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Location Based Services in Mobile - Vision, Antivision, Vision

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The mobile industry and others have talked about the promise of location based services for some years now. Countless reports have been released predicting tens of billions of dollars in revenues from location based services. In early 1999, Wired magazine predicted amongst other things that "when it starts to rain, you will instantly get a message telling you where the nearest umbrella shop is".

Yet almost five years later, the location based services market is still tiny - and we still don't know where that umbrella shop is. What happened?

The first location based services in the UK were created for WAP. To date, most operators have focused on consumer services such as Where's My Nearest and routing services. There have also been a few business-to-business services, primarily around tracking employees driving white vans. Perhaps inevitably, in the context of the lack of success of WAP in general, these early services have been a disappointment.

The reasons are not too hard to find: it takes too long to get a query answered on the services; the quality of answer when it comes is often poor; there are too few services of relevance to the customer; and those there are have not been well communicated to customers.

The first two issues can be illustrated by going through the Big Mac Test. In other words, if I were to want to find the nearest McDonald's in a strange city, would I be able to find it quickly and easily?

In order to get to the answer from the current generation of WAP services, I would need to go through a large number of key presses and screens. Our tests indicate it would take up to four minutes to complete a typical query.

The first problem I would encounter is the low accuracy of the location fix on my phone. Even if I were in Central London, the phone company would assume I was somewhere up to 500m from my current position. If I were in a less urban spot, it would be even less accurate.

Next, I would try to ask for the nearest McDonald's. However, unless I spelled the name of that company exactly right, or very nearly so, the system would not recognize what I was looking for. I could try looking under the pre-set categories (e.g. restaurants), but I would struggle to find one that includes McDonald's.

If I were successful in getting a list of McDonald's in the area, I would have to choose the one I thought was nearest. I would then receive a set of directions to my chosen outlet. The directions would assume I was starting from somewhere up to 500m from my current position, which can make them quite difficult to follow.

Small wonder then that relatively few people use location based services at present. Does the future look better?

We believe it does. Nereus is a consultancy that specializes in the planning and development of mobile data services. Whilst we take a sceptical view of many new services, we are convinced that the combination of a mobile phone and the ability to fix location creates many opportunities, in the business and consumer spaces.

The key elements in the future success of location based services will be:

- Improved service layout, with very few steps to the answer
- Greater fix accuracy
- Clear maps delivered to the handset
- Business services integrated with workflows and applications

To some extent, mobile operators in Japan and South Korea have shown the way. They have launched services, using maps and Assisted-GPS technology, that have achieved reasonable turnover - and have prospects of growth. This year, the UK operators have started to follow suit, starting with consumer-oriented services. New applications for business are following in their wake.

Like so many other major technologies, mobile location based services will appear to have little impact at first, and then will achieve overnight ubiquity.

The result will be a "Location Net" that parallels the Internet we have all been using for the past few years. Like the Internet, the Location Net will offer access to a vast supply of people, assets and businesses, that can be located on demand, subject to some access controls, and enormous opportunities to communicate, market and transact. As with the Internet, it will be possible to apply different rules to working with strangers, friends or relatives.

Businesses will take the lead in using the Location Net.

Business processes will be rewritten in a world where it is possible to know in real-time the location of assets, employees and customers. Like the Internet before it, it will be integrated into business applications, and will become a tool for driving cost out of processes and businesses. The impact will be felt particularly on activities that involve some kind of field force, whether that be fleet management or policing.

The consumer will gradually be introduced to a world in which you need never get lost, friends and relatives can be found at will, and information about locations can be swapped as easily as sending a text message. Location will mostly be used to enhance social communication. There will also be content services - but most content will attract very little revenue from the user. Over-optimistic business models will continue to be punished.

By increasing competition and lowering margins, the mobile Location Net will destroy nearly as much value as it creates. It will create a few new niches, and will pressure weak brands. It will reward low-cost players. It should be fun.