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**Chapter VII**

**The Ecology of Mobile  
Commerce: Charting a  
Course for Success Using  
Value Chain Analysis**

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**ABSTRACT**

*The convergence of the Internet with wireless telecommunications has profound and pressing implications for enterprises ranging from long-distance carriers to record labels to automakers. The fast-growing ability of wireless devices to handle a wealth of data content as well as voice transmission is opening the door to the creation of new products, services, markets, and revenue streams. But in what prevailing form will mobile commerce—the still-nascent effort to assemble and monetize the wireless Internet—emerge? How will the vast potential variety of data-based content be created, aggregated, and profitably delivered to both individual and business customers? The essential tool for approaching these still-open questions is value chain analysis. A value chain is a map of the entire set of competencies, investments, and activities required to produce, deliver, maintain, and reap the proceeds from a product or service. The profits and competitive advantages of participation in a given value chain reside dynamically within the chain,*

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*pooling at the positions of greatest value. (The returns to the different forms of participation in a value chain, particularly one as complex as mobile commerce, are anything but equal.) This chapter presents and analyzes an extended model of the unfolding m-commerce value chain. The goal is to provide an effective tool for planning and executing relevant business decisions in the face of such complicating factors as technology migration, the absence of market data, and inescapable constraints on organizational resources. The analysis and recommendations are supported by data from a survey with wide participation conducted by the authors.*

## INTRODUCTION

How does a breakthrough technology, or a breakthrough combination of formerly separate technologies, become a viable business? What are the necessary conditions, competencies, and organizing mechanisms? Which enterprises are in the best positions to provide the various competencies and to organize the new business? How will the new business unfold?

Such are the questions posed by mobile commerce, the still-nascent effort to monetize the Internet's convergence with wireless telecommunications. Businesses ranging from telecom service providers to automakers are grappling with these questions, and are betting heavily on their answers. The purpose of this chapter is to present a tool for understanding the ecology of mobile commerce: the very dynamic relationships among all the elements that are required to make it work as a business. The tool is the value chain model.

In the pages that follow, we'll examine the multiple elements of the mobile commerce value chain. The specific technologies, investments, and competencies required to execute each element will be made clear, as will the relationships among the elements. We'll also describe the key approaches by which companies can create positions of strength within the value chain, including the use of different partnership structures to create integrated m-commerce products and services. Our goal is to impart an understanding of how to use the m-commerce value chain as an effective tool for planning and executing business initiatives in the face of a host of complicating factors, including technology migration, globalization, the absence of market data, and organizational resource constraints.

## DEFINING MOBILE COMMERCE

M-commerce is "simply" wireless electronic commerce. Just as e-commerce is a layer of applications on top of the Internet, m-commerce is a layer of

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