

When the Enterprise becomes the Prosumerise

A paper by Terry Hughes, Widelity

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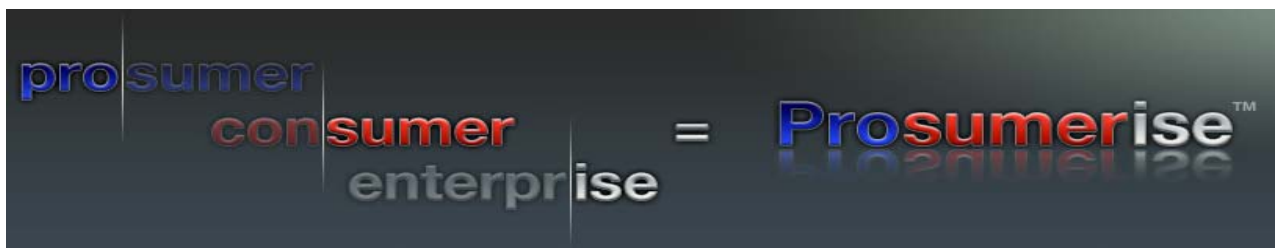
Never before in the history of the mobile industry has such a transformation taken place, and at the centre of it is the “app revolution” where the needs of **consumers, prosumers, and enterprises** are now all being met by downloadable apps and their associated mobile services.

Welcome to the world of the Prosumerise.

www.prosumerise.com

*“Once upon a time, the mobile needs of the **consumer** were wildly different to those of the **enterprise**, and the **prosumer** didn’t exist. Now everything has changed ...*

*the wireless industry needs to **Pro-sumer-ise**”*



*What’s a prosumer anyway?
See page 2 for some definitions*

This paper puts forward 10 key reasons for Prosumerisation and what is happening. It analyzes the opportunities for mobile companies to Prosumerise their offerings, and it draws some thought-provoking conclusions as to what will happen next. It also takes a real example, *momentem* by Widelity, to see the impact that these ten trends are having

First, a little history.

10 years ago, the emerging mobile data industry looked like this:

2G technology. Dial-up data (no GPRS). Most phones didn’t have a data capability. WAP was being pushed as the panacea. All-IP networks were in their infancy. Carriers were just starting to think about data. The world was full of gateways and modems and convertors and middleware. The word “API” wasn’t anywhere to be seen. BlackBerry was just starting to carve out a market in mobile e-mail and was waiting for GRPS to catch up.



Widelity is the developer of *momentem*™ and was recently acquired by Wmode, a major provider of app distribution and content management services. Powered by Wmode, Widelity provides a range of services to the app economy helping app providers to get above the noise and monetize by delivering scalable quality services.

Contact the team:

www.widelity.com

Twitter: [@momentem](https://twitter.com/momentem)

info@widelity.com

However even in those days there was a need for mobile data. Consumers expressed a desire to do more than just call and text (which is why Nokia's 9000 Communicator was launched), prosumers were hungry for productivity solutions (which is why the PDA appeared), and enterprises had started to adopt complex customized mobile data solutions based on rugged terminals connected to GSM phones via data cards. If we were to boil it down, we would say **consumers** = WAP and ringtones, **prosumers** = basic email capability, and **enterprises** = big budgets and 9-month sales cycles to deploy systems.

10 years on ...

Everything has changed. Many consumers, prosumers and enterprises now carry the same phones, they have data plans, they use mobile email, and they all get a boost in productivity (whether it's personal productivity or business efficiency) from using mobile technology. Most importantly they all browse the same app stores looking for solutions. However, before we dive into the ten tipping points:

"Houston, we have a problem"

- Apple has over 100,000 apps in its app store
- Of the 5,000 apps in the BlackBerry store, only a few hundred are business apps, far more are games and themes
- Consumer demand for apps is leading the way, to the detriment of the B2B community
- The OEMs like RIM want to win the app space, and are doing so right now, but the market is being confused by noise from carriers that are fighting back
- End-user support from typical consumer app providers is poor
- Procurement and payment of apps is limited to rudimentary systems such as downloading to individual handsets over the air, and paying via a PayPal or iTunes account, or via credit card
- The value chain is immature; developers don't get enough of the rewards and yet they have to chase the huge carriers and OEMs, as well there is very little way for established organizations to enter the fray. For example, major systems integrators and brands find it hard to muscle in to the simplistic app store relationship between the developer and the store manager. Some mobile advertising successes are, however, appearing
- Although on the surface real innovation is happening, as is witnessed by the sheer number of clever apps appearing every day, developers are being stifled by a lack of real feedback from the users that deploy their apps. So developers find it hard to develop what their target customers want
- The industry is awash with staggering statistics apart from ... *who is really using each app, and what value are they getting from doing so?*

To put it bluntly, there is a massive divide between the insatiable demand from prosumers, enterprises and their workers for productivity apps, and the chaotic zoo that is the consumer app economy. Where there is a problem, there is an opportunity for a solution.

What is a *prosumer*?

The word "prosumer" is a combination of the words *professional* and *consumer*. There are a few ways of looking at the prosumer;

- it's someone who uses the same phone (usually a smartphone) for business and personal use
- it's a small business person who has business needs but isn't big enough to justify buying systems that are geared to enterprise
- it's a consumer who has a white collar job and needs a phone that befits her status
- it's a person who pays for his own phone rather than having an employer pay for it (and he expenses part of it every month)

Here's a good article in [ComputerWorld](#) from 2008 called "BlackBerry: in search of the Prosumer" which explains the changing shifts in the handset market

Widelity in conjunction with Rogers Wireless wrote [this definition](#) of *prosumer* in 2008



Ten tipping points that will enable the wireless industry to Prosumerise

SaaS is here to StaY

An app is an app, if all it ever does is get downloaded to a handset and sits there performing a function. However an increasing number of apps are taking advantage of the always-on always-connected world of the mobile phone to use back-end services in a client-server mode of operation.

This is known as one of several things;

- SaaS, which stands for Software as a Service
- cloud, or cloud computing
- managed services
- hosted services
- network or in-network services

RIM has been in SaaS for a decade. Content providers all have such infrastructure, and an increasing number of app developers are moving some of their capabilities to the back-end. Metrics companies such as Flurry, and mobile advertising companies, have all done this. Carriers are now doing it, allowing sync and network address books. Now, Prosumerisation will see SaaS become the norm in the mobile industry.

1. “The tail is wagging the dog.”

Consumers have always chosen their own phones and downloads. So have prosumers. Now, users within enterprises are doing the same. According to the Yankee Group report “Consumerization Manifests Itself In Enterprise Mobility” **, many more employees are not only buying their own phones, but are paying and expensing the company for business calls. Additionally they are demanding that their phones aren’t locked so that they can freely download apps to make their lives better.

What this means is that all three types of user are now making broadly the same kinds of decisions about what apps and services meet their individual mobile needs. The role of IT and procurement is starting to take a back seat. For developers of B2B apps, it is essential they get to these “tails” because that is how they are going to be able to reach the “dog”. The key, for the first time ever, is that one app strategy can now reach all three types of user.

Widelity’s *momentem* mobile time and expense tracking service for busy professionals is acquiring most of its enterprise business due to savvy early adopter employees who experienced how the app gave them an instant ROI and communicated this to other team members and management within their organization. This is a much lower cost of sale than calling on each enterprise procurement director trying to convince her to take a look at the solution.

2. “SaaS is sassy.”

See the side panel for a discussion about SaaS.

Consumers have always been happy to put their trust in services; prosumers even more so as long as they know who they are dealing with. So, people have been using services for over a decade; online banking is a great example. Enterprises less so; they have always wanted to protect their precious corporate data, and their IT jobs too. However SaaS is maturing and cloud isn’t such a dirty word any more, the tide is turning. As enterprises adopt SaaS in large measure, they will be happy to adopt SaaS-based mobile solutions, and to trust that the links between the OEM, the carrier and the solutions provider will all hang together so that a reliable service can be delivered.

What this means is that the long sales cycle is over. Enterprises, who were historically painfully slow to deploy solutions, to the detriment of the poor app provider, now can be up and running in 9 minutes not 9 months. They can download, sign up and start getting an instant ROI, just like consumers and prosumers do.

The other benefit of SaaS is that a single architecture can support all types of user, and SaaS has higher customer retention than a plain old app.



Gartner's "Predictions for 2010" ** paper talks about how 20% of businesses will own no IT assets at all by 2012. But they will own plenty of mobile technology and apps, thanks to SaaS and cloud.

Widelity's *momentem* service is a sophisticated client-server solution leveraging SaaS and cloud principles to deliver a unified service to consumers, prosumers and enterprises. All of the user's data is stored in the service, away from the handset, and SaaS enables Widelity to deliver an ongoing service on a managed basis. Widelity benefits from not having to constantly update the client app, also by being able to deliver much better support, by knowing every possible stat and metric about the usage of the system, and by developing a relationship with every single connected user.

3. "When Free and Premium go together Freemium"

Historically consumers paid a one-time fee for a ringtone or a game. Prosumers were always happy to pay a monthly fee but there was a dearth of quality services to sign up for. And enterprises have always been able to negotiate clever customized deals such as site licences, 5 year fixed contracts, and per-active-seat business models. This has not been easy for suppliers to handle in an effective manner. Now, with the maturity of the app stores and online payment systems such as PayPal, along with plans for micropayments and in-app payments, and the industry's acceptance of alternative business models, business models are "open season".

Very soon, one business model will fit all three types of user, and that business model will be "anything goes". The companies that win will be the ones that deploy freemium, monthly billing, pay-per-transaction, name your price, in-app upgrades, tiered pricing, regional pricing, pay-when-active, and much more. Additionally, it is easier than ever for developers to embrace all of these, without the overheads of large admin departments.

These business models require the support of the carriers and OEMs, but big names like RIM and Verizon have already said they intend to offer very flexible billing options. Quite soon, the solutions provider will not care whether the user is a consumer, prosumer or enterprise, because the user will choose their own business model based on their budget and needs.

Funambol's paper on business models is a good read. **

Widelity is a recognized pioneer of B2B business models. Freemium has been very successful for *momentem*, enabling Widelity to achieve unprecedented uptake of its cut-down version, while still being able to charge a monthly fee for its premium version. Widelity is also the "home of name-your-price billing" which was an experiment that produced a ten-fold increase in sign-ups. See the panel on the right for a few stats on "name your price".

What is *freemium*?

In the app world, it's where a cut-down version of an app or service is given away free, allowing the user to upgrade if they want the additional features of the paid-for version.

With the low cost of sale and global reach presented by app stores, and the need for developers to rise above the noise and prove the worth of their apps, freemium is a proven business model.

The best way to understand the opportunities that the freemium model presents is to read the book *Free : The Future Of A Radical Price* ** by Chris Anderson, click [here](#) for more details.

Name Your Price

Widelity is experimenting with allowing users to name their own price depending on the value they perceive for the *momentem* service. The recommended monthly fee for *momentem* is \$8, and here's what we are finding;

- the average is \$5.50, not the minimum \$2 price point!
- there has been a ten-fold increase in sign-ups as users feel they are in control of how much they are paying
- feedback is very positive



Why should every app company track and monitor key metrics?

Here are a few of the benefits;

- the ability to scale the system according to predicted demand

- identification of common issues and problems

- usability of the app (or lack of)

- understanding where users are, why they use the service, at what hours, and what they respond best to

- how changes in wording or system features impact uptake and usage

- which features are used most, which need improvement, and which ones should be introduced

Will users really want 30+ isolated apps, or is there an opportunity for

Best-of-breed Brokered Billed and Branded

mobile apps and services

from aggregators?

4. “Touchy feely tracky monitory ... is trendy”

There was a time when it was hard for solutions providers to track anything about a deployment. For example, a consumer would download a game but who knows whether they used it and which levels they spent most time in. An enterprise would deploy a big system but it would be behind the firewall. Now, with the advent of SaaS and always connected solutions, it is easier than ever to track every aspect of update, usage, and retention. And that’s irrespective of whether it’s one consumer or a large enterprise.

Tracking stats and having metrics is critical to any successful mobile / app business these days. Some of the reasons are highlighted in the panel on the left. However the other aspect to the “touchy feely” approach is that by engaging with real customers, so much can be learned about things such as what they like and don’t like, and more importantly what they want to see in the roadmap.

So, in this world of mass downloads and consumerization, there is still a vital place for keeping in touch with customers and monitoring what they are doing. Fortunately, SaaS and other technologies have made it easier than ever, irrespective of whether they are consumers, prosumers, or enterprises – they all count.

Widelity has made a fine art out of engaging with customers and tracking every possible metric, which has transformed the business both in terms of application stickiness and predicting where to go next with new product development. Read a more detailed paper on our metrics and how to harness them [here](#).

5. “Watch out, the brands are coming”

There was a time when the mobile solutions market was full of unknown companies. Then the big ISVs such as SAP and Salesforce.com entered the fray. However, if you look at who is missing, it is the big brands. For consumers, 2010 is the year when their favourite brands will launch mobile apps, but to a large extent they will be isolated islands of individual apps. For example, Verizon’s Disney Mobile Magic app only does one thing. For business users, the apps they identify with on a daily basis are just entering the market, e.g. Air Canada’s flight management app, but again that’s all it does – one thing. Within a year or two, every major brand will have “apps” aimed at engaging with their users. eMarketer’s new report ** says that 64.8% of brands plan to invest in a mobile app strategy in 2010. The opportunity ahead is to address the fact that no user wants 30+ apps on their device, none of which are connected to each other and all of which they have to download, manage, and update separately. See the panel on the left for some suggestions.

Furthermore, app developers that already have a presence can make more money by leveraging this with the big brands, by offering them reach + advertising opportunities, plus access to their know-how in this new market.



6. “To get above the noise, get under the hood.”

Terry Hughes, Widelity’s Head of Market Development, recently wrote a paper on how RIM’s Super Apps initiative presents developers with a superb opportunity to get above the noise by going deep into the handset platform and by developing compelling sticky applications that users love, and therefore, apps that RIM and the carriers will love. Here is a summary of the key recommendations;

- # develop apps that integrate with other apps, the native apps, and social networks. In other words, avoid having an isolated app, make it connect to add more value and stickiness into it
- # develop in a sophisticated manner, such that the app runs in the background and does a lot of the work without user intervention, but engineer it in a way that doesn’t slow down the phone or use excessive network bandwidth
- # focus on apps that engage with the customer in a relevant, timely and contextual way, because the user will then continue use of the app, and tell others too
- # super apps are more likely to be adopted and recommended because they have been built and tested to more stringent criteria

For a full analysis of what the Super App program means to developers and end-users, along with four concrete recommendations for developers, please download the paper [here](#).

The key message, as we move towards Prosumerisation, is that “super apps” that are deep, and of a high quality, will resonate with consumers, prosumers, and enterprises. They will be willing to pay good money to cut through all the noise of over 200,000 apps to find the higher quality ones that improve their productivity.

Widelity has already embraced the Super Apps concept with great success, such that users of *momentem* perceive it to be a natural extension of their BlackBerry and a “must have” / “can’t live without it” app that they use all day every day. You can read more about Widelity’s approach in the aforementioned paper.

7. “To win the battle, don’t hide, be discovered”

As GigaOM identified in its 2009 report **, in a sea of mobile apps, cutting through the 200,000 or so apps to present the user with meaningful, useful, relevant and contextual recommendations is critical. A number of industry initiatives are underway, to transform the discoverability of mobile apps. They include;

“People just like you also bought these apps ...”

“Your colleagues and your extended social network recommended these apps to you ...”

“Type in your need or problem and we will recommend solutions”

“If you are a lawyer we recommend this bundle of apps and services”

“Based on your context (where you are, how you use the phone, which apps you have used in the past, etc.) we recommend these apps ...”

“Don’t buy from anonymous app stores, buy from a brand that you trust and interact with every day. We have chosen apps that match these brand values”



A few stats regarding being a featured app on BlackBerry App World

(Being a featured app means that RIM puts *momentem* on the featured app carousel for 7 days, greatly aiding discoverability)

- there is a 30x uplift in downloads
- as a featured app we get a peak sign-up rate of 6 new users per minute
- afterwards the number of downloads drops right back to the normal average, so there is no long term benefit of being featured, it needs to be done regularly to keep the numbers high
- the quality of customers during a Featured week is much lower because people aren't looking for a specific solution, they just try an app because it's featured by RIM
- the best quality customers, who willingly pay, are the ones that discover *momentem* via Google and come to the *momentem* website

Every company wishing to be successful in the app economy must have a discoverability strategy. If we assume that consumers, prosumers, and enterprise users will all discover apps via app stores (for the foreseeable future), tactics include getting featured by the app store, adding viral tell-a-friend capabilities into the app, generating industry buzz and awards, and doing PR outside of the app store to drive people to the store to find the app. Even abandoning the app store (because of the sheer number of apps there) could be considered, instead going for a direct-to-user approach via an online presence, Google Adwords, extensive PR, and using more conventional channels such as dealer sales teams to sell the apps.

Prosumerisation presents a unified opportunity to sell the same app to millions of potential users, whether they are consumers, prosumers or enterprise employees, but reaching them remains a huge challenge. As more focused vertical app stores start to appear (e.g. app stores specifically for business users) and as the carriers and OEMs start to pre-load the best-of-breed apps this will help, but the one thing that still has to change is to remove the randomness of someone stumbling across an app that he didn't know he needed because he didn't know it existed. This battle has yet to be won.

Widelity has been a featured app on BlackBerry App World several times, and also has a direct presence on the internet for people who search Google for a solution to their pain points and needs rather than browsing via app stores. *momentem* has been awarded Top 10 app status by many high profile publications. The *momentem* app also has a viral component where a user can share a call tag with the other party, and shortly the ability to post call tags on Twitter. These will dramatically increase the discoverability and buzz of the app. However discoverability remains a problem without a big PR budget.

8. "Forget 99.999%, it's Good Enough."

In the past, enterprises have rightly insisted on service availability of "the five nines". In Deloitte's 2010 Predictions ** they argue that the mission-critical uptime of previous systems is being replaced by more of a "good enough" approach where downtime can be mitigated by fallback systems. The example they give is that in the past the company was reliant on the landline telephone system, otherwise they couldn't take orders from clients. Now, if the standard telephone system fails there's VoIP, and if that fails there's cellular, and if that fails there's IM, email, and direct online ordering by customers.

So, we are seeing consumers, prosumers, and enterprises more willing than ever to accept the same level of availability of a system. And, more importantly, they aren't insisting that an app does everything that they need just the way they need it, they are happier to accept compromises, knowing that a) it's an off-the-shelf system that meets most of their needs, and b) the developer will improve it over time.



For developers and solution providers, a key part of the strategy is knowing when “good enough” has been reached, rather than spending huge amounts of money striving for “five nines” for a mobile app / solution that doesn’t warrant it. The companies that embrace a realistic approach to delivering an acceptable level of service at a reasonable price point, with good support, and in a timely manner, with a scalable system that is not unwieldy to manage, will be the winners, and enterprises won’t have a problem with it either.

***momentem* is a completely standalone app+service, and Widelity doesn’t customize it for anyone apart from major partners, so it’s a take-it-or-leave approach ... and it works. People are always keen to ask for changes because they can, but when they realise they can’t, they don’t! Users find great utility in how it works, they accept it’s a mass market lower price point solution, and they work around the things they don’t quite like. Users are up and running with an ROI in 9 minutes, not 9 months. Users can test that out by sending a blank email to 9minutes@widelity.com**

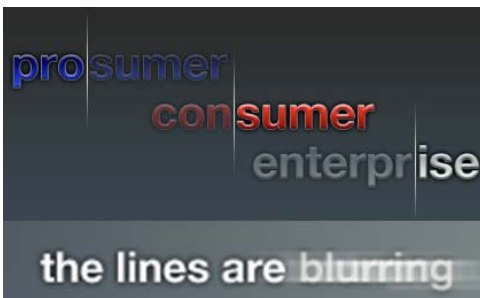
9. “Prosumerisation = socialization”

In the past, an enterprise user with a mobile app would only use it for one function and would only communicate through it to other people in the organization. Consumers and prosumers would only communicate with people in their address books, typically. Now, building on all the themes in this paper, there is an opportunity for mass socialization of people, their data, and their context, for the greater good. Right now enterprises are up in arms about this because the last thing they want is for their users to be connecting to the social web during office hours, and sharing data with “strangers”. However, if those users could get business benefit from doing that (e.g. finding out if anyone knows the answer to a tough problem, or asking who knows a tough-to-reach sales prospect, or finding a recommended hotel during a trip) the barriers might start to come down. Users within enterprises are demanding it too, as they are avid users of web 2.0 services such as Facebook and Twitter. So, providing it is done in a managed controlled manner, we will see consumers, prosumers and enterprise users all connected together, “crowdsourcing” by pooling their data and collaborating with like-minded people they have never met.

This will all happen because of intelligent contextual systems where the sea of data is categorized and only meaningful relevant hook-ups between people take place.

Widelity has already started on this path. The *momentem* service enables people to tag and categorize their mobile activities, and the *momentem* database contains millions of confidential tagged records. One day they will be used, in aggregate form, for data mining. And people will open them up and share them. For now, call tagging is just a good place to start getting people to categorize their world.

10. “The lines are being blurred by the handset manufacturers”



RIM and Apple are responsible (thankfully) for blurring the lines, such that there is far less distinction between a business user, a consumer and a prosumer, than there ever was. And why should anybody get hung up about it; with the ten trends outlined in this paper, the lines can now fade out and the opportunities can materialize. Let’s prosumerise™

