

Eight visions from mobile Asia

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Yat Siu is the founder and CEO of Outblaze, a messaging service provider that has been at the forefront of the internet evolution in Asia since 1998. Siu has a degree in music from the Musik Konservatorium in Vienna, Austria, but rather than pursue a career in music he opted to work for Atari Europe in the early 1990s, at which time he began to develop his own software. In 1992 he left Austria for the US, where he later founded his first company. In 1996, Siu moved to Hong Kong to establish Cybercity/Freenation, the first free Web page and email provider in Asia, then joined AT&T Solutions in 1997. A year later he founded Outblaze, which today is a global provider of hosted email and related services. In his *receiver* contribution, Yat Siu draws on his intercontinental experiences to compare mobile usage in Asia, the US, and Europe, and ventures a guess on which leading Asian mobile trends are likely to spread westwards.

<http://www.outblaze.com>

Outblaze

Only a few years ago Asian technology trends were under the influence of Western innovation. Such influence expressed itself via large corporate conduits such as Microsoft, Oracle, Cisco, IBM, and Nortel. In the mobile technology field, the corresponding influences were Motorola, Nokia, and Ericsson. Successful Western brands were widely adopted or imitated (or both) and helped spur the rapid development of genuinely Asian technology. Today, the number one in notebook computers, silicon chip foundry services, LCD monitors, PDAs, and wireless LAN equipment is Taiwan. (It's number two in servers as well as digital still cameras). India is rapidly gaining clout as a software powerhouse. More and more of China is coming online. Leading mobile technology brands today include various Asian brands such as Samsung, LG Electronics, Sony, and Panasonic.

IDC figures for 2005 Q1 global handset market share provide an interesting snapshot of the current mobile market and its top five players. Nokia (Finland) is the undisputed leader, with 30.9 per cent of market share. Motorola (US) hangs in at number two with 16.5 per cent of the market, closely followed by Samsung (South Korea) with 14.1 per cent. LG Electronics (South Korea) is in fourth place with 6.4 per cent market share, and Sony Ericsson (Japan-Sweden) is in fifth with 5.4 per cent. Samsung was the only brand in the top five to post sequential growth from the previous quarter, reducing the gap between it and number two Motorola in quarter-on-quarter sales by more than half. LG made over half of its mobile handset sales in North America, the only one in the top five to do so. Sony Ericsson bumped Siemens (Germany) off the top five brands without yet having revealed its line-up of high-end and specialty handsets. Asian mobile brands are booming.

It is easy to see why the mobile tech market in Asia is burgeoning: with technological powerhouses Japan, Korea and China leading the way, Asia is the most important, populous, productive, and potentially lucrative regional market for mobile goods and services.

Western Europe as a region leads in terms of mobile use: countries like Italy, Sweden, the UK, Germany, and others have mobile phone penetration rates that are actually greater than 100 per cent, and research firm Analysis predicts full penetration for Western Europe by 2007. The sheer number of mobile phone users in Asian markets, however, is considerably more impressive: China alone recently topped 400 million, making it the largest mobile phone market in the world and one that is expected to grow by 65 per cent through 2010. Indeed, the present number of Chinese mobile users is roughly equal to the combined populations of Mexico and the US.

Asian markets also offer tech products that are increasingly sophisticated when compared with American and even European standards: Japan, with 87.5 million mobile users may “only” have a 69 per cent penetration rate, but most of those users own handsets that are more advanced than anything available in the rest of the world – not surprising, given that the Japanese were already surfing the internet from their mobile phones in the last millennium. Koreans are slightly behind the Japanese in terms of handset technology, but have a deeper mobile penetration rate (76 per cent or 36.7 million users) and the highest 3G penetration rate in the world (16.1 per cent – that’s 5.9 million South Korean 3G users out of a global total of about 30 million).

While European nations enjoy some of the deepest penetration rates, they lack the mobile technology sophistication of Asia. The leading Asian markets, on the other hand, offer unmatched mobile handsets, services, and content, but have somewhat lower penetration rates. Interestingly, Hong Kong is a significant market that enjoys both a mobile phone penetration of over 100 per cent, **and** many of the advanced technologies and services common to highly developed Asian markets.

In just a few years, then, Asia has managed to make giant leaps in mobile technology development, service subscription, and content delivery. There are a number of exciting trends and lessons from which the West can learn.

1. The 3G incentive

Serious mass usage of 3G applications will occur when service fees become fixed and subscriptions become attractive and affordable for most users. In Japan, for example, 3G brought about the development of a vibrant and active content download culture that emerged following attractive consumer pricing of 3G bandwidth. Some telecoms may resist the idea, but ultimately they should pay

heed to the lesson learned from broadband: charging a service on a usage basis discourages subscription, and will generally limit utilization to early adopters and technophiles.

Many operators who rolled out 3G services erred in setting exorbitant pricing, thus discouraging regular consumers from utilizing expensive 3G bandwidth services. 3G downloads of products such as video streaming, applications, or large emails are fairly substantial and therefore incur a greater cost on a pay-per-use bandwidth model; clearly, this is discouraging to potential customers. A useful analogy is a large and modern highway (heavy infrastructure investment in 3G), with frequent toll booth charges (high service fees); such a highway is likely to have few cars (users) traveling on it, because most drivers would opt for cheaper roads (2.5G or low-bandwidth 3G services) in order to avoid the high costs. The introduction of flat rates for 3G service will benefit users (with lower service costs), content and application developers (who can take full advantage of 3G rather than provide “stunted” offerings), and telecoms (increases in subscriptions).

2. Mobile phones as music boxes

The modern mobile phone should be both a music player and an interface to browse and purchase music. The ability to play MP3 music files on a phone is not new, nor is the concept of downloading ringtones or music via handsets; the utility of phones as entertainment units should be boosted with the provision of simple to use music and similar content. Use of a mobile phone to download and pay for single tracks or even entire music albums in high quality MP3 format proved very popular as a commercial consumer service in Japan and South Korea.

http://www.3gnewsroom.com/3g_news/mar_05/news_5611.shtml
Report on mobile music in Japan and Korea

3. Step up the convergence

Fixed-Mobile Convergence is most commonly mentioned in connection to WLAN or Bluetooth technologies, but it is important to consider convergence on the application side as well. Services such as instant messaging to a mobile device via a PC are already standard fare in many markets, and operators should turn their attention to more advanced instances of convergence such as internet-based games that can be played with mobile devices.

<http://www.telecomasia.net/telecomasia/article/articleDetail.jsp?id=92624>
TelecomAsia on Fixed-Mobile convergence

4. Accessorize

Accessories – both digital and physical – are as important as their more mundane counterparts. Customization and personalization of mobile devices is a feature that becomes more important with every new handset that finds its way to a user. The beginning of the trend was the ability to download specific ringtones and wall-papers, or replacing the outer casing of a handset; today the level of customization ranges from entire digital media themes to a plethora of accessories that can either be attached or replaced on the mobile phone. These include key chains that attach to the phone, mobile phone jewelry, extravagant removable casings, special stickers, replacement antennae, entirely new styles of covers, etc, over and above interface changes such as themes and avatars.

<http://www.cellsina.com>
Chinese mobile accessories

5. The era of mobile banking

Mobile Banking is the convergence of mobile and financial services. This convenient form of banking emerged as truly feasible with the advent of smart-chip mobile phones that allow subscribers to manage their bank accounts and perform banking transactions via data securely encrypted on mobile phones. The concept was launched with considerable success in South Korea, where all banks now offer the option of mobile banking and 400,000 shops accept payment from mobile phones. Over a million Koreans dial into their bank accounts from anywhere they and their handsets happen to be: the subway, home, nightclub, or even public restroom. Like internet banking, mobile banking is cheaper than a face-to-face transaction, and far more convenient; the result is that everyone – from the operator to the bank to the consumer – is a winner.

<http://news.bbc.co.uk/1/hi/business/4287341.stm>
BBC on mobile banking

6. Avatars

An avatar is the digital interactive representation of a user in a shared virtual environment, traditionally in online games or chat rooms. In recent years avatars have expanded into the mobile world through services that provide custom character animations on mobile phones, complete with synchronization of lips and speech. You could, for example, set up your handset to display an animation of a talking cartoon character whenever you take a call from your boss. What's more, avatars have also been converging in their own way as the shared virtual universe

expanded from PC/LAN to internet, and now to Wireless. Avatars have not quite broken past the game/chat barrier in most of Europe and the US, but their potential as attractive services has been proved in Asian markets.

http://www.smartone-vodafone.com.hk/jsp/SmarTone_iN/hip_fun/english/animation_char_listing.jsp?cat=3
Smartone Hong Kong avatars

7. Gaming

Mobile Games are a market opportunity estimated to be worth upwards of a billion dollars, with approximately half of that sum originating in Japan. It is a natural evolution for mobile use: as with other services or features added to your mobile phone – including configurable ringtones, SMS, wallpapers, and theme downloads – the trend with gaming is towards greater functionality and interactivity, including competition against other mobile players or internet users. Mobile gaming is no longer restricted to monochrome, highly pixelated clones of Tetris or similar simplistic games, but is emerging as a powerful industry with increasingly sophisticated offerings whose true potential is being realized thanks to 3G.

<http://www.gamespot.com/mobile/index.html>
Gamespot's section on mobile gaming

8. Email: the golden oldie

Email is older than the earliest mobile phone, but this venerable technology remains hugely important, bringing nine out of ten internet users online regularly. Email over the Web is undoubtedly one of the most important and revolutionary applications of the digital age, yet email over the mobile network (and its close cousin, Instant Messaging) has not yet taken off. There are some exceptions, such as the capabilities offered by 3G networks or similar solutions in markets such as Japan, South Korea, and China. Thanks to unique service offerings, most Japanese internet users have been going online via their mobile phones for over half a decade. In South Korea and China substantial social communities have developed around phone-to-phone Instant Messaging. Handling email over a mobile network has been technically feasible for years, and adding to mobile phones the capability to use one of the internet's most established features could only benefit both operators and consumers.

These are only some of the trends that have emerged in Asia; there are many more noteworthy developments taking place, and interested parties are advised to keep a close eye on the region's mobile phone goods and services.

This article was written exclusively for *receiver*
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