

On-Deck vs Off-Deck: Trends in Location Based Services



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Quick question:
Do you look at your watch or your mobile phone when you want to know what time it is?

Many people do not even wear wrist watches anymore since the local cell tower/site will give them the current time with out the extra weight and hassle. Location based services could be the next level in the way

mobile phones change how people live their lives. Instead of merely enabling the “when” of your day, mobile phones could start enabling the “where” of your day as well.

In this area, there are two types of competitors for the audience of location based services – on-deck and off-deck providers. On-deck providers are those applications and approved vendors that wireless providers sell directly to their customer as part of their “walled garden” content strategies. Off-deck providers are those providers who are extending their reach from existing distribution channels, web or brick and mortar, to the mobile space using the mobile connectivity available on most mobile phones.

Drivers

Both levels of provider want to prevent their products and services from becoming commoditized and are looking for ways to

position their products and services in a value-added fashion. Wireless providers, via on-deck providers, are looking to prevent their services from becoming the dumb-pipe for other service providers.

In addition to their product and service positioning, wireless providers are always looking for new ways to generate revenues. With the decline of voice revenues and the relatively mature nature of SMS/MMS revenue streams, the non-messaging data revenues offer an opportunity for growth. For example in Europe, Vodafone is experiencing approximately 40% annual growth in this area. In the United States, Sprint and Verizon are driving around \$8 of average revenue per user (ARPU) in data services.

Off-deck providers are looking to extend their brand away from the “hard connections” of the Internet and to fill the needs of the “What I want. When I want it” consumer. This mentality, sometimes referred to as “Wee-Wee” for short, comes from the expectations of consumers to get the content or information that they want, where and when they want it. “Wee-Wee” began with the open nature of the Internet and has expanded with the increasing speed of connectivity and the range at which those connections continue to spread from “hard connections” to the Internet.

Where are you?

In the mode of “old-school” location based services, my sister-in-law and her husband have an interesting way of keeping track of their kids. The father will stick his head out the door and WHISTLE. Within a prescribed amount of time if my niece and nephews are not sitting at the dinner table, they have “issues”. In my neighborhood, despite my lack of whistling skills; I doubt that any kids would be able to hear, let alone be interested in answering, a whistle over the sound of traffic, trains, etc.

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Wireless providers have always “known” where a particular mobile phone was in relation to their cell network. However, now with GPS service, wireless providers can locate a handset within about 10-15 feet/3-5 meters. Using this concept, many on-deck providers have latched on to an alternative to my sister-in-law’s method for locating her kids while solving my problems associated with a more suburban environment. They are providing location based services directed at families and children.

For a nominal fee, the mobile providers will allow you as a parent to determine where your kids are using GPS driven services or to alert you when a child moves outside of a predetermined geographic zone. In the United States, Disney Mobile’s variant of a child location service has proven to be very successful. Many parents use the locator service approximately 3-4 times a week for the \$13 per month service.

While some on-deck providers are having good results with these services, the lack of a robust quality of service to many mobile phones makes the on-deck services somewhat “hit and miss” - particular for the associated monthly costs.

No matter where you go...

One of the more interesting location experiences that I ever had was driving around Boston. I was looking for a specific location near downtown. However, despite my best efforts; I only succeed in making several laps around Boston in general and the Boston Common in particular. This was due to the “quality” and “robust” nature of my rental car map and instructions. Over the years, web-based mapping and direction services have come to my rescue and prevented me from wandering aimlessly around many a major city. However, I often have to make my arrangements in advance to print my map and directions before I leave the house.

Off-deck providers are using situations like my laps around Boston as their motivation to get that content to the mobile phone. This is all in the effort to fulfill the “Wee-Wee” aspects of the

consumer. Consumers have come to expect the ability to access content on their terms. Those providers who can fulfill these requirements will be viewed as those “trusted partners” and those who cannot will be viewed much as the “brick and mortar” only retailers are currently viewed.

For example, Mapquest has, for the last couple of years, been polishing their “Send to Cell” offering. “Send to Cell” allows you, or anyone for that matter, to send directions that you want to your mobile device. This off-deck content can be sent to standard SMS enabled handsets or Internet enabled smart phones. Mapquest is following the guideline of making that content available no matter what the wireless provider or level of handset technology.

The issue with off-deck providers is that they often cannot utilize the “native” resources of the phone and the mobile network. However this can be viewed as an advantage, or non-negative, by consumers since they are not paying a premium for these services and/or they have lower barriers to exit if they are dissatisfied with the location based services.

Putting it all together

As with everything; pundits, analysts and investors are all looking for the next “killer app”. In terms of location based services, it is entirely possible that neither on-deck nor off-deck providers have the “right” solution. This comes from the fact that the use of on-deck and off-deck services will vary not only by the provider, but by the community of consumers. In the United Kingdom, mobile users favor on-deck content since they have traditionally used the services offered by their mobile provider. While in the United States, mobile users favor off-deck content in alignment with the America’s learned use of the Internet’s open content via their home computers

The killer app for location based services is probably to link on-deck and off-deck content together with customer service / call centers to provide. The most visible/adverstised example in the United States is the OnStar service provided by General Motors on their vehicles. Using

the GPS in the vehicle and a mobile device to contact the OnStar call center, the telematics service can provide many value-added services associated with the automobile in question. In Europe, Eniro provides similar services relating more to the personal information service market – providing access to directory assistance and other information services.

In these two examples, the location based services are viewed as value-added and provide a level of competitive advantage to the organizations providing them. They have different business models and different target markets. However, both have integrated, and continue to improve, the channels of location based services to promote not only the revenue generating activities of the organization, but enable the “Wee-Wee” mentality of the consumer and fill those needs.

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