How Business Model Considerations Impact the Standardization Process

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What I’ll be Talking About
IT’S NOT ABOUT TECHNOLOGY
If you build it, they will come...

*(Field of Dreams)*

Really?
Tech wars are missing the point

REST vs SOAP
XML vs JSON vs url-encoded
OpenID vs OAuth vs Facebook Connect
Native vs HTML5
It’s not about **Technology**

It’s about supporting the **Business**
The Apps Market is big, and becoming bigger

• MarketsAndMarkets expects the global mobile applications market to be worth $25.0 billion in 2015 [1]

• IDC predicts app revenues will surpass $35 billion in 2014 [2]

• Canalys expects that app store revenue will reach $36.7 billion by 2015 [3]

• Gartner: Applications stores are creating a revenue opportunity that will reach $58 billion in 2014 [4]

  – Compare:
    • Weight-loss and health nutrition are a $60 billion industry
    • Gaming is a $60 billion industry
    • Coffee is a $60 billion industry

• Whatever number you want to use, it’s huge
APIs DRIVE THE GROWTH
Open APIs: Growth is accelerating

Total APIs over time
Open APIs: Growth is accelerating

Total APIs over time
Open APIs: Growth is accelerating

Total APIs over time

8 Years

18 Months
Open APIs: Growth is accelerating

Total APIs over time

0 500 1000 1500 2000 2500 3000 3500
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

8 Years
9 Months
18 Months
API Billionaires Club, 2011 edition

- Twitter: 13 billion API calls / day (May 2011)
- Netflix: 10 billion API calls / month (January 2011)
- Amazon Web Services: Over 260 billion objects stored in S3 (January 2011)
- NPR: 1.6 billion API-delivered stories / month (October 2010)
- Google: 5 billion API calls / day (April 2010)
- Facebook: 5 billion API calls / day (October 2009)
- eBay: 8 billion API calls / month (Q3 2009)
- Bing: 3 billion API calls / month (March 2009)
WALLED GARDEN DOESN’T WORK
BUT WHAT DOES?
API business models, circa 2005

- Free
- Developer Pays
- Developer Gets Paid
- Indirect
API business models evolve over time

**Favored Business Model (Developers)**

- **Share of end user revenues**: 55%
- **Upfront fees from Network Provider but receive low share of end user revenues (partnership/white label)**: 16%
- **In-application advertising**: 7%
- **Pay-per-use API and receive share of end user revenues**: 4%
- **Pay developer license fee and receive end user revenues**: 4%
- **Placement fees to Network Provider or platform "store" and receive end user revenues**: 4%
- **Other**: 11%

*Source: Secondary Research, Online Developer Survey June - July 2009, CSMG Analysis*
API business models 2011

- **Free**
  - Tiered
  - Pay as You Go

- **Developer Pays**
  - Unit-based
  - Freemium

- **Developer Gets Paid**
  - Ad Rev-Share
  - Affiliate

- **Indirect**
  - Internal ROI
  - Content Acquisition
  - SaaS
  - Traffic Generation

- **Recurring**
  - One-time
  - Recurring

- **Included**
  - Included

- **Upsell**
  - Upsell
How Business Model Considerations Impact the Standardization Process

**OMA** has a strategic focus on **API Standardization**

- Standardized APIs are necessary to help realize the tremendous growth potential for the Applications Market
- OMA API Standards play a key role in reducing fragmentation and Industry harmonization and collaboration
- “Availability of open API” and “Anyone can create applications” are 2 key points we learnt to emulate the success of Web2.0 in Telco environment

The **Stakeholders**

- Blend telecommunications with IT concepts and paradigms
- Listen to developers, **REALLY** listen to developers
  - Requires additional participants in standards, not just Operators and Telco Vendors
  - If developers don’t come to standards, seek other ways of getting their input
How Business Model Considerations Impact the Standardization Process

• Business models are increasingly complex and continue to change
  – Requires flexibility of the API standards to support this quick changing marketplace
• Technology needs to match or align with how people do business
  – REST is not about the protocol, but about matching the way business is done on the Web

• Abstract APIs with various protocol bindings
  – e.g. HTTP REST, SOAP/WSDL Web Services
• Anonymous Customer Reference (ACR)
  – Protecting subscriber identity towards 3rd parties, plugging security hole
• Delegated authorization
  – Attracting long tail niche – “on behalf of” business case supported by OMA OAuth Framework

Just some examples of how changes in the business model affect technology choices in API standards
References


OMA – Overview

More than 150 members from across the mobile value chain
• Founded June 2002
• Operators, terminal and software vendors, content and entertainment providers

Interoperable service enablers across multiple domains
• Architecture, Security, Charging and Network APIs
• Person-to-Person Communications
• Device Capabilities
• Access to Content
• Services Access Interface
• Service Customization

Current and Ongoing Technical Deliverables – more detail in presentation
• 44 service enablers delivered in 2010 with 80 planned for 2011
• Ongoing refinement of interoperability testing program with Test on Demand in Q3 2011
• API Framework—building on success of GSMA OneAPI and Parlay affiliation
• M2M Communications—enabling terminals as gateways and converged personal networks

New and improved organizational structures and efficiencies
• Fast track process for omitting or combining steps and deliverables in OMA Process
• Min Max procedure for an alternative path to traditional testing of every OMA enabler

Collaboration with other bodies—including WAC, GSMA, W3C & ETSI
• Reduce duplication and fragmentation
• New strategic program of liaisons with appointed Board level champions to other bodies
• OMA maintains formal cooperation agreements or frameworks with nearly 50 industry bodies
OMA – Organizational Structure

- Board
  - Board Finance
  - Technical Plenary
    - Release Planning and Management
    - Requirements
    - Architecture
    - Interoperability
  - Board Strategic Planning
    - Broadcast
    - Content Distribution
    - Device Management
  - Board External Lalason
    - Digital Rights Management
    - Location
    - Communications

Legend:
- Committee
- Horizontal Working Group
- Working Group
Highlights of OMA Service Enablers

Over 50 Candidate and Approved Enablers Published in the Last 18 Months

Candidate Enabler Releases

- OMA Device Management Smart Card V1_0
- OMA Lock and Wipe Management Object V1_0
- OMA Converged Address Book V1_0
- OMA XML Document Management V2_1
- OMA Secure Content Identification Mechanism V1_0
- OMA SIP Push V1_0
- OMA Location in SIP/IP Core V1_0
- OMA Secure User Plane Location V2_0
- OMA Mobile Search Framework V1_0
- OMA Mobile Codes V1_0
- OMA Mobile Advertising V1_0
- OMA Mobile Spam Reporting V1_0
- OMA Customized Multimedia Ringing 1.0
- OMA Presence Access Layer V 1.0
- OMA Mobile Spam Reporting V1.0
- OMA Application Layer Security Common Functions V1.1
- OMA Next Generation Service Interfaces V1.0
- OMA Digital Rights Management V2.2
- OMA Key Performance Indicators in OMA V1.0
- OMA Smart Card Web Server V1_2
- OMA Mobile SMIL V 1.0 (Reference Release)

A Candidate Enabler Release (CER) delivers an approved set of open technical specifications that can be implemented in products and solutions, and then tested for interoperability.

An Approved Enabler Release (AER) represents Candidate Enabler Releases that have gone through the Interoperability Program (IOP) of OMA. The IOP tests interoperability between different member company’s implementations—either within the OMA or through other means.
Highlights of OMA Service Enablers

Approved Enabler Releases

- OMA EFI V1.1
- OMA Browser Protocol Stack V1.2
- OMA Push V2.1
- OMA User Agent Profile V1.1
- OMA Rich-media Environment V1.0
- OMA Games Services Client/Server Interface V1.0
- OMA DownLoad Over The Air V2.0
- OMA Browsing V2.4 (enhancements ph 2)
- OMA Look and Feel Customization
- OMA On Board key Generation / Wireless Public Key Infrastructure V1.0
- OMA Device Management V1.2
- OMA Smart Card Web Server V1.1
- OMA Presence SIMPLE V1.1
- OMA Global Service Architecture V1.0 (Reference Release)
- OMA IMPS Implementation Guidelines V1.3 (Reference Release)

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More Information

• OMA Communications Contact
  Bobby Fraher, External Communications Manager
  bobby@agilis-communications.com

• 2011 Q2 OMA Quarterly Newsletter

• Full list of OMA Mobile Service Enablers

• OMA API Program
  http://www.openmobilealliance.org/API

• Interested in joining the OMA
  http://www.openmobilealliance.org/Membership/default.aspx