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inCode Releases Top 10 Predictions for Wireless Carriers in 2004

List Includes Bonus Prediction for the Enterprise

SAN DIEGO, Calif.—November 18, 2003—Number portability is propelling wireless carriers into the role of primary communications provider at a breakneck pace. Preparing to answer the call, carriers are quickly shifting their focus from price to quality and customer service. Next year, to effectively execute the transition, wireless carriers will extend the reach of their networks, according to the underlying message of the Top 10 Predictions for Wireless Carriers in 2004, developed by inCode, a wireless business and technology consulting firm.

With the unprecedented upheaval predicted with number portability, wireless carriers realize they cannot continue competing on price alone, according to Martin Dunsby, Vice President of Operations for inCode. Number portability will put carriers on a path towards growth and increased demand from the enterprise for enhanced voice and data offerings.

Offering in-building network solutions for corporations will be crucial for carriers who want to compete at the next level, according to Dunsby. But in-building is only the beginning.

In a culture of conservative capital spending, corporations will want innovative offerings that unlock the value of the latest technology like location-based services and priority access to networks to ensure return on investment, according to Dunsby. Furthermore, by tapping customer information, wireless carriers can pre-populate directories, ease transitions between networks, and integrate billing for elevated customer service.

“The network’s power and proximity to the customer may give wireless carriers the advantage over outside content providers and application developers,” said Dunsby. “Wringing value from the network is a win-win for carriers and customers.”

As wireless carriers expand to meet market demands, there will be growing pains with varying degrees of intensity on their journey through number portability to profitability and towards globalization. Following is inCode’s Top 10 Predictions for Wireless Carriers in 2004:

1) Number Portability Problems Linger

While the wireless industry's efforts on behalf of consumers are admirable, a goal of 2.5 hours for porting numbers is too ambitious. Instead of 2.5 hours, it will take up to 2.5 weeks before the process is seamless and speedy, and the problems with number portability will persist well over 2.5 months. In 2004, porting between wireless numbers will improve sometime in the second quarter, but political, technical and geographical problems with wireline transfers will linger into the third quarter. The only hand-offs that won't be hampered are those between wireless carriers with wireline counterparts. The frustrations will be reminiscent of the early days of DSL service.

2) Wireless World Catches Telemarketing Problems like a Communicable Disease

With number portability, there's the potential in 2004 to recreate the telemarketing problems of the wireline world in the wireless space. Because number portability extends the life of a wireless phone number, it's easier for telemarketers to pin down. Simultaneously, as an increasing number of consumers cut the cord, they grow more comfortable including their cell phone number as their primary means for contact. It's like dropping bread crumbs for telemarketers. But, most importantly, what will compound the problem is legislation piggybacking on the number portability act that says wireline carriers can integrate their systems with wireless counterparts. To help stop the spread of disease, consumers should enter their wireless numbers in the Do-Not-Call registry.

3) Brewing Broadband Battle Ignites

Demand for the mobile desktop experience from the enterprise will ignite the brewing broadband battle in 2004. Wireless carriers with CDMA technology will continue to deploy EVDO upgrades while GSM carriers--making up the majority--scramble for a strategy. Non-CDMA carriers will debate whether to wait for UMTS or leapfrog 3G technology all together with advanced network solutions OFDM and UMTS-TDD. In the third and fourth quarters, non-CDMA carriers will begin migrating to bigger broadband connections for the opportunity to compete with cable providers on the fixed wireless front, but will it be 3.5 G or 4G? Regardless, concerns regarding cannibalization of DSL profits from wireline carriers will creep up.

4) Cannibalization and Integration Spark Consolidation between Wireline and Wireless

As consumers and corporations slowly migrate to broadband, but continue to dance between wireless and wireline, wireless carriers with wireline counterparts will continue to cannibalize themselves. Rather than continuing to poach themselves of profits, and to offer the customer a one-stop shopping experience, wireless carriers will erase the lines between their wireline divisions and emerge bigger and stronger in an attempt to swallow the pure wireless players towards the end of the year.

5) Nail in the Coffin for Commercial Wi-Fi

Next year, there will be a grassroots effort to promulgate Wi-Fi hot spots, but a single commercial network is unlikely. Because Wi-Fi is cheap and easy for consumers to install, the Wi-Fi channel is quickly being considered a commodity. However, it is expected that carriers will take advantage of Wi-Fi's inexpensiveness and speed, while relying on 3G/4G for mobility and security to offer in-building coverage in areas like corporate campuses, train stations and airports. As small and large networks grow, methods to allow roaming and/or network sharing will receive more attention.

6) Strides towards Wireless Standardization Take Shape

Absent a set of industry standards, wireless carriers built independent platforms to deliver value-added data services. Up until this point, because of the lack of demand for data, the detachment between application developers, content providers and networks has gone virtually undetected by consumers. In 2004, to drive further demand for enhanced products and services, wireless carriers will ease transitions for customers with profile management programs that store and deliver billing, authentication and preference information on behalf of their subscribers. Although wireless standardization will not be solidified for a few years, in the interim, profile management will serve as a stop gap measure and an important step in the right direction.

7) Wireless Carriers Create Classes of Service

In an effort to further break away from the pack, next year a leading wireless carrier will announce plans to offer tiered levels of network access. Similar to flying first class, in business class or choosing the cost-effective coach approach, prioritization provides customers with customized packages depending on their network needs. Because corporations are expected to pay for priority, a likely scenario is a teenage sending a text message being slowed for a corporate executive downloading a time-sensitive document. In 2004, customers aren't created equal, but rather than simply catering to corporations, carriers can serve the public by giving emergency calls and workers priority access.

8) Digital Data Adoption Drives Deeper Wedge between Wireless Haves and Have-nots

While high-density metro areas jump on the digital bandwagon, rural carriers will remain frozen in the dark ages of analog. New services like location, presence, push-to-talk™, and picture messaging are all being built for digital networks. It is like upgrading your PC when the new version of Windows comes out, except this time it is the network that has to be upgraded, not the PC, and rural carriers are not going to do it.

9) Phone Cameras versus Camera Phones: Consumers Debate Quality versus Connectivity

Big consumer electronic manufacturers will introduce to the market cameras capable of uploading and downloading pictures from a wireless network. Consumers more interested in quality rather than connectivity will pay more for inverting their picture making and sending process. It remains to be seen how carriers will structure their relationship, whether they lease space on their networks or buy directly from device manufacturers.

10) Carriers Push Toward Globalization

Not many wireless carriers today have a truly global presence. As the global marketplace shrinks, and valuations rise, the top 10 wireless carriers are going to make a push toward globalization. The barriers will begin and end with governments as carriers tackle anti-competitive concerns and unconquered markets like China, which is the fastest growing wireless market in the world.

11) Thinking and Working Outside of the Box: Wireless Redefines "Space" and Time in the Workplace

Whether it's at home, in the car or simply surrounding a conference room table, knowledge workers will use wireless to work whenever and wherever. In the not-so-distant future, mobile will redefine space and time in the workplace and the walls of the cubicle will come crashing down. To demonstrate how wireless will work to increase productivity, in 2004 inCode will build the wireless "workspace" of the future.

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About inCode

inCode, a wireless business & technology consulting firm, stays one step ahead of business and technology challenges that stymie the speed of wireless evolution. inCode's service offerings for carriers and manufacturers include Strategy, Advanced Technologies, Core Network and RF engineering and Integration. inCode also helps corporations harness and unleash the power of wireless communications to gain competitive advantage. inCode's innovative technology lab, dubbed the "smallest wireless carrier in the world," is the real-world testing ground for next generation wireless services, technologies, support systems and applications that are shaping the wireless future. inCode is based in San Diego, California. To learn more about inCode, including open positions, please visit www.incodewireless.com. inCode is an ISO 9001 certified company.