

# THE **e**dge

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## Mobile revolution: beyond the numbers game

True 'smartness' lies in a phone that has an identifiable and open operating system and allows third-party software development

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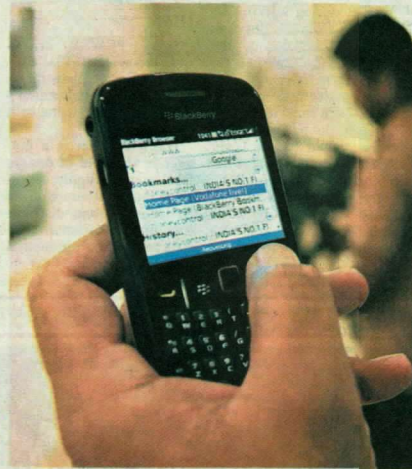
Top web entrepreneur and Chief Executive Officer of Internet giant Google, Eric Schmidt prophesied at a tech conference recently that mobile search and revenue is bound to outpace Web revenue, a trend that is "growing at a rapid clip". This prophecy has, of course, been around for a while. However, with hardware getting better, software or operating systems working on an open platform and the promise of a more robust and stable network — given the entry of 3G — the mobile Web, which has been growing at a painstakingly slow pace here, is likely to now get a boost.

It's been a revolution, no doubt. For many, the multi-functionality cellphone has obliterated a plethora of gadgets, be it pocket FM radio players, flash lights, cameras or even something as basic as a wristwatch. With phones getting "smarter" and prices steadily heading south, the mobile phone has far surpassed any other technology or gadget in its growth story. Not surprisingly, according to figures released by the Telecom Regulatory Authority of India, no less than 652.42

million mobile phone connections are live in the country as of July 2010, a number that is steadily growing at a monthly average of 3 per cent. "India Mobile Handsets Tracker", IDC's latest survey, points to a new and significant trend, one that records the emergence of new vendors.

### New, emerging vendors

In a market that was traditionally dominated by the Finnish telecom firm Nokia, the "new and emerging vendors" accounted for about one-third of the total sales in the country in the second quarter ended June 2010. And the mobile story is growing — around 38 million mobile handsets were shipped in the second quarter 2010, the highest ever in a single quarter. Compared with the same quarter in 2009, this figure is up by 39.5 per cent. Notably, multi-SIM phones, which have taken the market by storm in the past year, account for 38.5 per cent of the total sales. In the same quarter in 2009, this category accounted for less than one per cent. So the market once dominated by big firms has been stormed by new players such as Samsung, G'Five, Mi-



**CHANGING TRENDS:** A 3G network, among other things, implies a shift from voice data-centred usage to a services and products-based model. — AFP

cromax and Spice — all these are among the top five vendors in the country today. Chinese cellphone maker G'Five finished third after Nokia and Samsung.

So what does this mean for

the Smartphone market? Is this growth, a good chunk of which is led by the cheaper and feature-rich Smartphone segment involving "new" players, sustainable; in the long term? The definition of a

Smartphone can be rather ambiguous, points out Kedar Sohoni, president of Informate Mobile Intelligence, a Mumbai-based telecom research company. A Smartphone is not just a phone that is feature-rich — camera, touchscreen, QWERTY; you name it, they have it — or even one that offers 3G connectivity or seamless access to the network. Forming a more water-tight definition, technology-wise, Sohoni explains that true "smartness" lies in a phone that has an identifiable and open operating system and allows third-party software development.

The "source and sell" phones, which have certainly driven down costs in the market, run on an unknown standard proprietary operating system. While the features are great and the price is excellent, it does not offer a way forward. In other words, you cannot put any "new intelligence" into the phone, and given the evolving nature of the technology and services market this could mean a dead end for the user.

**Open versus closed**  
The logic is simple. An open operating system or mobile platform, such as Sym-

bian or Android for instance, is an open loop. They allow the platform to grow by enabling developers to create rich applications using a publicly available software development kit.

This open and democratised eco-system is critical for it allows developers, service providers and entrepreneurs to create spin-offs, which eventually benefit the consumer — like say a music record company creates an app for easy music streaming or an m-commerce firm comes up with an easy payment model. So while the "closed" phone can offer you a whole lot of in-built applications, its exclusive nature means that it may not be able to integrate with changing industry, content or businesses, Sohoni explains.

"A year down the line, every phone is going to have everything. From a hardware perspective, every phone will be a Smartphone. The question then will be: does it have an open platform that can take the industry along? And this is relevant because every one is looking at generating revenue from the system. Better and newer services will require the capability to integrate. This will be a decid-

ing factor," Sohoni believes.

The app store phenomenon, pioneered by Apple in the recent years, has caught on with manufacturers who see it as a tool to capture the market. The emergence of Android was critical given that Google worked actively to promote it and worked closely with all handset manufacturers.

Today, most big phone manufacturers have an Android version of their phone (HTC, LG, Samsung and Sony Ericsson, to name a few). Google is clear that in the future revenues will come from the mobile and not the PC and has worked actively to promote and market its open platform, Sohoni observes. In the coming years, he believes, things will come together in the India market — you need the right hardware, a good network and content. The networks are improving, and are set to take a quantum leap once 3G becomes the norm, and hardware is getting better; this is going to be very relevant in a market like India, he adds.

The price of a cellphone, and more specifically a Smartphone, has been on the downward spiral. Even in the open platform-based phone

market (as opposed to Wi-max or Micromax), what used to cost Rs. 20,000 just 18 months ago, is available for below Rs. 10,000. The day is not far when you will be able to possess an Android Smartphone for say Rs. 5,000, predicts Sohoni. However, the key to growth will lie in the consumption of services that will spring up around this.

A 3G network, among other things, implies a shift in mobile phone usage, from voice data-centred usage to a services and products-based model. And for companies, too, the focus is shifting, points out Sohoni. "They are going to ask that even if you do buy their phone, will you be able to consume the content that they will generate. How can they effectively monetise this opportunity? Which is why the middle and higher segment of user will gain prominence in the next three to five years." The cellphone market wars, which have been focused on the lower and middle segment and has taken the high-end user for granted, will look to the high-end Smartphone user for quantum jump in revenue. The focus will be on sophisticated value-added services instead of simple data.