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Japanese lessons

While Europe procrastinates about fast telecoms networks standards and its third generation (3G) technology waits in the wings, a proven Japanese system from NTT DoCoMo is set to take Europe by storm. Roger White reviews the rise and rise of i-mode

The promises of WAP to deliver 'the Internet on your phone' have failed to materialise, creating a vacuum of expectation that something else was sure to fill. At the moment millions of mobile telecoms customers want to use their handsets for more than just making calls, but the technology is just not there to support them. Mobile phone customers, like Internet-users, want 'always-on' access and two-way messaging, but neither are cheaply or easily available.

So it is not hard to understand why many across Europe have already fallen for i-mode's smart combination of entertainment and business content, which was only introduced in Japan two years ago. There it already has almost 20 million consumers, making its parent, NTT DoCoMo, the fastest growing Internet service provider in history.

Technically, the underlying infrastructure of DoCoMo's i-mode phone network is different from the GSM networks used in Europe. It's success in Japan has staggered observers, and DoCoMo has ambitious plans to penetrate and dominate the European market. Already it claims 147,000 unsolicited applications to trial its new 3G service this summer.

Chris Hennings, chief software officer at Purple Software says, "i-mode offers technological improvements with quicker user interfaces and application software that will undoubtedly provide an enhanced user experience. However, this will not remove the need for content and application designers to produce services and applications that are appropriate for personal portable devices rather than simply attempting to replicate those more appropriate to a desktop environment." i-mode addresses the question of how to successfully deploy web-like services within the constraints imposed by the costs and bandwidth of wireless connectivity and the relatively sparse user interface of mobile devices. However, as Hennings points out, "i-mode still fails to fully address the core need to deliver content that

represents real value to customers."

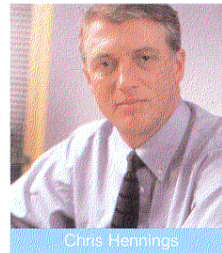
However, Francesco Iarlori, European business development manager at European messaging solution provider TTYL, says, "The arrival of DoCoMo's i-mode will give any manager strong motivation to abandon circuit switched networks. It represents a new mobile network revolution."

According to Iarlori, i-mode allows more functionality and faster data flow and will give a new dimension to what a network manager can provide. He agrees with Hennings that there has to be a focus on content, however. "The thing about i-mode is that it will benefit the strategic marketing and new product development teams as much as the technical staff, so it will have their support. They recognise that DoCoMo will allow them to develop applications and a new brand profile that will help them differentiate themselves."

"DoCoMo is so far ahead of the game," says Iarlori. "It is already proposing to market a black box self-contained solution which is independent of any internal network infrastructure within any particular company. The DoCoMo solution is already tested and proved, the take-up within the banking community is already substantial because of its reliability, and the look and feel of i-mode-based applications is amazing. DoCoMo has brought the possibility to deliver new services easily and openly in an ergonomic way, immediately. That is a powerful position to be in."

Ian Russell, VP Components at Telelogic points out that many European network managers who have already invested in 3G licences will be feeling nervous. "In order to recoup their initial investment in 3G licences, operators will have to provide extra services and deliver even more value to a decreasing number of users."

However, Russell believes that European developers may yet steal a march on the Japanese NTT. He explains, "There is plenty of room for business application development for 3G mobile devices, based on i-mode or GSM. That is where they need to focus." The Japanese traditionally use their mobiles far



Chris Hennings

more for entertainment applications and even in Japan where i-mode is a phenomenal success, the amount of business applications is relatively small. "The Japanese also use SMS text messaging far more than the Europeans, and this is a cultural issue not just a technical one. Even if the technology was available, I doubt whether the Europeans would use text messaging as much as the Japanese." In Japan, i-mode subscribers can reserve airline and concert tickets, check their bank balances or transfer money, and send and receive email over their mobiles. Soon they will be able to link their mobile phone to their Sony Playstation.

Analysts point to the time in the near future when i-mode subscribers will be able to engage in ubiquitous computing, that is, the reliance on computers for managing many daily chores like automatic supermarket ordering as goods are taken from the fridge, the ability to control a home environment from a remote location, automatic alert for support and consumables by devices, without human intervention, and so forth. i-mode is also hailed as the best infrastructure for many media applications like 'always-on' video recording, online map navigation, virtual gaming and more business-based applications like training and delivery of information.

The debate is divided. Others believe that the Japanese content already available for i-mode is enough to kick-start the European market. FrontRunner Solutions' VP of Technology, Mark Brindle says, "The outcome of the i-mode invasion will depend on the

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availability of content, that's for sure, and can be compared with the old Betamax/VHS contest. In Europe GPS is already deployed but the standard that best compares with i-mode, UMTS, is only on the horizon. The question is whether i-mode will have too much of a toe-hold by the time UMTS arrives."

An interesting issue is DoCoMo's relationship with Dutch company KPN Mobile. DoCoMo has invested 5 billion Euros into the KPN Network and is not considering co-developing broadband mobile technology, and licensing i-mode for deployment over the KPN network. KPN Mobile is not expecting to open its first UMTS point until 2002 but if i-mode can be overlaid on KPN's existing infrastructure, then it will be able to implement i-mode quicker than it can WAP. However, KPN Mobile is keen to play down any suggestion of a WAP versus i-mode battle. Spokeswoman Carla van Lommel says, "Our intention is to launch i-mode type services over GPS at the end of 2001, but it will be in conjunction with WAP and an integration of the two. NTT DoCoMo is co-operating on many levels, mainly in transferring its knowledge. We can learn a lot from its experience in Japan."

i-mode also relies heavily for success on display devices like laptop computers, PDAs and other mobile handsets. DoCoMo needs to have good working relationships with all vendors, and although many display device

vendors are willing to keep all options open, not all relationships are in place yet. There is also resistance to DoCoMo by some European players, who see it as a dominant non-independent standard in the same way as Microsoft is perceived in some quarters. Michael Ohajuru, sales and marketing director at mobile solutions provider Materna says, "GSM's success in Europe to date has been based on diversity and competition around open standards in each market. For DoCoMo to be considered in Europe it must at least open its standards to all, and even then there is no guarantee of its success."

If European companies which have already invested in local companies and existing technologies want to repel the invasion from Japan, they need to make the existing 2G systems work better and make WAP deliver what people want. Much time has been lost in disputes and negotiations, particularly over standards and protocols. WAP and i-mode have been compared thus: 'One is a jet engine and the other is a full service airline'. This ignores the fact that most of the applications for i-mode are not business-orientated - there are thousands of applications available, it is true, but they are mainly in the entertainment sector. i-mode was originally targeted at the lucrative teen market, but nevertheless its success is unarguable. The jury is out on whether it will have the same impact in Europe.

Richard Soar, content writer with Fortune

Cookie, the first UK Interactive agency to develop a site in i-mode says, "i-mode is coming. It isn't available in the UK yet but DoCoMo already accepts English language sites, signaling its intention to launch an UK service in the near future. Several UK companies have already acted on this opportunity to develop i-mode sites before the service is rolled out to UK customers. Furthermore, DoCoMo has partnered with AT&T and has announced a joint venture to launch an i-mode service in the US by early 2002."

i-mode is a phenomenon that is not going to go away, and could easily and quickly become the dominant global service. If so, it will be yet another example of time wasted through procrastination and debate leading to the loss of an entire market, and the players involved have no-one to blame but themselves. ■

Relevant contacts and URLs

ArgoGroup	www.argogroup.com
FrontRunner	www.frontrunner.eu.com
Solutions	www.fortune-cookie.com
Fortune Cookie	www.logica.com
Logica	www.materna.com
Materna	www.messagevine.com
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