The Perspectives of Message–Based Service in Taiwan

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INTRODUCTION

The number of cellular phone subscribers has reached a total of 5.6 million in Taiwan (NCC, 2007). Meanwhile, Internet users have reached a total of 14.5 million and mobile Internet users have broken the record of 9.1 million in 2006 (NCC, 2007). The combination of information and telecommunication technologies has brought people a new communication method—cellular value-added services, which have become a lucrative business for telecommunication providers in Taiwan.

One result of the cellular value-added services presented to the public brought the information-based, messaging-based, and financial services into one kit; people can not only communicate through the cellular phones but also use them as versatile handsets. Do-CoMo, a famous Japanese telecommunication provider, has successfully cultivated the cellular value-added services. Its success can be explained with two reasons: one is content, and Web site providers are willing to share their technical support; and the other reason is the establishment of an automated payment system to assist the cash flow between providers and even beef up the whole industry by associating related business partners (Natsuno, 2001).

Comparing with DoCoMo's case, the telecommunication service providers in Taiwan have provided various cellular value-added services. However, the popularity of the service does not turn out to be as good as expected. We are wondering why. Telecommunication providers began to adjust the fee of short message service (SMS) down to 25% maximally since June 2004 in Taiwan. The idea of lowering fees is to stimulate the popularity of SMS usage. Would that bring a collateral effect to the providers of cellular value-added service positively or negatively? In response, this research will discuss the challenges facing Taiwanese cellular value-added service providers. Hinet, Taiwan Cellular Corporation (TCC), and Flyma online service providers have been chosen as research companies.

BACKGROUND

The great innovation of information technology (IT) has brought both cellular phone and Internet technology to reality. A high penetration rate of cellular phone subscribers and a great popularity of Internet users has completely changed communications between people. With these two new technologies, people can communicate with each other without concern about *when* and *where*. The created value of cellular value-added service has been considered a significant issue in this research.

According to the Marketing Intelligence Center, the cellular value-added service can be categorized as *message-based service, entertainment service, financial service,* or *information service*. Table 1 shows the categorization.

Figure 1 shows the amount of message and revenue of message-based service in Taiwan (NCC, 2007). This research focuses mainly on *message-based services* such as e-mail and multimedia service (MMS).

Table 1. The cellular value-added service categorization (From Marketing Intelligence Center, http://mic.iii.org.tw/index.asp)

Category	Description	Application
Message-based service	Providing users real time message services	Short message service (SMs), e-mail, multimedia service
Entertainment service	Providing users recreational services	Downloading hot pictures, music, and games
Financial service	Providing users services of financial issue	Mobile banking, mobile shopping, etc.
Information service	Providing users up-to-date information	Information on weather, news, sporting, mapping, etc.

Figure 2. Amount of message and revenue of message-based service in Taiwan
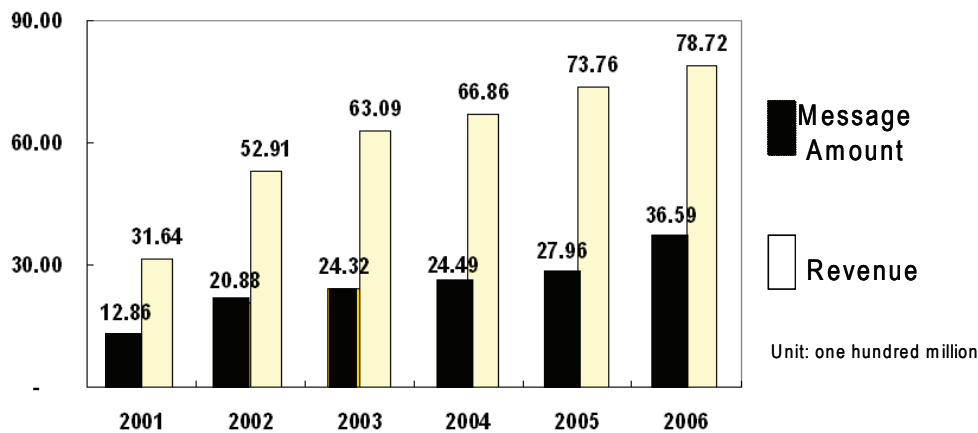
Three different types of cellular value-added service industries have been chosen as case studies including a system service provider (Taiwan Cellular Corporation), an Internet service provider (ISP) (Hinet), and a value-added service provider (Flyma). Taiwan Cellular Corporation (www.tcc.net.tw) is one of the biggest telecommunication providers in Taiwan. It specializes in network infrastructure, product offering, technology development, and customer services. The value-added services in TCC include SMS, MMS, entertainment, and so forth. HiNet (www.hinet.net) is Taiwan's largest ISP and has by far the largest number of users in Taiwan. Hinet's value added service includes voice over IP (VOIP), games, MMS, and so forth. Flyma (www. flyma.net) is a small enterprise company specializing in wireless value-added service such as MMS, e-mail, and so on.

The perspective analysis is based on the balanced scorecard (BSC) (Kaplan & Norton, 1992, 1993, 1996a, b, c, d). BSC has been used as a strategic management system and performance measurement. The balanced scorecard suggests that we view the organization from four perspectives and develop metrics, collect data, and analyze it relative to each of these perspectives: the learning and growth perspective, the business process perspective, the customer perspective, and the financial perspective. Figure 2 shows the customized BSC's four perspectives for cellular value-added service: *service charging, customer relationship, business partnership, and innovation and learning*.

PERSPECTIVE ANALYSIS

Base on the balanced scorecard's four fundamental perspectives, we customize the perspectives to be below four cellular value-added service perspectives:

1. **Service charging:** due to the company's internal financial confidential information, we focus mainly on the charging comprisal of SMS fee only.
2. **Customer relationship:** we focus on the customer segmentation of each case and the process of CRM.
3. **Business partnership:** we discuss the relationship between these related business partners.
4. **Innovation and learning:** we compare the program of human resource enhancement for each case.

Service Charging

The service charge consists of a MSN fee per cost, an estimated production fee, and an access fee. The access fee is the administration fee to the ISP provider. The access fee charge is 20% of MSN per cost minus production fee. In other words, only the value-added service provider, Flyma, needs to pay to the ISP provider whereas both Hinet and TCC are ISPs. Table 2 shows the MSN service charging structure.

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