

S-38.042 Seminar on Networking Business, Autumn 2004

Chen Xuefeng's comments to Annukka Kiiski's paper presented on 13.10.2004

Mobile Data Service Industry Structure: Walled Garden vs. Horizontal Integration

Relevance

The concepts of the paper grasp most of the points of Mobile Data Service Industry Structure. The topic is related to Walled Garden vs. Horizontal Integration. It indicates that regulation aspects affect the result of the mobile data service business.

Form

The structure is clear and logical. In the beginning of the article, the author presents his point by making the comparison between Japanese and Finnish mobile data service markets. Then the article is deployed to explain the concept, show each marketing situation, compare three markets' data, and at last get conclusion. The article looks professional.

Substance

It is representative to analyzing the difference in the 2 markets results by looking at the difference in industry structure. The arguments, supported by the statistic in Table 1, which is the comparison of the three markets (Japan, Finland and UK), are persuasive. However, as Chapter 2 indicates, the Mobile data service industry is a complex, adaptive system linking together several different industries. It is true that Handset subsidy and SIM-locked are forbidden in Finland, but are allowed both in Japan and U.K. However we can see that as a matter of fact, most of CDMA operators use UIM-locked handsets and have handset subsidy policy. Many operators in Asia, Australia often have kinds of marketing promotion to attract consumers to try their fresh handsets with advance data function. But their non-SMS data revenue doesn't increase fast enough. The success of I-mode in Japan has encouraged European operators to develop their own data service such as WAP. Unfortunately so far the result doesn't reach people's expectation. Various disquisitions on analyzing the reasons can be found. Other important factors in I-mode 's success could be like simple close 2G technology, fair value chain, good relationship with banks and content providers, rich consumers and so on.