

Avoiding Bill Shock: Vodafone recognises new location technology

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Vodafone has got itself excited over a handset based location system for mobiles and has awarded the Australian company behind it, Seeker Wireless, its Innovation Partner of the Year 2008, award.



Seeker's location system can sit on any phone (so is not reliant on GPS) and while it isn't as accurate as the satellite-based system, it is far more accurate (6 - 8 times) than straight Cell ID which can only resolve location down to between 4-800 meters.

So another tool in the locker for location-based advertising? Well, perhaps.

But Vodafone seems to have more immediate goals. Like me, you may have wondered why the home zone concept, while launched and running apparently well in some territories, has never quite taken the world by storm like we thought it might back in the 1990s.

Home zone is the idea that a mobile operator could use cell location as a basis for offering cheaper calling within a nominated cell (where the subscriber's home was located). That way it could compete with the incumbent fixed line operator and win its customers' call revenues without cannibalising the lucrative mobility proposition at the heart of the business.

But it turned out that home zone technology didn't work. At least not accurately enough. And accuracy is really important if you send out large bills. In the broadband world, the need for accuracy becomes even more acute should users return to their femto cell equipped homes to do some web surfing through the evening only to be hit with a huge bill at the end of the month because the system didn't flip them over to the lower tariff.

Operators call this 'Bill Shock' and it tends to ruin that all-important customer experience. Severely bill-shocked customers tend to make a nuisance of themselves first and then leave the service.

The 'Bill Shock' works in the other direction as well - under the old systems which had only 90% accuracy, operators found they were experiencing big time revenue 'leakage' as subscribers discovered where they could make calls but still be on the home zone tariff.

The Seeker Wireless technology processes signals on-board the phone to accurately fix position to deliver a claimed 99.5 per cent accuracy reading thus reducing the leakage and bill shock problems.

Vodafone's award recognised the winner's willingness to collaborate at multiple levels to ensure Vodafone was able to effectively enter the fixed-line business with a purely mobile offering. Home zone might be making a come-back