

**THE SUMMER OF CHANGE FOR THE MOBILE TELEPHONY INDUSTRY:
FIXED TELEPHONE-LINE COMPANIES
LISTEN FOR THEIR OWN DEATH RATTLES ?**

For most parts of the industrialised world, fixed telephone-line companies must be listening to the beginnings of their own death rattles.

If their managements do not hear them, then, they deserve the future.

It is only a matter of a short distance in time before wireless telephony will be as commonplace as the electric light bulb, which replaced the lantern as a source of illumination.

As the personal computer '*killed*' the electric typewriter, so it, too, is facing a revolution, with wireless access to the Internet, quickly displacing the requirement for consumers to access the Internet through a fixed, telephone-line connections.

Which means that another, important source of revenue for fixed, telephone-line companies will disappear in a puff of smoke.

With Microsoft Corporation, about to make wireless, telephony computer programmes a reality and standard in its operating system, so it will cut out another source of revenue for fixed, telephone-line companies.

The pace of change in wireless telephony, internationally, is, probably, second to none in the history of this industry.

Companies are entering this fast-changing industry almost on a daily basis, threatening the very existence of large, established operators, which thought themselves to be too large and powerful to be dislodged by upstart companies, entering the field.

Fundamental changes are being made, daily, also, and network operators are facing stiff competition from, what are now being referred to as, '*Mobile Virtual Network Operators*' – discount providers in the mobile telephony industry.

According to recent reports, in Germany, alone, 7 new mobile telephony brands have been launched in the past 9 months.

These new telephony brands have been launched, for the most part, in collaboration with existing providers.

Consumers, worldwide, have been attracted to the discount offers of Mobile Virtual Network Operators which, in turn, are causing profit margins to be eroded of the very companies on which these Mobile Virtual Network Operators depend in order to offer their services.

The result is that mobile telephony prices to the consumer are being reduced, almost weekly, now.

In Denmark, during the past year, mobile telephony prices have declined by about 40 percent.

There is every reason to think that prices will fall much further, not just in Denmark, but in every free country of the world.

Cable and Wireless plc, once the king of fixed-line telephony, is suffering, today, having been unable to be sufficiently perspicacious and sagacious in seeing the important and, in many cases, revolutionary changes that

were certain to take place in the fullness of time.

Cable and Wireless, which was a pioneer of its day, used to maintain that the prices of telephone calls were dependent on the distance of the call.

Today, this is not the case: Distance is of little importance and significance to operators of telephone networks, regardless of statements to the contrary, due to the advances, made in fibre optics, etc.

The SIM card of today – SIM, the acronym for Smartcard Inside a Mobile Telephone, allows a mobile telephone provider to identify an individual mobile telephone handset and its registered owner, along with information of the likes of personal data and a unique identification number – will be the dinosaur of tomorrow, to be sure.

As more and more communication satellites are launched, so the SIM card will be replaced by new and better systems of telephonic communication.

Consumers, making international telephone calls, will have a wider choice of carriers from which to choose, and rates per minute will continue to fall to much lower levels than are being charged, today.

Innovation in the mobile telephony industry is offering the consumer, worldwide, cheaper and better services than ever before.

Advances in technology will continue, with prices, falling much further within the next year or so.

In Toronto, Rogers Wireless, a player in the telephony field in this city of Canada, is offering free mobile telephones, provided that prospective customers sign a 3-year contract with the company.

Only a fool would accept the offer of a free mobile telephone under these conditions.

But Rogers Wireless is counting on the foolish consumers of the country to gobble up the offer.

Such tactics will, in the long run, hurt this company's reputation; and, consumers will rebel and look for alternative providers to Rogers Wireless.

And, it is likely that the Mobile Virtual Network Operator could fill the bill, knocking Rogers Wireless off its proud perch.

Mobile Virtual Network Operators do not have the high costs, associated with the establishment of a mobile telephony system, and are able to ride on the back of existing carriers, so to speak, by purchasing capacity from established operators.

There is a difference between Mobile Virtual Network Operators and Discount Telephone Operators in that the latter is a pure resellers, offering nothing to their customers other than the simple service of the network operator, whereas, the former enhances existing services provided by the existing telephone carriers.

The life expectancy of the Discount Telephone Operators may well be as limited as has been shown to be the case in respect of the telephone calling card, but the Mobile Virtual Network Operators are likely to be with us for some time to come.

Mobile Virtual Network Operators, to be successful, have to be innovative and offer value-added services, such as concierge services, satellite navigation services, low-cost, international roaming services (without SIM cards), text messaging, etc.

The potential for such services is as limited as are the ideas that man may conjure up in his mind.

Price competition results in lower costs to consumers, which leads to more innovation in the mobile telephony industry, which, in turn, leads to the death of some industry dinosaurs from which, as with the mythical phoenix, a new *'bird'* rises from their very ashes.

Monopolies and quasi-monopolies, such as those in Canada and in the People's Republic of China, to name but just 2 countries, do a society an injustice, quashing innovation and increasing the rate of inflation, either directly or indirectly.

Also, lower prices for services and consumables in the High Street mean that households have more disposable income to spend, elsewhere.

If, as **TARGET** has stated, many times in the past, the US Government were to stop the importation of Chinese-produced garments and textiles, the inflation rate would be much higher than it is today.

The dynamics of any viable society embraces innovation and change, but for the corporations, which are less fleet of foot than they should be, they will fight against any change until, in time, they will cease to exist.

The winds of change are forever blowing and woe betide those companies' managements that disregard the direction of those winds.

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