

The missing link in the new value chain: the broker!

Mobilizing the internet is no easy feat, as it caters to a wide variety of gadgets, content formats, and channels. Operators need someone to tie the whole thing together. Let's call that person the broker, and look at what this new function will mean.

THE NEXT-GENERATION mobile services will use a combination of smart devices, such as the iPhone, and an intelligent mix of technologies to provide a richer experience for the consumers. This will be made possible by aggregating network information across multiple operators and blending key assets like presence, availability, and location to create a true “mash-up” format. Once all the elements become available to application developers, the next-generation services will arise.

The attraction of this scenario is obvious, but it will not happen on its own because the task of tying everything together falls outside the traditional roles of operators, internet, and media companies. Enter the broker, who can effectively mobilize and distribute existing internet properties, content, and infotainment. By utilizing and exposing features and capabilities in wireless networks globally, the broker can provide an environment where content innovation, distribution mechanisms, and profitable business models can be created.

In addition, the broker can provide to operators an additional revenue stream from their installed base and their investments, and help them increase mobile internet usage. This provides a safeguarding mechanism and creates an open environment at the same time.

Actions and obstacles in the market

Internet companies (AOL, Yahoo, MSN, and Google) have been experimenting with mobile content for over eight years but

have been hampered by poor usability and slow networks. However, the recent success of ringtones and mobile music has spurred increased investment in mobilizing rich media and applications. Major media companies (News Corp., Viacom, Disney, Time Warner) view digital distribution, namely mobile and online, as their next critical channel for delivering content. And social networking will find its way into mobile content by 2008. Already, companies are investing in mobile solutions for user-generated content, uploading, and RSS syndication.

A slew of issues

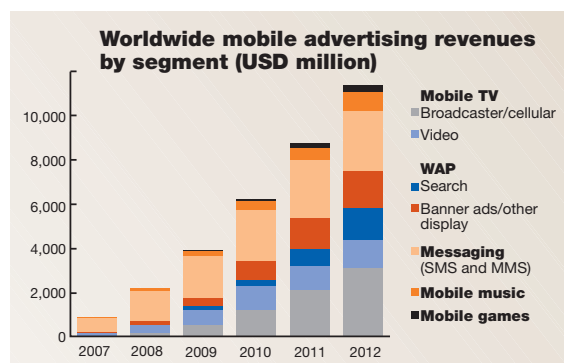
Mobile advertising revenue opportunity is critically important to all parties involved. The biggest problems to solve are valuation of cost per thousand, location-based advertising, relevancy, privacy and identity management, and a slew of technical issues such as ad formatting and display, targeting, insertion, and tracking.

Internet advertising is a rapidly growing part of the overall advertising business as ad budgets move from broadcast and print media to the internet. In 2006 internet advertising grew by 16 percent to USD 44 billion, of a total advertising amount of USD 274 billion.

According to the media and internet companies, market needs can be broken down into three categories: data and systems; content; and distribution.

Data and systems needs:

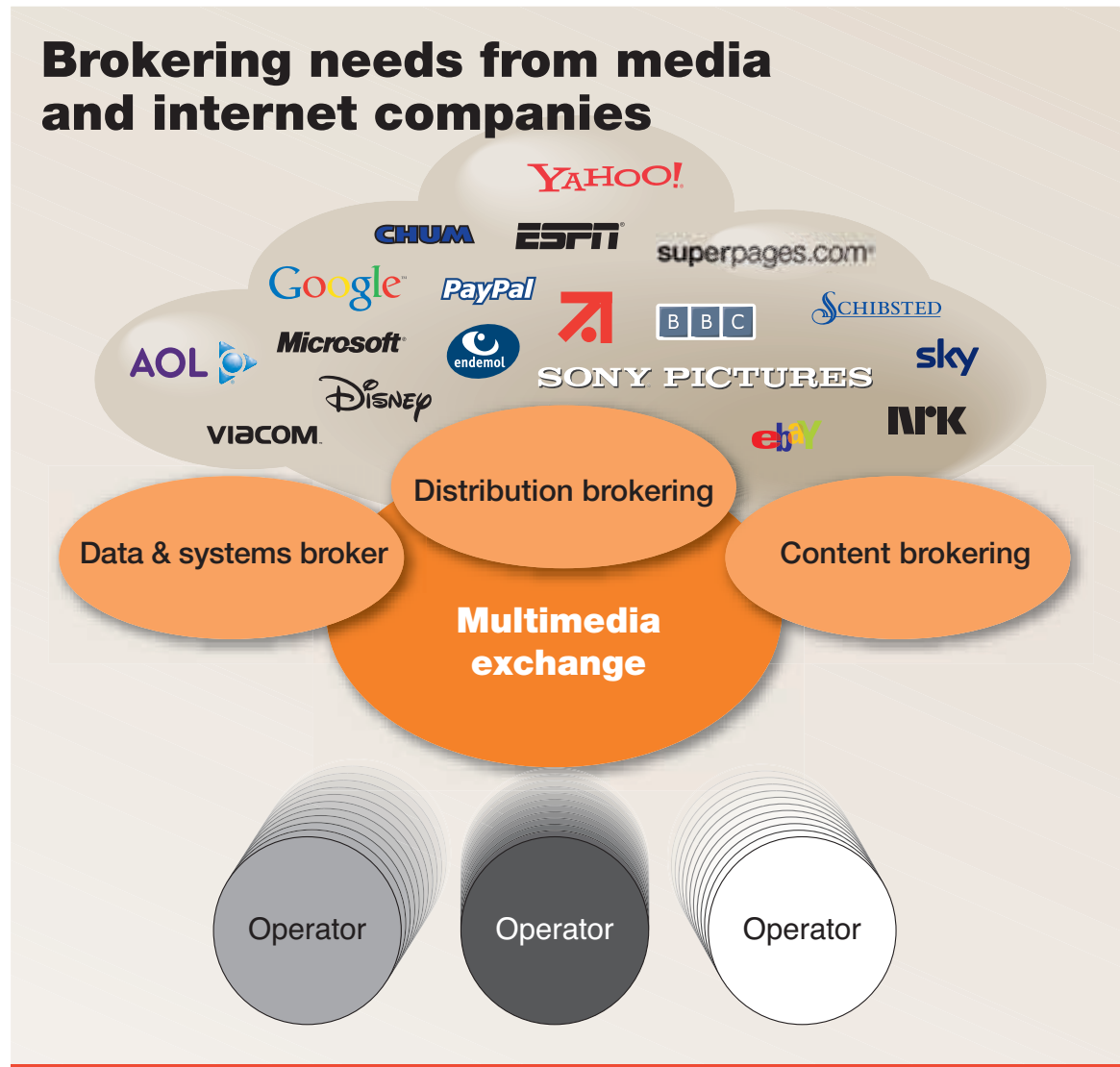
- Automatic insertion of location data or other geographic coordinates of user.
- Automatic awareness of phone on/off, user online, user on call, etc.
- Automatic insertion of mobile subscriber ISDN data, and correlation to operator and/or user data.
- Awareness and detection of handset type to deliver the right media type.
- Awareness of network information such as home and roaming status.
- Awareness of billing information (for example, prepaid or postpaid).





Providing added value to each participant in the entire value chain – the brand, the advertiser, the application provider, the vendor, the mobile operator, the consumer. The market really needs the broker.

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Category	Leading Examples	Data and System	Content	Distribution
Internet companies	Google AOL eBay Yahoo	Brokering for location presence, and identity data.	Third-party aggregators and hosting on as-needed basis.	Broker would allow them to offer better solutions.
Large media companies	NBC Universal News Corp CNN Viacom	Data brokering specifically for advertising.	Harmonizing many content platforms and hosted storefronts.	Broker would enable content delivery in new regions and allow them to sell into a new footprint.
Small media companies	New York Times USA Today InfoSpace	Data brokering except for advertising. Typically has less breadth and depth of content.	Strong needs, but typically happy with current platform providers.	Broker would enable content delivery in new regions and allow them to sell into a new footprint.

Content needs:

- To ensure that royalties and copy protection are managed for licensed content.
- To acquire and aggregate media types from content owners and publishers.
- To store and host content for the content owner.
- To ensure that content is optimized for different handsets and delivered correctly.
- To integrate with commerce engines, authentication engines, and billing of end-users for paid content.
- To manage and optimize real-time streaming video and radio.
- To measure the usage and consumption of media type, duration, frequency, commerce.

Distribution needs:

- Management of global and local content distribution.
- Management of portals and clients.
- Management of applications integration with operators.

These requirements can be translated into real revenues, as shown by the chart on page 40. Mobile advertising in various segments is projected to explode!

How the broker can help

The broker can provide clear, added value to each participant in the entire value chain – the *brand*, the *advertiser*, the application provider, the vendor, the mobile operator, the end user.

For the brand and advertiser, a broker provides a mechanism for more valuable (targeted) advertising, which more efficiently uses advertisement budgets.

For *internet companies*, the inherent nature of mobile reach across the globe is a huge opportunity. They will benefit in particular from reaching more users; being able to create next-generation mobile internet applications with real-time information from the wireless network; having one integration point for a global solution, instead of hundreds; having lightweight integration costs (a standardized interface); and not needing formal relationships and presence in all markets.

For *operators*, new revenue streams can come from the existing network, along with the ability to increase data traffic and opportunity to provide innovative applications and services to subscribers.

For *end users*, the greatest benefit will come from new applications and services created by mash-ups from the network. Next-generation services will provide a much better experience and much more enhanced feature sets.


A broker in the mix

The demand for mobile data services continues to increase with new devices, faster networks, and sophisticated users around the globe. The ecosystem of application developers, operators, and media and content companies will benefit from a trusted partner who can manage and provide global



reach. Making applications context sensitive and aware of location, preference, and behavior enables the whole industry to bring more services to market more quickly, significantly increasing revenue opportunities while reducing the cost of service delivery.

Advertisements and location-enabled applications on cell phones have long been hailed as the next big thing and several companies have made early bets with brokering. The market expects a boost of service consumption with the emergence of touch-screen devices like the iPhone, which makes it easier to click on an ad, as well as phones based on Google's Android, a new wireless software platform designed for easier and cheaper development of mobile applications.

As networks become more open, the challenge will be to ensure that services and the end-user experience are maintained at a very high level. A broker who is a trusted partner can foster such openness and will open up more opportunities for the entire mobile industry value chain. 



the author

Pankaj Asundi (pankaj.asundi@ericsson.com) joined Ericsson in 2000 and has over 20 years of systems and technology experience within the telecommunications industry. He is currently responsible for developing and managing new business and multimedia solutions as they relate to content and media companies. Prior to this role, Pankaj was part of Ericsson's Strategy and Network group and was responsible for developing Ericsson's North America and Global multimedia strategy.