internet companies. Having realized that it's not such a bad thing to be a bit-pipe, carriers have changed the question. Instead of "How can we prevent anyone else engaging with our customers?" carriers are asking themselves "How can we make money helping all these other people who have stuff our customers want?"

The mobile communications ecosystem has evolved and continues to change. The main ecological niches or roles in the environment today are: access and connectivity; hand-held devices; hand-held device operating systems; applications that provide useful services. This is a simplification: each niche contains many different species of flora and fauna; and some creatures range across the entire landscape. In this environment no single sector defines the industry; no single player defines the customer experience; no single player owns the customer. Perhaps the customer is becoming a time-shared property. Perhaps customer ownership itself is simply extinct, a concept not fit to survive in this new mobile ecosystem. In any case, with the customer naming the tune more than ever before, the customer becomes the major determinant of the evolution of the mobile ecosystem. Now that's a novelty.

This picture will evolve further as regulators deliberate and companies strategize and reassess opportunities for both vertical and horizontal integration. But perhaps the biggest factor will be the new attitude to the customer that was reflected in presentation after presentation: win customer loyalty by helping customers get access to the goodies they like.

Is it all sweetness and light? Hardly. Now that the garden walls are tumbling around wireless Internet, attention will surely turn to voice services. People still like to talk to each other, and carriers still earn most of their revenue by charging for voice calls. With 3G networks, there is no technical reason why voice should not be delivered as just another over-the-top data service, but it won't happen soon, even though devices are being shipped with multiple VoIP clients already installed.

Customers can use third party services at a WiFi hotspot, but not over the 3G network. Voice is the last bit-carrier holdout.

Shows like Mobile World Congress do not define the ecosystem, but this show has become an important part of the messy self-organizing process that somehow creates a direction for this important global industry. It may seem odd that an industry that is dedicated to communication-at-a-distance finds it necessary to bring together 55,000 people to meet face-to-face in one small corner of the planet, but it works. Outside their corporate shelters, in the conference halls, exhibition booths, restaurants and bars, thousands of inhabitants of the various ecological niches can work out pragmatic ways of living together.

We felt that a lot of the interesting stuff at this show lay in the area of new mobile applications and services, offering customers access to information and capabilities that just didn't exist a few years ago –messaging, video, location, search, social networking – you know the list. You can make voice calls on these things, too, I understand.

Where do these applications live in the infrastructure? The interesting development, brought into sharp focus at this show, is that, technically, in this new mobile ecosystem, it hardly matters.

- Services can be delivered by a combination of device-based applications and server-based applications accessed over the Internet.
- The server-based applications could be hosted by a carrier, or by a third-party over-the-top service provider.
- Device software can be shipped with the phone or downloaded by the customer. This trend will continue, with the inevitable increase in the availability of devices that are fully unlocked: open to networks and open to applications.

(3) OSS/BSS where are you?

We were on the lookout for companies in the OSS/BSS space. The usual suspects and a few more were there – we estimate about 10% of the exhibitors could be clearly classified as OSS/BSS specialists, and we didn't see much new to get excited about this time. Perhaps managing all this complexity and billing for it is simply becoming business as usual: necessary rather than exciting. However Keith Willetts and his team on the TM Forum stand believe there are still exciting things to be done in this space to create a cost-effective management environment fit for the new telecom ecosystem.

We met with several OSS companies and found that even though their message wasn't as flashy as some of the other firms at the show, they did have good things to say. Tribold seems to be making very good progress with a few more service providers in Europe, and are very close to being able to announce their first North American deal, too. Patni is using their enhanced capabilities and industry street cred acquired with Logan Orviss to be poised to announce some new ISV partnerships. We also met with Orga (who is happy with their client base and pipeline of new work), NetCracker (who showed a slightly more cautious optimism that their sector still has lots of opportunities) and Highdeal (who see their traction steadily growing with the shift to focus on content partnership, where they feel their capabilities are very strong).

There were many, many companies we didn't get a chance to meet with because there simply wasn't time! We weren't alone in seeking out the OSS types. The TMF booth attracted a steady stream of interested visitors, with companies like NetScout and Nakina drawing a fair bit of attention.

(4) Companies that caught our eye

We talked to a number of companies that have developed software, services and capabilities that live in this sprawling application layer that straddles the carrier space, handheld devices and Internet locations. With a show of this size, it's difficult to look at everything in depth, so this is a random sample of companies that caught our attention, with apologies to all the geniuses who didn't catch our eye.

NewStep showed us a solid approach to fixed mobile convergence that seems to be winning favor with carriers. Everything has been abstracted to a network-aware applications layer that can reside equally well inside a carrier environment or alongside it. Depending on your perspective you can therefore view NewStep's approach as providing a key feature of IMS, or making that IMS feature unnecessary. You choose.

Trackphone is a location service provider that delivers asset and person location services for enterprises, governments, and individuals. The services can make use of Cell ID, enhanced Cell ID or GPS, or a mixture. The service receives Cell ID location feeds from multiple carriers, providing customers with presence and other services that cross wireless carrier boundaries. The company has had recent success with a large European carrier and is hopeful of further carrier wins in the near future. However, the Trackphone software need not sit within the carrier environment at all, and Trackphone also delivers the service to enterprises as a hosted service.

OneTouch Online Purchasing™ from **eBiz.mobility** tackles a problem experienced by people who want to buy content on-line but are hampered by cross boundary restrictions on credit card use, or concerns about security. The product enables carriers, banks, ISPs, and content providers to offer their customers secure and convenient way to pay for on-line digital content.

Mobile Acuity has a fun approach to search that primarily uses pictures, not words. No, it's not just for people who can't read, because the responses are in text, not pictures. The "query" is a photo taken by the phone and submitted on line; the search matches the graphic to a graphics library entry, which is linked to related information. Example: snap a photo of a book cover or a movie poster with your mobile phone, and get links to recent reviews of the book or movie.

Yahoo! is continuing to notch up deals with carriers (including AT&T, T-Mobile and Vodaphone) to provide device applications that add to the existing search and mail and information services available in Yahoo! Go. Yahoo! oneConnect provides a single integrated interface to multiple text, email, IM and social networking services (as well as to that old voice service, also available somewhere on your phone). Yahoo! Go and oneConnect are Java applications run on just about any device running Windows, S60 and, indeed, OS/X. Here's what makes this new environment interesting: if an end-customer's carrier doesn't pre-bundle the Yahoo! applications, then a customer using an open device can just navigate to the Yahoo! web site and download them anyway.

DiTech is still enthusiastic about voice quality... it was the only exhibitor at the show to make a big deal about this and so the company deserves at least a mention for persistence. DiTech has added new measurement capabilities to demonstrate just how bad mobile voice can be. The company is gaining some traction with carriers, but in the exciting new world of mobile Internet, voice quality is not top of everyone's list. The DiTech approach uses smart (patented) algorithms to measurably improve voice quality in the network; but an algorithm embedded in a piece of software can be deployed just about anywhere in the voice path with effective results. So if carriers don't deploy it, it could be shipped in end-user devices.

Microsoft's Windows Mobile continues to evolve, and it is no longer just a cut down version of the desktop OS. It is stable and well integrated with the Microsoft Live services, which makes it appealing to carriers who want to present their customers with a richer services experience out of the box. MS has now closed a deal with Sony/Ericsson, so Windows Mobile is now available on handsets from all the leading manufacturers, except Nokia. With the acquisition of Danger (makers of Sidekick) Microsoft moves squarely into the social networking space.

In the meantime, **Nokia** has not been idle. They announced that the S60 operating system is now deployed on 73 devices, and powers more smartphones than any other OS. This evolution of Symbian is explicitly aimed at the mobile Internet user, with GPS integration, widget support, touchscreen support and the ability to work on both WiFi and 3G networks. So far, wireless carriers do not permit third party voice over their 3G data paths, so the S60 Skype, Gizmo and Vox applications are for WiFi only, for the time being. At least that gives customers the opportunity to directly compare price/performance of wireless carrier voice directly against VoIP over WiFi.

Which prompts the thought: is there really going to be a battle over person-to-person voice, a service that's been with us for over 120 years? Or perhaps, as it is doing with mobile Internet services, the industry will move towards a pragmatic accommodation enabling true convergence: any service on any device on any network, in the next iteration of this new mobile ecosystem.

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