

Will 2003 be the year of Mobile Data in Hong Kong?

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What should Hong Kong do?

According to OFTA October 2002 figure, the number of 2.5G mobile data customers in Hong Kong is a little over 100,000, a penetration rate of less than 2%. In comparison, the mobile data subscriber penetration in Japan is 77%. In the New Year, one warrants looking into how the government, content and application suppliers (CPs) and the mobile network operators (MNOs) could work together to make 2003 the year of Mobile Data.

Recommendation 1: a simple message on WHAT services are provided, not HOW

There is one big difference in the way that mobile services are marketed in Hong Kong and Japan. MNOs in Japan focus mostly on what services they provide, such as video on the move, song download etc., without stressing unduly on the actual technologies: MPEG4, CDMA2000 etc. In Hong Kong, although it is now gradually changing, MNOs tend to focus on marketing the advances in their technologies: 3G, GPRS etc etc.

Recommendation 2: a simple and uniform pricing structure for mobile data services

Clients, when adopting new services, are very conscious about how much it would cost them in the long run. How the pricing is fixed by individual operators are certainly their right but we would recommend that all the mobile data services should have a simple and uniform pricing structure that the public will *understand*.

Recommendation 3: a flat fee for mobile data services

Many users of mobile data have commented that they will not use mobile data services because they are expensive. Actually, if one does not download lots of songs or pictures, 5 Mbytes for \$250 is quite sufficient. Despite that, the general public perceives that charging per use for mobile data is expensive. Comparing this with the rapid penetration of broadband in Hong Kong, the dropping of per use charging scheme in broadband has impacted positively on its penetration.

Recommendation 4: a standardized business package between MNOs and CPs

In Hong Kong, when a CP discusses collaboration and revenue split with an MNO, it is treated on a case-by-case basis resulting in a highly inefficient business process. One CP commented once that he wasted 2 months with one MNO just on the negotiation of the Non-Disclosure Agreement (NDA). The business deal finally did not eventuate and the CP went back to China to try his luck. This is a sad story. Mobile data content is a business that is very sensitive to the rollout timing. It will be too long if each individual business deal needs a two-month negotiation. In contrast, Japan has an industry-wide de facto standard resulting in lots of mobile contents being offered to the public.

Recommendation 5: a standardized development platform for all MNOs

The development and connection platforms are different amongst all MNOs in Hong Kong. The connectivity modules of SMS or MMS contents developed for one MNO need to be modified substantially for other MNOs. If one CP would like to supply contents to different MNOs, much effort will be required for the different connectivity platforms. We would therefore recommend that a standardized connectivity platform to be developed amongst all the MNOs in Hong Kong thus lowering the entry barrier for local CPs on providing contents to different MNOs.

Recommendation 6: the Government to drive user education and awareness

One of the major barriers to mobile and wireless applications adoption is simply, ***the public do not understand.*** A massive public education campaign is necessary on all levels: business and general public, on the use of mobile and wireless technology. In much the same way as good public education has resulted in older people now using email to communicate with their sons or grandchildren overseas, we would like to see older people like our mums and dads sending SMS and using mobile data!

The Condition is Right. Are we ready to grasp the opportunity?

With the availability of better-featured handsets, the strong interests in the developer and content community, the improvement in reliability and speed of the mobile data network, the condition is right for the explosion of mobile data market in 2003 for Hong Kong. In a recent J2ME competition, over 360 teams registered. The whopping response to this competition points out that there is a large content and application developer community in Hong Kong, all ready for the imminent explosion of the mobile data market.

In conclusion, will 2003 be the year of Mobile Data in Hong Kong? YES but we need to work hard on it!