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Chapter 9

# Final summary

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**F**orecasts indicate that by the end of 2008, there will be four billion subscriptions worldwide and a 61% penetration rate. Nevertheless, behind that figure lie two markets with clearly distinct dynamics: mature markets in developed countries and emerging markets. With respect to the former, although there is less demand for new subscriptions, users require services with greater quality and sophistication and are willing to pay more in exchange for that. On the flip side, with emerging markets, despite having a greater number of potential users (i.e., those currently without a device), the price barrier translates into lower revenue per user. The success of companies in the near future hinges on a proper balance being struck between the two markets.

Therefore, in mature markets operators face the challenge of improving the user experience in terms of services and content, as well as the devices themselves, in order to compensate for the stagnation of ARPU and meager amount of new subscriptions. To take on this new challenge, operators are starting to ease up on their walled gardens approach and cooperate with other players in the market. Their cooperation is key for standardizing a market that is characterized by fragmentation in its dynamics and its technology. That flexibilization or opening of models will lead operators to an irremediable loss of control over certain aspects that has prevailed up to now, particularly those related to services offered by mobile handsets: access to devices and operating systems, along with the creation of content and new applications. Nevertheless, if they are able to adapt to this new situation, they will end up seeing higher revenues.

The main beneficiaries of the opening of the market will be the end consumers, who will gain access to any service from any provider on any device—and in a simplified manner. As for businesses, content developers, service providers and manufacturers alike will be able to freely offer their products or services to all consumers. This new ecosystem will attract companies not only from the telecommunications industry, but from other sectors as well. Nevertheless, there is still a long way to go before the opening of the market becomes a reality.

As for devices, it is important to keep in mind that a mere 10% of the population owns a smartphone or wireless handset capable of accessing advanced services like the mobile Internet. Which handset models will open the market to the other 90%? Another issue emerging as vital in order for consumers to utilize data services is the usability of handsets, which acquire greater relative importance as a result.

In that regard, if focus is placed on improving the disappointing figures on the current use of data services, then innovation on services and designing new billing schemes that allow consumers to control their spending, become essential for attracting them. Innovation should be oriented toward offering customers services with high added value, such as personalized deals, based on their preferences location-based services or mobile social networks.

Mis notas

That new range of innovative products and services will also benefit **traditional companies** from all sectors, since they will see increased mobility for their employees, will be able to personalize their offer of products and services based on the consumer preferences or location, and will have access to new marketing, sales and distribution channels. The use of M2M technology will also enable companies to optimize their internal processes (e.g., management of fleets and machinery, etc.), as well as improving and diversifying their range of services. This will all have a greater or lesser impact on their business models depending on the use they give to the mobile solutions.

Nevertheless, in order for there to be companies interested in developing this new range of products and services, innovation has to flourish in the business models area allowing companies to achieve a return on their investments. Advertising may be an option for earning revenues, but it is not the goose that laid the golden egg.

The situation is different in **emerging countries**, which will see substantial growth in 2009. Out of the next billion subscribers, 85% will come from developing regions, which represents a major opportunity for both device makers and operators, who will be forced to adapt their products and services in order to provide access to handsets and satisfy the fundamental needs of this new group of users.

In those countries, handheld devices will offer the primary access to the Internet and, as such, will become a catalyst for improving quality of life for the population: it will provide access to information about products and services for both raw materials and finished products, as well as financial services, and will represent a unique opportunity for entrepreneurs starting new businesses related to wireless or other services.

As a closing thought, it should be pointed out that while the opening of the market appears to be necessary, it is not sufficient to bring about the anticipated "mobile revolution," a scenario in which mobile handsets go from being a mere means of communication for consumers to a "remote control for their lives." Likewise, cooperation will be needed among all of the key market players in order to alleviate other initial problems.