



WHY WIRELESS EMAIL FOR CONSUMERS IS SET FOR EXPLOSIVE GROWTH

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According to Frost & Sullivan research, about 1.25 billion cell phones will be sold worldwide in 2007. Larger still, Frost & Sullivan estimates that there are over 2 billion cell phone subscribers in the world. When you look at the number of people who own a cell phone and have access to the internet (most of them), and when you consider how many of these cell phone subscribers have at least one email account (again, most of them), you find that very few of them actually manage (read & write) email with their cell phone.

Frost & Sullivan estimates that there are over 500 million people who own a cell phone, have an email account, but rarely (if ever) access email using their phones. While most send or receive SMS messages, few of them bother to manage email. Why? The answer is rather complex, and I believe that this is about to change in a major way. Here's why.

Sure, there are already over 10 million users of wireless email, but these are almost entirely for business use. Very few consumers (who don't own a BlackBerry, Treo, or Nokia E Series that provides access to their enterprise email system) manage email on their phones. While most do SMS, few go further to read, reply, or create email on their cell phones.

First and foremost, it's difficult to type alphabetic characters on a cell phone that only has the traditional 10 digits plus the * and # symbols. Users typically have to 'triple type' and press number keys repeatedly in order to get the letters they desire. Some innovations assist by doing predictive typing (e.g. Tegic that was originally acquired by AOL and is now being re-acquired by Nuance) to guess the word you're trying to type, and other innovations (e.g. Voice Signal, vEnable & Nuance) recently allow for you to speak the words you want to appear in your cell phone message reply. Thus, SMS has become popular because the entire paradigm is limited to 160 characters, with most users replying in just a few words.

SmartPhones incorporate a QWERTY keyboard that makes typing replies easier, and include an operating system, such as Palm, MS Mobile, Symbian or RIM's BlackBerry Java environment. But most SmartPhones today are used in the business environment. These environments may also allow for accessing consumer email systems. This market is well defined and will continue to grow.

By far the larger number of 'feature phone' users (hundreds of millions) do not access email wirelessly. One major reason is the lack of device drivers by the major email system providers. Device management is a very big issue. With consumers, you have literally thousands of cell phone devices that an email vendor needs to support.

A wireless email software provider has a big challenge to support thousands of cell phone models, with new ones coming to market every week. Funambol is an example of a company that is addressing the challenge of dealing with the proliferation of devices by using an open software platform in which users and developers can all build device drivers and add them into the pool so that all users can benefit. Another approach is to automate the migration process to new phones (Tira Wireless) and automate the testing of those phones (Mobile Complete, FonJax & Keynote) with models available for testing remotely over the internet.

Another challenge for consumer wireless email is supporting popular internet email systems such as Yahoo!, Gmail, MSN Live Mail, and AOL, as well as generic internet service provider (ISP) POP/IMAP email. Funambol, as well as other consumer email services from RIM (via their BlackBerry Internet Services) and Nokia (with their acquisition of Intellisync), all represent solid solutions to the consumer wireless email problem.

I expect to see a large number of new cell phones come to market that are relatively inexpensive but offer easy ways for users to manage email while mobile. Apple's iPhone clearly is an example of 'next generation'

consumer devices that makes managing email via a wireless connection easy to use. I expect to see iPhones at much lower price points next year. And, just last week, Palm and Sprint announced the Centro, a Treo-like device that costs only \$99 and includes a QWERTY keyboard and the Palm OS.

With enterprise wireless email now passing 10 million users and growing at over 30% annually, Frost & Sullivan estimates that we'll see more than 100 million consumers manage email on their phones within 5-7 years. Finally, email will join SMS and Instant Messaging (IM) as common ways in which mobile users will stay in touch with friends and loved ones.

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