



Location Intelligent Based Services

2009 has seen a significant increase in demand for a diverse range of location-based services (LBS) from both a business and consumer perspective. Stephen Salmon of Pitney Bowes Business Insight highlights the need for the mobile telecommunications industry to harness the power of location intelligence, to understand the practical implementation of geo-based applications if they wish to take full advantage and truly unleash the 'anywhere, anytime, anyhow' potential of LBS.

LBS has been a buzz-word within the mobile telecommunications industry since the turn of the Millennium. However, early launches of such services failed to grab the attention of subscribers as they did not provide a sufficient level of functionality to justify their status as premium rate value-added services. Today, location-based services are becoming more viable for two pivotal reasons; there are now enough LBS-enabled mobile devices on the market to make high quality LBS applications viable and, online, mobile application stores provided by Nokia, Apple and RIM have made LBS applications easily accessible at a competitive price for consumers and business professionals alike.

In parallel, the uptake of LBS in the UK has been driven by the huge shift from fixed-line to mobile telecommunications. The number of land-lines in the UK is falling as the cost of owning and running a mobile phone gets cheaper. According to a recent Ofcom report¹ there are currently more than 76 million mobile phone subscriptions in the UK and 85 per cent of adults have a mobile phone. The vast majority of newer mobile phones will be equipped with a GPS-enabled chipset to enable LBS. This offers a huge potential market and incentive for organisations to enhance their location-based service offerings while increasing revenues and minimising costs by differentiating services.

A recent report from Gartner predicts that the number of subscribers

using LBS globally by the end of the 2009 will reach 95.7 million, up from 41 million in 2008 and that LBS revenues will more than double to \$2.2 billion by the end of 2009, up from \$998 million in 2008. Furthermore, in two years time, the report estimates that subscriptions to LBS services will have leapt to 300 million. Other industry analysts have made equally bold forecasts: Berg Insight predicts that there will be over 100 million European mobile LBS users by 2012; and an ABI Research report suggests global mobile LBS revenues will hit \$13.3 billion by 2012. In the technology-based industries, we have all learned to be somewhat sceptical of analyst predictions, but even if subscriber numbers and revenues achieve half of these forecast figures, then this will represent tangible evidence that LBS is coming of age.

Consumer familiarity with navigation and mapping LBS has risen with the mass global take-up of consumer SatNav systems while competitive mobile and telco markets across the globe have led to the growth and refinement of GPS technologies. In addition, other handset location strategies – such as through home base stations – are likely to add further stimulus. At the same time, social networking is moving from the PC to the mobile in some markets as consumers increasingly demand to be untethered from their desks and take their digital lives with them, just as they have abandoned landlines for mobile phones in the last 10 years. This

shift towards LBS social networking applications has been driven by 'find your friends'-type technologies such as Twinkle and Whereaboutz. Some applications let mobile users integrate social networking sites such as Facebook and MySpace with local information sources, friend finding data and navigation support.

From a business perspective, LBS enables organisations to track their most valuable assets – their people. Recent legislation has increased the liability of senior management of organisations regarding the safety of its staff. With LBS an organisation can supply its staff with an LBS-enabled mobile phone that includes a "panic" button should the employee get into difficulty. Furthermore, the health and safety of staff working from home is still the responsibility of the employer and LBS can keep both parties in contact when working remotely.

These changes have prompted mobile network operators to seriously look at LBS as adding to their ARPU (average revenue per user) while reducing churn. In late 2008 Vodafone acquired Swedish GPS applications firm Wayfinder, signalling its intent to "own" this area. Furthermore, LBS applications are being developed for a range of platforms including APIs from Google and Yahoo, that deliver some simple, yet compelling 'where's my nearest' ideas, such as restaurant or taxi finders. Another example is wikinear.com, which serves up Wikipedia articles relevant to the current location. And LBS applications are beginning to appear for specific handsets via "app stores". Blackberry and iPhone, the "gold standard" handsets for the business and consumer user respectively have started to see LBS applications that integrate with existing functionality such as calendar, traffic and weather applications and are providing useful real-time information to owners of these devices.

LBS builds on the quality of data that has been harvested for Location Intelligence (LI) applications. For LBS to be truly impactful and build the trust of the end-user it needs accurate clean data that is dynamic and always available. Pitney Bowes Business Insight has a track record of making standardised, validated and clean data available for all, either across an



organisation or individuals that subscribe to LBS. To ensure that its heritage in LI is maximised in the growing LBS field, the company is looking to actively integrate with key players in the mobile space, including operators and LBS application developers.

So, what business model will evolve to take advantage of this growth in LBS? Some form of bundled service has always been required to encourage initial take-up of any given mobile application and LBS will prove to be no different. Operators have traditionally built on initial interest in applications and then added charges for additional usage or functionality. Just as certainly, technology firms and network operators will need to be wary of potential teething troubles when bringing new LBS technologies to market. The introduction of new services, while offering rich revenue streams and margin growth, inevitably increase the possibility of customer dissatisfaction if they do not meet expectations of functionality, reliability, accuracy and service coverage. Therefore, it is

critical to get service delivery right first time in an effort to reduce customer churn.

In conclusion, LBS has come of age. Operators cannot afford to ignore LBS as it is rapidly becoming a 'must have' as a key differentiating tool. However, introducing new services potentially risks damaging relationships with previously satisfied, loyal customers if these new services prove to be substandard. It is therefore imperative that location-based services are conceived and developed with the aid of true location intelligence, supported by experts who really understand the practical implementation of geo-based applications.

¹ <http://www.dailymail.co.uk/sciencetech/article-1198280/Mobile-map-shows-large-swathes-Britain-internet-dead-areas.html>

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