

# Is Unified Text Messaging Here?

At issue: AT&T Wireless announced in late November that, with the services of InphoMatch, it would let its customers easily send text messages to people who were using other carriers' wireless plans. Typically, sending messages across carriers — when it's possible — involves complex addressing. Does AT&T's move mean that the other carriers will follow suit and open up a messaging tide for companies to take advantage of?

**GALEN SAYS:** No. I agree with Cahners In-Stat Group analyst Don Longueuil that the walled garden remains the preferred strategy. A carrier still has more to gain by pressuring people to sign up for its own services than by facilitating interactions between its customers and those of other carriers — especially because such facilitation would cost a carrier money. Carriers also don't want to share text-messaging revenue with others, and they don't want to have an extra-cost "roaming" service for intercarrier messaging, as that would alienate customers who wouldn't be sure if the intended recipient was a fellow customer or not.

I agree that the carriers' interest doesn't match the users', but I understand that for the carriers, messaging is not a big priority right now. Rolling out new data services and finding value-added, extra-cost services is.

You might argue that in Europe and other regions (including our neighbor Canada), message interoperability is considered normal and that it has facilitated a booming messaging environment on which companies are now trying to build businesses. But those areas typically share a common technology standard — GSM's Short Message Service (SMS) — so interoperability is easy and cheap. Not so in the U.S., where each carrier has a different messaging technology.

The U.S. has another burden: Americans email each other, and they've made instant messaging another part of the communications culture. We don't need text messaging like the email-deprived Europeans did. The Research in Motion BlackBerry is a great example. And people love it. Instant messaging in which the phone is simply another client to the familiar desktop technology will have the same success. Companies like America Online have already started setting up the necessary infrastructure for that.

When mobile messaging in the U.S. does come of age, it'll be because someone has figured out how to make cell phones and wireless PDAs clients to existing email systems — essentially, a standardized, Internet-like system that doesn't care what the client is or which carrier connects that client.

**MO SAYS:** Yes, it may not be in the carriers' short-term interests, but it's clear from Europe and Asia that messaging — whether email, SMS, instant messaging, or other format — will gain strong consumer adoption, and people won't put up with walled gardens on such a basic method of exchange. The sooner the carriers acknowledge this, the faster the market can blossom.

I think you underestimate the pressure that interoperability moves like AT&T's and the Canadian carriers' will create for the other carriers. People don't like being limited, and when AT&T Wireless customers start sending their friends text messages merely by entering their phone numbers — rather than the now-

required phone number plus carrier address — and those friends using other carriers find out they can't simply reply, that'll create demand that should force other carriers to follow suit. Remember, reducing churn is a big concern of the carriers, and messaging roadblocks could increase churn.

I'm also not convinced by your argument that Americans will choose email over text messaging. Certainly,

I won't contest the benefits of email access for enterprise users. But remember that wireless uptake is projected to significantly outpenetrate Internet uptake in the next few years. This means we'll have large numbers of mobile users who (1) may not have an email account, (2) may not want to go through the extra steps of accessing that account frequently while on the go, and (3) probably don't want to access a channel that's rampant with spam when they're paying to wade through it. For these users, text messaging presents a simple, always available option that, presumably, will be kept relatively spam-free by the carriers.

Finally, to your point on instant messaging: IM has been popular for quite a while, but there's little interoperability now among IM systems. Uniformity across IM systems in the mobile space certainly won't progress quickly enough for carriers and users to skip the step of text-messaging interoperability. ■

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