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Mobile Contactless Services

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Mobile communications have already transformed the way we live. Over the next few years, 'contactless' will create a new generation of mobile services.

What is mobile contactless?

From the card to the phone

'Contactless' technology is already deployed in hundreds of millions of cards worldwide – these cards work by being approached to a reader instead of being inserted. In the UK, such cards are used for public transport ticketing (e.g.. London's Oyster service), for accessing sporting stadia, giving employees secure access to company premises, and for payment starting from end 2007. The novelty lies in the integration of such technologies in the mobile phone (otherwise referred to as Near Field Communications or NFC).

Goodbye to cards and tickets

With NFC phones, simply bringing the phone close to a reader will allow customers instant access to a whole range of services – from paying for purchases and collecting loyalty points, to using public transport or accessing theatres, hotel rooms and even their own homes. The mobile will replace all one's cards, physical tickets or even keys.

Interacting with the physical world

In addition, mobile contactless phones will also be able to read information from electronic tags which can be installed very easily and practically everywhere. For example, advertising billboards equipped with such tags will make ads interactive: running your mobile past a movie poster might enable you to download and watch the film's trailer or book a cinema seat. In clothes shops, tags built into products will enable instant access to catalogue information and download promotional coupons automatically. Applications abound ; they are only limited by imagination.

A genuine breakthrough

Mobile contactless phones will not simply behave as existing cards and tickets, they will probably transform these services. The following gives a few examples.

Ticketing

In the field of ticketing, replacing physical paper tickets with mobile phones will allow users to purchase online and download these tickets onto their handsets for instant access. Time-consuming queues will be removed. However, the advantages will not stop there.

- As tickets can be bought online, prices will be adjustable practically in real time. City transport authorities may want to take advantage of that flexibility to price according to congestion or pollution levels. Theatres, hotel operators, etc. may want to implement more sophisticated 'yield management' techniques, similar to those that have become so crucial to airlines.
- It will become possible to bundle several tickets into a single offer. Tour operators may create mobile packages that combine museum entry, bus rides, cinema and restaurant deals in the same offer. Combine NFC with mobile location information and compelling new services can emerge: your phone will recommend nearby venues and you will buy direct online and receive your ticket instantly.

Financial services

With mobile contactless, people will be able to use their phones to pay in shops or online. In-built screens and memory will enable mobile handsets to provide a richer experience than plastic cards: users will be able to view recent transactions and manage budgets on the move. Some banks may go further still, by enhancing their branded payment applications to offer online banking type functions and thus create significant service differentiation.

Retail

In retail, mobile contactless technology will enhance loyalty schemes: -

- Loyalty 'cards' built into mobile phones will be superior to basic plastic alternatives by enabling consumers to check their reward points and order gifts directly online.
- Whilst the appearance of a plastic loyalty card is permanent, virtual mobile 'cards' can be customised to reflect the latest in-store promotions, or indeed co-marketing campaigns between the retailer and consumer brands.
- Electronic discount coupons will be faster and cheaper to distribute and easier to personalise. Cumbersome, traditional mail-shots will be replaced by rapid, highly-targeted electronic marketing.

Finally, mobile contactless may create new ways of shopping. One example might be ordering goods online before collecting them by simply swiping your mobile at a 'drive-in' warehouse. Alternatively, mobiles could be used to place orders by 'swiping' items in a shop (by tapping tags on goods and recording order information in the mobile). These would then be delivered to your home subsequently.

This is only the beginning...

In short, whilst the full impact of mobile contactless technology is still difficult to predict, it is certainly going to be considerable. The few examples indicated above merely scratch the surface of what we should see in the future. How quickly these new services appear will depend on how quickly consumers and industry move beyond the traditional 'plastic card and paper ticket' mindset and the speed of deployment of NFC handsets. Mobile contactless is just starting and it promises to be extremely exciting.

Where is Orange with NFC deployment?

Active deployments in Asia

Mobile contactless services have already been successfully deployed in South Korea and Japan. Over the last four years, the leading Japanese operator NTT DoCoMo has equipped 40% of its customers with contactless services and rolled out around 90 applications. The rest of the world is now actively preparing similar services.

Taking the lead in Europe

As early as 2005, Orange conducted several trials in France involving over 300 triallists and covering multiple applications: payment, loyalty, transport ticketing, sports ticketing and interactive advertising. These trials were rewarded with customer satisfaction rates between 87 and 94%, depending on the service. Building upon this success, Orange announced in June 2007 that commercial NFC roll-out would begin in 2008 in Bordeaux. In Bordeaux, Orange has partnered with several major service providers: Veolia for public transport; Clear Channel for interactive advertising; and Laser Cofinoga for payment and loyalty services.

Orange is also launching trials in the UK and Spain.

Other European mobile operators are also taking action in Germany, Austria, the Netherlands, etc. Over the next few years, mobile contactless services should become commonplace across the region.