

ITAnalysis - Is messaging immortal?

By Rob Bamforth, Principal Analyst, Quocirca Ltd

This question was recently asked of members of the [Mobile Data Association \(MDA\)](#) discussion group on [linkedin](#). In the context of the mobile world, messaging typically refers to Short Message Service (SMS) or text messaging and so the question was trying to gauge when SMS will cease to be important. Despite the protestations of those with a strong vested interest – operators who still make a tidy return on text traffic, and the rest of the industry that makes a turn on the movement of 160 characters – ultimately perhaps SMS should disappear. It is too basic, terse, insecure, non-interactive, is mostly limited to mobile handsets and endures a very high cost per character.

Indeed, the consensus of several analysts presenting at an MDA event three years ago was that SMS would eventually go the way of the floppy disc, [Rabbit](#) and the Nokia 8110 “banana” phone (think Neo from The Matrix). The humble text would be overtaken by mobile email, instant messaging, and ‘community’ services, or social networking. Even some the mobile industry would quite like SMS to suffer a bit if it meant the richer messaging of MMS (Multimedia Messaging service) traffic were to grow more rapidly.

So why does SMS stubbornly resist?

There are several reasons, and while some are built on as solid a foundation as our banking system, others are more substantial and stem from the simple need humans have to communicate.

The two primary drivers for SMS are clear – simplicity and ubiquity. Simple because it is consistently presented as a primary function at the heart of the handset, tightly integrated into the real killer app of mobile phones – the contacts or address book. All you need is a recipient’s mobile phone number, the ability to jab in a few characters via the numeric keypad and send. The cost per message is low, fixed and predictable, and provided the recipient isn’t roaming, it’s free to receive.

The number of people who can send and receive text messages is billions, based on its ubiquity across every mobile handset. No need for smart phones, special plans, keyboards or even colour screens. An interoperable underpinning based on consistent technical and commercial standards makes it the worldwide e-postal service.

This makes it ideal to extend into other services, like marketing, voting and payments, without the need for more sophisticated devices. SMS for marketing is an interesting proposition. A greater than zero cost per message has kept the SPAM levels that plague email down, so messages sent tend to be read. Now, feature phones and mass market handsets as well as smartphones are supporting pretty decent browsers allowing URLs to be embedded in messages sent out, making simpler calls to action.

Lastly the most often quoted, but perhaps least tenuous reason for SMS’s survival - mobile operator revenues. Now it’s true that in an era of falling voice revenues and slow take up of more advanced services, SMS has provided very solid, high margin business for carriers. It might have been undermined a little lately by the need to create larger bundles, and concerns around TV voting, but it still provides a significant value to the bottom line. Unaffected, it could continue to do so for a long time, and many in the heat of the mobile industry think that it will.

There are dangers if SMS revenues are seen as something that should be protected at all costs. Carriers might benefit more if they were to adopt the hard line marketing stance of killing off the cash cow (the purpose of cash cows should be to fund new calves) and get on with pushing and promoting the new world of mobile data and applications.

People use different ways to send electronic messages to each other from fire and forget – email, SMS, fax – to more interactive approaches like chat and Instant Messaging. The choice of

Comment Article

method has been dictated by what device or tool is currently at the initiator's disposal, what the recipient may have, ease and cost, rather than what the sender would like to choose. Advances in devices and a more unified approach to communications and converged services are starting to change those restrictions.

The way people find and decide who to communicate with is also evolving. What started with numeric phone numbers, added email addresses and Skype handles and has now become electronic networks of social contacts, increasingly whose location and 'state' is known to their 'friends'. This new killer application – the context aware address book – provides an easier way to expand to more sophisticated methods than plain, simple, SMS text.

So what should happen as SMS revenues start to inevitably wane? Operators could start by taking a hard look at demographics – who has what, who does what, and why? SMS will undoubtedly endure as a common denominator – low in some demographic groups and regions, higher in others – but carriers will need to be aware of more sophisticated handsets, users and needs and offer services that meet them head on.

Messaging is not immortal, but it does benefit from reincarnation and perhaps today's poster child of the IP generation – Twitter – with its tight 140 character format limit when linked to simple text messaging is close to becoming SMS 2.0?

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Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

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