

Chapter 4.34

Buongiorno! MyAlert: Creating a Market to Develop a Mobile Business

Guillermo de Haro

Instituto De Empresa, Spain

José María García

Instituto De Empresa, Spain

ABSTRACT

In 1999 Jorge Mata, vice president of Broadvision and former expert in interactive solutions for Banco Santander and McKinsey, decided to leave everything to create MyAlert. The company was born on the basis of offering the same Internet services on the new and growing mobile devices. With a strong financial capitalization after raising more than 50 million euros during the bubble burst, in 4 years the company figures were in the black, and the journey had led to the creation of the European sector of mobile data services market and the European leader in that sector. As Charles Darwin emphasized, if a being wants to survive in a shifting environment, it must evolve at least as fast as the medium itself: Buongiorno! MyAlert ruled the change.

INTRODUCTION

This case helps to understand, through the history of Buongiorno! MyAlert (García & de Haro, 2003), how the mobile data services market works, who are the main players, and what are their business models, explaining clearly the *initial development of the mobile data services market* in Europe.

MyAlert was a pioneer in the sector. It was the first company to have the idea and to define a business model. It was the first to appear in the mobile services market, leveraging on its own technology platform. Also, it was the first in raising enough money to make this market grow on the basis of products and services development. Once the market was launched, the firm consolidated the business model by merging with Buongiorno.

Continuous design and development of products, applications, and business models was a key. As Nomura pointed out, “MyAlert is positioned to move into several areas of the value chain at low cost.” The flexible strategy of the company made it possible to lead a changing market, influenced by many major players. Value chain analysis and strategic diagnosis on the environment and its evolution is provided. Also product development and business models are explained.

Another key was the market-driven evolution of the offering, maintaining a close look at customers, competitors, and environment. Firm changed on a market basis, not on a technological basis, for example, focusing on SMS instead of WAP when it was “flavour of the month.”

Beginning from a “sweet spot” of the value chain with technology as their competitive advantage, by 2004 the company had evolved looking for new business, consolidating and looking for new markets.

THE COMPANY EVOLUTION

MyAlert

The idea was simple: to take advantage of the “alerts”—data messages sent through the mobile phone network—to create services like those being launched in the Internet. MyAlert started as a “portal of alerts”: users defined via the Web which information alerts they were interested in receiving via a text message delivered to their mobile phone. In the midst of the Internet boom in Spain and Europe, Jorge pioneered the extension into the mobile phone’s mailbox.

Jorge Mata, telecommunications engineer, MBA from New York University, 4 years at McKinsey & Co, VP at Banco Santander developing Internet and GSM banking solutions, and VP at Broadvision, had the idea. Time to market was critical: he gave up his job and also an important

stock-option plan and explained his vision to Peihong Chen, Broadvision’s founder. Chen decided to invest in the project. MyAlert was created in March 1999 with 500,000 euros capital.

Jorge recalled later, “That could seem a lot of money, but when you make strong expenditures in technology and staff, it runs away quickly. I got top engineers, we got an office and we tried to make the money last as much as we could . . . but in September 1999, we had nothing.” In October 1999 a new capital increase of 4 million euros was subscribed mainly by Banco Santander and BBVA. Jorge attracted qualified top talent, but the bulk of the recruits happened in the technology area, reaching 35 employees in 1999, most of them engineers devoted to developing the platform.

Market Launch

The first versions of MyAlert’s Internet portal were operational in July 1999 with services such as top headlines of the day or soccer match scores, based on data feeds provided by Europa Press, a leading Spanish news agency which also took a stake in the company. Due to agreements with other content and service providers the number of services increased: information about travel and services as innovative as an alert to remind you to quit smoking.

The company became the leader within that market segment and began to identify potential business services for the companies it was partnering with, starting to develop customized services for corporate customers. For instance, the recruitment consultant Adecco could contact candidates in record time by delivering them employment offer alerts in real time. Traffic in the portal increased hand in hand with product development, surpassing in less than a year 200,000 registered users without a substantial advertising expense.

MyAlert went for all European major markets replicating what was already working in Spain:

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