

WILL BOOMING HANDSET REPLACEMENT MARKET THREATEN MOBILE DATA REVENUES?

Submitted by: MUSTARD PR

Tuesday, 30 November 2004

WILL BOOMING HANDSET REPLACEMENT MARKET THREATEN MOBILE DATA REVENUES?

The nature of mobile phone ownership is changing. We are switching handsets more frequently than ever before, purchasing devices outside of operator retail networks and sometimes owning more than one phone. For mobile operators this represents an increasing challenge to manage our devices, swap settings and ensure access to revenue-generating data services says SmartTrust.

Windsor, UK November 30th 2004: Whether driven by the availability of new technology and services such as 3G, the need to replace lost or stolen devices, or simply the desire to stay fashionable, mobile users are changing handsets more than ever. Handset churn - the rate at which we change handsets - is set to increase in the coming two years according to SmartTrust. This could, says the mobile solutions company, have an adverse effect on revenue from value-added voice and data services as well as increased customer care costs.

"For larger operators, handset churn literally means millions of new handsets appearing on the network every year. With more and more personal data being stored on the handset - from email and MMS settings to personal data - the ability of an operator to manage device swaps to reflect new service capabilities, as well as transferring existing settings and data will be paramount to maintaining service consistency and revenue," explains Tim De Luca-Smith, Communications Manager at SmartTrust.

Although many handsets are preconfigured with an operator's service settings (WAP, MMS, GPRS etc) an increasing number are entering the network from outside official operator retail outlets; perhaps being passed between friends or purchased SIM free from third-party retailers. With multiple phone ownership also increasing, a number of devices are also swapped between networks by the consumer.

"If I purchase a new handset, no matter what the source, I expect to be able to access my operator's full portfolio of services immediately. This is the real challenge," adds De Luca-Smith. "Handsets have become a commodity and consumers now have multiple channels through which to purchase their devices. If these handsets are not configured to access the operator's mobile portal or send MMS, for example, then the operator must rely on the user to contact customer care and request settings before he makes sees any revenue. Experience has shown that user apathy towards complex handset configuration often results in a large percentage of handsets never actually being configured."

According to SmartTrust, approximately half of all mobile subscribers will change handsets annually by 2006. A steady churn between devices has long assisted both handset manufacturers and operators in maintaining consumer interest and driving the use of more advanced services. However, with the burden of action often falling on the customer to ensure his phone settings are updated - missed revenues will be an inevitable outcome.

SmartTrust's approach to addressing this is its SmartManage(tm) solution, an over-the-air service and device management platform that has the functionality to take "subscriber effort" out of the equation. With SmartManage, the network can automatically detect a new device or SIM card, confirm its identity and its capabilities and automatically provision it with operator settings.

At present, handset replacement isn't a win-win solution because replacing a handset doesn't guarantee an equivalent increase in service usage. With automatic device detection and configuration, subscribers get maximum gains for minimal effort from their new devices.

"Device configuration problems highlight the gulf for operators to bridge between offering services such as MMS and actually generating revenue from them. According to our experience with operator customers around the world, a significant proportion of users require changes to be made to their service and device settings each year. As we move towards 3G and the need to educate users about new technologies, existing device management platforms and customer care centers will come under strain," finishes De Luca-Smith

--ends-

About SmartTrust

With a customer portfolio that includes many of the world's largest mobile operators, SmartTrust's technology covers a global footprint comprising over a quarter of the world's GSM users.

For more than a decade, SmartTrust has repeatedly demonstrated its ability to understand the technical and business challenges within today's mobile markets. The company's SmartCore(tm) environment allows mobile operators to build comprehensive solutions that meet their particular business requirements. These solutions are implemented over a single highly integrated platform thus interworking with each other to deliver seamless functionality and services to the subscribers. Increase ARPU through dynamic roaming management (SmartRoam(tm)), reduce cost and subscriber activation time through integrated end-to-end SIM logistics (SmartAct(tm)), increase subscriber satisfaction through automated device detection and configuration (SmartManage(tm)), and increase data ARPU by providing remote configuration of device menus for easy access to services (SmartàLaCarte(tm)).

More than 100 SmartTrust systems have been commercially deployed with leading mobile operators around the world. Customers include Vodafone UK, Vodafone Egypt, Vodafone Germany, Telenor, Sonofon, Cosmote, MTN, T-Mobile, Cingular Wireless, Claro, Bharti Airtel, Cellular, SMART Communications, M1 and Indosat. The company is headquartered in Sweden with a regional presence in Finland, UK Germany, Italy, Spain, Malaysia, India, China, Hong Kong, Singapore, Brazil and the United States. SmartTrust is privately held and its investors include The Carlyle Group, Eqvitec Partners, GE Equity and TeliaSonera.

Additional information and news on SmartTrust can be found at <http://www.smarttrust.com>.

For more information, please contact:

Tim De Luca Smith
Communications Manager, SmartTrust
Tel: +44 (0) 7957 311 189
tim.deluca-smith@smarttrust.com

or

Keith Brody
MUSTARD PR
Tel: + 44 (0) 1753 889100
keith@mustardpr.com