

Innovation and Consolidation in the News

By Jesse Cryderman

As Spring arrived, so did several innovative services that had previously only been showcased at trade shows or debated in developer forums. These services capitalize on trends in (FILL IN). Whether they will prove to be as innovative as their respective marketing campaigns promise remains to be seen, but here's a rundown of some of the more interesting launches.

Android In-App Billing

In-app billing for the Android platform finally became a reality, as the SDK went live March 30 after a few miscues earlier in the year. In-app billing opens the door for advanced monetization strategies. A message to developers on the Android Developers website explained: "You can use the service to sell a wide range of content, including downloadable content such as



media files or photos, and virtual content such as game levels or potions."

PapayaMobile, a 10-million-strong social gaming network, was one of the first to offer in-app billing, enabling users to execute "micro transactions." CEO Si Shen spoke of the "great monetization potential" of the in-app billing solution in a statement.

Specifically, "In-app billing uses an asynchronous message loop to convey billing requests and billing responses between your application and the Android Market server." All that is required to monetize features within an app is an Android Market publisher account. This feature should lure even more developers away from an Apple-exclusive worldview. It also is a great

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example of a working method to monetize data services in real-time. Carriers could jump into this sector and provide real-time premium data services, even to post-paid customers.

Cloud Music

Amazon beat Apple and a host of other competitors to the cloud-based music market with the launch of its Cloud Drive and Cloud Player services, which allow users to store their digital music libraries in the cloud and then stream them to computers or Android smartphones via a lightweight app. It's truly a new form of digital music delivery, like a personal Pandora. With 5GB of free space, and incentives like 20GB additional free space with the purchase of an MP3 album from the Amazon store, the service is poised to take off, especially since it's the only major player in the market right now.

Personal Payments and NFC

New, low-cost methods for processing transactions, or making transactions easier or more personal were revealed this month in the form of personal payment systems from Visa and American Express, and several announcements in the Near Field Communication (NFC) arena.

While PayPal has been the leader in personal payments for some time, they've also garnered a bad reputation in

Major players are embracing NFC strategies.

some circles for locking down accounts and operating without the consumer protective rules that regulate banks. Seeking to carve into the personal payment market, Visa's new service lets customers send funds to an account number, an email address, or even a mobile number, and has the buy-in of major banks in the U.S. and partnerships with CashEdge Inc. and Fiserv Inc., two of the leading providers of electronic person-to-person payment, account transfer and bill payment services to banks. The service should be live in the second half of 2011.

Similarly, American Express launched a peer-to-peer payment service, Serve, on March 29. However, the Serve online payment system is equipped to integrate NFC technology, which is truly innovative.

Speaking of NFC, Apple announced it will not include NFC chips in the iPhone5 or iPad2 as previously reported, but that hasn't slowed down Mastercard, Visa, Google, Amazon, Microsoft, or Samsung. All of these major players made announcements in the past month regarding NFC strategies.

Google joined the NFC forum as a principal member,

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and supports NFC in Android phones like the Nexus S. Microsoft reported they have NFC plans in the works for the next iteration of the Windows 7 Phone software. Amazon made Samsung announced that, with Visa's payment processing technology, it will release a NFC-enabled handset at the 2012 Olympics. And Mastercard has certified an NFC solution on smart SIM cards from Gemalto.

James Anderson, vice president, Mobile, MasterCard Worldwide, explained the scope of their NFC offering: "Leveraging the interoperability of MasterCard PayPass, Gemalto's effort will enable cross-border mobile NFC payment, adding ease to the fast-paced lifestyles of more and more consumers across the world."

NFC will likely replace credit cards in the future, but how soon is anyone's guess. The news this month points to a nearer date than the some analysts have projected.

AT&T/T-Mobile Merger

It's impossible to review the events of this past month without discussing the proposed AT&T/T-Mobile merger. If approved by federal regulators, the new AT&T would encompass the majority of the U.S. market, which makes the last remaining competitors, especially Sprint, uneasy to say the least.

AT&T points out that telco consolidations traditionally result in cheaper rates for consumers, but not everyone is buying that. In fact the chorus of voices who say the merger would be bad for consumers grows louder everyday. Other analysts, like GigaOm.com's Om Malik, say it's bad for innovation as a whole. "It doesn't matter how you look at it; this is just bad for wireless innovation," said Malik in an article March 20.

In a C-Span interview aired April 1, the FCC's Michael Copps expressed concern over a "a world where two companies are going to control 80 percent of the spectrum."

This merger is a big, big deal for the communications industry and the U.S., and we will continue to read about it in the news for the next year.

Century Link/Qwest Merger

Consolidation on the wireline side of telecommunications also made news this month, as the FCC approved the CenturyLink/Qwest merger. The \$12 billion deal unites the third- and fourth-largest traditional telcos in the United States, and might signal the FCC is willing to approve such major transactions.