

TECHNOLOGY ASSESSMENT

Vendor Viewpoint: WINBC

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IDC OPINION

British Columbia (BC), located on Canada's west coast, is home to approximately 120 wireless companies at various stages of development. The industry in BC is young, with 76 per cent of companies involved in the wireless market five years or less. The industry is also diversified with companies offering enabling software, enterprise solutions, devices, and engineering services. Companies both small and large will need to formalize their financial, marketing and expansion strategies to succeed in the wireless market. Companies that need support with these activities often look to industry associations, such as The Wireless Innovation Network of British Columbia (WINBC), to benefit from networking and collaboration opportunities.

WINBC's mission is to champion the growth and sustainability of BC as a leading wireless cluster. WINBC, encourages its members to collaborate on technical and marketing projects to leverage their collective resources and strengths. The organization also creates awareness of BC's wireless sector through local and international events to attract investment as well as partnerships. WINBC also helps expose members to technical developments, market trends, developments and drivers.

WINBC is the voice of wireless organizations in BC, as it is the only group to focus exclusively on the wireless industry. As a single organization with limited resources, WINBC is faced with the challenge of balancing the need for workshops and other information granular enough to offer members specific and actionable advice, with the need for services that are applicable to more than just one of their members.

To overcome this challenge, IDC believes that WINBC should work with other large industry associations around the world that focus exclusively on wireless, to enhance the services and connections it can offer its members. One such organization that holds similar values and goals as WINBC, is San Diego Telecom Council. Although these two groups have worked together on contest promotions, IDC believes they could work more closely to promote wireless globally. The diverse group of companies that comprise WINBC's membership would benefit from the greater breadth and depth of research and advice available through collaboration with other associations.

IN THIS STUDY

Executive Summary

The Wireless Innovation Network of British Columbia is a Vancouver based association that brings together small, medium, large and start-up wireless companies to foster collaboration. For the past quarter century, BC has been the home to some of the wireless industry's leading players such as Glenayre, MPRTeltech, a division of Motorola as well as a large number of developing companies. WINBC represents approximately 100 member companies from across the spectrum of the wireless technology value chain, from infrastructure and device manufacturers to voice and data service providers. WINBC's value lies in its network of member companies, their potential customers, investors, analysts and other cluster organizations (see Figure 1).

WINBC's wireless member companies are classified under IDC's services and equipment categories.

Services - Wireless services in this category include voice and data. Voice includes revenue from non-fixed lines, while data includes revenue from mobile handsets, including short messaging services and wireless local area network. Revenue for wireless voice services worldwide represents the largest portion of the wireless market. In 2003, voice reached \$351B and is expected to reach \$456B by 2008, a Compound Annual Growth Rate (CAGR) of 5.38 per cent.

Wireless Data services revenue is also continuing to expand. Although this sector is only a fraction of the size of wireless voice, it is forecast to grow from \$46.8B in 2003, to \$137.7B in 2008, or a CAGR of 24 per cent.

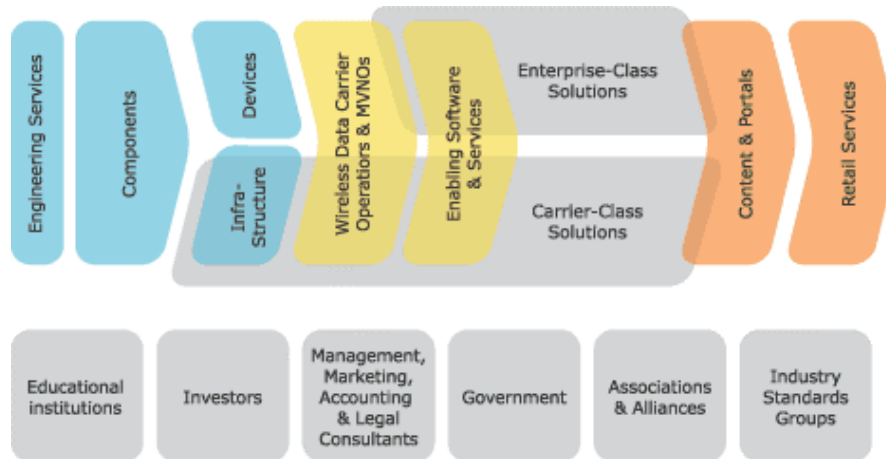
Equipment - Wireless equipment spans infrastructure, devices such as phones, PDA's, handheld devices and modems, as well as applications software. The market for wireless equipment is relatively small, but expansive, and no one organization presently dominates. Revenues in 2003 were \$35.6B, and are expected to increase to \$85.5B in 2008, a CAGR of 19 per cent.

Within the wireless market, WINBC will address wireless vendors' need to:

- Connect with investors, operators, equipment manufacturers and other wireless solution providers to combine their services and provide comprehensive solutions
- Understand market drivers, technical developments and government regulations
- Build skills and strategies through workshops and mentorship to better address customer needs and sell their products and services more effectively

FIGURE 1

WINBC Value Chain



Source: WINBC, 2004

SITUATION OVERVIEW

Service Positioning

Vendors need access to resources and support to help them protect and grow their existing market share, or in the case of emerging firms, win new customers. Vendors who are knowledgeable about the issues and trends in their customers' market segments will be better positioned to address their customers' concerns and ultimately sell their product. Smaller firms with limited resources and experience need mentorship and advice to commercialize their offerings.

WINBC offers its members access to workshops, newsletters, industry reports and market intelligence materials, professional development opportunities, and events. Their newsletter provides member profiles, feature articles on current issues within wireless technologies and related service industries, and lists the WINBC members who offer these services. Some of the featured articles have covered Radio Frequency Identification (RFID), Wireless Fidelity (WiFi), Wireless Local Area Network (WLAN), as well as guidance on securing early stage funding. Events include:

- ☒ Networking receptions
- ☒ Investment forums, where investors indicate the types of partnerships they are looking for
- ☒ Venture forums, where vendors pitch to Venture Capitalists for funds
- ☒ Guest speakers from global mobile operator and service provider companies
- ☒ The annual North American Wireless Innovation Contest, where vendors can demonstrate their solutions and gain recognition

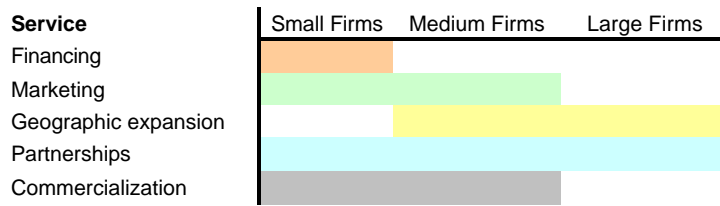
WINBC also features an on-line BC Wireless directory to help partners and investors find wireless solutions.

WINBC provides members with networking opportunities through their partnerships with other organizations such as the Service Providers Investment Forum (SPIF), Mobile Entertainment Forum and DemoMobile. WINBC assists members with government organizations such as the Industrial Research Assistance Program of the National Research Council, which provides emerging firms with support for developing innovation in BC. WINBC also works with other wireless associations such as the Canadian Wireless Telecom Association (CWTA), giving members the opportunity to attend events hosted by the CWTA.

WINBC's members range from world-class leaders such as Sierra Wireless, MDSI, Glentel, to up and coming innovators such as Colligo, Dyaptive, Web Tech Wireless and Contec Innovations. Depending on their size, these firms look to WINBC for varying types of services (see Figure 2). Young companies look to WINBC for an affordable way to gain insight and advice on financial, marketing and sales matters. Larger firms on the other hand look to WINBC for the opportunity to network with complementary firms and grow their service offerings.

FIGURE 2

Types of Services Companies Look to WINBC for, by Company Size



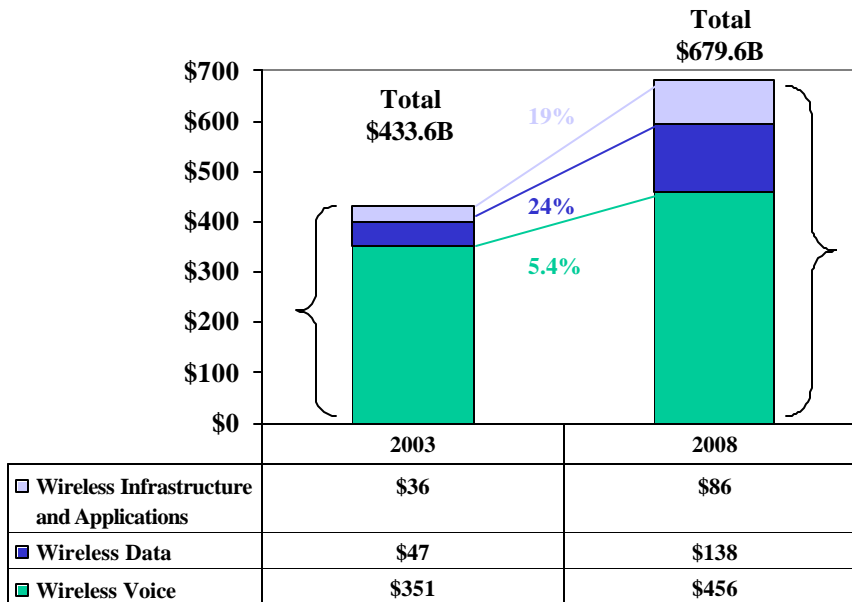
Source: IDC, 2004

Market Opportunity

The wireless market is one of the remaining hot areas for growth. Together, wireless data, voice and infrastructure and applications will grow from a market size of \$433.6B in 2003 to \$679.6B in 2008, a CAGR of 9.4 per cent (see Figure 3). This well exceeds growth of the overall telecommunications market, which IDC forecasts to grow at a CAGR of approximately 5.4 per cent to over \$1.3T in 2008.

FIGURE 3

Worldwide Wireless Revenue, 2003-2008 (\$B)



Source: IDC, 2004

While the Americas market is smaller compared to some other parts of the world, the growth rate will remain strong. IDC forecasts wireless data in the Americas to grow at a CAGR of 48.8 per cent to reach 23.9B in 2008. Wireless voice will grow at a more modest 5.9 per cent to reach \$154B in 2008. The Asia/Pacific market in comparison has a larger wireless data market, but a lower growth rate. Wireless data in Asia/Pacific will grow at a CAGR of 20.6 per cent to reach \$55.7B in 2008, and voice will grow at a CAGR of 6.3 per cent to reach \$143B (IDC # 31675, "Worldwide Telecommunications Services 2004-2008 Forecast").

The following market characteristics in the services and equipment sectors will drive vendors to use networking organizations such as WINBC.

- ☒ **Services:** Market consolidation will limit the number of players in the market. Networking organizations provide an opportunity for small companies looking to gain an advantage, helping to establish partnerships with larger telecommunications companies and attracting venture capitalists. Networking organizations will be able to offer this opportunity.
- ☒ **Equipment:** No one organization presently dominates this market, and thus, there are many smaller companies looking to gain an advantage. These small companies can benefit from the affordable access to market information and the opportunity to meet potential partners that networking organizations provide.

Within the wireless market, the enterprise segment holds the greatest potential for growth, yet it has presented vendors with many challenges. Three inhibitors have

slowed the adoption of wireless technologies: cost and complexity of wireless solutions; difficulty quantifying benefits; and security concerns.

Industry associations help their members succeed in the following ways:

1. **Creating Partnerships to Manage Cost and Complexity** - Enterprise users require providers to evolve from selling wireless as a commodity product to packaging complex wireless solutions that offer a complete suite of applications. The cost and complexity of integrating wireless services with existing enterprise IT systems has spawned numerous partnerships between IT hardware and software vendors, service providers and integrators who offer a more complete suite of wireless applications targeted to enterprise customers. The development of effective partnerships to address enterprise needs will be critical to success.
2. **Quantifying the Benefits and Making the Sale** – Despite the rapid market growth, wireless remains a low IT investment priority for enterprises. In an IDC study, 70 per cent of North American organizations said that getting support and buy-in at the executive level for mobile and wireless solution investments was a very or extremely significant hurdle. Mobile and wireless solutions are seen as low priority projects among most enterprises. Approximately 65 per cent of North American firms rated wireless projects as a four or five on a five-point significance scale, with one representing the highest priority projects. (IDC # 28966, "Addressing the Needs, Wants, and Challenges of Vertical Markets Adopting Mobile and Wireless Solutions"). To promote the adoption of wireless within the enterprise, vendors must provide a solid ROI model that customers can use in evaluating wireless investments. They will need to target C-level positions and talk their language of business, rather than using straight technology pitches.

Industry associations such as WINBC have helped vendors overcome these challenges. For example, WINBC's website links to a free ROI calculator to help build the case for wireless LANs, showing prospective clients payback and employee productivity calculations. WINBC's Wireless Innovation Contest identifies successful wireless case studies and uses them to educate the market, supporting the drive for wireless adoption.

3. **Understanding the Vendor's Business** - Enterprises have unique needs and challenges in their individual industries. Vendors need to address the distinct trends, issues and requirements of these industries, which may well differ between regions, as well as technology challenges. The most prevalent of these in wireless applications are security, integration with corporate systems, performance and scalability, bandwidth, and network availability. Organizations such as WINBC can provide vendors with access to market intelligence materials, seminars and workshops, to better address these customer challenges (see Table 1).

TABLE 1

Services Provided by WINBC, and the Benefits they Yield

	Networking events	Workshops	Inter-organizational partnerships	ROI calculator	On-line surveys, reports, newsletters
Creating partnerships	*	*	*		
Quantifying benefits		*		*	*
Commercialization	*	*		*	
Understanding business trends	*	*	*		*
Geographic expansion			*		

Source: IDC, 2004

FUTURE OUTLOOK

The wireless industry is a promising area for growth. In the Americas, wireless revenue will account for 32 per cent of the total telecommunications market in 2004, and will grow to 38 per cent by 2008. Wireless email, which has led other enterprise wireless projects, will begin to show signs of maturity, particularly among large businesses. A "second wave" of wireless projects will include: sales force automation, workforce automation and customer service management. Adopting wireless throughout a company's value chain of suppliers, partners and customers is a trend that is taking hold. Air Canada, for instance, is implementing IBM's eToolbox application to make documents, maintenance systems and repair manuals available to line mechanics on wireless laptops and PDAs.

A second key trend in the wireless market is convergence, driven by the need for vendors to combat growing commoditization. Service providers are looking for ways to differentiate themselves in the area of customer service, using partnering to gain added capabilities. One example is the convergence of wireless and wireline: wireless calls are being forwarded to landline phones once an individual is at home. Industry associations such as WINBC can help vendors connect with complementary firms to achieve a more complete service offering to the end-user.

Near Term Opportunities

Wireless vendors are struggling to present the benefits that new wireless products and services bring to businesses, and convincing organizations that these solutions are critical for their operations. As of 2003, only 27 per cent of North American organizations have been identified as regular users of mobile and wireless solutions, and 26 per cent are in the initial stages of using these technologies (IDC # 28966, "*Addressing the Needs, Wants, and Challenges of Vertical Markets Adopting Mobile and Wireless Solutions*"). Industry associations such as WINBC help vendors overcome this challenge by providing them with up-to-date information that helps clarify the market potential for customers and prospects, as well as workshops to help vendors become more effective at selling their products and clarifying their value proposition.

Another opportunity lies with Radio Frequency Identification (RFID), which represents the next generation of data collection, and has the potential to benefit many industries. RF tags that contain citizens' personal information are currently being used at select Canadian/U.S. borders to accelerate and simplify border crossings. Ford Motor Co. is also using RFID to improve the tracking of items on production lines. To manage the increased data RFID generates, handheld vendors will need to work with software and middleware providers to establish complete solutions. WINBC holds conferences and provides access to research to help its members capture RFID opportunities. IDC forecasts growth in the US market for handheld RFID units, from just 3,700 in 2002 to over 30,000 by 2007 (IDC # 29854, "U.S. RFID-Enabled Handheld Device Forecast and Analysis, 2002-2007: Defining RFID").

Finally, there is an opportunity for WINBC to provide companies in BC with sales and marketing expertise to help them achieve greater revenues both nationally and internationally. Small Canadian firms find accessing the global market difficult and financially prohibitive, yet expanding outside of Canada is their best opportunity to grow revenues. Approximately 61 per cent of reported revenues by BC wireless companies were generated outside of Canada in 2002. WINBC helps to facilitate partnerships with complementary firms, making it possible for small companies to collaborate on marketing activities and decrease the risk of expanding their customer reach (WINBC and PricewaterhouseCoopers, LLP, "2002 BC Wireless Industry Survey"). WINBC should also move to work with other industry associations globally to organize conferences and events that focus on the wireless market to promote BC's up and coming firms.

Near Term Challenges

WINBC has so many members spanning so many areas of wireless, that it can be difficult to offer workshops and information in newsletters that address all of their members' needs. WINBC must balance the need for workshops that are granular enough to offer members specific and actionable advice, with the need for services that are applicable to more than just one of their members. As one of the few wireless industry associations, IDC believes WINBC should partner with other large networking organizations around the world to enhance the services and industry contacts they offer their members. San Diego Telecom Council is an organization that holds similar values and goals as WINBC, complementing WINBC's mission.

SDTC is home to approximately 180 members, including Cal [IT]², a \$500 million research institute that focuses on wireless extension of the Internet throughout the physical world. IDC believes that by partnering with another wireless industry associations, WINBC would have access to a larger pool of resources and be better equipped to address its member's unique needs. Collaborating on their research reports, workshops and the Wireless Innovation Contest, are a few ways WINBC can increase their members' exposure, and provide them with information and guidance that addresses the varied needs of its membership.

Vendor Profile

Headquarters:

900-1188 West Georgia Street
Vancouver BC
V6E 4A2
Phone: (604) 602-5237
Web: www.WINBC.org

Current Number of Members:

WINBC represents approximately 100 member companies

Current Number of Employees: 2

Board of Directors:

Caroline Lewko, President and Director
Todd Heintz, Vice President and Director
Sal Visca, Vice President and Director
Kevin Price, Secretary Treasurer and Director

Sponsors:

- PriceWaterHouseCoopers
- TELUS Mobility
- Nokia
- Ericsson
- Leading Edge British Columbia
- Western Economic Diversification Canada
- Sierra Wireless

Partners: British Columbia Technology Industries Association; Canada Wireless Telecommunications Association; T-Net; Vancouver Enterprise Forum; iWireless World; Mobile Entertainment Forum; LBS Challenge; WiTec Alberta; Washington Software Alliance; Mobile Tech Forum; National Research Council Canada; and DemoMobile.

LEARN MORE

Related Research

Worldwide Telecommunication Black Book, 2004: Version 2, Query Tool (IDC # 31804, August 2004)

Worldwide Telecommunications Services 2004-2008 Forecast (IDC # 31675, August 2004)

U.S. RFID-Enabled Handheld Device Forecast and Analysis, 2002-2007: Defining RFID (IDC # 29854, August 2003)

Addressing the Needs, Wants, and Challenges of Vertical Markets Adopting Mobile and Wireless Solutions (IDC # 28966, April 2003)

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