

Together in electric dreams



Nokia

What happened to the predictions that third generation mobiles would change our lives? Kevin McCullagh looks at the dreams... and the reality

One year ago Britain had just held Europe's first auction for third generation (3G) mobile phone licenses (the first generation having been analogue and the second, digital). 'Winning' network operators, having shelled out £20billion to the Chancellor of the Exchequer for the right to use a certain part of the radio spectrum, looked forward to the wonders of the mobile Internet.

Pundits, meanwhile, fuelled by the launch of WAP services and the success of i-mode in Japan, accelerated to hype-factor nine. Journalists regurgitated techie visions of a near future when we would set baths running with our mobiles, on the way home from a long day of Martini communicating – any time, any place, anywhere. The gadget magazines were full of bikini-clad babes sporting mock-up models of 3G phones with huge screens, in anticipation of downloading all those fantastic Robbie Williams videos.

Investors licked their lips as they looked forward to fusing the Internet with the mobile phone. More Europeans have mobiles than have PCs! They have them with them all the time! A profitable nirvana of 24/7 m-commerce beckoned. Consumers would buy everything from cinema tickets to groceries with their mobile phone. Ker-ching!

Today, by contrast with these fond hopes, few have anything but scorn for the mobile dreams of 2000. The business press is awash with reports of technical hitches and delays in the mobile sector. A recent report estimated that it could be 10 years before 3G becomes commonplace in the UK. Peter Cochrane, BT's ex-head of technology, is even more downbeat: "I am not at all optimistic of seeing 3G as a major force in the UK, ever."

What on earth is going on? Has all the cash really been spent in vain? Undoubtedly the mobile operators did not do their homework

and spent far too much on an unproven technology, without much evidence of any real demand. But, equally, the naysayers are overly doom-laden about 3G prospects. The hype around the mobile Internet always suffered from too much business and technology push, and not enough user pull. So in order to evaluate 3G's prospects it is useful to weigh up each part of this equation.

Mobile business

Investors thought that the real money in mobile would be made from selling services like banking and gambling to consumers – not from selling handsets. After all, it is the operator that takes money out of our accounts each month, not the phone manufacturer. So as the cost of mobile voice calls fell, it was hoped that consumers would pay a premium for data services: stock market quotes, football results and networked games. Just as business had spent much of the 1990s seeing the world through Internet tinted glasses, at the turn of the Millennium it insisted that people would run their lives through their mobile phones.

But no sooner had the dust settled after the big European 3G auctions, then doubts set in. Just how much real demand would there be for 3G? How much would customers really pay for which services?

Mobile technology

As well as the uncertainty over services, many now argue that most of the benefits of 3G will actually be delivered over cheaper intermediate technologies – such as GPRS, which is being introduced this year. Others point to short-range, high-bandwidth radio technologies such as Bluetooth (which will allow users to connect to each other or local networks for free), as competition to 3G.

In March of this year the *Financial Times*' LEX column declared that

Generation game

3G

3G is a broad term used for a group of technologies that will deliver pictures, graphics, video communications and other wide-band information as well as voice and data, direct to people who can be on the move.

Bluetooth

Bluetooth is a wireless networking technology for communication between digital devices, such as mobile phones, laptops, PDAs or digital cameras. It is based around a standard Bluetooth radio chip that works within a 10m radius.

GPRS

General Packet Radio Services uses an Internet type protocol to send or receive data, including voice. It enables a cost-effective 'always on' connection.

the mobile Internet was 'overhyped and underdelivered', and 'even if the technology works, it does not create a business in itself. Mobile data require easy-to-use handsets and killer applications.' The search for the mobile killer app is not new, even if operators are now admitting they need to understand more about what makes people tick. By contrast, the focus on 3G handsets is relatively new – and welcome.

Until now, mobile technologies and services have been discussed in the abstract, with little attention given to how people will actually access or experience them. This has led to an assumption that phones will become pocket mini-computers, which will take over a range of everyday tasks: the economic equation being that more functions people can use, the more cash they will spend.

3G handsets present formidable design challenges, as they are considerably more complex than today's phones and as a result will initially be bigger, heavier and have shorter battery lives than consumers have come to expect. In addition, as any owner of a multi-functional digital watch will attest, it is one thing to own a product with lots of embedded functionality, quite another to access it easily. Phones offering heaps of functions, a relatively small screen and a limited number of keys present a real interface design headache.

The Blackberry (right), soon to be launched in Europe, illustrates an alternative route based around dedicated devices. US business people have snapped them up to send and receive e-mails, and it is likely to prove popular with the same time-poor types who were the first to fall for the simple attractions of the Palm.



Mobile people

So while GPRS and Bluetooth will be the technology stories for the next few years, they are unlikely to impress the most. European retailers report that fashion, not functionality, now sells mobile phones. Charles Dunstone, chair of The Carphone Warehouse, compares Nokia with the Nike brand. He argues that "the replacement cycle is accelerating and I put it down to fashion and how conscious people are of having the right model."

That's the cool thing about people – they spot the real human benefits of technology, not the features prescribed by techies and marketeers. Just as drug dealers and hookers were among the first to use mobiles, the Mafia took to the anonymity of pre-pay phones, and many retailers have earned more from phone covers than the phones themselves. Who predicted that teenage smoking would go down as a result of spending on mobiles, or that parents would buy them for their kids so that they could keep tabs on them? Mobiles are about social relations. They are a social thing, not a technology thing.

Mobile situations

Technology has a long way to go before the mobile dreams of last year become realised, if they ever do. However, new uses for 3G will emerge. Before most of us carry 3G in our hands, we might well see it embedded in corporate laptops and cars, where fast access to email and video entertainment will be highly valued. Mobile people will continue mainly to use them to interact with people, not data.

Text messaging and Napster, the unexpected successes of last year, teach us two important lessons. People bend technology to their own needs; and companies can develop new killer apps – but only if they quit dreaming up new business models and get out more instead. ■