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## Rocky climb for mobile IM

By [Aaron Tan](#), ZDNet Asia

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**analysis** Instant messaging (IM) may be popular among Internet users, but barriers remain in the way of the technology's success in the mobile market, according to an analyst.

According a Nielsen/NetRatings study in August last year, there are more than 150 million active users on major IM networks including MSN Messenger, Yahoo Messenger, AIM, ICQ, Jabber and Skype. IM technology facilitates real-time messaging, where it is possible to see the availability and online presence of other users.

But replicating IM's success in the mobile space has challenges, because there are no standards in the IM market today. Although [Yahoo and Microsoft have introduced interoperability](#) between MSN and Yahoo Messenger, IM interoperability remains limited.

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For example, users can only exchange plaintext messages and may not be able to engage in voice or video chats.

Furthermore, blocked user lists are not necessarily preserved across various IM networks.

Having a common mobile IM standard would be an advantage for both users and operators, since mobile IM services can then work across different operator and IM networks.

However, it would not necessarily be an advantage for IM providers, who have invested to John Strand, CEO of Strand

large sums in their respective standards, according to John Strand, CEO of Strand Consult, a Denmark-based consultancy company.

"Why should the different IM players link up with their competitors?" Strand noted in a telephone interview with ZDNet Asia. "They want to create a community around their platforms."

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He added: "The biggest barrier in that market is the capability to create a community that's big enough."

The lack of standards for mobile IM services has led to third-party mobile IM services today using the Internet to transfer data between the mobile operators, countries, and end users. This way, third party IM services actually avoid the mobile operators' billing systems, according to Strand.

[eBuddy](#) is one such company. It offers an IM service that allows users to log on to their IM accounts using a PC or cellphone Web browser.

According to eBuddy co-founder and CEO Jan-Joost Rueb, the Dutch company has more than 40 million registered users, with over five million accessing its service through mobile devices.

By using the Internet, cellphone users are only paying for the data that is transmitted and received. Because this type of messaging is significantly cheaper than sending SMS messages, many operators perceive IM as a possible threat to their [SMS \(short message service\) moneymaking machine](#), Strand noted.

And since the Internet is used to transmit IM messages, cellphone operators are prevented from charging high prices for IM data traffic. Neither can they differentiate their price on the type of data traffic being sent by the end user, according to Strand.

The problem is exacerbated for operators when data is being sent across multiple operators and across countries, since they cannot charge a termination fee for delivering messages--as is the case with SMS.

This then creates a dilemma for telcos: Many users value mobile IM services, but cellphone operators cannot transform that appreciation into a corresponding higher price for delivering messages.

Strand, however, said operators are "naive" to think they can charge a premium for IM services, which is just another service on data networks.

"You don't make an agreement with your broadband service provider to get on MSN," he said.

But if the operators do not want to miss out on the data traffic and revenue from mobile IM messaging, Strand said, operators will have to start working with the instant messaging solution providers. They could offer data packages that provide unlimited access to IM services, he suggested.

In return, the IM providers will gain access to the attractive mass of mobile customers, which give them better possibilities in future to demand payment for instant messaging services.

This model also opens up the possibility for operators to share the increased revenue with the IM providers, who can earn money by sending traffic through the mobile operators' networks, according to Strand.

In September this year, Singapore telco StarHub partnered with Microsoft to offer the Windows Live Messenger service for [i-mode](#) cellular subscribers. For a flat fee of S\$5.25 (US\$3.40) per month, users can send IM messages using their existing Windows Live Messenger accounts with their handsets.

Goh Li Li, StarHub's assistant vice president of mobile services, declined to reveal subscriber numbers for its i-mode IM service, citing competitive reasons.

"We can say that customer response to our Windows Live Messenger service on i-mode has been within our expectations," she said, noting that StarHub is looking to offer similar services to non-i-mode users, as part of plans to drive consumer



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demand for mobile data services.

Neither does StarHub see IM as a competitive threat to SMS revenues. According to Goh, the company treats IM as part of the overall mobile data market, which includes other applications and content like SMS/MMS (multimedia messaging service), e-mail, Internet access, news, music and TV.

"Now that SMS and mobile e-mail have gained wider acceptance, we believe [IM] will help drive the demand for other [mobile data services](#)," she said.

### Breaking away from IM providers

In February this year, the GSM Association (GSMA) announced plans to create a new mobile IM network called Personal IM (PIM) that will be adopted by member operators.

GSMA also noted the differences between PIM and existing IM services from the likes of Yahoo and Microsoft.

"The majority of services that exist today are examples of 'off-Net' instant messaging," GSMA noted in a [FAQ Web page](#). "What is being recommended here is that customers are offered the alternative of an 'on-Net' instant messaging service--adopting the 'trusted mobile environment' that has served more than a billion customers [with] a high-quality service, along with transparent costs and protection from spam, viruses and other malicious content."

But eBuddy's Rueb was skeptical of PIM. "The interoperable IM initiative is, as far as I know, just involving carriers. A new chat initiative, and a new network without MSN, AOL and Yahoo is--in our opinion--not likely to succeed."

He said current IM users will not switch to an alternative carrier. Instead, they will look for a possibility to chat with MSN, AOL and Yahoo on their existing phone through eBuddy, or others.

"This is a market with a high barrier to entry, which is why [Google Talk](#) (with all of [Google's power](#)) could not get much traction," he added.

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