

You rang? Or was it a tweet?

by Vinod Kumar, Group President, Subex

The imminent launch of 3G networks combined with the rise of smartphones could enable many Indians who have never accessed the Internet to conduct online business and interact with others through mobile social networking sites. But there are many challenges in bringing the mobile social networking revolution to the low margin environment of India. Communication service providers will need business optimisation and service agility to achieve competitive advantage. Managing the risks of fraud and revenue leakage will be vital.



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Recently, as I browsed the Internet on my phone, I came across an article published in *The New York Times* in 1990. It was about a 'blockbuster' telephone attraction from a US electronics show. It read: "...first phone designed to accommodate services like caller identification, which allows people to see the number of the phone from which the call was made before they answer".

Communication technology has come a long way since then.

The mobile phone revolution is taking on gigantic proportions – in India also with the rise of smartphones and the imminent launch of 3G networks. Mobile phones today have become a lifeline for people in business and in their normal lives. With the advent of new technologies, many Indians who have never accessed the Internet or used a computer before will begin to conduct online business and interact with others through social

networking sites using only their mobile phone.

The smartphone phenomenon

The world over, and in India, social networking has filtered into mobile phones and mobile devices. Mobile phones have progressed from being functional devices to personal accessories. Apart from pioneering releases in the 1990s, such as IBM's Simon, it was not until the decade that has just passed that we witnessed the birth and growth in importance of the modern smartphone, with devices such as the Palm and Blackberry. The Apple iPhone, launched in 2007, the latest entrant in the race, changed the ways in which individuals interact, both socially and for business.

Social networking on the mobile phone is catching up fast. In December 2009, in Britain alone, Facebook racked up 5 million

mobile users, against 4.5 million for all of Google's sites combined.

Picture this scenario. An entrepreneur is at a conference on the lookout for a new marketing director. Within minutes he has identified ten people in the hall with the right CV, two of whom are looking to change jobs. His mobile tells him one of them is standing 20ft away. That evening, a record of all the people he has met is automatically displayed with their profiles on his home computer.

This is possible today.

Online social networking in our lives

Online social networking affects us in ways as varied as the lives we lead. Facebook, for instance, can do simple things like help us organise a party with friends or connect us to strangers who share a passion for amateur photography. Social networking sites are

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also being harnessed for broader political purposes. During the 2008 US presidential election, Barack Obama’s website registered 1.5 million user accounts, helped raise US\$650 million for his campaign from 3 million private donors and promoted 150,000 events. Obama amassed more than 2.5 million friends on Facebook during the campaign and nearly 1 million on MySpace, while more than 100,000 people followed each of his Twitter posts.

The popularity and functionality of online social networking and collaboration sites together with the capabilities of modern smartphones have many in the industry believing that phones, or devices like them, will be at the centre of smart homes and offices of the future. Leading technology companies describe smart offices, for instance, as those that communicate with your mobile phone when you walk in the door and immediately log you into your online social and business network accounts, such as Skype, allowing you to make VoIP calls. Your phone will also connect wirelessly with your desktop monitor and keyboard so you can log into your favourite business-to-business networking site to see if your trading partner is online.

Businesses today recognise online social networking as a key tool in the advertising and marketing of products to consumers. One of the more innovative initiatives recently was the announcement that IPL Season 3 would be shown live on YouTube with the intention of targeting Internet-using mobile phone customers while they are away from their TV sets and computers.

Telecoms and social networking in India

India has become the world’s fastest growing mobile market by user numbers on the back of the ultra-low-cost calls offered by leading service providers. According to the Telecom Regulatory Authority of India, there were 17.7 million new mobile subscribers in the month of November 2009 alone, taking the country’s total number of subscribers to 506 million.

In addition to mobile users, India has a thriving online social networking population of about 35 million, which is expanding by 50 per cent annually, according to online audience measurement site, Vizisense. Of

these users, 15.5 million are members of Orkut, another 10.3 million have Facebook accounts, while LinkedIn has 2.2 million users and Twitter 1.4 million.

In contrast to these healthy numbers, fixed-line Internet penetration in India is estimated at well under 10 per cent. This opens up a potential market for 3G network operators and smartphone manufacturers to provide most of India’s population with their first contact with the Internet and online social networking.

Yet, there are many obstacles to overcome before this happens. For starters, today’s smartphones are too expensive for most Indians. Google CEO, Eric Schmidt, has floated the concept that advertising could generate enough revenue to eventually provide some mobiles free to consumers, a scheme that would obviously benefit India. The Indian telecom revolution could also pave the way for other developments. For example, much like we saw with 2G handsets, manufacturers could bet on the numbers from India and make less expensive handsets. Unfortunately these developments may take a while to become a reality in India.

Another challenge for the market is the need for cost-effective, tailored services that encourage large numbers of Indians – many of whom are illiterate – to adopt 3G enabled smartphones. Also, efficient management of network and operations is a challenge for many operators today.

Modern smartphone users accessing the Internet and social networking sites are demanding consumers. The imminent introduction of mobile number portability in India will enable customers to easily shift to new providers if they feel their service is poor. So the customer is still king.

To retain customers, introduce new services to stave off competition, as well as manage the extremely high volumes of data, operators will need to pay special attention to their business support systems to ensure that services are seamlessly delivered to customers, with mobile social networking.

Additionally, the low-margin services that operators will be forced to offer due to the low incomes of most of the Indian population, combined with fierce competition

in the telecom market, will place further emphasis on the importance of efficient networks and operations. Operators will have to take note of the fact that in a low margin business it is very important to manage the risk of fraud and revenue leakage; otherwise profits which are already negligible could be wiped out completely.

To ride this tidal wave of social networking on mobile phones, communication service providers will need business optimisation and service agility to achieve competitive advantage. Better operational efficiency in the delivery of enhanced service experiences to subscribers will be vital if they are to gain market share and lead in the telecommunications arena. ●



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