

***Grupo Bakke
and the
Implementation of EMS***
CEMS 2312 E-Management
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Executive Summary

Project Name: *Grupo Bakke and the Implementation of EMS*

Decision to be Taken- the project team would like to convey the following:

- A complete and current picture of the Mexican mobile market
- The goals and business strategies of Grupo Bakke
- The obvious and apparent benefits of EMS implementation

In Charge: Jiahui Zhao

The Project: Grupo Bakke one of the leaders in the Mexican mobile market developed and implemented their Enterprise Messaging System (EMS) recently. EMS not only revolutionized the market it also created value within the company. Grupo Bakke continues as a mobile service provider by selling supplemental material via mobile telephones along with selling its EMS services to other companies.

Why This Project: In the new and exciting mobile telephone market there are many apparent opportunities for new entrants. Grupo Bakke is comparatively seasoned in the market and presents a twist to a new and still developing industry.

- EMS has added value both internally and externally. Firstly, all company services are facilitated through EMS. Secondly, through the new technology employees are able to keep up to date and in touch with company headquarters.
- EMS has greatly contributed to the market by facilitating the transfer of material via mobile telephones (i.e. graphics, ring tones, music, etc...).

Critical Path: The technology has been finally tuned within the company so to eliminate problems in the future. Implementation was both swift and necessary for the growth of both Grupo Bakke and the industry itself.

Opportunity/Risk: The opportunities are many as EMS has created a whole new industry and continues and will continue to open doors to future technology. The risks are fairly minimal, although unexpected and unlikely technical failure would create a huge loss for the company.

Recommendation: The project team highly recommends this new and innovative technology, not just as a gateway into the future of mobile telephone service providers but as an apparent link between company and employees.

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Methodology

Our general approach and methodology was perhaps slightly unorthodox, but this was to match the new and innovative subject matter detailed in our presentation. We explored the exciting world of mobile telephones and the EMS system that created both internal and external value for the Mexican company Grupo Bakke. One of our group members, Oscar Medina Duarte, has worked closely with Grupo Bakke and therefore was able to provide most of, if not all of our information. The technology, the implementation processes, and market statistics were all provided to us by Oscar with permission of Grupo Bakke. Any and all market statistics were also at our fingertips as they are provided to the company as one of the many benefits of EMS. Comparisons to common business and management practices were made from prior knowledge and statistics from the company.

Data Collection: We were able to collect our data via Oscar who has worked closely with Grupo Bakke in Mexico, the company was happy to answer all or of our questions.

Data Analysis: Information was then passed through the various group members and analyzed in correlation with prior knowledge of business practices and Mexican market statistics, which were also provided by Grupo Bakke. Most of the data was analyzed by the same approaches we have been taught in E-Management through our other group presentations.

Recommendation: We based our recommendation on the facts that were provided to us. In the case of Grupo Bakke the benefits of implementation were very apparent. The success and benefits were numerous and therefore we made our recommendation bases on the positives and negatives of EMS.

Mexico's Mobile Climate

Mexico has the second largest economy in Latin America with a growing population of 105 million. It is also going through a similarly fast growing stage in terms of mobile telecom content. This country has a very large young population, which are the main consumers of this product: there are over 25 million people between ages 12 and 24 currently living in Mexico with a mobile penetration of 32.5 percent, and the numbers continue to grow. There will be over 46 million mobile subscribers in Mexico by 2009, making the Mexican mobile market an innovative and interesting segment of Mexico's business culture.

This particular sector presented an income growth of 63%, between the first trimester of 2000 and the first of 2001, whereas the rest of the industry only increased 22% on average. From 1999 to 2000 the number of users increased by 89% thanks to the prepayment systems, the reduction of tariffs, the positive acceptance of the users, and the well-known modality "*El que llama paga*". The growth potential of the mobile industry in Mexico has been noticed by companies all over the world like Vodafone, which acquired almost one billion dollars from the participation of the Peralta family in *Iusacell*, and the Spanish company *Telefonica*, who paid more than one billion dollars to Motorola for the actions of CEDETEL and other related companies.

In Mexico, mobile telecom service is divided geographically into nine different regions within the country with tariffs that correspond to each individual region. These tariffs are all regulated by the Federal Commission of Telecommunications (COFETEL)

Thanks to GMS mobile technology users are able to send written messages, download games and ring tones, send or receive digital photographs, etc... These are the principal services requested by users, whereas using cell phones for wireless internet connection has not had the same success. The unexpected slow growth of wireless internet connections via mobile telephones is mainly attributed to the service's high price.

The costs of having a cell phone in Mexico of course varies depending on the company and the plan, but in general mobile services can be quite expensive compared to many other countries. However, it is only natural that the prices decrease as the industry becomes more and more competitive.

PRESENCIA DE TELEFONÍA MÓVIL POR EMPRESA Y REGIÓN

	PRESENCIA EN CADA REGIÓN						PENETRACIÓN		
	DIC 1995		DIC 2004				Usuarios X 100 Hab.		
	BANDA B	BANDA A	TELCEL BANDA B Y PCS	IUSACELL BANDA A Y PCS	TELEFONICA MOVILES BANDA A Y PCS	UNEFON PCS	DIC 1995	DIC 2004	
REGIÓN 1	TELCEL	BAJACEL	TELCEL	IUSACELL	TELEFONICA		1.2	51.7	REGIÓN 1
REGIÓN 2	TELCEL	MOVITEL	TELCEL		TELEFONICA		0.7	36.1	REGIÓN 2
REGIÓN 3	TELCEL	NORCEL	TELCEL		TELEFONICA	UNEFON	0.6	37.7	REGIÓN 3
REGIÓN 4	TELCEL	CEDETEL	TELCEL	IUSACELL	TELEFONICA	UNEFON	1.0	45.1	REGIÓN 4
REGIÓN 5	TELCEL	COMCEL	TELCEL	IUSACELL	TELEFONICA	UNEFON	0.6	37.2	REGIÓN 5
REGIÓN 6	TELCEL	PORTACEL	TELCEL	IUSACELL	TELEFONICA	UNEFON	0.4	29.2	REGIÓN 6
REGIÓN 7	TELCEL	TELECOM	TELCEL	IUSACELL	TELEFONICA	UNEFON	0.3	21.4	REGIÓN 7
REGIÓN 8	TELCEL	PORTATEL	TELCEL	IUSACELL	TELEFONICA	UNEFON	0.3	31.4	REGIÓN 8
REGIÓN 9	TELCEL	SOS COM.	TELCEL	IUSACELL	TELEFONICA	UNEFON	1.4	46.7	REGIÓN 9
							0.8	36.3	TOTAL

FUENTE: Dirección General de Tarifas e Integración Estadística, COFETEL.

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Rev. 00

Source : www.cofetel.gob.mx

The future of the Telecommunications Industry in Mexico looks quite hopeful despite the statistics at the worldwide level in which Mexico does not appear among the highest ranked countries. However, several factors must be taken into consideration, for example: Mexico's population of over 100 million people, large territorial extensions, devaluations, worldwide economic recessions and an extremely fast growing population have all been decisive factors in keeping Mexico out of the top ten places as it had been between 1961 and 1962.

The future of the mobile industry in Mexico is extremely bright as strides in efficiency are made every day by opening up lines of communication between services and communities by using information technology.

Grupo Bakke S.A. de C.V.

Evolution and Main Activities

Grupo Bakke was established in 2003 and it is a part of a large and competitive oligopoly. Inside this market Micel, one of three competitive brand names that falls under Grupo Bakke, has been among the top ten aggregate enterprises with an exclusive deal with Telcel. Grupo Bakke is currently well recognized inside the “aggregators’ community” and received an award for best management in 2005.

As a part of an integral development in 2004 Grupo Bakke began its *EMS* Project along with its Content Provider Project. It was at this time that many deals hosting short numbers from Telcel were made, likewise deals with other well recognized firms like Yellow Pages, Football Soccer Teams, content providers, and other aggregators were made.

Content Provider

Grupo Bakke is a unique content provider as it is able to digitalize content files on its own (music ring tones, graphics, etc...) but it also has exclusivity contracts in Latin America to provide certain top quality games for mobile telephones. They also have rights to music along with several other kinds of content. Even though the files and content are developed by Micel the company must still hold contracts and pay fees to the owners of the copyrighted material.

On the other hand there are several other companies that request Grupo Bakke’s services to either sell their own licensed content because they do not have their own backbone platform like EMS to support their own files, or franchise and sell Micel’s content. There are also several specialty companies that sell trivial information like polls or text based statistics via mobile telephones. These companies are also able to tap into Grupo Bakke’s EMS system and send their content through their messaging system.

Capital Structure

The firm is constituted by two types of stock. Stock type A, is fixed to the legal capital and stock type B, which was created to facilitate variable capital. It is constituted by stocks with a price of 50.00 pesos each, with 30,000 shares available.

The Role of EMS in Grupo Bakke

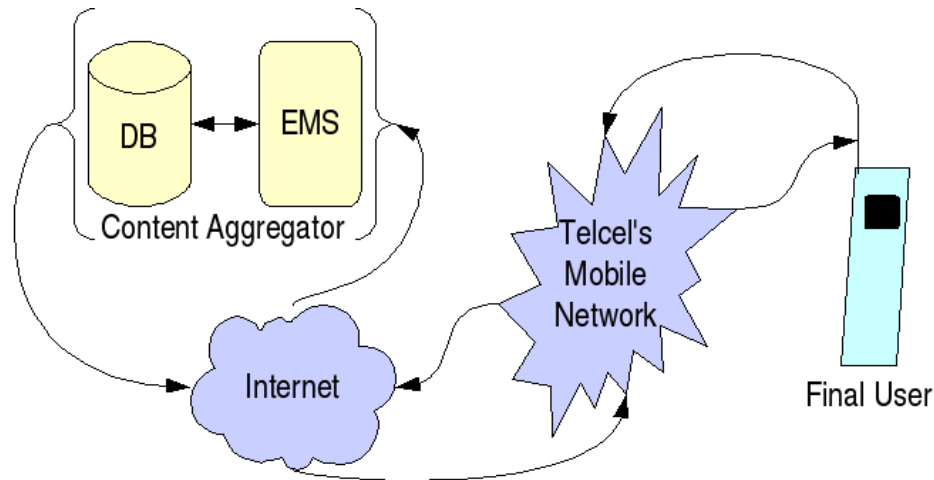
Part of Grupo Bakke's success is thanks to a very strong technology and engineering development team. From the beginning, Grupo Bakke decided to develop most of its technological platform by itself. One of the first and most important developments was Grupo Bakke's Enterprise Messaging System or *EMS* which is the platform Grupo Bakke uses to support its mobile content services. This platform gives Grupo Bakke an edge on the competition because they are capable of providing their customers with the following services through their own technological advancements:

- The updating and modification of content
- Up to date selling statistics of content
- A wide range of copyrighted content

EMS also provides the company with a huge amount of customer information and it is in this way that it truly adds internal value giving Grupo Bakke a competitive edge in the mobile phone industry:

- Enables the marketing department to measure the effectiveness of their campaigns
- Allows both the technical, marketing, and information design departments to measure the mistakes made by customers
- Allows the user support personnel to interact with the consumer's transactions to solve problems
- Identifies special customer behavior
- Facilitates the addition, modification, or deletion of content providers
- Instantaneous selling reports by time, keyword, category, kind of content, bytes transmitted or content provided (including taxes, shares and partner's revenues)
- Project tracking and administration per employee (cost in terms of man hours and money invested in a project)

EMS is the main software backbone infrastructure of the company but it is also one of the most specialized services that Grupo Bakke has to offer. Other big companies in the industry rent licenses to use the software in order to deploy their own company's SMS content or services.



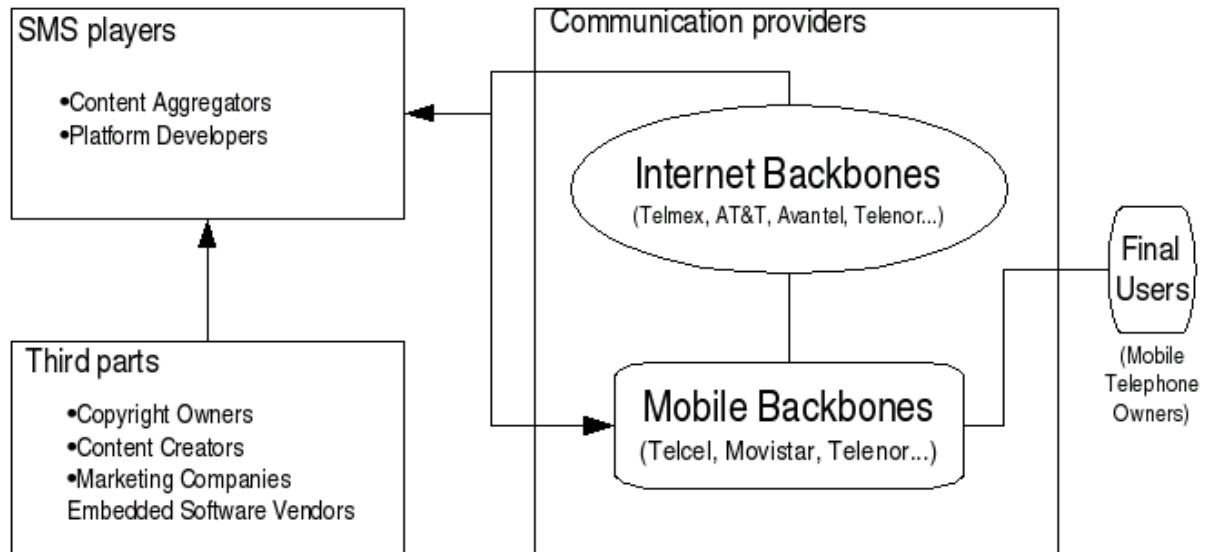
Content Aggregation

This is the process which allows the final user to have access to the actual content that Grupo Bakke offers. Once all the legal and technological aspects are worked out, the content is ready to be marketed and sold. The final user is able to choose content (i.e. info, graphics, or music) from a web page, magazine, flyer or some other media, send an SMS message to the content aggregator and receive the content instantly. The content aggregation system provided by EMS technology is what makes the process possible.

The below figure shows the content aggregator inside brackets, it will typically connect to the mobile network through the internet. When the client sends a message to the content aggregator, the message will travel through the mobile network via the internet until it reaches the content provider which could be in any part of the world. The far reach of the system is one of the biggest assets of EMS.

This is a very new market in Mexico therefore Grupo Bakke was able to appreciate a very fast growth on the demand and revenues of these new services because at the time the people adopted the new technology very quickly. This recent market opens a wide range of possibilities due to its constant change and constant adoption and search for new and innovative services and the creation of business opportunities through the usage and creation of SMS/WAP technology.

Value network for mobile services



Competitive Situation

Inside The Sector

Competition inside the sector is aggressive in terms of the differentiation in content and new kinds of content, in the attempt to offer the most attractive images, games etc... to clients. However, it is impossible to have a price battlefield due to the regulation of prices imposed by the telecomm companies.

New Comers

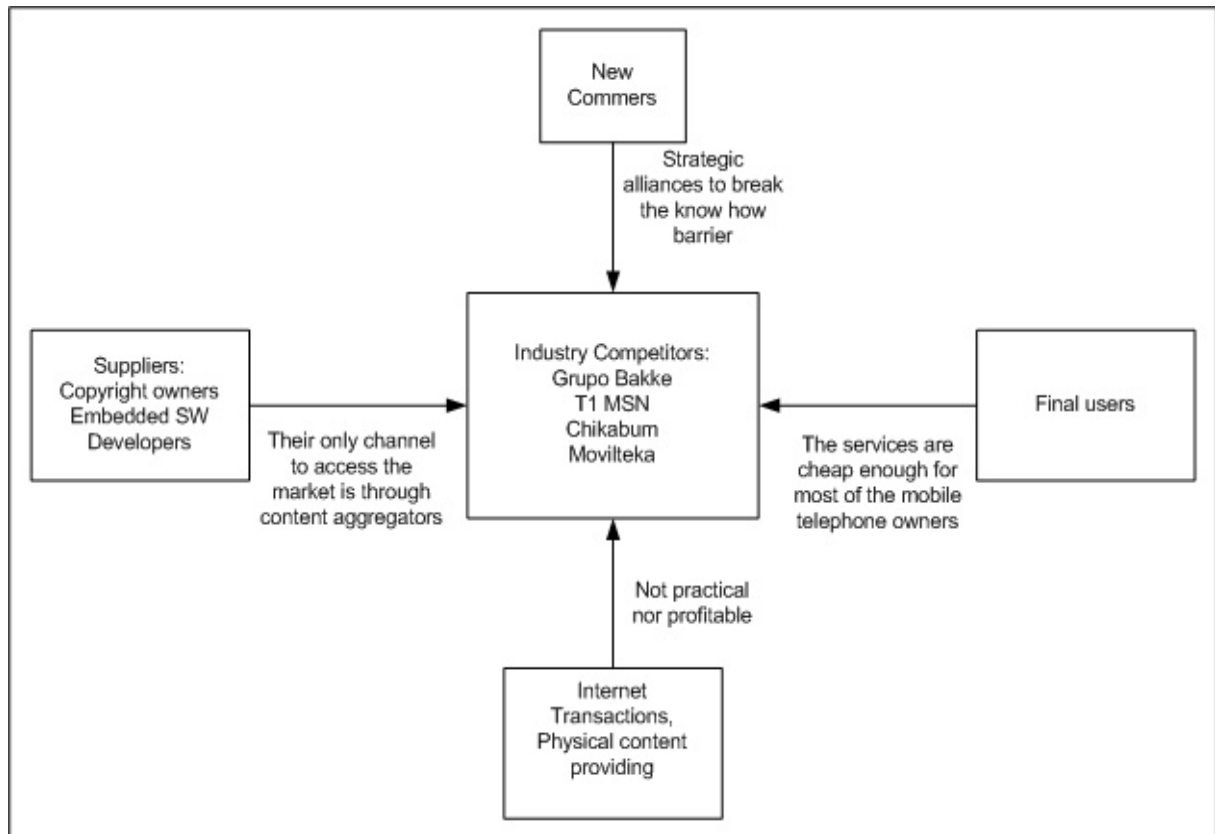
As this is a technologically intensive competition, it is usually much better for small or medium sized new comers to establish alliances with companies that are stable in the market to inherit their market and technological know how. This is a very fast changing market, so small errors make a big difference, this was made evident over the last few years as several medium sized companies have failed to continue in the market.

Suppliers

This is a major market for the owners of the copyrighted material and they have a portion of the power to model the market in the first place. For most of them the revenue is a percentage of the actual price of their product in the market, but this is not a market they know very well and most of them are not willing to take a chance and get replaced by cheaper competitors.

Final Users

The power of the final user in the scene is much more related to the ability to model the market through their consuming behaviour than price changing. That's mainly because the prices themselves are governed by the telecomm company (Telcel).



Activities within the Company

- *Content Selection :*

The output of this activity is a listing of the content to be added or eliminated from the advertisements based on real time statistics, market trends, and innovations this is closely related to the marketing, design, and legal activities.

- *Content Creation:*

Based on the results of statistic analysis of the sales behaviour and other market related tasks its output would be digitalized usable ring-tones, images, or other media.

- *EMS Development:*

There is a team in charge of the development and maintenance of the Enterprise Messaging System, this team is responsible for the technical availability of the current services, development of new services, optimization, and administration of the system.

- *Customer Support:*

Personnel in charge of the final user query's attention, they has contact with the actual customers handling any and all technical problems by guiding the costumers through the service.

- *Web development:*

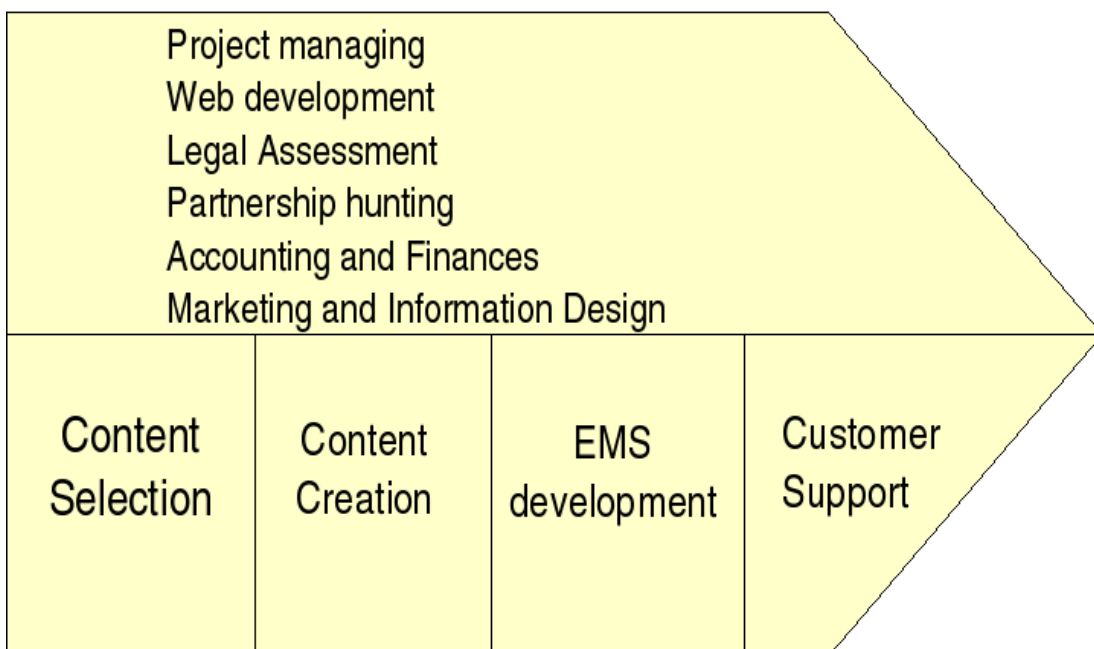
They are responsible for the up keep and functionality of the website and web based marketing.

- *Legal Team:*

They are in charge of reviewing any and all legal aspects of operations, from copyrights to creation, along with the creation of future contracts.

- *Partnerships:*

Is ant area conformed mainly by high directives of the company whose its main task is to look for and make alliances with other strong companies that are or want to be in the market, it works closely with the legal department.



The Technological Implications of EMS

The main objective of Grupo Bakke is to become the top seller from among the other content aggregators. So far the strategy has been mainly oriented to give the customer a nice buying experience, first by giving the best customer care service available in the sector (awarded in 2005), and secondly by offering exclusive content, that is, content that is different to the content of other companies, newer games, newer ring-tones, and better images. They also have put some effort into offering services that no other company is able to offer, like the yellow pages, instantly updated soccer statistics, and other information oriented services. The previously mentioned kinds of services are also intended to construct good business relations with as many well known and established companies and brand names.

EMS

Enterprise Messaging System is the name of the software platform developed at Grupo Bakke to fulfil the technical needs and requirements of the enterprise.

Architecture

The *Enterprise* in EMS refers to the architectural nature of the system, this word denotes that the software is highly distributable which means that if more computing power is required it would be very easy to split the same software into several different machines. Which recalls the other *Enterprise* characteristic, which is redundancy, this means that is possible to have several systems or several important parts of the system duplicated in different servers, this is useful in case of emergency: If the system fails, there is always a copy of itself that would take control as to avoid having down time. These characteristics are taken from a well known technology called Java2 Enterprise Edition (J2EE) and the J2EE implementation in use is called JBoss.

SMS Module

The SMS module of EMS is the part that actually connects to Telcel's headquarters via the Internet through which the mobile network is made available. This is also the part that handles the client's queries, that is given a certain SMS text query, certain content is sent back to the client in only one SMS message.

WAP Billing

Some of the more complex and modern services made available to costumers through WAP make use of the mobile Internet capabilities of handsets. However, there were many problems because connections were not yet completely reliable, and since the traditional way of billing was via prepaid mode it was not fair to the costumers. With WAP billing, there was only the ability to charge the costumer only when Bakke had received the acknowledgement of the delivered service. This means that if a service fails, it will be noticed, and the client will not be charged. Less than half of the companies support this billing method in Mexico.

Content Management

It is easy and fast to add and update content to EMS via the Web. This is especially useful since half of the personnel have a very high mobility. It is also important to encourage workers in the creative content areas to work remotely since that increases their creativity and encourages company's culture towards flexibility. This aspect is important to maintain because it is somewhat common to have very long work journeys just before a new or special product is going to the market.

Human Resources

The developers of both technology and content work without a daily schedule, so to motivate them and to pay fair salaries for their work, there is a module in which each worker writes down his or her activities of the day and the duration of such. The activities are classified per project and department, so that it is possible to measure the effort taken per project during the day, week, month, year, or other specified lapse of time. This is also very important because it motivates the personnel to be honest and transparent with the other members of the company. This works because there is not a very large amount of employees and it encourages communication with higher level personnel.

Data Mining

It is possible to have statistical information from any operation inside the system, which helps the specialists of different areas to diagnose and measure most operations of the company. For instance, the marketing department uses these characteristics to effectively measure the effectiveness of every advertisement that has been published, identifying the ones that are not being profitable. It helps them to find out upcoming trends for certain kinds of content. It's also possible to relate this information to the actual amount of effort invested per project.

Which is important for the project managers to measure the performance of the teams and the feasibility of each project through the time.

Third parties

There are other companies that use this system to serve their own content to sell information oriented products like soccer statistics or horoscopes. Companies which are too small to have their own EMS licences, use Grupo Bakke's system to deploy a similar product by themselves. These kinds of sub aggregators are signed on the system so that they can manage their own content given certain automatic restrictions. SMS services are very easy to acquire by these companies, as easy as going into a web page and deciding keywords and content for their content. For bigger companies it's possible to rent a more technical and efficient way to connect to EMS by using different computer techniques.

www.micel.com

Most final user costumers find Micel (an off shoot of Grupo Bakke) via magazines because the company has embarked on a very well oriented magazine campaign. So why would it be interesting to have a well developed web site, or even a web development strategy at all? Well, that's because the marketing function of the main website of Micel is oriented to partnership hunting activities. It is well known that executive personnel of big companies do not spend a lot of time reading gossip magazines, but they do search on the net, especially if they are interested in a company with strong technological approach. So the effort to maintain a fast, nice, and updated website is comparable of that of having a nice and updated curriculum vitae online. As would be expected the website reflects the company's main target market, main services, most updated information, all of the available content, and the most important of all, a very fast and friendly response.

SWOT Analysis of the ICT Innovations & Recommendations:

(Analysis based on the present)

1. Impact of EMS on the Supply Chain Macro Processes

(Brings visibility and control to the entire chain and improves flow and efficiency along with enabling new opportunities)

- Supplier Relationship Management (SRM): processes that focus on upstream interactions between the enterprise and its suppliers (Cross organisational integration)
 - Source: EMS qualifies suppliers and helps in supplier selection. A key goal is to analyse the popularity of the original contents from each supplier often revealing valuable market trends or areas for improvement. Hence impact for long-term supplier selection.
 - Buy: The buying process executes the actual payment to content suppliers based on the percentage of revenue of each unit sale to the end users. EMS automates the process and there is nearly no processing cost or time spent.
 - Design Collaboration: The goal of the process is to improve the attractiveness of contents through such ideas as the joint selection (with content suppliers) based on statistics of sales per category. Good collaboration at this stage can create huge value because both the content suppliers and Grupo Bakke contribute to avoid unilateral blindness.

- Internal Supply Chain Management (ISCM): Processes that focus on internal operations within the enterprise.
 - Demand planning: EMS can make up- to -date selling reports by time, keyword, category, kind of content, bytes transmitted or content provided. (Including taxes, shares and partner's revenues). This helps make instantaneous forecasting future customer demands. In addition it also helps manage demand and plan future promotions.
 - Supply planning: This process is closely linked to the Source and Design collaboration in the SRM.

- Customer Relationship Management (CRM): A definition: “Generating maximum value to the organisation by engineering the customer’s experience with the brand at every digital touch point”

Why CRM?

Pull factors: demand from customers for a one-two-one relationship

Push factors: pressure from peers, competitors –everyone else is doing it

- Marketing: As mentioned before, the strength of EMS is its statistical and analytical product profitability that creates customer profitability. It helps trace market development, make marketing decisions and later on enable the marketing department to measure the effectiveness of their campaigns.
- Call center are available round the clock. Grupo Bakke is connected to a company specialized in correcting errors through EMS. They move the user to a chatting system to send him or her, the correct answer.
- Sell: Nearly zero marginal cost with ‘unlimited’ capacity. Automatic payment by cell phones.

2. Roles of the web site www.micel.com on marketing

- Place to deliver services, focuses on attracting buyers: Inter Service Provider
 - Key success factor of this role is the added value of the services provided, the value may be classified into the following seven categories:

a. Novelty

Micel.com is an online market for digital content consumers in addition to the traditional magazine advertising, which used to be the only means of advertising for Micel.

b. Lock- in

Unfortunately, there seems to be not much lock-in effect created by Micel.com. The reasons are mainly that there are no customized designs to create one to one markets. But still, thanks to EMS, all the choices are unique compared to the competitors with the same prices, which makes repeated purchases frequent and consequently raises customer loyalty.

c. Complementarities

Bundle sales are not allowed in Mexico according to the Telcel, who now enjoy the monopoly situation in the Mexican telecom industry and had set regulation in the local market.

d. Effectiveness

Micel.com has helped create broader market access for the company because of the faster and more detailed mobile content research for customers.

e. Efficiency

Different from traditional products or services, there is no marginal cost per item sold in the sector of content aggregator. So enlarged market access has created increased revenue for the company.

f. Enhancement

On the web site, you can find all updated manuals with rich contents and technical assistance for new users who are not accustomed to this kind of mobile content services.

Since Micel is not only a B2C content provider aimed at the population, it is also a B2B content platform working with a Brazilian telecom company as a content supplier. The rich online contents have helped enhance the reputation of the company in the eyes of business partners (Ad referral).

- Point of attention: Cannibalization?

One risk of all click and mortar on-line services (we are talking of the unique marketing effect of micel.com, not the business model of the company) is so-called 'Cannibalism', as in the case of Delhaizewineworld.com, in which they cannibalise their own their initial market share. Micel.com has helped expand the additional market in which consumers prefer Internet ordering.

- Advertising support, focus on audience (potential customers for example) instead of only the customers and business partners

Key success factor of this role is the high traffic of visitor on the site, which is not really the case at present.

Recommendation: Why not build a free community (a third role after the Place to deliver and Advertising support) on the web site to increase user interface?

Since there is total transparency on prices and Micel has exclusive product design, a community will inevitably increase the traffic on the www.micel.com and create a network of information exchange.

Eg. Space on the homepage ranked by popularity encouraging off-line marketing

=> Created effects of 'Business ecology', which means broad community of firms and individuals that add value to a technology standard by supplying complementary assets to a core product (Linux)

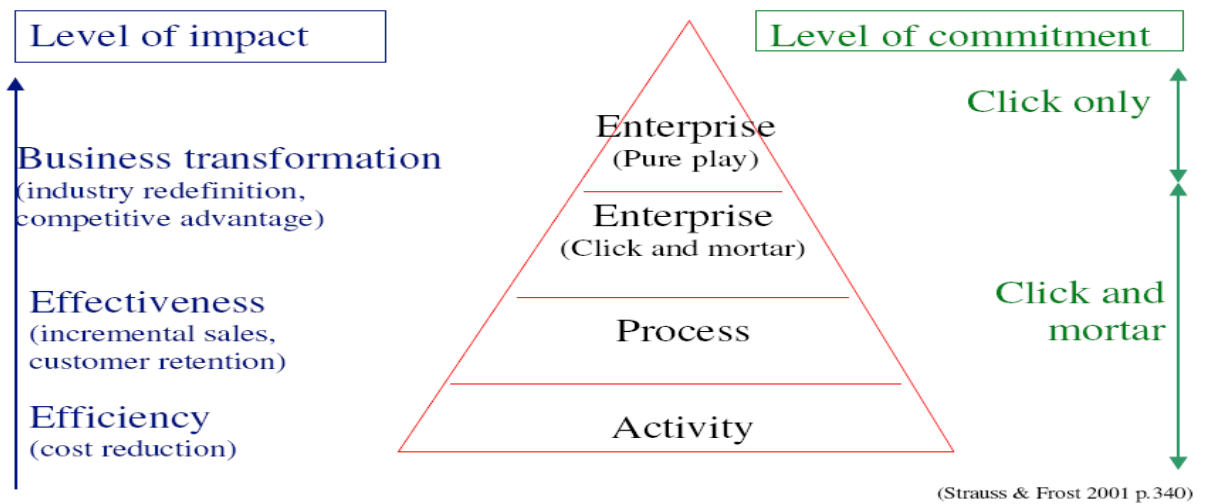
3. Innovative business model

What is the 'Business model'?

A business model refers to the core architecture of a firm, specifically how it deploys all relevant resources (not just those within its corporate boundaries) to create differentiated value for customers.

Depending on the nature of its services as a mobile content aggregator, Bakke is a pure click only company (by the internet or mobile). Different from the pure on-line vendors of digital products or the Click and Mortars, Bakke provides value –added contents by SMS or WAP exclusively to mobile end users.

LEVELS OF COMMITMENT TO E-BUSINESS



But what makes gives Grupo Bakke its competitive advantage?

According to Kraemel and Al, in markets with increasing returns, the competitive success factors are:

- Innovation- introduction of new products:
 - Micel is capable of developing its own content database through EMS. There are three impacts:
 - They distinguish their mobile contents by cannibalising their competitors, since the competitors are all outsourcing from the same few external content aggregators and hence competing with one another.
 - ⇒ Differentiation of services provided and hard imitation
 - They have their own redundant server park with fast and stable internet connections as well as power supplies. This means that they do not need to install their systems in the servers to the cellular phone operators such as Telcel to get access to their clients.
 - ⇒ Market access

- They are flexible in communication with cellular phone operators and can adopt their systems to use any communication system. That explains why they've outsourced their server park to a Brazilian mobile content provider, consequently becoming the largest Mexican B2B content aggregator.
 - ⇒ Economies of scale for Bakke
 - ⇒ Switching cost for B2B buyer because of 'two-side fees' as initial investment

Strong Brand?

Grupo Bakke has 3 brand names: Micel, Erocel and Chido Liro. The traditional ways of advertising are on magazines and free brochures. They don't launch advertisements on TV even though it's Mexico's dominant media because of financial concerns.

www.micel.com as a channel:

	Mass customers	Business partners
Contents		
Information channel	+++	++
Sales channel	+	++ eg. Brazilian cellular operator
Branding channel	+	+

Recommendation: A low investment in emotional e-branding could help leverage enormous effects.

According to the three elements of 3C strategies, customization refers to personalized experiences geared to individual tastes and preferences, which are revealed by continuous dialogue with customers. Also, customization empowers consumers to design and purchase the products for themselves according to their tastes and needs, since recent state of the art technology allows for diverse customization services that were considered impossible before.

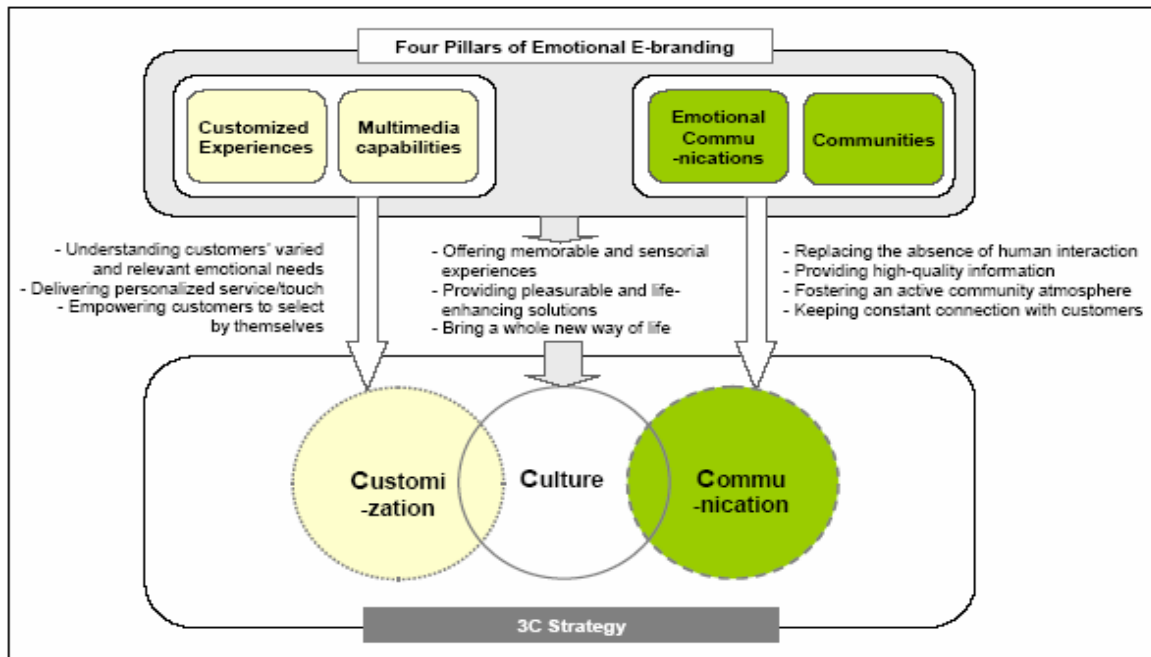
Secondly, communication has the potential for fostering an active community atmosphere and enables companies to create a rapport with customers through an emotional bond on the web.

This is a 'human factor' of the e era that could provide high quality insight information into consumer behavior. When the superiority of the vertically integrated industrial corporation was taken for granted it was assumed that most resources would be internal to the company. However, in this era we know firms can profit enormously from resources that don't belong to them. This is much more than what we call outsourcing today. Strategists need not only look at the integrated corporation as the starting point for creating value, but also start with customers' value proposition for value planning.

⇒ Combination of the Push & Pull strategies

(The conclusions above are consistent with the analysis in the 'Roles of the web site www.micel.com on marketing')

Finally, e branding enhances a customer's lifestyle by providing fun solutions and offering memorable and sensorial experiences.



A process of developing a '3 C Strategy' from four pillars of emotional e branding
Kim Yu Jin, Kwon Eun Sook

- Creation of business ecology (discussed before in 'Roles of the web site www.micel.com on marketing')
- Battle for talent and ideas

Future Analysis

Key question 1: How the mobile data industry might evolve in 5 or 10 years?

Currently, the mobile network operators generate a major part of their revenue from voice services and a very small part comes from data services such as SMS. Whereas some data services such as SMS have been growing rapidly, other experiments such as WAP have not found widespread customer acceptance. But in 5 or 10 years, it is anticipated that the gross revenues for voice services will remain stagnant and that the expansion of the mobile industry will be driven by mobile data. There is reasonably clear future of the movement, which will create opportunities for mobile data industry development.

Key question 2: What are the technological Revolutions in the mobile data industry in the past and the future & corresponding strategies of the Grupo Bakke?

Recent Past

SMS and WAP based services have made some important changes to the way people use their mobile telephones in Mexico, and it is also effecting the expectations of people towards their handsets. A few years ago people were only using their handsets to make phone calls, but it is more and more common to find people using their telephones to handle data only available on personal computers a few years ago. Acceptance from the people towards this new technology sets the perfect playground for companies to develop new and revolutionary services.

The last three years have been very prolific for content aggregation companies which apparently gave a false sense of confidence in many of today's defunct companies. That scene is not completely finished, some companies still exist today that are starting to look for protection from bigger companies. Grupo Bakke has adopted a position towards modelling the market by introducing new services or product innovations as soon as it is possible to try to dominate the market. The problem with this approach is that since there are very few opportunities to completely change the market's paradigms, it is not very hard for the competitors to catch up with new trends, and it hasn't been so hard to catch up with the competition when new services arrive.

Present and Future

Current mobile technology in Mexico is in what is known as 2.5G (Generation) which allows data transmission rates up to 70kbp/s, which is fast enough to download a medium sized game in less than 40 seconds which is good enough for current services. However continuing trends will eventually make technology like 3G and 3.5G which allow speeds as high as 10Mb/s which would easily allow real time video capabilities in a small handset. The up coming technology represents an interesting revolution in the kinds of services to come as well as in the market and costumer culture. For content aggregation companies to be able to adapt to these changes, it is very important to have a platform that permits modifications in an easy and structured way, which is the case for enterprise technology based applications.

In the case of creating big technological improvements only a small plug-in to extend EMS characteristics to support the new technology is required.

In terms of current technology Grupo Bakke intends to model the market by incrementing the variety of their services as much as possible in an attempt to make the other players follow the market they've created. Of course as it is a highly competitive market, when the competitors make a move Grupo Bakke makes a corresponding move.

There is another anticipated addition to the market, and it is related to the adaptation of major technology upgrading like moving to higher generations, such as 3G and 4G which is a mid to long term threat, as well as an opportunity. This is supposed to be an inevitable market revolution. In such a case, a time battle to gain the market would occur, and for that kind of change, Grupo Bakke's thrust is in the flexibility of their system and in their development team to gain the advantages by making the first move:

- Leadership in product and process technology
- Pre-emption of space such as product characteristics

But...

They should pay attention to the possibility of free-riders and information spill-over. In order to be a market leader they have to invest in the buyer education which is benefit them and their competitors as well. If they are successful, followers may copy from their example in the future. So they have to think of means to protect their intellectual property. If they fail, others can learn from their failure to find better solutions that might be locked in their initial investments.

So it is to be a win or lose decision and should be implemented with moderation.

In the meantime, it is always beneficial to harvest from the established market with services and other attributes that create a simplistic and convenient experience to serve the less-skilled customers before the old technology becomes totally obsolete.

Implementation Decision

In this very individual case the decision to implement this technology is obvious, Grupo Bakke needs EMS to survive both internally and externally. The system does not just provide an internal network structure it is also the company's number one way of transferring their service to the customer. Without EMS the company's internal structure would collapse, but more importantly Grupo Bakke would have no way of getting their services to the end user. This is why their situation is particularly unique, as the implemented technology is not only used to support the internal structure of the company by creating supply chain efficiency; it's also used as a vehicle for the product innovation to achieve niche market leadership. There are several different negative implications that are always present in the technological world, but Grupo Bakke has dealt with them to the best of their capabilities. Technology is always a risk, but it's often the risk that makes it profitable in the long run. With this new and innovative technology Grupo Bakke and Micel have been given a competitive edge on the market and with EMS they are able to control many aspects of the mobile telephone industry in Mexico. So, in this particular case implementation isn't just beneficial, it's necessary for the survival and growth of Grupo Bakke.

* As previously noted all information was received via Grupo Bakke with their consent through personal interviews and correspondences with members of the company. Additional information is referenced and sited within the document's body.