



# 3 CHEERS

*Thanks to 3, Hong Kong has entered a brand new era of video mobile communications.*

*By Mark Caldwell*



Adam Chan\* was the very first customer in Hong Kong to get his hands on a 3 video mobile phone. "I bought it so I could watch and listen to music," he said as he emerged beaming from the bustling 3Shop in Central.

Businessman Eric Wong was another early customer — in fact, he bought two video mobiles. "Now I can see my wife more," he said.

Wong spends long hours at the office or travelling abroad, and the video calling capabilities of his NEC 616s will keep him in visual touch not only with his wife but with his London-based daughter as well. "I am also looking forward to trying out the other functions, like being able to receive news and access voice, e-mail and faxmail while on the move," Wong added.

Carol Ng and two of her friends also joined the "early adopters". They bought six video mobiles between them and before long they were conducting video calls with each other at a coffee shop in Central.

Life in Hong Kong will never be the same.

Heralded by lion dancing and a carnival atmosphere, the 3 Service went live in Hong Kong on the sixth day of the Lunar New Year (January 27, 2004) — an auspicious date in the Chinese calendar. The event signalled the beginning of a new 3G (third-

generation) mobile communications era in a city famous for the eagerness of its citizens to be first to adopt new technology.

Mobile communications are already an integral part of the Hong Kong lifestyle. Second-generation (2G) penetration stands at over 100% with more mobile phones in the territory than there are people. 3 Hong Kong (3 HK) believes there will now be a steady migration by consumers to the faster and smarter 3 video mobile phones which deliver a far greater range of content and services.

Since opening their doors in January 2004 for pre-bookings, the distinctive 3Shops (see sidebar, p.17) have been inundated by a public eager to catch the first wave. Within days of the rollout in January, a growing band of early adopters could be spotted city-wide "surfing" content offerings and trying out the new video call applications.

## DISTINCTLY DIFFERENT

The launch was accompanied by an advertising blitz that saw billboards, TV and newspaper advertisements festooned with the slogan: "The difference is 3".

To succeed in this highly competitive marketplace, communicating to the public the difference between 3 and competing 2G services is indeed vital.

Empowered by the advanced 3G (UMTS) technology, 3 delivers a range of applications that 2G simply cannot match. While so-called 2.5G services have for some time been offering users the ability to take photographs and to send and receive them, 3 adds a visual dimension to mobile communications not seen in Hong Kong before. The most obvious difference between the new 3 service and those of incumbent operators is 3's ability to simultaneously make and receive live video calls.

Added to that, 3 provides a selection of streamed video content — ranging from news, financial updates and sport to music, games and fashion — that allows the user to truly enter the realm of moving pictures within the mobile environment.

Subscribers gain entry into a space that is altogether more useful, more diverse and more fun than the screen on their old 2G device. It's a space that entertains and informs, with the capacity to surprise, delight and entertain. It's the difference between looking at a picture on the wall and looking at the world through a window.

As never before, 3 creates the sensation of "being there" and "being with". Eye-to-eye video contact in real time is a delightful move up the communications ladder, allowing Grandma to see her new grandson

(\*Names have been changed to protect customers' privacy.)



as well as hear him gurgle — or enabling a buyer to view a property without actually being in it.

“The new era of video mobile communications has commenced,” says 3 HK Managing Director Agnes Nardi. “This is a revolution that people should try and use as soon as possible. It is becoming the new style of communications. We are talking about a new lifestyle. It’s fun and useful and compelling. In future, people will wonder how they lived without it.”

### IT TAKES 3 TO TANGO

As Metcalfe’s Law states: “The usefulness of the network increases with the number of people who use it.” Accordingly it is now vital for 3 to sign up as many customers as possible to drive the revolution.

By offering a rich selection of applications and services at affordable prices, 3 appeals to a wide range of niche-interest groups. With something extra for everybody, from home security to horse racing, more and more subscribers are finding that there’s something special that they want, motivating them to move to the next level.

In a March report in which he described a week of testing the new service with family and friends, Goldman Sachs analyst Mike Warren expressed the opinion that users only need one or two unique features in 3G to justify the migration from 2G.

“Our favourite applications were video calling and downloading English football video clips,” he said, adding “our first video calls with the family were an unforgettable experience and, importantly, the novelty factor has not worn off!”

Warren noted that he could easily see how downloading news clips could become

a way of life for commuters travelling to and from work. “At the end of the day, the same news is in the press, but video brings the stories to life,” he said.

### CLEVER INSIDE; EASY TO USE

With just a couple of clicks needed to navigate, it’s relatively simple to master the mechanics of the 3 video mobile phones.

The various functions can be divided into two general categories — “interactive communication” and “information & entertainment” (see sidebar, p.19).

Interactive communication covers person-to-person video calls, voice calls, and video messaging. With the capacity to switch seamlessly and automatically between 3G and 2G networks, users can stay in touch wherever they are — and the 3 service offers video and voice roaming capabilities in over 170 countries and regions.

Along with video links to Japan’s FOMA users, 3 provides international video calling in the six other markets where the brand currently operates. Subscribers can make and receive video calls while in Austria, Australia, Denmark, Italy, Sweden and the UK as well as access 3 Hong Kong’s 3Grid while in Austria, Denmark, Italy, Sweden and the UK.

Apart from videocall connectivity between 3 video mobile phones, users can also make eye contact by connecting to VJones (see sidebar, p.18) or via webcalls to camera-equipped PCs.

In the area of information and entertainment, 3 offers a wide range of easy-to-access content through specially designed portals and push-content features to enable customers to

watch updated clips easily and conveniently.

Pioneered by 3 HK, *TodayOn3* features an innovative “rolling portal” that allows users to easily see content offerings without the need to manually scroll up or down. If there’s something that catches their interest, they can get the full story with a couple of clicks. The success of *TodayOn3* in HK has led to its introduction in 3’s other markets worldwide.

For added convenience, *DailyExpress* delivers a variety of information and entertainment services in video throughout the day with scheduled and personalised alert services for selected information updates.

Customers can also personalise their preferences through *ExpressLink*, which provides quick access to the type of information and content they use most frequently by having it delivered directly to their video mobile phone screen.

Another innovative offering called *HomeWatch* provides a live video mobile service that allows customers to make visual contact with their home or office via an installed web camera. Similar technology is used to provide live scenes of traffic conditions in Hong Kong.

With a total of some two dozen communications and infotainment channels already on the 3 portal, the door has now been flung wide open for exciting new content and services offerings to emerge.

In March, 3 HK unveiled the 3 Developer Programme, designed to inspire and encourage the development of new 3G content and services. The introductory forum attracted some 300 industry players and content/application developers from the telecom sector.



## COOL ON THE OUTSIDE, HOT ON THE INSIDE

When customers visit a 3 brand retail outlet, or 3Shop, they not only enter into an ultra-chic physical environment but are also invited to enter a new space that is only a few centimetres in size. The space in question is the screen on a 3 video mobile handset. It provides a window to an exciting world of communication, information and entertainment not seen before in Hong Kong.



The flagship 3Shop opened in Central on January 24 to much fanfare, followed by more 3Shops, 3Corners and several 3Service Centres across the territory. Within two months of the service rollout, 3 had extended its retail network to over 100 sales outlets, including all Orange shops as well as Fortress and CM Concept stores.

## FREE WITH 3

To celebrate its rollout in Hong Kong, 3 offered various incentives and attractive promotions to encourage people to sign up.

Unique to HK, a free limited-edition white gold diamond badge valued at over HK\$1,000 (approximately US\$128) was given to those who had pre-registered and then subscribed to the HK\$533 tariff plan or who purchased a pair of video mobile phones. This diamond badge fits neatly onto a video mobile phone and has a real sparkling diamond at its centre.

A special promotion from March 4 - 6 saw nine lucky taxi passengers receive a free video mobile phone and enjoy free 3 Services for three consecutive months.



One hundred "3 Cars" (taxis emblazoned with the 3 logo) were equipped with 3 video mobile phones. At 3.15pm during the promotion period, three of these would ring and passengers who answered hit the jackpot. Family and friends accompanying the lucky winners were awarded a HK\$500 coupon each towards the purchase of a 3 video mobile phone for themselves.

Meanwhile, the first 1,000 customers who purchased a Motorola A925 video mobile phone enjoyed a 50% discount.

Customers who traded in their old 2G phones for the brand new NEC 313 or NEC 616 enjoyed a discount of up to HK\$2,700.

Other attractive offers included free and additional text and multimedia content usage, free local video call minutes, discounts on international and roaming video and voice calls as well as data usage.



“The content portfolio will continue to be enriched,” Nardi confirms, “and all these services will continue to be provided in a very user-friendly manner.”

### PIONEERING TECHNOLOGY

Mobile communications technology has improved by leaps and bounds over the past few years and Hutchison Telecom (HK) has been at the forefront of introducing 1G analogue, 2G and 2.5G digital services in Hong Kong.

With the introduction of 3, Hutchison is again spearheading the advancement of mobile communications in the territory.

3G has a far greater bandwidth capacity than 2G to handle data, allowing greater volumes of information to be processed more quickly than by second-generation technologies.

The 3 HK network is comprised of over 1,200 3G radio base stations and is supplemented by the *Orange* GSM network.

“NEC is our supplier for both video mobile phones and the 3G radio network, and is also a shareholder in our 3 Hong Kong operations,” says Nardi. “Our 3 network provides full coverage in Hong Kong. In the last two years, our network team has done thousands of kilometres of testing.”

The global rollout of 3, starting in the UK and Italy in March 2003, has smoothed the way for 3 in Hong Kong. Technology development, content deals, brand building and handset procurement have all been done on an international basis, making it a lot easier than if 3 were starting from scratch.

Hutchison already enjoys 2G market leadership in Hong Kong with *Orange* and these customers will be a natural target to migrate to 3. But Nardi, who is in charge of both, is comfortable with the numbers.

“3G is the future,” she says. “We are the largest 2G operator in Hong Kong and have obtained 30% of the market share. We are looking to attract the other 70%. We have something that the other operators do not have. There are different market segments with different requirements and we now offer two very compelling propositions. There will be a transition period and we will facilitate the transition.”

Hong Kong consumers are well informed. Citing a recent survey, Nardi says 70% of those questioned knew something about 3G and 30% said they were willing to try it.

“We have also seen very positive signs among our first customers. About 95% of our subscribers have tried out our video call service and browse different content. This is

## 👁️ EYE CONTACT

**3** has joined forces with CK Communications and Hutchison Global Communications to provide video communications capabilities between 3 video mobile phones and *Vfone* devices in Hong Kong.

*Vfone* is a video phone that plugs into a broadband connection and utilises V<sup>2</sup>oIP technology.

The move represents a key milestone in video communications and is the first time in the world that a video phone has been successfully connected to a 3G video mobile phone.

Plans are in place to extend this pioneering connection between 3 and *Vfone* to other countries.

This will be particularly useful in countries where 3G networks do not yet exist. There will be no IDD charges involved when 3 users make video calls to overseas *Vfone* users.

3 users can also conduct remote surveillance through their *Vfone*, using *Vfone*'s Auto-Answer feature.



positive usage behaviour. Over time 3G will do well.”

There are four 3G licences holders in Hong Kong, but 3 is the first and, so far, the only service that is up and running.

“We have the early-mover advantage,” says Nardi. “We think our competitors are six to nine months behind. Furthermore, by being part of the Hutchison Group, which is rolling out 3G services on a global scale, we enjoy synergies and economies of scale that our competitors will find hard to match. We have the ability to source video mobile phones at good prices as well as draw on compelling international content such as English Premier League and UEFA football.”

### PUTTING IT ALL TOGETHER

As a brand, 3 brings together the latest network and video mobile communication technology and the best content — and delivers it to the public in an attractive and affordable package.

By being first in Hong Kong, 3 has been able to sign up a strong portfolio of content providers, which may leave late entrants struggling to compete.

In the build-up to the Hong Kong launch, 3 signed contracts with several leading content and service providers over and above an already impressive list of international content providers that were signed up earlier by 3's European and Australian operations.

3 HK has ensured it has enough video mobile phones to meet demand. At launch, 3 HK became the first operator in the world to deliver the stylish *NEC 616* video mobile phone. This was soon followed by the introduction of the affordable *NEC 313* for the mass market and the *Motorola A925*, aimed at the business sector. In April, 3 HK launched the compact *Motorola A835* for the incredible price of only HK\$498 (approximately US\$64) each. New models will follow, providing ever-greater choice for consumers.

Tariff plans are also highly competitive, ranging from HK\$123 to HK\$533 (approximately US\$16 to US\$68) per month to cater for different needs. Each plan provides a full range of services including voice minutes, video minutes, text messages, plus a bundle of multimedia content downloads and wireless data. The deal provides subscribers with easy entry to upgrade from their 2G or 2.5G mobiles, comparing favourably with the approximately HK\$2,000 they can expect to pay for a 2.5G camera phone and the HK\$200 tariff that the typical Hong Kong consumer spends per month.

With 3 up and running, Hong Kong has begun an exciting new journey down the mobile information highway. A significant number of early adopters have already entered the realm and the take-up rate is likely to accelerate into the 3G future. As the advertisement on the fleet of “3 Cars” says, it’s “full speed ahead”.



## ON THE MENU

“Content is king”, and 3 provides plenty of it. The service puts a rich selection of news and “infotainment” within convenient reach of everyone — anywhere, anytime.

Among the content providers, Reuters and Metro Radio deliver financial news, investment information, current affairs and interviews with top business leaders.

A partnership with pay-TV channel i-CABLE Communications provides 24-hour video mobile news reports and traffic updates. Subscribers to the 3 Service can also visit the “M-Site” to access i-CABLE’s soccer website ([www.isoccer18.com](http://www.isoccer18.com)). Thanks to deals signed earlier in the UK and Europe, fans in Hong Kong can also access English Premier League UEFA Champions League and Italian Football League Serie A action.

3 has also joined forces with TVB, the largest producer of Chinese-language television programming in Hong Kong. Under the deal, video clips of popular TV series, variety shows, celebrity interviews and news are available to 3 customers.

3 users can also watch Phoenix InfoNews for current affairs and financial information from Mainland China, Taiwan, Hong Kong and the world. The Yes TV Plus’ Soundtrack Channel meanwhile features the hottest music videos from the movies and television, movie news from Hollywood and interviews with the stars.

The services of 3 are classified into “Interactive Communications” and “Information and Entertainment”.

Here’s what’s on offer:

## INTERACTIVE COMMUNICATIONS

**VideoCall**

Speak face to face with friends, relatives and business associates in real time.

**WebCall**

Visually connect to anyone with a 3 video mobile phone, Vfone or camera-equipped PC with Internet link.

**Mail**

Send and receive multimedia messages while on the move and organise all your voicemail, e-mail, fax-mail and contacts.

**VoiceCall**

Local and international voice calls are crystal clear and easy to manage.

**VideoMessaging**

Create your own movie clip then send it instantly.

**M-Card**

Make someone’s day by sending them an M-card.

## INFORMATION &amp; ENTERTAINMENT

**News**

Breaking news from around the world from leading news providers in video, audio and text formats.

**Xtreme**

Video clips of snowboarding, surfing, motocross, skateboarding and more.

**Games**

A selection of exciting sports, shooting and adventure games.

**Finance**

Gather market intelligence from Asian, US and European stock markets 24 hours a day.

**Movie**

Find out what’s on the silver screen — with previews of the latest releases.

**M-Sites**

Direct connection to quality sites hosted by selected partners.

**Weather**

Keep tabs on the weather locally and globally.

**Music**

Stream and download full version music videos and original songs.

**3Express**

Personalise the profiles of *DailyExpress* and *ExpressLink*.

**Traffic**

Connect to cameras at key traffic points.

**Entertainment**

Highlights of TV dramas, showbiz and more.

**3Care**

An easy way to manage passwords, bill information and other key facts.

**HomeWatch**

Monitor your home or office via a security camera.

**Fashion**

Seasonal fashion-show videos from the most renowned brands.

**Download**

An entertaining selection of downloads, wallpaper and ringtones.

**Sport**

News and action from top sporting events.

**Playboy**

Access for over 18s to content from *Playboy* magazine.

**Dining**

A unique guide to Hong Kong’s best restaurants.

**Football**

Score updates plus video highlights from the UK, Europe and Asia.

**Sensation**

Asian adult content for over 18s.

**Comedy**

Enjoy a good chuckle over humorous video clips.