

*Where IT and Telecoms Converge*

The Orange CIO Forum, 30 October 2009:

# **Getting the Brand in the Customer's Hand**

## Summary of proceedings, November 2009

by James Woudhuysen

## *The objectives of the Forum*

The objectives of the Forum were to acquaint CIOs with the marketing, management and technological opportunities – and challenges – that are likely to appear around mobile telephony over the next five years.

## *Chairman's introduction*

Introducing the day, James Woudhuysen asked how many of the delegates had read Rita Clifton, *Brands and Branding*,<sup>1</sup> Allen P Adamson, *Brandsimple: How the Best Brands Keep It Simple and Succeed*,<sup>2</sup> or even Allen P Adamson, *BrandDigital: Simple Ways Top Brands Succeed in the Digital World*.<sup>3</sup>

Answer came there none! In the light of this, the chair hinted that there was more for CIOs to learn about marketing, and especially about the opening mobile telephony gives to organisations to project their brands to customers – whether B2B or B2C. In branding, as the books confirm, it is important to show continual leadership, to be transparent, to make the news, and to be seen to live up to claims about corporate social responsibility.

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1 Economist Books, 2nd edition, 2009, on [www.amazon.co.uk/Brands-Branding-Rita-Clifton/dp/1846681197/ref=pd\\_ybh\\_3?pf\\_rd\\_p=138755991&pf\\_rd\\_s=center-2&pf\\_rd\\_t=1501&pf\\_rd\\_i=ybh&pf\\_rd\\_m=A3P5ROKL5A1OLE&pf\\_rd\\_r=IXPD02XFN0H0DH8BJ6S6](http://www.amazon.co.uk/Brands-Branding-Rita-Clifton/dp/1846681197/ref=pd_ybh_3?pf_rd_p=138755991&pf_rd_s=center-2&pf_rd_t=1501&pf_rd_i=ybh&pf_rd_m=A3P5ROKL5A1OLE&pf_rd_r=IXPD02XFN0H0DH8BJ6S6)

2 Palgrave, reprint edition, 2007, on [www.amazon.co.uk/Brandsimple-Best-Brands-Simple-Succeed/dp/1403984905/ref=pd\\_ybh\\_5?pf\\_rd\\_p=138755991&pf\\_rd\\_s=center-2&pf\\_rd\\_t=1501&pf\\_rd\\_i=ybh&pf\\_rd\\_m=A3P5ROKL5A1OLE&pf\\_rd\\_r=12J86TRAJGCSKZ4RT809](http://www.amazon.co.uk/Brandsimple-Best-Brands-Simple-Succeed/dp/1403984905/ref=pd_ybh_5?pf_rd_p=138755991&pf_rd_s=center-2&pf_rd_t=1501&pf_rd_i=ybh&pf_rd_m=A3P5ROKL5A1OLE&pf_rd_r=12J86TRAJGCSKZ4RT809)

3 Palgrave Macmillan, 2008, on [www.amazon.co.uk/BrandDigital-Simple-Brands-Succeed-Digital/dp/0230606040/ref=pd\\_ybh\\_6?pf\\_rd\\_p=138755991&pf\\_rd\\_s=center-2&pf\\_rd\\_t=1501&pf\\_rd\\_i=ybh&pf\\_rd\\_m=A3P5ROKL5A1OLE&pf\\_rd\\_r=1DGDWJYG21JEYJYH4ZPB](http://www.amazon.co.uk/BrandDigital-Simple-Brands-Succeed-Digital/dp/0230606040/ref=pd_ybh_6?pf_rd_p=138755991&pf_rd_s=center-2&pf_rd_t=1501&pf_rd_i=ybh&pf_rd_m=A3P5ROKL5A1OLE&pf_rd_r=1DGDWJYG21JEYJYH4ZPB)

## Session 1: the Big Picture

### **Olaf Swantee<sup>4</sup> – mobile converges with computing**

The business models of the computer and telecommunications industries differ greatly. More important, while the computer industry is effectively globalised and hardly affected by national regulatory standards, telecoms is strongly influenced by very varied kinds of national regulation. Only recently, for example, has there been an effort to bring about internationally standardised handset chargers.<sup>5</sup> There are few global commonalities in telecommunications and the market for devices continues to fragment.

However, beginning in 2008, the trend toward the provision of *mobile data* has led to a much more global product offering in mobile telephony. Mobile data also appears recession-proof, in that the Internet services available to people on the move are more personal, more relevant and more related to location than those that are available over fixed lines. Being based on Internet Protocols, mobile data therefore represents the arena in which computing and telecommunications really are converging.

Still, the smart phone is only a good model when it's packaged around services, content and access. In this regard, the mobile industry needs to be more specific and segmented, providing end-to-end solutions that are relevant to the needs of individual users.

Dealing with *security* around the corporate use of mobile data remains a tough call. Moreover as the quantity of data handled grows, so keeping *costs* under control becomes more difficult. For the computer sector, *product support* has always been taken as a given. By contrast, the telecommunications industry is only now adjusting to the idea that support is needed not just when a customer has a problem, but more continuously. That adds to costs, and needs careful management.

A final challenge facing telecommunications operators is that of the *energy and CO<sub>2</sub>* aspects of running mobile networks.

For CIOs, the management of customers, of employees, and of employees who also use handsets as 'consumers' – this is vital. It sets a new agenda in IT, and raises the question of how businesses and public organisations can make the most of the mobile Internet.

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<sup>4</sup> Senior Executive Vice President, Orange Group.

<sup>5</sup> See International Telecommunication Union, 'Universal phone charger standard approved', press release, 22 October 2009, on [www.itu.int/newsroom/press\\_releases/2009/49.html](http://www.itu.int/newsroom/press_releases/2009/49.html)

## **Mark Anderson <sup>6</sup> – the move from a pipes world to a boxes world**

There are strong grounds for optimism about the world economy in the future. Tech stocks are booming. <sup>7</sup> There are two billion people around the planet who are currently below the poverty line, but they will become the next consumers. That presents both financial and spiritual rewards. It's a prospect to look forward to.

However, we face a split world, in which many Americans are selling cars to keep up payments on their homes. Averages don't mean much any more.

There remains the danger of hyperinflation – and recovery may have to wait five, perhaps 10 years. While economies such as Brazil's are booming right now, China's is overrated. Piracy in China has official backing; China's economic statistics are highly dubious and cannot be trusted; speculation in Chinese property has strong overtones of a speculative bubble.

In IT, the advent of the Apple iPhone means that we are moving from a pipes world of telecommunications firms to a boxes world of computers in the hand. In this context, the discussion on *netbooks* is not just about size, but rather about how computers are now conforming to the dimensions of a product that has no rivals in terms of convenience and handiness: The Book. Books have been *the* way to read things for more than 2000 years now. That computers now take the shape of books is a really significant breakthrough.

The book has always had a perfect fit with human beings. Today's mobile phones now come with a variety of operating systems (Apple, Microsoft, Android, Linux), but what they all have in common is that they are not simply a telephone any more.

Broadly, *the phone is now a computer*. Perhaps 80 per cent of an Internet user's typical activity is now done on handsets, not at the desktop. The software model, drawn from the modern computer world, now works on mobiles. You don't spend hours installing programs, but, rather, pay a fee and get software delivered to your mobile in minutes.

What CIOs now need to grapple with is how one integrates netbooks or smartphones into Virtual Private Networks (VPNs). It will not be easy, but it must be done.

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<sup>6</sup> CEO and chairman of Strategic News Service. The SNS website is on [www.tapsns.com/](http://www.tapsns.com/)

<sup>7</sup> For some of the reasons why, listen to Dave Meyer, interview with Mark Anderson, 'Prediction: Tech Sector Will Recover First', KPLU.org, 30 June 2009, on [www.publicbroadcasting.net/kplu/news.newsmain?action=article&ARTICLE\\_ID=1523832](http://www.publicbroadcasting.net/kplu/news.newsmain?action=article&ARTICLE_ID=1523832). ahead of Richard Waters, 'A tech tonic', *Financial Times*, 20 October 2009.

## James Woudhuysen<sup>8</sup> – mobile is more than an enabler

The Apple iPhone shows that, despite past forecasts, it's possible to equip devices with any amount of functions.<sup>9</sup> Indeed, mobile phones may one day measure the quality of the air, or even whether a tomato has been genetically modified or not. Already mobile video is already possible on watch-sized devices.<sup>10</sup> At the same time, higher speeds in mobile telephony make for better voice and picture quality:

### Downlink speeds, Mbps – and benefits

3G: 2 on foot, 0.3 on the road (and rising)  
 3.5G / High-Speed Downlink Packet Access (HSDPA): 14; lower latency  
 Evolved High-Speed Packet Access: 28  
 3.9G / Long Term Evolution: 100; all-IP  
 4G: 1000 on foot, 100 on the road; HDTV

It's in the *developing nations* that new roles for mobile are most obvious. In China, Unicom's deal to bring in £500 3G iPhones is a landmark. In India in 2010, there may well be 500m mobile users: half will have access to the Internet, and 60m will watch mobile video. Last, Safaricom's M-PESA, launched in 2007, allows seven million of the 18.3m Kenyans to send money to each other through SMS. Here mobile doesn't just transform IT, but also substitutes for an otherwise weak and iffy banking system.<sup>11</sup>

Just as the US corporate spend on mobile *advertising* is set to rise dramatically, 2010-13, so US mobile users are also pretty interested in receiving *location-based alerts*.<sup>12</sup> Thus, though mobile marketing can intrude, its locational side makes it more intimate and credible than, say, a conventional billboard. Content is still king, but mobile IT is more than an enabler. Consumer behaviour will be *more contingent*, but it will not be wholly irrational. It's up to CIOs to work with marketing people so that they can anticipate the consumer's next move and benefit from it.

<sup>8</sup> Visiting professor of forecasting and innovation, De Montfort University, Leicester. See [www.Woudhuysen.com](http://www.Woudhuysen.com)

<sup>9</sup> For the old, pessimistic view, see 'Combo gadgets don't measure up', *Wall Street Journal*, 25 April 2001.

<sup>10</sup> See Jo Best, Photos: 'The watches with tech appeal', *Silicon.com*, 1 May 2009, on <http://management.silicon.com/itpro/0,39024675,39426224,00.htm>

<sup>11</sup> Indian figures from Nokia India vice president and managing director D Shivakumar, quoted in 'India to achieve 500 million mobile phone consumers by 2010', *Techgadgets.in*, 8 April 2008, on [www.techgadgets.in/mobile-phones/2008/08/india-to-achieve-500-million-mobile-phone-consumers-by-2010/](http://www.techgadgets.in/mobile-phones/2008/08/india-to-achieve-500-million-mobile-phone-consumers-by-2010/). For the Kenyan case, see NGT, 'SMS Money Transfers with Africa's M-PESA', *MobileBehavior*, 7 July 2009, on [www.mobilebehavior.com/2009/07/07/sms-money-transfers-with-africas-m-pesa](http://www.mobilebehavior.com/2009/07/07/sms-money-transfers-with-africas-m-pesa). Typically, young, male, urban Kenyans send remittances back to less educated and poorer female recipients in rural areas. In this way, early adopters influence late adopters. See University of Edinburgh doctoral candidate Olga Morawczynski, quoted in Jim Rosenberg, 'Why has M-PESA become so popular in Kenya?', *CGAP*, 17 June 2008, on <http://technology.cgap.org/2008/06/17/why-has-m-pesa-become-so-popular-in-kenya/>

<sup>12</sup> See Noah Elkin, 'Mobile Advertising and Marketing: Change Is in the Air', *eMarketer*, September 2009, on [www.emarketer.com/Reports/All/Emarketer\\_2000591.aspx](http://www.emarketer.com/Reports/All/Emarketer_2000591.aspx); 'Factors Behind eMarketer's Revised Online Ad Forecast', *emarketer*, 19 October 2009, on [www.emarketer.com/Article.aspx?R=1007337&Ntt=Mobile+Brand+Advertising&No=2&xsrc=article\\_head\\_sitesearchx&N=0&Ntk=basic](http://www.emarketer.com/Article.aspx?R=1007337&Ntt=Mobile+Brand+Advertising&No=2&xsrc=article_head_sitesearchx&N=0&Ntk=basic)

## **Camille Mendler<sup>13</sup> – attracting the always-on consumer**

People worry a lot when they leave their car keys or wallet behind, but soon will worry more when they forget their handset. They are obsessed with connectivity, and now feel that it's their right. Indeed in Finland connectivity has achieved the status of a legal right. In 2012, two billion mobile consumers of broadband will want the convenience of connectivity to be always on tap, anywhere; but equally they will want

- personalised devices, content and marketing
- to broadcast and share their opinions, digital media and contacts; indeed, every aspect of their day – 'life streaming'.

Expectations are rising, at the same time as levels of patience are falling. Young and old want smarter, faster interactions.

While the tools that are used in social media keep changing, it's essential to think of yourself, your business and your customers as always being part of a 'social network'. You're *part of a community* rather than part of the old, traditional marketplace. That's a very different way of doing business. Communities are fundamentally collaborative, and both executing innovation and solving more general problems are now shared activities.

From BMW (slideshows, find a dealer, deal alerts) through to Dolce & Gabbana (a branded game and branded wallpaper at the Milan Men's Fashion Show), mobiles produce more engagement. Customers can sign up to mobile-only loyalty programmes, agree to receive one promotional text per week, and can bring their handset in store to print out coupons. In this new world, organisations can use both simple and complex technologies – SMS, MMS, shortcodes, Bluetooth, GPS, FMC, M2M/RFID, NFC, Femtocells – to give customers mobile *content* (mash-ups, software as a service), mobile *transactions* (payment, coupons) and mobile *advertising* (below-the-line, viral).

Europe is moving ahead swiftly, There the mobile marketing spend is set to rival that done in television by 2013. Already mobile is up to a fifth of media spend in Germany (online is a third).

For CIOs the imperatives are to make things easy and deliver immediacy; to make value reach right into the consumer's life, and to engage in a constant dialogue with consumers. Think community!

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<sup>13</sup> Vice President of Global Service Strategies, Yankee Group. The Group's website is on [www.yankeegroup.com/home.do](http://www.yankeegroup.com/home.do).

## Adam Denton<sup>14</sup> – regulatory issues, 2010-2014

Regulation may sound boring, but perhaps accounts for 30 per cent of the costs of operating mobile telephony in the UK. In other countries, regulation has even more of an effect: perhaps as much as 70 per cent of the cost of mobile in a country such as Turkey, for instance, can be put down to regulation.

There are four key topics to consider:

*Spectrum availability*: put simply, do we want topless darts on TV, or ubiquitous mobile broadband? If we are not careful, media will get 75 per cent of the available spectrum, and mobile only 25 per cent. In fact media won't need that much, but for mobile to get the right amount from incumbents – the BBC, MoD, etc – means that downstream users must *campaign for spectrum to be made available in a rational, mobile-friendly manner*.

*Price regulation*: phones for all or phones for some? In a populist gesture, EU politicians decided to pick on roaming and capped it. This kind of intervention in the price of retail services was unprecedented, particularly as roaming charges were anyway dropping by about 25 per cent a year. The silliness of it all emerged as different players just let their prices sit on the cap, inviting further intervention. In effect, a healthy market was simply abolished. Mobile users need, therefore, to *uphold the right kind of regulation, not this kind*.

*Net neutrality*: consumer choice or data equality? Customers must be allowed to pay for privileged access to data if they want it, for data does not have 'rights'. By itself, a network can't automatically manage different kinds of traffic. To believe that it can is to believe that real-time coverage of, say, open-heart surgery should be given no more latitude than, say, pornography. This is nonsense. *If business wants to pay for really important stuff, it should be allowed to do so*. Take away traffic management from networks, and chaos will result.

*Consumer protection*. With all the looseness of the Internet, there is a fine line between the personalisation of data and wiretapping. Thus if Orange did with its data what Google does, Orange staff would go to jail. Certainly consumer protection is now a bigger issue than old-fashioned cyber security, particularly as it relates to privacy, money-laundering, children, and the environment. In a collective manner, the task for mobile operators and CIOs is to *give a lead on consumer protection* – for if they don't, the state will take yet more power into its hands.

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<sup>14</sup> Head of Regulation, GSM Association. The GSMA's website is on [www.gsmworld.com](http://www.gsmworld.com).

## Alan Panezic<sup>15</sup> – finding killer apps

It would be all too easy to divide up the mobile experience into two models:

1. *Personal productivity*, including music, gaming, news, video, IM and social networking, LBS, e-commerce and travel
2. *Enterprise systems* behind the corporate firewall, including voice systems, email, tools for collaboration, and intranet apps.

However, the Rol that emerges from mobility in fact runs through three stages:

1. *Mobilising the desktop-bound knowledge worker* through email, instant messaging and social networking, and putting desk phones and PBXs into the mobile arena
2. *Mobilising the value bound up in data centres*, by giving mobile access to intranets, and by developing purpose-built apps
3. *Redefining business through mobility*, via apps around business process re-engineering.

The motivators for business going mobile are the same as for any IT investment, only more urgent: to cut costs, retain existing customers, et new business from those customers, and attract wholly new customers. The urgency of going mobile is directly proportional to the potential impact on business. The two key questions to ask are: (1) what piece of information or transaction, if doable anywhere, would transform your business?, and (2) if you had an always-on connection to customers, what experiences could you create? Each of these solutions can be internal, or internal but for purposes to do with the outside world, or external. Thus when the US bank JP Morgan Chase was in trouble, for example, IT specialists there devised, overnight, a way in which staff could take mobile devices to customers' homes, there to help them apply for loans remotely. This created hundreds of millions of dollars of new business very, very rapidly.

With *app stores* such as Blackberry App World, finding both paid-for and free apps has become much easier. And with *Web 2.0 widgets*, which are packaged apps created using standard web technologies such as HTML, JavaScript and CSS, it's possible to run apps that operate like native ones, that integrate with native capabilities, and that are put together by a developer community 10 times as big as those around C++ or Java.

For CIOs today, it's relatively easy to create, retrieve and modify contacts, calendars, and appointments, or to launch maps, calendars, cameras, messaging and phones, or to access device file systems and SD cards.

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<sup>15</sup> Vice President, Platform Product Management Group, Research In Motion. RIM's website is [www.rim.com](http://www.rim.com).

### Session 3: Connecting with the customer

#### **Nigel Gwilliam**<sup>16</sup> – social media as an opportunity for advertising

Founded in 1917, the Institute of Practitioners in Advertising has a membership that accounts for 85 per cent of advertising expenditure in the UK. The IPA, then, is very established; yet not too long ago published, with the Future Foundation, two major reports on what its 269 agency constituents might expect to happen in the UK over the next decade – particularly in relation to IT.<sup>17</sup>

What we found was an industry faced with change on a seismic scale.

We distinguished between three scenarios: advertising going on to be led by consumers; it being led by media; and, in our central scenario, it continuing in the current direction of change, influenced equally by consumers and media. If consumers gain the upper hand, the advertising industry faces a drop in revenues, for 2016 but at constant 2005 prices, from £52bn (central scenario) to £36bn. That is a very sizable diminution in income. On its own, it would be deeply disturbing.

Yet, as is so often the case, new technology turns out to be a complement and a supplement to the old, just as much if not more as it is a substitute for it. For advertising agencies, then, the consumer-led scenario is not without important commercial openings. In 2016, there could be £11bn of new work for agencies around new networked services: work around

- content creation
- the handling of and insight into data and market research
- the development of new products and services
- the handling of PR and the generation of word of mouth reputation
- managing networks and the individuals connected to them.

Too often, still, ad agencies perceive social media as a problem. Yet such media, in the time-honoured phrase of marketing, would better be regarded as an opportunity. Advertising must adapt, or shrink.

For CIOs, as for agencies, online advertising will be a brave new world, but, once we get fully used to our future being in the hands of connected consumers, an exciting one.

<sup>16</sup> Head of Digital for the Institute of Practitioners in Advertising. The IPA's website is [www.ipa.co.uk](http://www.ipa.co.uk)

<sup>17</sup> IPA and Future Foundation, *The future of advertising and agencies: a 10-year perspective*, and *Social media futures: the future of advertising and agencies in a networked society – The future of advertising and agencies: a 10-year perspective*, both 2006.

## **Jamie Coomber**<sup>18</sup> – new rules for dealing with connected consumers

Over the past 10 years, the keyboard has merged as a big impetus to people becoming more sociable. Social media have multiplied.<sup>19</sup> And, though we're still having the same conversations, but now they're scalable. When Chris Avenir, a student at Ryerson university, Toronto, established a chemistry study group on Facebook, the university charged him with 147 violations of its Academic Code, one for him and the 146 classmates who swapped tips on homework on the site.<sup>20</sup> Yet interest in his work was so massive, the administration's threats proved to be of no avail.<sup>21</sup>

The old rules about dealing with consumers were: have a good PR team, only field the stories you want to tell, and hope that when something is leaked to the press, people will only talk about it face to face. The new rules are: constantly monitor and address what's being said; be open and approachable; be nice, and don't lie.

At Dell, a disgruntled ex-employee took to the Web to reveal 23 home truths about the company. But Dell US has also shown how to benefit from the new rules. It has made \$3m from Twitter since 2007, when it started posting coupons (some specific to Twitter customers) and details on new products. In the past six months, Dell Outlet earned \$1m from customers who came to the site from Twitter, and another \$1m from people who click from Twitter to Dell Outlet to Dell.com and make a purchase there.

Beyond Dell, research shows that about 55 per cent of people want an ongoing dialogue with brands, and half want to share ideas on new products and services. About 78 per cent believe what people say on social networks, while only 50 per cent believe what TV ads say. The trick is to get yourself talked about. A glance at Poke's campaign for the Orange Film Club, which is run on Facebook, shows the way for CIOs to go.<sup>22</sup> Deliver the best of the Web, and talk about all the interesting campaigns you are running, right around your company. More broadly: give insight into opinions, supply new ideas, make trusted recommendations, give people every opportunity to have their say, have your own say. In short, build a whole personality.

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18 Strategist at Poke, a digital creative agency based in London. Poke's website is [www.pokelondon.com](http://www.pokelondon.com)

19 Early brands included Microsoft IM and ICQ. Today millions are familiar with Linked In, Skype, Flickr, Del.icio.us, Facebook, World of Warcraft, YouTube, Bebo and Dopplr.

20 Louise Brown, 'Student faces Facebook consequences', [Thestar.com](http://Thestar.com), 6 March 2008, on [www.thestar.com/News/GTA/article/309855](http://www.thestar.com/News/GTA/article/309855)

21 It is a similar story with Lim Ding Wen, a pupil at Lianhua Primary School, Singapore's who created his first, iPhone app – a painting program called Doodle Kids – when aged 9. He has been greeted with thousands of downloads, more than half of them from the US. See Liew Hanqing, 'Only 9, but he's written iPhone app', [Asiaoneeducation.com](http://Asiaoneeducation.com), 7 February 2009, [www.asiaone.com/News/Education/Story/A1Story20090206-119903.html](http://www.asiaone.com/News/Education/Story/A1Story20090206-119903.html)

22 See [www.facebook.com/orangefilmclub](http://www.facebook.com/orangefilmclub)

## Conclusion

The main thing for CIOs to remember is to take an active lead with the Board on what mobile IT can do to build new customers, new ways of working and a whole new business.

Frequently, boards regard IT as a troublesome cost, not a means of transforming the business and taking the fire to competitors. But just as frequently, we find that boards are somewhat bereft of creative, original strategy – that they lack a clear and memorable direction.

It's time for CIOs not just to improve their business skills, but also to grab the Board by the scruff on the neck and show how 21<sup>st</sup> century management is done. As several CIOs have shown, it's a moment for CIOs to take a business leadership role.<sup>23</sup>

Taking advantage of people's peripatetic lifestyles, making the most of locational information, and opening up a branded channel in the customer's hand: these could well prove to be the most effective way to shoulder that new responsibility.

It's time for CIOs to go mobile – not to treat it as an add-on, but to begin and end with it.

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<sup>23</sup> See for example Brian G Hanessian, 'The CIO as CEO: an interview with Allan Loren', *McKinsey on IT*, Fall 2005, on [http://www.mckinsey.com/clientservice/bto/pointofview/pdf/MoIT5\\_The\\_CIO\\_as\\_CEO\\_An\\_Interview\\_with\\_Allan\\_Loren.pdf](http://www.mckinsey.com/clientservice/bto/pointofview/pdf/MoIT5_The_CIO_as_CEO_An_Interview_with_Allan_Loren.pdf) and Leo Puri, 'The CIO as CEO: An interview with KV Kamath', *McKinsey on IT*, Spring 2007, on [www.mckinsey.com/clientservice/bto/pointofview/pdf/MoIT11\\_ICICInterview\\_F.pdf](http://www.mckinsey.com/clientservice/bto/pointofview/pdf/MoIT11_ICICInterview_F.pdf)