Delivering a compelling online experience

Application enablement keeps network providers at the forefront of consumer demand

by Connie Torres, Director, Market Advantage Research

How can network providers benefit from consumers' insatiable demand for bandwidth-hungry applications? Alcatel-Lucent addresses this crucial question through application enablement, a new industry vision for new revenue generation and improved end-user experience. Application enablement starts with an ongoing assessment of consumers' expectations and needs — and offers effective new ways to meet their demands.

Discovering what consumers really want

Today's consumers may rely on the latest technologies and Web 2.0 capabilities, but that's not their primary interest. What they're really looking for is a satisfying experience, through communicating with friends and family, sharing their lives and interests and enjoying entertainment on demand. To deliver this type of compelling experience, network providers must begin with a solid understanding of their target market. That's why Alcatel-Lucent conducts primary market research through its Market Advantage program. These studies gather up-to-date information on a full range of enterprise and consumer segments, across all ages and regions. The data subsequently provides a window into the specific preferences of highly diverse market segments, allowing network providers to tailor applications and business models to their key requirements.

In September 2009, Market Advantage's Youth Lab delivered the latest feedback to support application enablement. For this study, teens and young adults from 19 countries reported their reactions to a variety of enabled applications. These applications combine the reliability of carrier networks with the versatility of the Web to create a trusted web experience. The following sections of this article focus on this market segment, because young consumers provide an important indicator of emerging telecommunications trends, and they will remain a major force in the marketplace over the longer term.

More specifically, the lab's findings show us which applications and features have greatest appeal to this consumer segment, how they differ from similar offerings in the marketplace — and the respondents' preferred method of payment. In addition, young consumers describe the improvements they want most in their existing applications. This up-to-the-minute information highlights the opportunities now available to network providers who can successfully satisfy these expectations.

The Single Sign-On application appeals to 72 percent of global survey respondents, and 57 percent are likely to use it.

The top three applications

All the enabled applications in the Youth Lab study appeal to young consumers, who said they differ from similar services by delivering higher quality of service, with no delays or "freezing." In addition, they provide centralization of data, user names and passwords — while enabling easy access from any location and device. Respondents' favorite applications include Single Sign-on, Multi-Party Smart Videoconferencing and Media Vault.

- *Single Sign-On* – About half of consumers in the study maintain 3 to 5 passwords, and nearly 90 percent have at least a few profiles on different web sites. Like similar offerings in the marketplace, this application simplifies identity management, by providing a consistent profile across multiple sites, along with easier access. As a result, it appeals to 72 percent of respondents, and 57 percent say they are likely to use it. The Single Sign-On application's most appealing feature is the ability to control privacy rules for personal profiles, while its most unique feature is "relief from password fatigue."

- *Multi-Party Smart Video Conferencing* – This innovative new application offers easy multi-party video conferencing with archiving, indexing and playback. Although it has less overall appeal than Single Sign-On, it shows the highest potential as a fee-based service. Young consumers indicate that they are both willing to pay — and expect to pay — the highest fees for this application. They consider enhanced video quality to be its most appealing feature, while modules that translate content into another format provide the most unique feature.

Respondents are willing to pay over 8 US dollars per month for each enabled application we tested, but Multi-Party Smart Video Conferencing received the highest price points.

- *Media Vault* – Two thirds of respondents store their personal videos online, primarily to protect against data loss. As a result, they like this application's guaranteed security feature and user-controlled access capabilities. The most unique feature, in their view, is the Media Vault's ability to format content to fit multiple devices.

Most respondents want enabled applications to come from their Internet provider or mobile operator, and they would prefer to "pay" for them by accepting ads.

Improvements for texting and social networking

Young consumers at the Market Advantage Youth Lab also offer ideas for improving their current favorite applications. For example, they believe that better video quality would enhance a variety of applications, across their computers, mobile phones and television. Texting could be improved by adding speech-to-text capabilities, allowing longer messages, enlarging the vocabulary for predictive text and by enabling color. And their suggested improvements for social networking include page customization features, videoconferencing, faster instant messaging, reduced spam and the ability to select who can write on their wall.

"I wish you could speak your message into the phone and it would appear as text."

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Conclusion

Alcatel-Lucent research is helping innovative concepts become a reality today — and into the future. By testing new applications and features across a wide variety of end-user segments, Alcatel-Lucent is quantifying the likely demand for these offerings among consumers of all ages, along with their willingness to pay. These findings can help network providers focus on market opportunities that show the greatest potential to generate revenue, reduce churn and strengthen competitive positioning.

Alcatel-Lucent research findings also facilitate cooperation between network providers and application and content providers (ACPs).

- We have consulted with ACPs to gain a better understanding of their application development process — and to find out which capabilities they need most from networks. In particular, ACPs value subscriber data that can help them develop personalized offerings.
- Our studies have also determined network providers' specific requirements for delivering enabled applications, such as the ability to handle real-time video, format data for different screen sizes and control both wireline and wireless delivery.

This information promotes a better understanding of how ACPs and network providers can work together successfully. As a result, trusted network capabilities can be combined with the innovative power and speed of the Web to deliver a more satisfying end-user experience.

For more information, go to www.alcatel-lucent.com/ application_enablement.

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