

TATA STRATEGIC MANAGEMENT GROUP

# Your business needs an m-strategy

Enterprises need to adopt mobile wireless technologies to develop competitive advantages and emerge stronger, say **K Raman, Gunjan Gupta and Gaurav Girotra** of Tata Strategic Management Group

There are over four billion mobile phone users in the world today, making the mobile phone the most widely owned device by far. In comparison, there are only about 1.5 billion television sets and one billion personal computers across the world. Even in India, the numbers speak in favour of the mobile phone. The number of mobile phones in use is more than twice the number of television and more than eight times the number of PCs. And this gap is expected to increase further with the number of mobile subscribers expected to touch 500 million by the turn of the decade.

The mobile phone is evolving from just a communication device to a converged device which will allow us to handle many of our daily activities at work or otherwise. The impact will be most visible in the areas of information search, transaction and entertainment.

## The device of choice

This transition of the mobile into a more powerful device will have large implications for businesses. Firstly, the enhanced role of the mobile will offer opportunities for businesses to interact and engage with consumers while they undertake information search, carry out transactions and seek entertainment. Secondly, companies will themselves increasingly adopt enterprise mobile applications to improve their operational effectiveness (See Fig 1).

## Consumer applications

Typical applications of mobile phones by consumers would be for the following.

**Information search:** Search-related mobile applications are expected to provide easy round-the-clock access to

information for people with no or minimal access at present. Voice- and SMS-based search would be accessible to over half a billion people while internet-based search applications would extend beyond PC users to owners of GPRS handsets. This number is expected to be as high as four times the number of PCs by 2010.

Typically, information search would be related to products and services. Businesses should take this opportunity to influence prospective customers in their purchase decision by increasing accessibility through mobile phones. For example, they could develop mobile versions of their websites for easy access and interactivity.

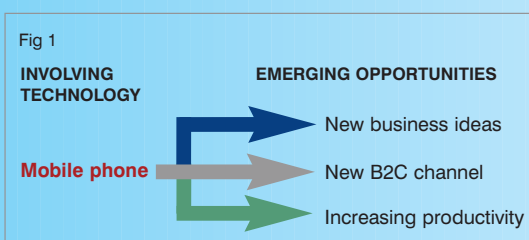
**Transactions:** Financial transactions through the cell phone promise immense value to the customer. These transactions would enable:

- ▶ **Person to person payments:** Ability to send, pay or receive money from the other person by sending an SMS.
- ▶ **Payments from a consumer to business:** Ability to buy movie tickets, send gifts, pay utility bills, etc, all 'on the move'.

Remote banking, limited till now to access by internet or ATM only, is now extending to mobile phones. Subject to regulatory approvals, the mobile SIM can act as a wallet receiving and dispensing cash. Parallel channels for such transactions are already known to exist.

**Entertainment:** Availability of various sources of entertainment 'on the move' at an affordable cost holds tremendous value to the busy population of today. With technology advancements such as 3G, mobile phones can act as convergent media of entertainment, including live TV and online gaming.

Mobile phones present a great opportunity for targeted advertising. It would enable businesses to reach out to the right customer segments more efficiently and effectively compared to traditional mass advertising.



## Enterprise applications

Mobile phones and PDAs have graduated from just being communication devices to productivity devices and tools for employees. While advanced voice applications and horizontal general purpose applications are currently more popular, organisations are increasingly adopting specific applications to increase business effectiveness.

**Advanced voice services and horizontal applications:** These services offered by the mobile operator make mobile services suitable for more effective business communication. One of the most widely used horizontal applications is mobile email which allows users to send and receive emails on the move. Mobile VoIP facilitates phone calls over an IP network between mobile phones or between a VoIP device and a phone. Another example is fixed mobile convergence which allows seamless interoperability and transfer between the mobile network and the fixed line network in the office. Mobile VPN is another service that enables users to access enterprise applications securely from mobile devices in a remote location.

**Functional applications:** Specific functional applications such as sales force automation, mobile CRM, fleet management, etc are being increasingly adopted by enterprises globally. Technologies such as Mobile GIS and Mobile RFID are enabling personnel to capture, store and update geographic and supply chain information. Indian organisations have followed this worldwide trend very closely. Employees at Café Coffee Day outlets, for example, use smart handheld devices for taking customer orders and printing bills, and integrating it with the backbone system for placing order. Similarly, Pantaloon retail uses a mobile queue busting system increasing customer satisfaction and greater productivity of in-store personnel.

Organisations today have a multitude of services and applications to choose from when it comes to enterprise mobile services. In order to formulate an effective mobile strategy, an enterprise must choose those services and applications that align best with its business objectives and processes.

Large scale adoption of mobile solutions by consumers and enterprise would depend on some of the factors below.

- ▶ Affordability: Cost of GPRS / 3G handset, cost of access (content and bandwidth costs).
- ▶ Security of transactions.
- ▶ Innovative offerings such as voice- / SMS-based value added services.
- ▶ Handset design — screen size, convenient key board, voice enablers, etc.
- ▶ Friendly user interface and support for diverse literacy levels and multiple languages.
- ▶ Sufficient battery life for supporting longer access

and higher-end applications.

- ▶ Integration and standardisation of various applications and technology.

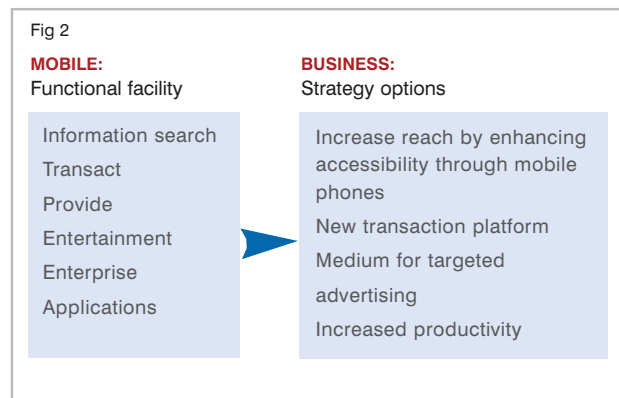
While all this sounds complex, the scale presented by 500 million subscribers is unique and it is this scale which is expected to drive the creation of an ecosystem to make this evolution possible

## New opportunities

This powerful medium presents a completely new set of strategic options for businesses (*See Fig 2*).

- ▶ **New business ideas:** Businesses may leverage the enhanced power, ability and reach of the mobile to come up with innovative user-friendly applications, that consumers will value for their convenience.
- ▶ **New B2C channel:** Businesses need to consider the mobile phone as a channel for reaching out to prospects / customers for achieving various objectives, for instance, sales, advertising and new platform for transactions.
- ▶ **Vehicle for increasing productivity:** Businesses are increasingly faced with the challenge of increasing employee productivity. In the current scenario, leveraging the capabilities of the mobile phone becomes imperative for the organisation, by using both horizontal applications (mobile email) and vertical applications (sales force automation, mobile CRM).

Today, leveraging the power of the mobile is strategically important for businesses from the



perspectives of both revenues (generation of new business ideas and increase in reach) and costs (increasing the productivity of employees and reduced costs of advertising, marketing, transactions, etc). Going forward, businesses need to consider the mobile wireless technology as an integral part of their strategic thinking process and take initiatives to leverage its capabilities. Enterprises which identify and implement the chosen initiatives will develop competitive advantage and emerge stronger than their competitors. ●