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WEEKLY INSIGHT
A new wireless Wi-Fi networks giant is born
Its name is Cometa Networks and its parents are the technological companies IBM, Intel and AT&T –and U.S. venture capital firms, Apax Partners and 3i. Its aim: developing a Wi-Fi network that allows wireless Internet access in 50 major urban areas in North America. The new company, which plans to create 20,000 wireless access points next year, will not sell to the final user but it will distribute access to Wi-Fi networks to ISP, cellular companies and public establishments, such as hotels, airports and universities. From Reuters [Full Story]

Highlights
- The use of Wi-Fi, a wireless Internet access standard also called 802.11, is catching on in the USA to create wireless local area networks (WLAN) in households and offices. Normally, it runs at speeds up to 11 megabits per second and can cover more than 20 Km.
- Until today, business adoption of Wi-Fi has been pretty slow, due to the lack of devices and the scarce deployment of access points (‘hot spots’). In spite of everything, last month American Airlines, Delta Air Lines, and United Airlines jointly signed on with T-Mobile USA to install the technology in about 100 airport clubs and lounges. Borders Group plans to deploy the technology in its bookstores nationwide starting next month, while Starbucks offers 802.11
services in nearly 2,000 coffee shops.
- Yankee Group forecasts that commercial Wi-Fi service will represent $1.6 billion in subscriptions by 2007. The research firm estimates that nearly 25% of the U.S. workforce, some 40 million people, is considered mobile workers.
- According to its promoters, Cometa's service will make it possible for users to keep existing sign-on procedures, e-mail addresses, IDs, passwords and payment methods, regardless of whether they are accessing the Internet via an ISP, corporate virtual private network, telecommunications provider or cable operator. For service providers, it will mean the ability to offer wireless services to their customers without having to invest in the wireless infrastructure themselves.

Press Review

From The New York Times
“With the Wi-Fi wireless Internet access standard becoming a bandwagon that even big players like AT&T, IBM and Intel are joining, equipment companies big and small are hoping to ride along. But many industry analysts say it could be hard to make money in Wi-Fi, which is unlikely to represent more than a tiny fraction of the overall telecommunications equipment market for at least several years.

(...) While analysts hesitate to predict that any of these companies will survive to become widely recognized brands like Netscape, the resemblance to the Internet craze of the 1990’s has been widely noted.
"There is a bit of a bubble here," said Dylan Brooks, a wireless communications analyst at Jupiter Research. "We've had more than $2 billion in venture capital money flowing in, more than total revenues."

(...) Many analysts initially predicted that Wi-Fi would undercut the expensive effort of major carriers to build out new cellphone networks capable of delivering video and other streams of data to hand-held devices. Now some are arguing that Wi-Fi and cellphone technologies may end up working together to spur demand for such services and cut the costs of delivering them”. [Full Story]

From Business 2.0
"Unlike other Wi-Fi providers and aggregators, Cometa will not sell to you and me. It is, instead, a wholesale access provider. This is excellent news for consumers –(the Cometa network will likely be resold by access providers like ISPs and cellular companies). This means that, at last, Wi-Fi access might be available as part of your existing data- or voice-service subscription, rather than spanking yet another communications bill for you to pay every month.

(...) This company has the potential to stir up a lot of serious activity in wireless data communications. Its aggressive coverage goals (and the backing it has to pursue them) are good news for Wi-Fi resellers like iPass, and for Wi-Fi technology companies that add network management tools to Wi-Fi or extend its range, like Newbury Networks, RoamAD, and Vivato. It will also inflame the cellular companies: They're going to have to get onboard with Wi-Fi (and likely resell Cometa's infrastructure) or improve the speed and capacity of their own cellular data networks, or both. In any case, consumers win.” [Full Story]

From Fortune
"Cometa is not the first attempt to set up nationwide wireless access points. But considering the heft of its backers, AT&T, IBM and Intel, it legitimizes the whole wireless Internet idea in the same way that IBM's original PC legitimized the whole idea of personal computers. It won't be long now until all the major phone carriers also jump on the Wi-Fi bandwagon. They can't afford, literally, to sit out a market opportunity that could, in a few years, be nearly as large as the cell phone market.” [Full Story]

From PCWorld
“Barney Dewey, an analyst at Outlook4Mobility in Los Gatos, California, remains sceptical about the financial viability of stand-alone pubic-access Wi-Fi networks. He says the biggest hole in the Cometa business plan is the lack of cellular-carrier partners. Dewey says he believes the cellular carriers plan to roll out their own national Wi-Fi networks, which will allow users to easily switch from cellular networks to WLANs.” [Full Story]

From Quicken
“Analyst Richard Klugman, who follows AT&T for Jefferies & Co., called it ‘premature to build any kind of expectations
for this thing, because it's all on paper,’ and Cometa officials provided few details.

(…)

Guzman & Co. analyst Patrick Comack, who also covers AT&T, offered an optimistic view of such ventures. ‘Wi-Fi is the real deal, and if AT&T is going to be supplying the bandwidth,’ that will mean business for AT&T, he said.

‘It's going to generate demand for capacity from anybody that delivers Internet access, because Wi-Fi is going to spread like wildfire over the next couple of decades, and there's going to be demand for the capacity to service people that want to surf the Web in these hot spots.’

Mr. Comack expects to see other similar ventures.

‘Everybody's jumping onto the Wi-Fi bandwagon,’ Mr. Comack said. ‘It's really taking traction now. We're going to see more partnerships like this, more deals being cut. It's the beginning of the game.’” [Full Story]

From Geek

“Cometa Network is a good move by IBM, AT&T, and Intel to combine resources. If the company is successful then all three companies will benefit in the end. This is especially true of Intel if its next processor is to have WLAN built-in. There's no reason to market that fact if there aren't enough hot spots around the country to use it.” [Full Story]

Commentary by…

Juan Miguel López, Technology Manager, PwC

Wi-Fi and 3G: substitutable or complementary?

Over the last few years, Wi-Fi technology, a wireless communication standard also known as 802.11, has undergone strong growth in the USA. Designed to develop wireless local area networks (WLAN), Wi-Fi allows users to be 'always on' without cables within an area of 100 metres of public or semi-public places (buildings, airports, universities or stations), and the most importantly, with broadband. Thus, great business opportunities are expected from its development in sectors such as education, government and public services.

After the 3G surfeit, many people don’t distinguish, or undervalue, Wi-Fi possibilities. First, their functions are very different. 3G technology is oriented to long distance communication. Instead, 802.11 is a protocol of local area communication. In other words, while Wi-Fi networks make up a semi-fixed connection environment where users have limited movement, 3G would cover a totally mobile global spectre.

Both technologies offer broadband connection but, unlike the so-called 3G telephony, which offers one-to-one communication, 802.11 allows the connection from many to the network. This opens great expectations for collaborative work and, above all, means a substantial increase in Internet access possibilities. In this way, it is a technology that democratizes connectivity. Furthermore, the absence of cables minimise infrastructure and implementation costs, which makes it even more accessible to companies and users.

In short, just as what happens with most technologies, 3G and Wi-Fi are not substitutable technologies but complementary.

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EBCENTER ARTICLE

Traditional managers are winning the battle over companies’ new model leaders

Ana García Fonseca, Research Assistant, ebcenter

Managers with experience in traditional businesses are taking the reins of technology companies in order to bring profitability back to a sector that is paying dearly for the excesses of its former managers [Full Story]

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REPORTS

The visual impact of online publicity increases

Title: DoubleClick Q3 Ad Serving Trend Report

Source: DoubleClick

Date: December 2002

Abstract: Q3 DoubleClick ad serving data points to an increasing maturation of the online advertising medium. The survey, that analyses more than 144 billion ads from thousands of clients over the previous two quarters, reveals that the rich media usage has grown 34% from Q1 to Q3 (17.20% to 23.22%).

View-through rates, which assess users who take action within 30 days of seeing an ad, but do not click on a banner,
have risen from .36% in Q1 to .51% in Q3. This translates to five consumers per thousand who respond to an ad that they do not click on, marketers who use click-throughs as the only response metric are missing these conversions. On the other hand, average click-through rates remained stable at around .7% (.72% in Q1, .69% in Q2 and Q3). Last, use of IAB standard sizes has held steady at nearly 70% of all ads served. This is a good sign for advertisers, as standardization of sizes saves money and makes online advertising easier to implement across a range of sites.

China, major Internet censor
Title: Empirical Analysis of Internet Filtering in China
Source: Harvard Law School
Date: December 2002
Abstract: China is the country that uses most filters to restrict the online information citizens are exposed to, according to a survey by the Harvard Law School. The report, which analyses the filtering system used by China and its variations according to the region and the kind of content (politics, education, justice, health, sex, etc.), shows it is opaque, it makes difficult for a user to distinguish between an intentional block and a temporary network or server glitch, and irregular (the same page is not always blocked). Moreover, the authors warn that it is much easier to control Internet than other older forms of communication, such as the phone, fax or even letters.

45% of users pay for mobile services
Title: Survey of mobile portal services Q4 2002
Source: Global Mobile Suppliers Association (GSA)
Date: December 2002
Abstract: This mobile portal survey, the eighth in GSA’s series of quarterly surveys, analyses the evolution of mobile portal services of selected North American and Latin American mobile portals. The report reveals that the North American mobile subscriber penetration is currently at around 45%. Growth in traditional mobile portal content offerings has stagnated, and in some cases slipped backwards as users have remained cautious regarding value. Gambling, including lottery and betting, seems to have vanished from the offering of some mobile portals. Despite the increased development of internet-based job services, mobile portals have not capitalized on this trend. Another information category still missing from North American portals is health-related services. On the other hand, adult entertainment services are not present in any of the portals surveyed. In Latin America, Argentina, Brazil, Chile, Colombia, Mexico and Venezuela represent a significant proportion of the total subscriber base in the region; according to estimates the number of mobile subscribers in these six countries is approximately 100 million. The overall user penetration in Latin America is around 20%.

COMPANIES
Germany fears Microsoft Palladium
The German government is worried about the adoption by federal agencies of Microsoft’s upcoming Palladium security technology, fearing the system could lead to higher costs. Germany’s Ministry of Economics and Labour said this in a letter to the Bundestag. It is the first time a nation has criticized the technology. From ZDNet [Full Story]

NTTDoCoMo reduces its presence in Europe
NTT DoCoMo has decided not to exercise its right to subscribe new shares of KPNM. As a result, NTT DoCoMo’s voting interest will decrease from 15% to approximately 2.2% when KPNM issues new shares to KPN. From Ustrung [Full Story]

A subsidiary of the Internet Society will manage .org domain
The Internet Corporation for Assigned Names and Numbers (ICANN) has signed the finalized agreement for the Public
Interest Registry (PIR), the not-for-profit subsidiary of the Internet Society (ISOC), to operate the .org top-level domain. PIR takes over the management of the domain registry from VeriSign, the current .org registrar, on Jan. 1. From Internet News [Full Story]

WE RECOMMEND

Custom Fit
Understanding consumer needs and identifying the most profitable customers are driving forces in most companies, thus customer-relationship management practices and applications hold so much promise. However, many initiatives have failed to help companies better understand their customers. Optimize establishes four steps to fix the problem.
First, start with an effective customer strategy that clearly identifies the opportunities to create value for the business. Next, redesign key business processes to carry out the customer strategy. Only when you have these two crucial steps under way should you go in search of technology that maps to your strategy and business processes. And, of course, don't forget to measure your results.
The magazine proposes a 90-day plan to companies. The first month must be dedicated to mobilizing the team and identifying opportunities. The second must be devoted to classifying opportunities according to three criteria: benefit, cost, and time. And the third one is the month of action.

From Optimize [Full Story]

How to Measure Return on Information Security Investments
Information security (IS) breaches are a growing concern. Thus organizations are investing large sums of money in IS activities. This requires companies to measure return on information security investments, a process affected by many myths.
On of them is to use the accounting concept of “return on investment” (ROI) for evaluating information security investments. In fact, the concept most suitable to this kind of measure is the economic rate of return, usually called the internal rate of return (IRR). According to this approach, companies should focus on maximizing the IRR on information security investments. It’s another myth. For the authors, enterprises must generate the maximum net present value (NPV), which is equivalent to maximizing the present value of net benefits.
On the other hand, although there is a tendency to consider IRR and NPV as post metrics, they must be calculated before the investment.
A last belief is that it’s appropriate to invest in security activities up to the level where the investments equal the expected loss from security breaches, but the investment should be substantially less.

From Strategic Finance [Full Story]