

L-Commerce Poised For Big Splash

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Abstract (English): A convergence of technologies, regulation, and business opportunities is jump-starting a rapidly emerging market known alternately as location-based (or -enhanced) information services, wireless location, mobile location services, mobile commerce, or location commerce.

Regardless of the name applied, real-time positioning information in cellular phones, pagers, personal digital assistants (PDAs), and other portable devices -- typically with integrated GPS, but also through network-based or other terrestrial systems -- is a critical enabling technology for what The Strategis Group estimates will be a \$3.9 billion annual market within a few years.

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These location-sensitive information services include location-aware billing (for instance, of mobile telephone service), advertising that is automatically triggered when an end user enters a predetermined geographic area, and location-based information -- such as nearby hotels, traffic conditions, or automotive services -- sought by the user based on his or her own location.

The primary value created by the equipment in these applications is usually not position/location information in and of itself. However, the positioning/location function is critical, serving as a filter or magnet to extract relevant information from a larger database, whether online or integrated into the user equipment.

A revised Federal Communications Commission rule for enhanced 911 (E-911) emergency caller location capability is already moving some carriers and handset manufacturers to look favorably on the GPS/handset solution for the 2001 requirement. Moreover, the elimination of selective availability (SA) last month has reinforced the likelihood of GPS becoming the positioning technology of choice for this applications market.

The arrival of integrated GPS products from major cellular handset manufacturers may signal the beginning of real growth for the business segment. Finland's Benefon Oyj has launched the Benefon Esc! Personal Navigation Phone with 12-channel GPS, high-resolution graphical display, and BeneMaps geographic information system that can download maps to the phone through the Arbonaut mobile map service.

At the CeBit consumer electronics show in Hannover, Germany, in February, Ericsson introduced its GSM Communicator, a working prototype with built-in GPS receiver that represents the platform on which the Swedish company intends to build future commercial products to support mobile Internet applications and location-based information services. Also at CeBit, Finland's Nokia promoted its future concept for a built-in GPS receiver supporting emergency and consumer applications.

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The rapid penetration and adoption of the Internet by businesses and consumers has also been critical for the emergence of commercial interest in location commerce. The Gartner Group business technology consultancy

products that 75 percent of cellular phones will have Internet capability by 2004 (and that an equal proportion of PDAs will be free or subsidized by the end of 2003).

Location commerce appears likely to alter the e-commerce business model. Until now, Internet revenues have stemmed primarily from banner ads on websites, subscriptions, and transaction fees. But location-sensitive "personalized" advertising for mobile Internet users is expected to grow rapidly in the coming years.

Ovum, a UK-based IT and telecom research and consulting firm, predicts that companies will spend \$2.9 billion on wireless advertising in the United States by 2004, just part of the \$24 billion in Internet advertising projected by 2003.

Partnering is the name of the game for many location commerce entrants. Take Seattle, Washington-based InfoMove, a two-year-old firm that has partnered with a diverse cast of commercial firms to provide real-time location-based Internet applications: Info-Space information infrastructure service, Casio and Clifford Electronics for devices, Etak and NavTech for digital maps, Integrated Data Communications for voice-channel wireless information delivery, PACCAR for in-vehicle systems, and ALLDATA for vehicle systems monitoring and guidance to the nearest service facility in its 30,000 repair shop network. InfoMove adds a proprietary server and packages the capabilities for an equally diverse set of customer categories.

"Our core competency is the integration of a feature set enabled by our back-office engine," says Peter Holland, InfoMove's president and CEO. "Our business model is to aggregate and disseminate application services that are rebranded or co-branded for customers. We're not competing; we're coopting to the greatest extent possible."

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