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 technologies 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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