Chapter XI

Mobile Services in the Networked Economy

Introduction

The mobile telephony business used to be reasonably simple in the past: mobile services were provided by national monopolies, so nobody really cared about building fancy brand images or creating funny names like Orange, O2, or 3. The service itself was well defined as it was all about being able to have a telephone conversation while being on the move. The services were targeted predominantly to an audience that consisted of “55-year-old male using mobile phone in his work” (Williamson, 2003, p. 20). But then came along deregulation which opened up the mobile market for new players that were forced to differentiate their services and image. The increasing competition lowered the prices of handsets and mobile phone calls to such an extent that even ordinary people (i.e., consumers paying for their own mobile phones and telephone bills) could afford their own cellphones. Roughly at the same time, somebody got the idea that you could send short text messages with your mobile phone — now as the
digital mobile networks allowed for new kinds of value-added services. All of
a sudden, the mobile business was not only about making phone calls; it was
increasingly about communicating with friends, relatives, colleagues, and
customers — either by voice or data messaging. It did not take long before the
Japanese started to develop something totally new. NTT DoCoMo decided to
create a new kind of mobile service that would focus on nonvoice services to
consumers: the target audience was not the busy businessmen but their wives
and children (Matsunaga, 2003). The new service called i-mode became
extremely popular in a very short time, and soon, two other Japanese operators
followed the example of NTT DoCoMo and created their own mobile Internet
services. The European operators tried to replicate the success of the Japanese
mobile operators in Europe, but they failed miserably. Despite the high hopes,
WAP was a disaster for everybody involved: the users hated it, the operators
could not make profitable business out of it, and the venture capitalists lost their
investments as thousands of start-ups went bust. The European operators, and
the industry in general, missed what is important in creating successful consumer
services: mobile services business is not about technology — it is about
building networks and ecosystems in order to be able to offer business
customers and consumers total concepts that are both easy to use and also
make their lives easier.

**Increasing Role of Business Networks**

As the plethora of theories and models reviewed in this book have demonstrated,
during the past 10 years, companies have paid more and more attention to their
business environment instead of just trying to optimize the activities within the
firm. This broader view of business has led to the introduction of several exciting
new models, such as business networks, clusters, and business ecosystems.
Despite the differences between these approaches, they all have a lot in common:
as the business (and the products or services) gets more complex, the complexity
of organizational forms and coordination mechanisms increases. As we have
seen, the mobile services industry is an extremely complicated business. There-
fore, it is understandable that new organizational forms and ways of coordinating
business relationships emerge first in this industry. This is why the focus of this
book is on the evolution of mobile services in a networked economy.