Features

Lucent to sell "phoneless phone networks" to get 3G going

by Guy Kewney | posted on 08 October 2002

Why would anybody install a third-generation mobile phone network? Lucent, which makes the equipment, was desperate; it costs a fortune to build, but is useless, because there are no 3G phones to use it! But then, they had a brilliant idea … wireless data!

The brilliant idea couldn't be simpler: go for data - the wide-area wireless Lan business. "There are no phone handsets, that's true," admitted Jan Piet Wielenga, who is Lucent's man in charge of building partnerships for 3G. "But there are PDAs and notebooks in enterprises, and people are plugging PCMCIA cards into them to do GPRS or GSM data already.

"So we thought: why not get some card makers to add 3G capability to these cards?"

Having discovered that this is really quite a simple addition, Lucent has been doing some research into 3G data - not for phone use, just for wide-area wireless data - and it turns out to be a financially viable proposition, says Wielenga.

"We've done tests in New Zealand and some US places, done the financial calculations, and we reckon it's not just viable, but profitable to offer wireless data. We find that the return on investment is within a year," he said.

Lucent puts in a full CDMA 2000 network in these examples; several masts and full coverage of a a metro area like Greater London serving only typically a few hundred devices at a time, initially. A test network is due to be installed in one or two Spanish cities under a deal with Telefonica - the trials go live this month, but nothing is being announced yet.

"We have some exclusive deals with PCMCIA card vendors, to do UMTS combined with GPRS, which plug into the normal slot," said Wielenga, after visiting the Enterprise Wireless Technology show last week in London. "We are also looking at mobile IP, which enables an enterprise network to set up a completely transparent service."

Mobile IP enables enterprises to work in whatever medium is available, WLAN or hotspots in hotels or train stations, or even in the campus of the enterprise. But what Lucent adds is the ability to fall back on UMTS, in a way that is completely transparent to the end-user, when the WLAN area doesn't reach them.

Wielenga

Cards are now being made for Lucent by Option for one (there are others) exclusively for Lucent's trials. But there is no date available for any tests in the UK, or anywhere other than New Zealand and Canada, where these systems can be assessed.

This is something of a desparate throw of the dice, Lucent admits: "We are putting together a package which a 3G operator can approach an enterprise with, as a turnkey option - hope to get the credibility back into 3G. The problems we're facing with 3G are credibility ones, not technical; the analyst side has to start to believe in it."

And, connected with that, is the fact that operators don't have spending power. "A lot of operators are trying to push back on the part of the licence that applies to cut-off dates of the licence," said Wielenga. "Also, they are worried about the coverage and quality of service (QoS) terms in some licences - those are making some operators pull back, too."

But Hutchison has committed to a date, and others will follow suit, he believes. "We also think there is a market opportunity for selling value-added services to small to medium enterprises - one example will be standard office packages, but with location-based enhancements."

This is something that Lucent believes normal GSM data operators can't provide. "Until E112 for GSM is ratified," claimed Wielenga, "operators will not want to deploy location based services that are more accurate than "nearest cell" - but the universal mobile telephone service (UMTS) is much more accurate."

Where they envisage this being valuable, is to niche customers such as field service contractors.

"Today, an engineer might have to download engineering drawings overnight before going out to visit a client site. Then, of course, quite often, the job gets postponed, and they have to go to a new emergency site - without the drawings. With UMTS, you don't have to do the download overnight; it can be real time; so you can re-deploy an engineer quickly to a replacement job when one falls through."

The insurance industry, Lucent believes, is also ripe for this approach. It would enable a sales rep to fill in a form, get it approved back at HQ, and then print it out there and then for signing, rather than having to return two days later when the customers has had second thoughts, and needs to be talked into the idea all over again. Yes, there would be the statutory cooling off period (in Europe at least) but if the form is actually signed, it makes it the customer's responsibility to cancel, rather than the salesman's job to confirm - a big difference, psychologically.

The irony of this is delightful, of course, because it means that 3G can, after all, compete with Wireless LAN based on WiFi public access - not just on data, but on voice, eventually.

The reason there are no phones for 3G is not only the fact that there are no networks; it's also the case that the feature set for 3G phones is pretty tightly defined. There's almost no opportunity to value-add, and so not much margin for the Nokia/Motorola/Ericsson brands to produce premium products. But the delay has meant that the market's perception of WiFi as the most likely channel for wireless Internet is becoming entrenched.

This new approach could mean that people actually find themselves using 3G for data - Wifi's special area - before they think of using it for telephony - meaning that 3G is fighting WiFi in its own territory before WiFi can get started in voice-over-IP telephony.

And of course, the ultimate irony is that 3G is, inherently, far more secure (already) than anything a wireless LAN can offer - a thought which may help stiffen the resolve of the various 802 committee meetings currently working on security standards, and get a product out into the market sooner than currently looks likely.

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