



Nitin Patel

## 'Targeting the right market segment is crucial'

**Nitin Patel**

Vice-President, Strategic Marketing, Telenity



*The main challenge for location-based services is the availability of high quality map data, believes Nitin Patel, Vice-President, Strategic Marketing, Telenity. In this interview, he says equally important are the cost and privacy concerns and very crucial for any successful launch of location services.*



**At the outset, could you give us a bird's eye view of location-based services?**

Location-based services (LBS) are value added services that are built around the geographic position of the mobile phone or other location-enabled devices. The LBS are mainly categorised as follows:

#### **Enterprise Services**

- Field force resource tracking
- Fleet management

#### **Emergency and Public Safety Services**

- E911 (US)
- Public safety – alert service
- Child locator
- Pet/Asset locator

#### **Infotainment and Community Services**

- Information – Directory service (L411) or city guide (location-based information finder: nearest hospital, ATM machines, schools, AAA, etc.)
- People finder or friend finder – community service
- Proximity services e.g. location-based dating/chat service or social networking and advertisement
- Driving directions

#### **Navigation**

- On-board navigation for automobile turn by turn
- Off-board - pedestrian navigation using mobile phone

#### **Charging**

- Location-based charging based on the geographic location, service providers may offer discounted calls based on specific location

**What do you think are the essential drivers of location-based services?**

Key drivers for LBS are the following:

- End-users productivity
- Entertainment (including LBS based games)

- User experience (two click and content – digital map data sets for mobile industry are critical drivers)

Operators view LBS as the key asset provided by the network.

**There have been innumerable surveys and studies predicting exponential growth in LBS markets around the world. Do you think all these expectations have been realised?**

Location-based services are about to start delivering some of the promised benefits to the operators and end users. In terms of mass market revenue generation, LBS is still lagging behind its expected growth. In terms of technology, we are seeing a lot of progress in standardisation as well as availability of location-technology with improved levels of accuracy. Mass market A-GPS phones have already made it to the consumers now. We will see rapid changes in consumer adaptation of LBS in the next two years. Many operators in North America, APAC (Korea & Japan) have seen significant success in LBS.

Juniper research estimates that the total available market for mobile location services will grow from under \$1billion at the end of 2007 to over \$8.5billion by the end of 2010. The largest geographic market will be Asia-Pacific followed by North America and Europe respectively. Tracking applications currently make the most revenues for the business sector.

**Some studies have blamed inflexible business models as one of the main reasons for preventing an explosion in LBS. Your comments?**

This is partially true. The value chain for LBS is a bit complex that involves application developers, content providers, platform providers, location technology providers, service providers and device manufacturer. Service provider should adopt the right business model that can work across the LBS value chain. Additionally, location services are new to the end-users and the main concerns for them are privacy and cost. If the service providers can overcome these barriers, LBS can generate significant revenues to all.

**Coming to India, could you tell us about Telenity's tie-up with BSNL? And what is your assessment of LBS market in India?**

Telenity provides complete portfolio of LBS services (11) to BSNL in three zones (East, North and South) including its Canvas® Location-enabling Server for value-added LBS service creation and delivery. India now has approached 150 million wireless users out of 1.1+ billion users. SMS, voice and content services are still the key VAS contributors. The LBS market in India has huge potential and will be the key differentiator. Following is our assessment of the LBS market in India:

- **GPS tracking and telematics market in India** - The Indian GPS and Telematics market is now at \$22 million, but there is potential for growth to \$448 million in the next three to four years. GPS

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companies (both local and international) are competing to grab a piece of this Indian market, especially in logistics for tracking cargo and trucks across the country. The GPS and telematics market in India is still in its infancy, but is developing rapidly owing to an increased use of technology in fleet management, transport navigational systems and other areas. According to Frost & Sullivan, vehicle tracking systems sales in India are expected to increase with growing awareness, exponential growth in new commercial vehicle sales and penetration into the market. The vehicle tracking segment of the Indian telematics market is expected to reach around \$35 million between 2008 and 2009.

- **Cell phone-based consumer LBS** is also rapidly growing in India. The size of this market will depend on the cost of the GPS-enabled devices (cost \$40 today) and its affordability. However, when cell phone costs go down, the commercial LBS has huge potential. India's mobile subscriber base is rapidly growing and is expected to touch 300 million from 100 million in the next two years. We expect commercial LBS will cost USD\$1 to USD\$2 per month per subscriber. The expected penetration of LBS service will grow from 30% to 50% in the next two years. This will in turn propel revenue growth from USD \$100m to USD \$300 million in India by 2009.

**What in your view are the challenges facing the industry, be it technology or marketing problems?**

Main challenges are the availability of high quality map data and Points of Interest (POI) data. Secondly, operator's commitment to LBS and targeting the right market segment is very important. For instance, Sprint Nextel in the US has achieved good success by offering LBS to its enterprise customers. The third challenge is the availability of mass market phone with A-GPS for GSM.

**Location-based services have always been associated with privacy concerns in the mainstream press. How do you address these concerns?**

End users will use the service if it adds value to them. The subscriber privacy issue can be protected via advanced privacy control mechanism and providing full control into consumers hands. The second most important is the end-user awareness and marketing of the LBS services. It will be a critical factor for any successful LBS launch.

**Finally, where do you see the LBS industry heading to in the next five years?**

In the next five years we will see a significant growth in LBS services. We will see LBS tied with any value-added services. LBS will be a key enabler in the service delivery value chain; e.g. Context awareness, Presence, Proximity Advertisement, Social Networking and Family/Child Locator services. Enterprise services such as resource tracking will also be the main revenue generator.