

- Title:** Google Android and the Wireless Ecosystem:
Will the Mobile Future be Google's Future?
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Overview:

This report looks through the hype and cynicism surrounding Google's official announcement of Android and the Open Handset Alliance and identifies the key opportunities and critical barriers facing the future evolution of this platform.

Google's plans are focused on the development of a comprehensive ecosystem which aims to bring mutual benefit to all participating members, and spark innovation in handset designs, content and service offerings as well as overall consumer behavior.

Yet, based on the dynamics of the existing mobile industry, they face a number of fundamental challenges in realizing these dreams. This report benchmarks the Open Handset Alliance against Japan's "Wireless Ecosystem" model, as well as competing services offered by Symbian, Microsoft, MontaVista, Apple, and RIM. Through this analysis, five key insights are presented and a roadmap for the future success of Google's Wireless Ecosystem is provided.

Key Findings:

- **Linux Developers are critical** - Winning developers over to the Android

platform will be a critical first step upon which Google must focus. If Google fails to accomplish this by mid-2008, Android will never achieve the critical mass necessary to compete with Windows Mobile or Symbian.

- **Innovation is Fundamental** - While the \$10 Million developers challenge is nice, a long-term vision for how content developers will be compensated and rewarded for their efforts is a critical success factor.
- **Operators hold the most critical role** - Without Network Operators loosening their revenue-sharing strangle-hold on content developers, these companies hold the greatest power to thwart Google's ambitions. We predict that Google will succeed in acquiring a spectrum license, and to use this to "convince" operators of the value of mobile innovation, either through partnerships or direct competition.
- **The Power of the Mobile Internet** - For mobile innovation to truly succeed, Google and its Android developers must get consumers out of the habit of thinking of the Mobile Internet as a "smaller" and "less robust" PC Internet.
- **Handsets are the Key** - Google must develop compelling incentives to convince the larger Handset Manufacturers to focus upon and innovate using Android. Without a broad range of handsets available and optimized for Android content/services, Google's mobile ad-revenue dreams will remain dreams.
- **The Future is OFF the Network** - For the Open Handset Alliance to convince Operators to loosen their grip on content and service revenues, alternative (and more profitable) revenue sources must be identified. While Government regulations will impede operator's efforts to become banks, without a "carrot" to compliment the "stick" of Google's plans to become a network operator, Google's efforts to convince the world's largest operators to adopt Android will be limited. Off-Network revenues will be the key ingredient for these discussions.

Target Audience:

Google and Members of the Open Handset Alliance: Lessons learned from the Japanese Wireless Ecosystem provide valuable insights into the key challenges that must be overcome to ensure long-term success.

Competitors to Google and the Open Handset Alliance: Understand the key elements that Google must assemble to create a truly robust and innovative wireless ecosystem, and make Google's efforts obsolete by creating such a model first.

Network Operators: Is Google Android and the OHA a competitive threat or an opportunity to further grow the overall market?

Mobile Content and/or Service Providers: Innovative content and services will provide the backbone for a fully functioning wireless ecosystem. Developers therefore hold the vital key for Google Android's success. This report outlines how your role must evolve in order to guarantee the success of Android.

Handset Manufacturers: Are the investments required for Android worth the money versus other competing platforms?

Government Regulatory Agencies: This report provides an appropriate framework from which Android and the Open Handset Alliance can be understood, and based upon 9 years of success in Japan, outlines the key requirements for a robust mobile industry in other markets around the world.

Advertising Agencies: Google's move into the mobile space will very likely create an entirely new advertising paradigm. This report will provide insights into how advertising and marketing in general may evolve via the mobile channel.

Industry Consultants: Understand the key drivers that will power the success of a robust Wireless Ecosystem outside of Japan, and the most likely evolutionary path that the mobile industry will follow to achieve such a model.

Key Questions Answered in this Report:

- What is Google Android and what is its significance within the Global

mobile marketplace?

- What are the opportunities for Google and other industry players in creating a robust “Wireless Ecosystem”?
- What are the key challenges standing in the way of Android’s success?
- What are the most important lessons learned from the Japanese Wireless Ecosystem model over the past 9 years, and how can the Open Handset Alliance leverage these to ensure their future success?
- What is the most likely trajectory that the evolution of the Open Handset Alliance will follow over the next 12-18 months?

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About the Author

Dr. Philip Sugai is an Associate Professor of Marketing at the International University of Japan, and has nearly 15 years of industry experience in the Mobile and Internet industries. He has consulted for some of the world's largest companies in this field including Sony, Panasonic (Matsushita), NTT Communications, Siemens, Experian, Deutsche Telecom and Bouygues Telecom. He is a regular speaker at industry events, having most recently been invited to speak at the Red Herring Japan 2007 conference in Kyoto, Japan. He has published a number of original research papers in both academic and business journals, and has been widely quoted in the media for stories related to the global mobile industry. He is a regular contributor to media stories on the Japanese and global mobile industries, with publications such as Business Week considering him to be an "expert" in the field of mobile marketing.

Dr. Sugai received his Doctoral degree from Waseda University's Graduate School of Global Information and Telecommunications Studies and his M.B.A. in Marketing and Operations Management from New York University's Stern School of Business. He has worked as a marketing executive at American Express, Muze, Inc., and Lightningcast, Inc., and as a marketing consultant for Advantage Marketing Information.

Dr. Sugai joined International University of Japan (IUJ) in January, 2002 where he teaches eMarketing, New Product Development, and Brand Management. He is the Founder and Director of the Mobile Consumer Lab @ IUJ, a research and consulting Lab dedicated to "bridging the gap between consumers and mobile technologies". He is also the Associate Dean of the Graduate School of International Management.

He is supported by more than 30 graduate students from more than 20 countries who work within the Mobile Consumer Lab for both research and consulting projects. Sponsors for such projects have included NTT

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