

# MOBILE COMMERCE LANDSCAPE

Michael Mullagh



MOBILE AND PAYMENTS  
ADVISOR

## MOBILE TRANSFORMING COMMERCE

The smart phone revolution is in the early stages of transforming the world of payments, retailing, shopping, consumer advertising and marketing. The smart phone is a fast cloud connected device with powerful applications and an HD quality screen. It is always with you. It knows where you are. In an instant it can access your purchase and search profiles. It will become the agent for true, dynamic, personalized, location driven, 1 to 1 marketing. This transformation began on the web as the mobile became another medium for ecommerce. Now the power of the smart phone is moving to the physical store. Mobile commerce opportunities abound, though questions and risks remain.

## OPPORTUNITIES

There are two separate, often confused, mobile payments/commerce categories: (1) The mobile as a payment/marketing device (as a substitute for cards/cash and conventional media); and (2) The mobile as a card acceptance device (mPOS) initially targeted at un-served segments (like micro merchants), now moving into the physical store through Tablets. While value propositions for merchants and consumers and competitive threats to conventional players are quite different in these two categories, opportunities abound across both for existing and emerging eco system players:

- Merchants can increase sales, reduce costs and increase loyalty through smart, personalized, real time offers and information, while people are shopping.
- Consumers value smart, relevant, location specific “opt in” offers - and unlike most card based merchants benefit from the ability to pay via mobile.
- On-Line giants (be they on line advertisers, payments providers or retailers) are using the mobile as a bridge to the Off-Line brick and mortar market, which is 10 -15 times larger than the On-Line market.
- Payment giants, issuing banks and the supporting payment infrastructure players are seeing more transactions and opportunities to differentiate.
- Mobile players see a large new stream of revenues from enabling/offering mcommerce services.
- Media/marketing companies can enable the ultimate in 1 to 1 “narrowcast” messaging and offers.
- Technology and service providers, both new and old, (POS, Devices, SW, Networks) see a large new field for new and enhanced products and platforms.
- The Investment community is seeing a new market with huge return potential and a raft of new players.

## RISKS

Despite significant efforts and investments by large on line, mobile, financial and technology players market adoption has been modest and risks remain. To ignite this market it is important for the players to understand and overcome root cause barriers and risk factors .

- A complex ecosystem is required to provide an end to end payment or mCommerce “whole product”. However eco system players in various funnels often have conflicting and overlapping roles and ambitions, and are not yet collaborating in the interest of their ultimate customers - merchants and consumers – resulting in fragmented and limited offerings.
- Conflicts are exacerbated by clashing views on “ownership” of customers and transaction data.
- Great uncertainty surrounds the choice of a standard interface between the POS and the payment device and potential players are alternatively pushing NFC, Bar Code, Phone Number Entry, pure Cloud solutions, and so on.
- This has resulted in a classic “ chicken and egg” problem – no one standard has emerged that merchants, device and service providers agree on, and consequently merchants are reluctant to upgrade their POS equipment and back office systems to an unknown standard and service and device providers must provision multiple alternative solutions with no scale economics.
- Merchant needs/technology adoption cycles and payment industry practices (in particular international security) are not fully understood by new on line and mobile players.

## CONSULTANT VALUE ADD

The consumer and merchant mcommerce value proposition is so strong that that these risk factors will be overcome. In the meantime players in these markets need a clear eyed , expert view on opportunities and on risk factors inevitability impacting the scope and timing of their returns.

Clients will benefit from: my domain expertise; my experience as a President/CEO/COO of two large MNO’s and three growth stage mobile companies; my strategic and operational experience; my analytical, financial and communication capabilities; and my extensive ecosystem and financing contacts .

[mmullagh@mnpadvisor.com](mailto:mmullagh@mnpadvisor.com)

[www.mnpadvisor.com](http://www.mnpadvisor.com)