

Hunger For Devices And Apps Complicates Wireless Procurements

By Ben Fox & Kevin DiLallo, Contributing Writers

Telecom managers who shied away from innovative applications for fear that users would find them difficult to use now are faced with growing demand for user-friendly, cost-effective applications. And that means that you can no longer simply buy wireless devices and plans for your employees based solely on price, coverage and key contract terms.

Enterprises face more complex wireless purchasing decisions than ever before. Besides price, you must also consider limitations on the availability of devices and applications. Consider the current exclusivity of iPhone to AT&T and the initial exclusivity of Nexus One to T-Mobile and, crucially, what savings or additional costs those applications could drive to the bottom line.

This trend will only continue to grow, and decisions facing enterprise procurement departments will only become more complicated, particularly as individual end users' demands for versatility and functionality run up against telecom managers' interests in cost control and administrative simplicity.

For many years most corporate smartphones were BlackBerries, and the penetration of other options (like Window's Mobile devices) was limited. Enterprises love BlackBerries because of their simplicity – RIM's devices are about delivering mobile email, calendar and contact functions via a secure, manageable, and bandwidth/power-efficient solution that IT managers feel comfortable with. This core focus, coupled with intuitive user interfaces and few bells and whistles to distract and complicate the user experience, have given RIM a huge corporate market share.

But cracks are appearing in RIM's dominance. They began with Apple's iPhone, which demonstrated that bells and whistles could be user-friendly and intuitive. Suddenly, users that loved the BlackBerry because it does exactly (and only) what they thought they needed have been swept up in iPhone mania.

And Apple didn't stop with one game changer – it added the application store to a great form factor and interface. Before Apple, installing applications onto a smartphone was the province of geeks and techies, but Apple has made it as easy as making a phone call (on an iPhone, many people would say adding an app is easier than making a phone call, but that's another story). In doing so, enormous versatility and appeal has been added to the iPhone. Once Apple created the market, everyone else was forced to try to catch up, which is how RIM was "inspired" to bring us the BlackBerry App World.

And once the iPhone opened the door, other devices and platforms – such as Google's Android-based Nexus One – attacked the enterprise market.

A great example of this is the use of Wi-Fi to place calls (especially international calls) over the Internet, thereby avoiding standard cell phone charges. This is not a new idea, but it only recently reached the mainstream as applications like Skype on a smartphone offer an experience close to making a normal cell call and eliminate the "user education" barriers that had prevented large scale deployment of such technologies (and the ensuing savings of \$1+ a minute to roam on a GSM network overseas). Even the carriers realize this – see [Verizon Wireless' Skype announcements](#) earlier this year; AT&T's growing willingness to allow VoIP over 3G (rather than just over WiFi);

and T-Mobile's strategy of bundling access to its global hot-spot network with corporate smartphone plans, which are specifically marketed on the economic benefit of allowing companies to make calls while roaming internationally over WiFi at no additional cost.

As with any new service/technology, suppliers have come up with different ways of offering wireless VoIP applications, generating a variety of different costs/savings that can be hard to compare. How do you weigh the potential savings of T-Mobile users' being able to use VoIP at T-Mobile hotspots all over Europe against an AT&T iPhone user that needs a coffee shop with free WiFi? How does one weigh the potential benefit of upgrading users to Verizon Wireless smartphones (so that they can use Skype for international long distance calling) against the additional cost of smartphone data plans?

Large businesses are never early adopters, and we are in the early days of this development. But iPhones, Nexus Ones, and their ilk have already made significant inroads at small and medium enterprises, and the carriers, manufacturers and software developers have large business users firmly in their sights. Google, for example, is talking about a version of its Nexus One aimed at business users, and in the UK Vodafone's iPhone advertisements specifically target business users.

In sum, the wireless market is becoming more complex, not more commoditized. Increasing user awareness and sophistication, coupled with innovation and carrier hunger for profitable smartphone business, are converging on enterprises. Be prepared.

Ben Fox is a Managing Director of TechCaliber Consulting, LLC, a global technology and telecom consultancy that advises the world's largest companies on strategies for reducing their costs for telecom and technology products and services. Kevin DiLallo is a partner in Levine, Blaszk, Block & Boothby, LLP, the leading firm representing large users in the negotiation of network services and related agreements. Ben and Kevin can be reached at bfox@techcaliber.com and kdilallo@lb3law.com, respectively.