

INTRODUCTION

The 3G / WLAN Debate:
*What is the impact of
WLAN on 3G business ?*

Global public and industry interest in Wireless LANs (WLANs) has exploded in the past year. Companies are deploying WLANs in offices and factories as replacements for wired LANs or to provide employees with un-tethered access to the corporate network. Universities and hospitals are also deploying WLANs. In some countries, public WLAN service

providers have launched fee-based WLAN services in public venues such as coffee shops, hotels, and airports. In the private sector, WLANs are being installed by consumers to create in-home networks, and in public spaces by community groups to provide free Internet access to citizens. The list of major (and start-up) telecommunications hardware and software manufacturers, as well as service providers, supporting WLAN grows almost daily.

All this has occurred despite the existence of competing standards, security and privacy concerns, and the cries of various WLAN critics. WLAN is a reality that needs to be considered in juxtaposition with 3G services.

Considerable debate in the wireless industry has recently been focused on the impact of public WLAN services on the forecast service provider revenues for 3G. One result of this debate is that a number of industry analysts have reduced their forecasts for 3G revenues due to their belief that public WLAN deployment will "cannibalise" potential 3G revenues.

It is UMTS Forum's belief that WLAN and 3G are generally complementary within a total mobile data services portfolio. Thus, the UMTS Forum has started a number of objective studies in this area. This is the first report targeting the business value of WLANs for public 3G operators.

WLAN provides nomadic (quasi-stationary) wireless access to the Internet / IP network. The UMTS Forum 3G service vision incorporates six service categories that provide connectivity to content and people through personalised, location-based services, integrating voice with multimedia. While mobile access to the Internet is an important element of that vision, it is only one portion of the much richer portfolio of capabilities that 3G can offer. The intent of this report is to clarify the underlying assumptions relating to one of the six service categories, namely Mobile Intranet/Extranet

Access and to examines the relationship between 3G and public WLAN operator in the context of revenue forecasts.

The Mobile Intranet/Extranet Access service category is specifically defined for workers on the move with a need to remotely access the corporate intranet or extranet as well as the public Internet, and is therefore related to business use of public WLAN services. For brevity this service category is referred to as the 'Mobile Intranet' service in this report.

Based on the analysis presented in this report, we conclude:

- Public WLAN could be a significant industry development.
- Public WLAN gives an opportunity to expand both overall market size and competitive position for data services
- Public WLAN service may be an additional source of competitive differentiation for 3G operators.