

# Succeeding with mobile enterprise services

## Stronger operator involvement needed

In the early days of mobile telephony, business users were among the first adopters of mobile service. Service included mainly expensive voice calls that could mostly be afforded by the business segment. Since then, the mobile market has developed drastically, and yet, business users are amongst the highest spending customers of mobile operators. When it comes to capturing the opportunity to offer advanced mobile services to the enterprise segment, operators are lagging behind. Figure 1 shows an example from the Swedish market, showing how big is the proportional spending of the business segment compared to its share of mobile subscriptions.

As things stand, most operators put much more effort in launching and marketing advanced consumer services than they put in offering advanced services to the enterprise market. Consequently, operators are slow to tap on the potential revenues this new market holds for them.

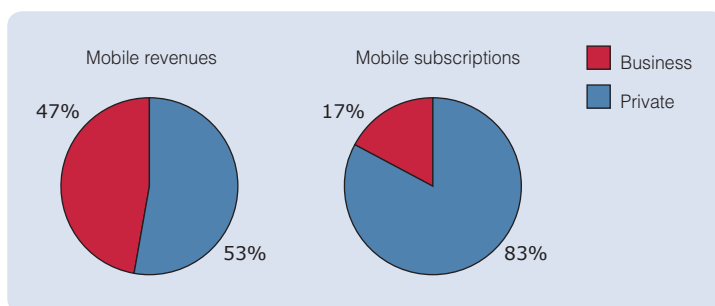


Figure 1: Mobile subscriptions and revenue distribution in Sweden, end of 2003



### About Northstream

Northstream provides strategic technology and business advice to the global wireless industry. Northstream has assembled a multinational team with some of the world's best experts and analysts on wireless communication and technology that supports many of the industry's leading companies in their strategic and tactical challenges towards continued growth.

For more information please visit us at: [www.northstream.se](http://www.northstream.se)

## Contents

Advanced enterprise services .....	2
Key challenges.....	3
Operator strategies .....	4
The opportunity is here.....	5

## Advanced enterprise services

When discussing advanced services to the enterprise market we refer to services that are offered over a mobile network to mobile devices, and are paid for by a company rather than an individual user. This includes companies from different segments such as Small Office Home Office (SOHO), Small and Medium Enterprises (SME) and large enterprises. Such services could be categorized into three main groups:

- Advanced voice services, for example the introduction of wireless PBX services, facilitating increased use of mobile phones for office communication.
- Horizontal applications, general purpose applications that are adopted across different industry sectors, for example a mobile e-mail service that can be used by business users from different segments and industries.
- Vertical applications, applications designed for a specific purpose in a specific industry, such as construction, finance, health care, logistics and public safety.

In the recent months we have seen the launch of new voice services for the enterprise segment such as Push-to-Talk, wireless VPN and wireless PBX. The non-voice market is currently still dominated by text messaging but the access component is constantly increasing. Corporate use of mobile e-mail is expected to grow significantly over the short to mid-term, and access to Internet and corporate LAN is expected to grow in mid to long-term using mainly 3G PC cards,

## Case Study

### Multi-national mobile field force deployment

Kone, which is part of Kone Corporation, sells, manufactures, installs, maintains and modernizes elevators and escalators, and services automatic building doors in multiple locations worldwide. With approximately 15,000 field staff, Kone decided it was time to automate the event and status reporting and enable mobile access to their field force.

To their surprise, they soon found out that they will have to manage the design and execute such a solution themselves, since no company was able to provide them a complete solution that answered their needs. The selected solution includes Windows Mobile based devices, with the TaskMaster task management application from TBS. Devices used are Qtek PDA phones. Mobile access (voice and data) is bought from different operators in each country.

Kone has launched the service in a number of countries and plans to reach 11,000 users by 2006. Benefits so far include increased efficiency of workers and increased customer satisfaction due to improved service level.

Mobile operators can highly benefit from taking a more active role in offering such services to enterprises. This is especially interesting for multi-national operators that can offer unique advantages to multi-national corporations. And yet, we see limited efforts from mobile operators to tap on such opportunities.

Source: Northstream Research

in combination with user-friendly "dialer" software. Other enterprise solutions that are expected to become important are synchronization (Contacts, Calendar), SMS notification capabilities for pre-defined events, SMS-email client integration, and WAP or web access to corporate applications and databases. Advanced mobile enterprise services like fleet management, sales force automation and field force management are increasingly used but continue to be a difficult market for operators.

**Key challenges**

When developing new services for the enterprise market, operators are facing a set of challenges, as shown in Figure 2.

Although many challenges also apply for consumer services, operators face greater difficulties to address these challenges for advanced enterprise services. Some of the reasons for that include lack of experience in this domain, limited knowledge about the enterprise IT working and decision making processes, limited access to the relevant functions at enterprises, the long lead time when selling to this segment and the high requirements from enterprise customers on quality of service, customer support and service customization.

Furthermore, an operator's service portfolio for the enterprise segment would normally include a wide set of services, each requiring different technical and commercial set-up, partnerships, marketing

**Case Study**

**Mobile office applications for SMEs**

Mobility2day is a program established in Sweden by HP, Microsoft and Telia, to develop, package and market easy to use and customer adjusted mobile products, solutions and services for the Swedish market. They are mainly targeting SMEs, who usually have larger barriers to adoption of such technologies than the larger brothers, due to limited resources, lack of knowledge, and the perceived complexity of such systems.

By putting together all the required elements for such a solution, and teaming up with system integrators who are specializing in the SME segment as a sales channel, this initiative has so far led to interesting results.

The solution has increased the use of data services, leading to higher revenues per user and reduced churn. However, the future success will be dependant on a more active operator role in co-selling the solution. The higher operator involvement is quite natural given that the operator has better long term economic return from the program than the other players.

Source: Market study sponsored by Nokia Networks

mix and distribution channels. This could lead to a cumbersome strategy definition process and in many cases leads to a lack of clear operator strategy for enterprise services. One of the most common responses from operators in this situation is "we are being opportunistic about this whole thing"; this approach

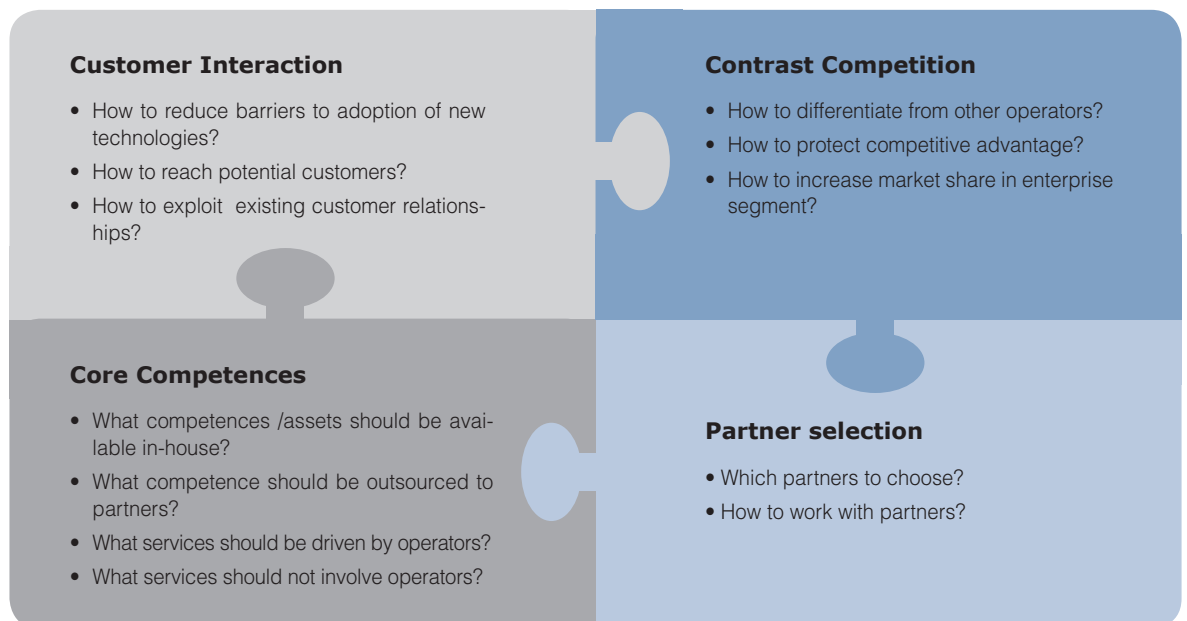


Figure 2: Operator key challenges for advanced enterprise services

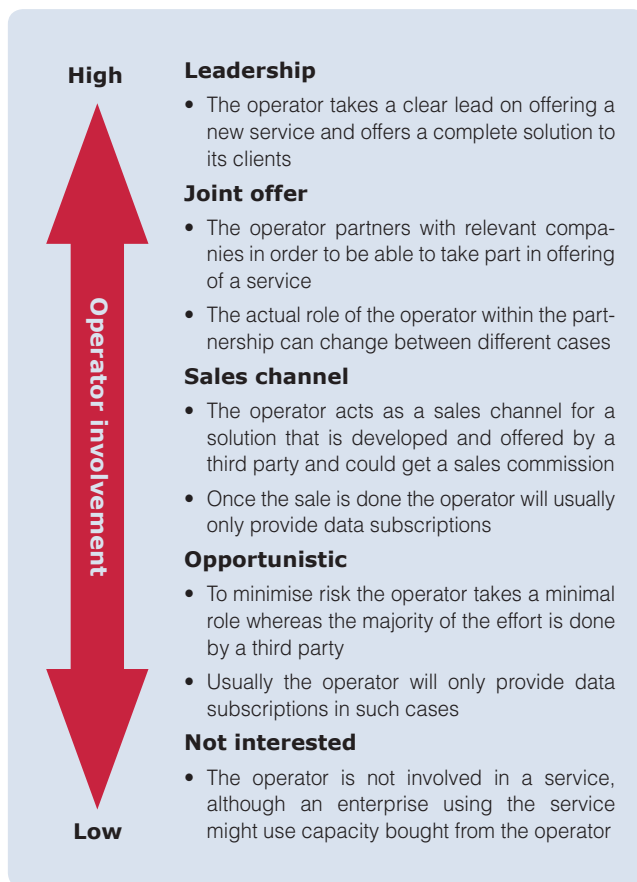


Figure 3: Operators' involvement in service development

being totally valid in some cases, but in other cases actually means that the operator has no clue how to deal with such services on a strategic level, and would therefore rather adopt the fire fighting approach.

## Operator strategies

Clearly, most mobile operators today see the opportunities and are already offering a set of advanced enterprise services. The strategies for offering such services, as well as breadth, depth and structure of such offerings, vary dramatically between different operators.

From the many services Northstream has looked at in this domain, we have developed a model based on operators' involvement in the service offering, as shown in Figure 3.

What is interesting to note is that an operator can adopt a different model for different types of services, even when working with a similar partner on these two services. In fact, the operator should do so, as each group of services requires different competences, and has a certain cost effect factor for the mobile operator. Whereas in some cases an operator could be right to sit and wait for application developers or system integrators to develop services for very small niches, it would be foolish of him not to make a major effort to tap on opportunities from horizontal applications such as mobile e-mail. Yet, the operator needs to have a clear strategy as for how the product portfolio is formed, how services are packaged, how they are priced, and how they find their way to potential customers.

One key issue operators are facing is the high barrier of adoption to many of the advanced services. These barriers include cost of systems and integration, complexity, customization and lack of knowledge and resources. Successful operators have found ways to reduce such barriers, by, for example offering off-the-shelf products, offering single point of contact for sales, implementation and support, and assuring

## Case Study

### Capitalizing on fixed to mobile substitution within the SME segment

Smallest Swedish mobile operator – Spring Mobile – has a unique strategy that exclusively focuses on SMEs. Although it has a full mobile license, the operator concentrates on offering a flexible Mobile Centrex solution combined with quality of service that is not offered to SMEs by bigger competitors. This solution is fully replacing fixed PABX, and includes coverage of the enterprise premises with a Spring network, as well as seamless roaming with Tele 2's GSM network for national coverage, possible thanks to a bulk capacity purchase agreement between the two operators.

Having started commercial operation in Q1 2004, the company has 25 employees, and its customer base is growing rapidly. The company is able to maintain a lean operation through heavy outsourcing and partnering.



Source: Market study sponsored by Nokia Networks

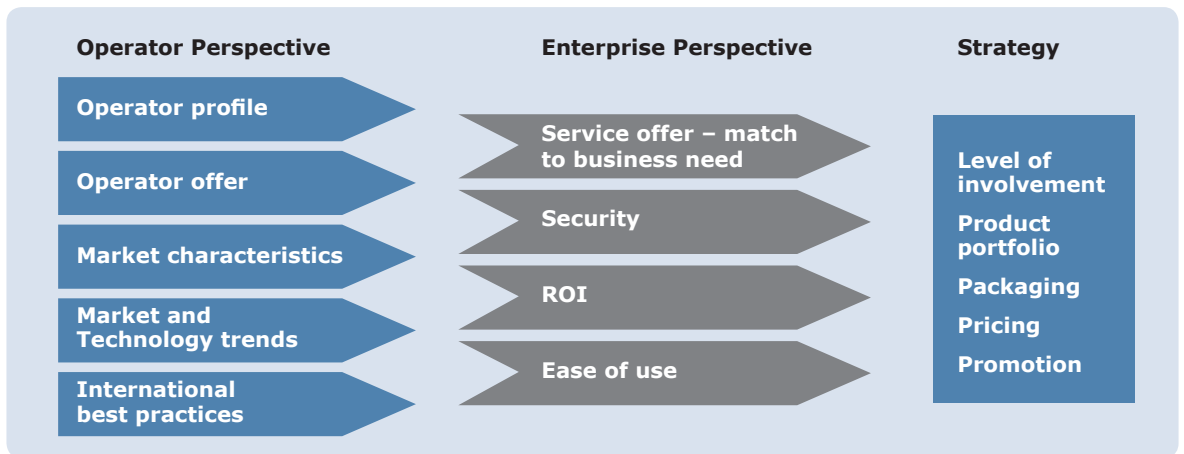


Figure 4: Strategy development process

simple integration and low required investment (including financing if necessary).

A good practice has proven to be to target the existing customers by offering easy-to-sell products to the account managers and sales personnel. Also bundling existing offerings with new ones, thus getting the customers to experience new services, can be recommended. When it comes to new customers, operators need to show clear improvement to business critical processes, reduce enterprise implementation effort with turnkey solutions, and use smart partnering to match the target customers and partners.

**The opportunity is here**

Enterprise mobile data services provide operators with both immediate and long term potential benefits, including:

- Increased revenues from data traffic
- Data roaming charges and voice
- Expanded business with existing customers
- Increased customer loyalty (reduced churn)
- Differentiation opportunity
- Most importantly, a tool for attracting new enterprise accounts to use mobile service

Enterprises, on the other hand, are also starting to acknowledge the benefits from advanced services. Even in cases where the direct cost savings is hard to measure – and enterprises still need help in quantifying potential savings – enterprises can still see the increased efficiency, process streamlining and improved image they get from being early adopters of new technologies.

Figure 4 shows the enterprise and operator perspectives that need to be taken into account when developing the strategy and offering of advanced enterprise services.

By thoroughly considering the opportunities and challenges, operators can maximize their success in this evolving market. Northstream has performed a lot of work on analyzing and defining operator mobile offerings, as well as specific analysis of advanced enterprise services. Leveraging on this extensive experience, Northstream can assist operators with analyzing and developing their strategy advanced enterprise service offering.

**Contact**

Northstream has performed extensive studies in enterprise offerings from a mobile operator perspective. Please contact us if you would like to find out more about this or about our company and the services we provide.

E-mail us at [info@northstream.se](mailto:info@northstream.se) or call us at +46 8 564 84 800 (SE)