



DoCoMo USA Labs

# Web 2.0 and Mobile Operator Service Offering

**MobiArch Panel**

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# Just a Dumb Pipe?

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- IETF/IP position: mobile operators should just offer a dumb pipe
  - View of some WiMax Forum standards guys too
- Mobile networks are considerably more expensive to deploy than fixed networks
  - Spectrum cost (for licensed spectrum)
  - Base station siteing and equipment cost
- Consumer market often doesn't know what to do with raw connectivity
  - Much better business prospects if service targeted at consumer market
- Slow uptake, low profitability (if any), lousy business
  - Why should anybody invest?

# Japanese Experience

- Wireless services in Japan are targeted at the consumer market
  - US (data) wireless services are targeted primarily at the business market
- Consumers buy wireless if there is an attractive service offering
  - Business users have particular applications (email, etc.) that don't require bundled services
- Consumer market has much better business prospects because volume is much larger
  - DoCoMo's imode customer base runs to 50 million
  - But harder to succeed because consumer tastes are more difficult to predict
- Modularity and well defined interfaces between components aren't there yet for disaggregating mobile services
  - Christensen's criteria for successful commoditization is modular decomposability with well-defined interfaces
- Integrated operators still most successful at providing a broad variety of services useful to consumers
  - Will WiMax change this?

# Web 2.0 and Mobile Operators

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- Web 2.0 business model
  - Service provider: framework for content generation
  - Users: generate content
  - Revenue: advertising based on content
- Web 2.0 copyrighted content business model (iTunes, Bittorrent deal)
  - Service provider: copyright content with DRM to protect rights
  - Users: consume content
  - Revenue: from selling content
- Mobile Operator business model
  - Service provider: transaction or subscription based voice and data services
  - Users: common carrier role, no explicit content
    - In fact, carrier is explicitly prevented from saving content by law
  - Revenue: metered voice and metered or subscription-based data access
- Can the Web 2.0 model work for mobile services?
  - Enough advertising to support mobile operator's business?
- When will Skype become “good enough” to start displacing bread and butter metered voice business?
  - Trouble then!