PASSWORD

ISSUE 5

JUST WHEN YOU THOUGHT IT WAS ALL OVER...

...M-COMMERCE IS BACK ON THE RADAR SCREEN

POLITICAL GAIN
AN MP'S SPIN PLUS BRUSSELS LAYS DOWN THE LAW

NEWS AND COMMENT
BLACKMAIL, SPIES AND PRIVATE EYES

contents issue 5

FEATURES

REGULARS

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JUST WHEN YOU THOUGHT IT WAS ALL OVER

NEVER IN THE FIELD OF HUMAN ENDEAVOUR HAS SO MUCH CONFUSION BEEN CREATED BY SO FEW PEOPLE IN ORDER TO CONFOUND SO MANY. YES, M-COMMERCE IS BACK ON THE RADAR SCREEN. WE OUTLINE THE LATEST DEVELOPMENTS AND TELL YOU WHAT YOU NEED TO KNOW *(see also PDA Report page 14 and Special Report page 18)*

When the concept of m-commerce entered the market place in late 2000 it was accompanied by a raft of great expectations and looked set to revolutionise the way we went about our daily work. However, as subsequent events revealed the gale of hype that hailed its appearance was little more than that – a lot of razzle and fizzle and very little substance. Unsurprisingly though the embers are sparking back into life and it's easy to see why; combining the depth of Internet resources with a mobile device still holds good.

This fact has led the telcos to venture, albeit cautiously, into the market again. The pain that they felt when the great WAP hope crashed to the canvas has subsided and marketing strategies have now been revealed. For example, the current blitz offering the ability to download music and image files to mobile phones is a first round bid to test the market. Expect to see business applications in the second round. Ally this to growing grassroots support for PDA and short-range wireless adoption and what you have is a slow building swell indicative of a resurgence of interest in m-commerce.

But while the pain of losing shed loads of money was considerable for the telcos, the pain of making sense of the conflicting voices from the m-commerce Tower of Babel was also a mighty headache for potential users. And never was this more obvious than when it came to security – an issue that still holds good today.

SHORT RANGE

The most immediate security area companies need to address today is in the local area network (LAN) or short range wireless arena given that employees are already going off and doing their own thing with PDAs and wireless networks. Recent figures published by industry analysts, Gartner Group, reveal that despite a slight dip in worldwide sales, PDA shipments are set to grow to 20 million next year, driven largely by individuals bringing them into the work place.

Similarly the use of wireless networks is booming. According to the latest figures, at least 5,000 wireless networks were being used in central London at the beginning of the year. But frighteningly only six per cent were security enabled.

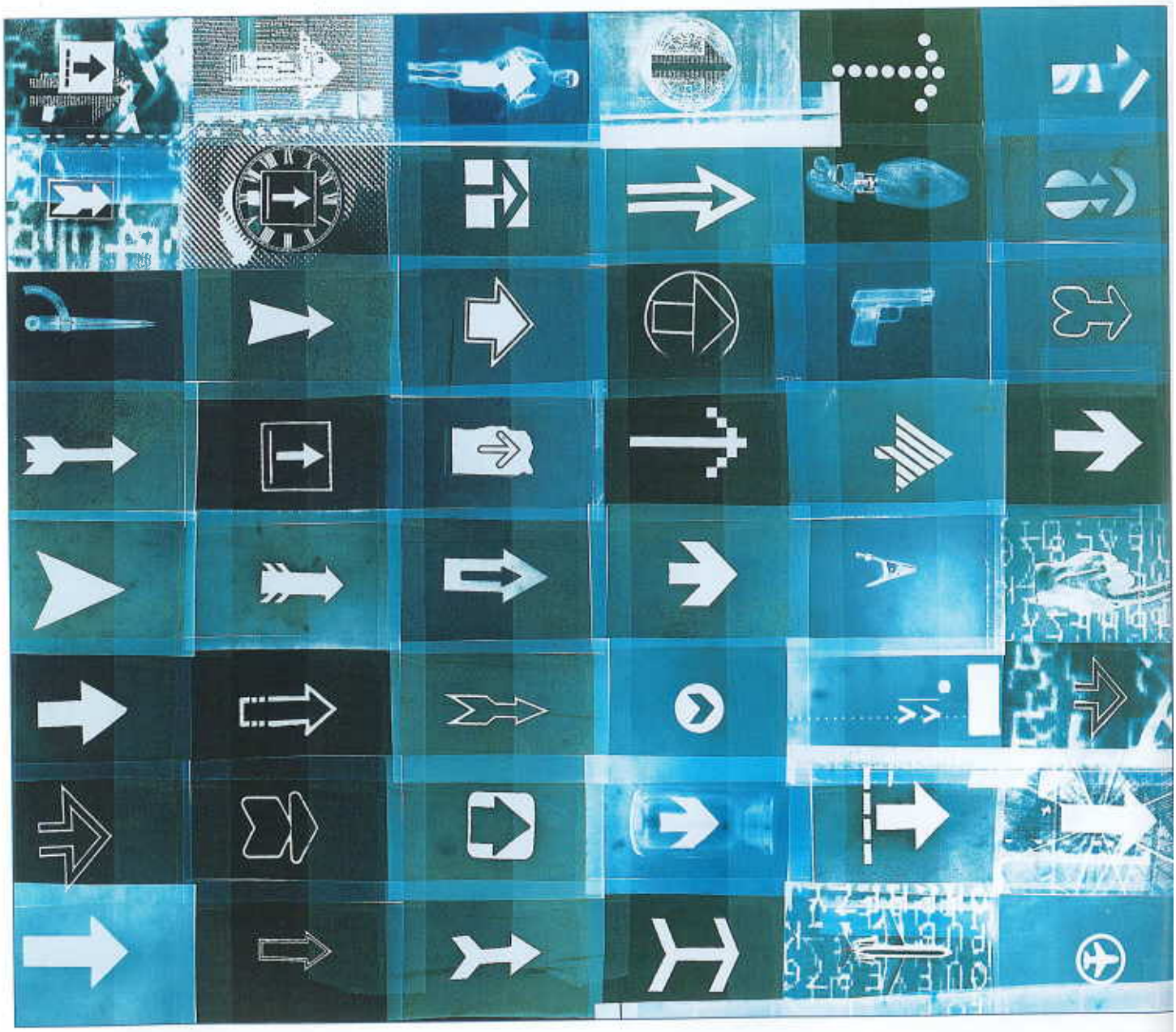
The security implications for this grassroots movement are significant. Given that employees can effectively download a database onto PDA's – which are now as powerful as PCs and laptops – and many are being hooked up to short-range wireless networks with no security features, a disaster is just waiting to happen. Consider this: a potential hacker can nip down to PC World and for little over a hundred pounds, buy the equipment needed to pluck data from wireless LANs.

One immediate solution is to ban the use of PDAs and short-range wireless networks. But this approach, in the face of current evidence, would require a King Canute mentality and would deny a business the ability to realise cost savings and capitalise on new business opportunities. A far more positive approach would be to, at least, consider framing a policy to outline PDA usage.

And the security needs are pressing. Recently a security standard called wired equivalent privacy (WEP) was being put forward for PDAs hooked into short-range wireless networks. However, hackers soon exposed its weaknesses with a program called AirSnort designed to sniff and capture data transmitted over the airwaves.

Integralis and other security experts are unanimous in their belief that an effective way to secure PDA connections is to use

"Watch out for bundling deals in which telcos whisper sweet nothings about taking 3G airtime alongside application deals"



virtual private network technology. In fact this technology is considered to be so secure that VPNs are widely expected to become the de facto standard on PDAs within the corporate environment.

LONG RANGE

Security for m-commerce over mobile phones comes down to a battle for standards. At the network security level organisations such as the European Telecommunications Standards Institute and the Internet Engineering Task Force are responsible for defining basic security mechanisms; industry standards that ensure fundamental device interoperability.

However, the real battle is taking place at the applications level and the two main players in this arena are Radicchio and the Mobey Forum. Both organisations are proposing different forms of security technology. Radicchio wants to see a common security infrastructure that mobile operators would invest in to secure data transfer, negating the need for separate security solutions.

Mobey Forum believes its dual chip solution is the key. This is based on a mobile phone that contains two SIM-sized cards, one issued by the mobile operator and one issued by a bank for example. The aim is to give customers the choice of using different cards to store private security keys. But there are other players out there too, such as Mobile Electronic Transaction Initiative (MeT), offering solutions based on technology built to accepted and pre-agreed standards.

Each technology has its advantages. For example, MeT is described as being useful for mobile purchasing and ticketing organisations and allowing an organisation to gain ideas about how to carry out mobile enabled business. It is described as being the most general initiative carrying the broadest range of general applications.

The Mobey Forum's initiative is described as ideal for use with third parties. For example, if employees use mobile devices as secure mobile payment terminals connected to short-range wireless networks on customer premises.

Radicchio, on the other hand, is not only considered to be less expensive, but could be used to open up business-to-business transactions with supply chain partners for example.

None of these proposed models has yet gained dominance in the market place and this is one of the reasons why the market seems so confusing as each one – and others – battle for attention. It is still too early to predict the outcome but it is not too early to adopt. However, adoption should, of course, be informed by business imperatives, that is, which standard will best suit your needs?

KEY POINTS WHEN CONSIDERING M-COMMERCE DEPLOYMENT

M-commerce devices are being differentiated by operating system and compatibility. This results in companies being locked into technologies and vendors and could lead to an organisation with outdated or incompatible technology. While the following points may pose headaches, considering them carefully will aid the technology decision-making process.

- How can you use m-commerce to increase revenues or reduce business costs?
- Who will your security experts be? Security should not be relegated to an afterthought, it's as equally important as return on investment.
- Do you go with existing bandwidth standards or delay implementation until 3G becomes widely available?
- What devices are most suitable for your needs and how will they integrate with current technologies?

SMOKE, MIRRORS AND CONTRACTS

When the telco operators shelled out enough quantities of money sufficient to write off a few Third World debts for third generation (3G) licences, £10 billion in the case of BT, they did so secure in the knowledge that the first world was about to go 3G crazy. Whoops.

You don't need a history lesson to know what happened, that is, it didn't happen. But Nick Jones, research director of industry analysts, Gartner Europe, reckons you do need to know that the operators are going to be hell bent on recouping their outlay and that means the end user is going to have to pay.

Jones has calculated the cost of the licence sales as being equivalent to about £3,400 for each 3G handset they are likely to sell. It's certainly bizarre economics, for sure, and the operators subsequent cries of 'foul play' to government have not gone unnoticed.