

Predicts 2003: Wireless and Mobile

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Wireless LANs made good progress in 2002, but disillusionment followed poor growth in WANs. We expect further improvements, and radical changes, in 2003.

ANALYSIS

What happened during 2002?

In 2002, the wireless and mobile market had its ups and downs, but has progressed slightly. Wireless Fidelity (Wi-Fi) emerged unexpectedly, prompting rapid growth in equipment sales and a proliferation of wireless LAN (WLAN) "hot spots." Global wireless networks eventually evolved to general packet radio service (GPRS), and multimedia messaging service (MMS) hit the market — together with MMS-enabled phones, personal digital assistants (PDAs) and other devices.

However, GPRS has not been successful so far, mainly because it is extremely expensive; less convenient than second-generation (2G), airtime-based data connections; and is disappointing in terms of bandwidth, reliability and roaming support. Bluetooth and Java 2 Micro Edition (J2ME) standards, have also disappointed the market because of lack of interoperability among different vendor implementations.

The global picture is not very exciting, particularly for mobile operators. Most of them had a tough year and their dreams of building successful businesses around 3G technology are turning into 3-D nightmares — debt, delays and doubt. Because they invested in the 3G licenses first and in new networks second, they are now under strong financial pressure with no clear understanding of how to generate future revenue. Many players, such as Telefonica, have been forced to review their strategies, withdrawing from international 3G initiatives to focus on local markets.

Problems with local authorities regarding deployment of new base stations on civil areas, and the unavailability of 3G equipment slowed network deployment, affecting the launch date for 3G services. Mobile operators must create a proper offering for data services, but they are struggling because they do not know how to move from being network operators to service providers.

In 2002, enterprises did not give high priority to wireless and mobile in their business strategies. Instead, they focused on small, tactical projects to achieve short-term benefits. In 2002, successful wireless projects came from enterprises that:

- Had clear business requirements
- Focused on process improvement, rather than technology experimentation
- Set short-term return on investment (ROI) objectives
- Selected vertical applications with clear, tangible benefits

What will happen in 2003?

In "The Wireless and Mobile Market Starts to Mature," Ken Dulaney discusses how wireless and mobile will progress in 2003, given the increasing maturity of enabling technologies, such as WLAN, Bluetooth, J2ME and MMS. Most of the established task groups will complete the next stage in the evolution of the 802.11 standard, including 802.11a, and WLAN hot spots will continue to expand in any region, in parallel with increasing adoption of WLAN equipment. Security will become less of an issue for wireless-and-mobile users in 2003, as most vendors will implement the Wi-Fi Alliance's Wi-Fi Protected Access. On the device side, PDA Pocket PC platforms will increasingly be adopted for enterprise users and the Pocket PC's market share will grow. Very aggressive products and commercial proposals will arrive from Asian manufacturers, such as Samsung. Incumbent mobile phone manufacturers — that is, Nokia, Sony Ericsson and Motorola — will have to fight to defend their market share.

Nevertheless, mobile operators will continue to suffer from the current poor financial conditions and lack of strategic vision and will start to consolidate through acquisitions, or leave the market. They will have real difficulties — financial pressure, the need to complete networks, poor availability of devices, the need to offer compelling services and the value proposition for end users. New 3G services will be late and, in most cases, will represent demonstrations of the technology, rather than a real commercial offer for the mass market.

What should enterprises do?

In 2003, the wireless and mobile market will continue to develop and grow, although the ongoing consolidation process will cause some casualties among players, and the ecosystem may be slightly different in 2004. Gartner believes that, in 2003, enterprises should continue to focus on tactical projects with vertical applications and clear ROI, exploring how these technologies enable the real-time enterprise model. When adopting global wireless services, enterprises should negotiate with mobile operators for special deals and rates, exploiting the operators' current weaknesses, and should not sign long-term contracts. This Spotlight will show you how to take advantage of the wireless and mobile technologies in your business during the next 12 months.

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