

Personalisation 2.0 – the internet user experience goes mobile

Published in Connect World Europe I, January 2008

The telecommunications market is changing rapidly, responding to internet convergence and an explosion of user-generated content. What is the impact of Web 2.0 on mobile services? What are the needs of sophisticated users who live their lives online? Laurent Lafarge, CEO of eServGlobal looks at the new communication models that have arisen as a result of these trends.

Moving from need to want

The original models of telecommunications, and equally the internet, were designed to fulfil users' basic needs for communication and information exchange. However, the exponential growth in recreational and entertainment websites and online applications has created a new business model, where fulfilling users' personal desires is of supreme importance.

The Internet is not only used for business, but is a social and community tool, with many users spending significant amounts of time in virtual worlds such as Second Life, and on social networking sites such as Facebook and MySpace, as well as in multiplayer online games such as World of Warcraft. User-generated content has become as significant as published content, with blogging, video-sharing such as YouTube, and micro-communication sites such as Twitter.

The World of Warcraft online game is an example of a completely self-contained ecosystem catering to user desire, encompassing a user community, who engage in recreational activities, share information and communicate. It even has its own payment system, so that players can purchase virtual goods and services for their online characters to use.

Mobile: the ubiquitous device

Two milestones in mobile communication were reached recently. It is now fifteen years since the first SMS was sent. And twenty-six years after the first mobile network was created, the number of mobile subscribers has reached 50% of the world's population¹.

The Orange Digital Media Index, published in early December, surveyed Orange mobile customers in the UK. It shows that rather than using mobile phones for just voice calls and text messaging, customers are increasingly exploring the mobile internet and using email and social networking sites to keep in touch².

Now more than ever, mobile phones are part of everyday life, and are more and more enmeshed with the internet. The boundaries between offline and online worlds are disappearing as people increasingly live their lives online, forming intense emotional connections to virtual environments. And mobile phones are an important part of this, to support the constant need to be connected.

For example, a recent French charity event, Téléthon 2007³, provided a dedicated space on Second Life for users to participate in sporting and music activities, but also to learn more about medical research into hereditary diseases, and donate online. Bloggers could download content to further support the event via their blogs, creating a community effect. Mobile users could access the

¹ Le monde compte 3,3 milliards d'abonnements à la téléphonie mobile, 01net, 30 November 2007, <http://www.01net.com/editorial/365388/le-monde-compte-3-3-milliards-d-abonnements-a-la-telephonie-mobile/>

² Orange UK Reveals Mobile Data Explosion, cellular news, 11 Dec 2007 <http://www.cellular-news.com/story/28005.php>

³ <http://portail.telethon.fr/>

website for the event on their telephone, as well as download paying content, the revenue going towards research⁴.

Not just talk - the user as publisher

This new generation of mobile users accustomed to personalisation and the ability to generate their own content online expect their mobile phone be a flexible communication tool that supports all their online activities. They demand increasingly complex services to manage 'egocasting' as well as traditional voice or message communications, whether via SMS or MMS. Users can now create their own content from their mobile phones and upload directly to the web, through Short Message Services (SMS) or Multimedia Message Services (MMS), to produce microblogs and videoblogs, and also remixing mobile-generated content with other elements such as music and graphics.

More revenue, more complexity

This increased traffic is also generating new sources of revenue, as mobile service providers seek to supplement declining ARPU, common in the European market. New business models are emerging, including providing third-party content with revenue-sharing, enabling sponsorship of services, and allowing third parties to insert advertising into mobile communication streams. A simple two-way subscriber-service provider model no longer exists; instead the service provider must manage secure payment providers and other third-party application providers.

Mobile-internet convergence can expand the range of communication services provided. While these services can boost revenue, they also add complexity to the charging and billing requirements for service providers. The fragmentation of user behaviour also requires flexible profiling and targeting of different customer types to better respond to their needs. Subscribers increasingly need incentives and promotions to boost their loyalty and usage.

Keep it simple, stupid

In the 20th century, there only existed a dozen basic market types, each containing several million users. Fragmentation and personalisation means that service providers in the 21st century must cater for several million markets, each of a dozen users. The business model has changed from selling one set of products, to offering a far greater range of customisable services for users.

As the complexity of services increases, service providers need more sophisticated management tools – but at the same time they need to keep the user experience extremely simple, to encourage uptake.

Leave your wallet at home – new payment options

Mobile phones are one device used daily by millions of users. But mobile phones are not limited to person-to-person communications. They can also function as a kind of mobile wallet, giving users more flexibility when making online payments, in-store purchases or bill payments. Users trust service providers to deliver a communication service, and this existing relationship can be expanded to deliver payment services, based on the users' existing account.

In users' online lives, virtual payment is an area of almost-unlimited potential, driven by the huge uptake of virtual worlds such as Second Life or World Of Warcraft, spawning passionate user communities. These online communities have created an unexpected market for payment methods, as users convert real life currency into virtual currencies, such as Linden dollars, used in Second Life, or QQ coins, issued by Tencent, China's largest instant-messaging service provider.

⁴ Le Téléthon 2007 mise aussi sur les mobiles et sur Second Life, 01net, 7 Dec 2007

<http://www.01net.com/editorial/366155/le-telethon-2007-mise-aussi-sur-les-mobiles-et-sur-second-life/>

Mobile payment will also facilitate online purchasing, whether for physical items such as books and CDs, or the rapidly growing area of digital content purchases, such as downloadable music, videos, or skills and accessories to be used in online games. It is already used to pay for digital content to be used directly on mobile phones, such as ringtones or screen wallpaper.

Mobile payments could provide a first real alternative for credit card payments online, due to the real-time nature of the payment transaction, and the fact that it can be combined with SMS confirmation and personal identification number entry to provide a double validation for extra security.

The potential for mobile payments is enormous. Other applications of mobile payment already in use internationally include micropayment for small expenditure such as public transport, parking tickets, bill payments, m-ticketing for events, cash in and cash out services similar to an ATM card, and person-to-person money transfers, including international remittances for people working abroad. In the future, mobile users may use their telephones for all forms of payment or money transfer.

More sophisticated users, greater personalisation, more combinations between fixed, mobile and Internet platforms, more players, including video game companies and internet players, and more ways of creating and publishing content, all of these lead to an increasingly fragmented and complex ecosystem, far beyond the traditional telecommunication systems.

Mobile service providers who design services catering to the personalisation and self-expression needs of their users, as well as providing convenience and transparency, can increase the loyalty of their existing customers as well as increase their revenue.

About Laurent Lafarge

Laurent Lafarge has a 21-year track record of leadership within the high-tech industry, at companies such as Control Data, Unisys, Tandem and Hewlett-Packard. Prior to eServGlobal, he was the Chief Operating Officer at Netcentrex Comverse. He has also been Vice-President Europe and Managing Director of Lucent Technologies France and Belgium.

About eServGlobal

eServGlobal (LSE: ESG & ASX: ESV) invents smart communication and payment services for telecommunications service providers operating on all generation networks.

eServGlobal's innovative solutions help service providers to grow new revenues, reduce churn, and lower costs. In addition, service providers are assured of seamless evolution to new network architectures, such as IMS and beyond.

As payment is crucial, eServGlobal's Charging Suite responds to increasingly sophisticated charging and billing challenges while providing advanced recharge and m-payment solutions. The innovative Retention Suite delivers targeted incentives to increase customer satisfaction and retention. Meeting customer demand for new communication experiences, the eServGlobal Messaging Suite enables reliable delivery of multimedia services such as unified messaging, video blog, SMS, and instant messaging. The Network Suite supplies enhanced personalisation and network optimisation.

Over 80 of the world's leading service providers, with over 400 million mobile subscribers in more than 50 countries, are taking advantage of eServGlobal's end-to-end solutions and expertise to quickly deliver revenue-generating services. With 14 offices around the world and staff from 20 different countries, we provide flexible solutions with ongoing product development, based on a deep understanding of our customers' challenges.

More information can be found at: www.eservglobal.com