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By Kate Norton

Europe Takes to Location-Based Cell Service

Services that give cell-phone users place-based info fast are finally taking hold in Europe—and are welcomed by revenue-hungry providers

Five years ago, mobile-phone makers and wireless operators waxed poetic about the prospects for technology that would offer consumers maps, traffic reports, and localized search from the palm of their hands. But the march toward so-called location-based services was impeded by primitive phones, pokey connections, and a dearth of enticing applications. "Uptake was a catastrophe," bluntly declares Ralph Eric Kunz, vice-president of multimedia experiences for handset giant Nokia ([NOK](#)).

Now, thanks to higher-resolution color screens, faster wireless data links, and the arrival of browser-enabled handsets, the picture is finally beginning to brighten. Sales of software and services that let consumers find a nearby post office or the fastest route to a destination are finally starting to take off. And mobile operators burned by the previous wave of hype are dipping their toes back into the business. Swedish-Finnish operator TeliaSonera, for instance, now offers 10 location-based services, including Yellow Pages, weather information, route displays with voice prompts, and a "friend-finder" capability.

The success of such services is key for carriers looking to encourage wireless data usage to compensate for sagging voice revenues. And after a half-decade of gestation, growth finally is expected to be brisk. Wireless research firm Berg Insight of Gothenburg, Sweden, figures European operator revenues from location-based services will soar from \$180.5 million last year to \$780 million by 2010. Still, they'll only account for 1.8% of nonvoice services.

FAMILIARITY FACTOR. One reason consumers are more open to location-based services on mobile phones is that they have grown familiar with standalone navigation devices from companies such as Holland's TomTom. PC-based "geo" services—ranging from MapQuest maps to Google Earth ([GOOG](#))—also have whetted the appetite of customers who want to find places and things fast, and online. Analysts say the evolution to handsets is a natural.

Mobile operators are eager to muscle in. Berg Insight says that more than 50% of wireless providers in Europe now offer local information services of some sort. Most provide city maps and "points of interest" services, allowing people to find the nearest movie theater, for example. Some also have plunged into tracking services for businesses.

Norway's Telenor ([TELN](#)) offers a broad array of services, including maps and local weather. It has also piloted a free news-scrolling service, in which users paid a small fee to pull up the full article. In the U.S., Cingular Wireless ([T](#)) aims to roll out a raft of location-based services by mid-2007.

BETTER ACCURACY. Another development that should help kickstart the business is Global Positioning System technology (GPS). The satellite network can locate objects with an accuracy of about 30 feet, vastly increasing the accuracy and utility of location-based services. By contrast, non-GPS location techniques, which involve finding a user by estimating his or her distance from nearby cell towers, are usually accurate only within a range of 300 feet.

Nokia plans to include a GPS transceiver chip from Texas Instruments ([TXN](#)) in its upcoming N95 smartphone, which will be available in the first quarter of 2007. Nokia's Kunz predicts that the rollout of GPS-enabled phones will happen even faster than the rollout of camera phones. Taiwan's Mio Technology also offers a phone-PDA-GPS hybrid called the A701 that runs on Microsoft's ([MSFT](#)) Windows Mobile 5.0. ABI Research predicts that a quarter of all 3G handsets will include GPS capability by the end of 2008.

But despite the technological improvements over the past five years, operators and handset makers have to redouble marketing efforts to avoid another flop. A key factor is making the cost of wireless data services clearer to consumers. Orange UK, the British mobile arm of France Télécom ([FTE](#)) is already trying to do that with the cost of mobile Internet access, offering unlimited evening and weekend browsing for \$9.50 per month. Some location-based services are delivered free, while others are charged on a per-use basis.

Renewed optimism aside, industry sources admit that location-based services won't be a significant revenue generator for some time. But after the fiasco five years ago, analysts say the industry's more realistic approach is fitting. "You only get one chance to do it right," says Niek van Veen, a mobile-telecom researcher at Forrester Research in Amsterdam. For operators in search of new revenue streams, their moment has arrived.

Norton is a BusinessWeek.com correspondent in London

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