Chapter VIII

Directions in Wireless Telecommunications: Analytical and Operational Pathfinders

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ABSTRACT

Presented in this chapter are high-level analytical and operational tools and models that assist the wireless telecommunications professional in understanding the telecommunications’ market characteristics, life cycles, trends, directions, limits, and drivers. These tools demonstrate that wireless communications will follow the same life cycle characteristics as wire-line communications. Tools are also presented that provide important and timely insight for gaining competitive advantage based upon early detection of critical inflection points.

INTRODUCTION

As in all industries, in order to win in a market, it is important to know as much as possible about that market and have at one’s disposal tools that will provide insight and competitive advantage when properly, collectively, consis-
tently, and timely applied. In this regard, presented in this chapter is a series of powerful but easy to use and understand analytical and operational tools that deliver insight and competitive advantage to the wireless telecommunications professional. It should be stated, moreover, that as with all good tools, the tools and models as presented herein transition across industry lines and are not limited to the wireless telecommunications industry alone.

These tools and models will be discussed in this chapter.¹

**MARKET DRIVERS**

The concept of market drivers is fundamental to understanding, developing, and prosecuting a winning business case. A driver may be defined as a market fundamental that is basic to meeting a buyer’s criteria, need, or desire to have a product or service. A driver, however, constitutes the factor that will move a potential buyer into becoming an actual buyer. This understanding may be best exemplified by one example from AT&T, and another, by looking at an overall model relative to telecommunications equipment manufacturers.

In the AT&T Wireless case, at the time a wholly owned subsidiary of AT&T, Dan Hesse, a brilliant market strategist and at the time president of AT&T Wireless (he is presently CEO of Terabeam), with his team, determined that the fundamental and all-important market drivers in the wireless narrowband communication business in the United States were as listed in Table 1.

Hesse was right. These were the key market drivers in the U.S. narrowband wireless market at the time needed to take this market from primarily a business user market, to one encompassing the nonbusiness user as well. AT&T’s narrowband wireless customer base exploded. In fact, most other major narrowband wireless providers were forced to follow AT&T’s lead in offering such “One-Rate” pricing programs. These programs led to a major growth spurt in U.S. narrowband wireless subscribers, taking the number of users from approximately 30 million in the mid-1990s to more than 100 million by the end

*Table 1: Mobile Narrowband Wireless Market Drivers*

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<tr>
<td>1.</td>
<td>A simple rate plan—one price all the time.</td>
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<td>2.</td>
<td>No domestic long-distance charges—all calls are local.</td>
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<td>3.</td>
<td>No time of day or roaming complications or charges.</td>
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<td>4.</td>
<td>A fixed number of minutes for a fixed price that is deemed “fair.”</td>
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<td>5.</td>
<td>Subsidized handset purchases under term period contracts.</td>
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