

## The evolution of the mobile phone

By Rob Bamforth, Principal Analyst, Quocirca Ltd

Every company likes to believe that its new technology idea will be just what customers want – after all, if they didn't believe in their own ideas, how can they expect customers to? The problem is, this belief is too often blind, and those selling the new technology quickly get frustrated (their financial backers even more so) at the slow progress.

This has been particularly apparent in the young mobile services industry. Operators have played out the land grab campaign to sign up as many subscribers as possible, leading to over 100% penetration in some markets. Device manufacturers have followed the spiral of Moore's Law for silicon innovation (the on chip transistor count has doubled every 18 months since he first mooted it in 1965) so that subscribers are moving through several iterations of handsets to arrive at a fast colour screened, handheld combined mobile computer, camera and communicator with more functionality than most people know what to do with.

And yet there is an underlying challenge, despite everyone from business users to consumers talking more often and for longer and texting more. Operator revenues and margins are under increasing pressure so suppliers are desperate to find a 'killer app' to drive a quantum leap in revenue.

Is there a compelling need? Mobile devices have two main attributes; they facilitate social interaction – communication – and they are so personally portable they are almost always with the subscriber. For many the killer app has always been simple – it makes phone calls – but now the emphasis seems to be changing.

Arguably the change really started in the business world with the evolution of a paging company and its devices into RIM and the BlackBerry. Although a smart multi-function PDA/phone hybrid, it found its niche with mobile email. The initial poor telephony quality and cumbersome appearance next to the ear of a sharp suited executive means that many carry a BlackBerry along with a 'regular' mobile phone.

That's an expensive solution that RIM has looked to curb with the development of higher quality devices, design improvements and a slimmer form factor. In short, consumer appeal.

Elsewhere, the focus on mobile consumers has drifted around rich media – mobile music, mobile TV and mobile internet. The one that turned out to be of broadest appeal is music, but initially not in a way that fitted with the regular commercial models of those in the mobile industry. Subscribers have proved unwilling to pay extra for the mobile downloading of music, with the exception of ringtones, but even that market is waning.

Two things have led to a shift in the mobile music landscape. Operators and handset providers have realised they need to adapt their commercial models to stimulate market adoption, rather than simply charging in the usual way – growing the pie, not just trying to help themselves to a bigger slice – hence a surge in 'unlimited' offers.

But fundamentally, the ground rules have changed. This has come from an IT company, but not the one initially most feared by the mobile telecoms industry – Microsoft – but by one famous for thinking different, Apple.

Apple's iPod picked up the portable music baton dropped by Sony as audio became compressible and thanks to the innovations of Fert and Grunberg, recognised in 2007 with the Nobel prize for physics, portable memory grew in capacity as fast as it shrunk in cost.

MP3 players had already been in the mass market since 1998, but you wouldn't think so after 2001 when the iPod appeared and grew to rapid market dominance, redefining the portable music category.

When Apple stepped into the cellular world with the iPhone the alarm bells started ringing in the mobile industry – you can tell that by the number of phones suddenly emerging with music services, touch screens and widget interfaces.

While arguably most of them don't match the Apple ease of use, they are all worthy improvements, but fail to reach the core of both the Apple and Blackberry offerings – an end to end service oriented around the functions the user really needs.

While those in the industry, especially in Europe, berate the iPhone for its lack of 3G, (incidentally the early BlackBerries only had GPRS for data transfer), they miss the point. This is no longer a phone-centric device filled with additional frippery for taking photos, playing games or even delivering email, but a person-centric device where the telephony and connectivity itself is a feature. Some believe the 'i' in iPhone is for 'internet', but it more appropriately stands for first person singular, the focus on the individual.

Like the similarly proprietary and expensive business tool, the BlackBerry, before it, the consumer-oriented iPhone may not be the final and total solution for everyone, but they have both changed the rules of the game. The mobile device should perhaps no longer really be called a phone, as for a while that has not been its sole purpose, and soon it may not even be its primary purpose.

## About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

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.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, Dell, T-Mobile, Vodafone, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

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