Chapter I

Introduction: Toward Seamless Multi-Channel Services

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Abstract

The convergence of information technology, communications, and content raises the question of how service and content providers can best guarantee a seamless customer experience in a multi-service, multi-channel, and multi-device business environment of tomorrow. In this chapter, we argue that one way to achieve this goal is for service and content providers to join forces with new types of channel partners called service mediaries. In this chapter, we analyze the current structure and future trends of multi-channel service delivery by using two frameworks: the BUMMAT model (Kallio et al., 1999), which focuses on service delivery from end-user perspective; and the Future Value Chain framework (Hara, 1999), which describes the layered structure of the future service delivery business. By combining these two perspectives, we offer an in-depth analysis of the various tasks and processes that are needed in order to deliver the new...
kinds of services and content in a multi-channel context. We will discuss the
implications of these findings for telecom operators who are interested in
transforming their business models from the voice- and access-centric
paradigm to a data- and service-centric business model, where a company’s
core competence will be in managing customer information instead of
managing access networks. Our objective also is to help service and
content providers to understand the current development in the telecom
market, so that they have better chances to position themselves in the
emerging value networks of digital services.

Introduction

For years, we have heard stories of how computing and telecommunications are
becoming one and how traditional business computing and the world of consumer
electronics are finally converging into something bigger, more exciting, and more
rewarding than traditionally separate industries. Now, it seems that these visions
are finally coming true, as we are witnessing how content and services are
increasingly digital and transferred over IP-based networks, or, as the CEO of
Intel Craig R. Barrett has put it, “After 20 years of talking, this so-called
convergence of computing and communications is happening” (BusinessWeek,
March 8, 2004).

Visionaries within the telecom industry anticipated the current development
years ago, but, once again, the old wisdom presented by MIT professor Licklider
in the 1960s appears to be true: “People tend to overestimate what can be done
in one year and underestimate what can be done in five or ten years” (J.C.R.
Licklider, 1965). This 10-year rule of thumb introduced by Licklider appears to
apply well to the introduction of many new technologies such as fax machines,
CD players, and the Internet (Odlyzko, 2001). If we take a closer look at the
technological milestones behind the Internet revolution, we can see that the
Internet became commercially available in 1988, followed by the World Wide
Web around 1991 and easy-to-use browsers in 1993 (Dutta & Roy, 2003). It is
easy to see that without these and many other inventions and innovations, the
Internet would not have become such a big part of our everyday lives.
Unfortunately, venture capitalists and investors often expect emerging technolo-
gies and business models to materialize much faster than what the lessons from
earlier experiences would suggest, as the infamous hype curve by Gartner Group
demonstrates (see Figure 1).

There are, of course, several reasons for the slower-than-expected diffusion of
new technologies and services. Some of these obstacles are purely technical or
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