

Celltick: Creating passive users for cellular companies

Celltick Software Technologies, which is aware of cellular companies' problems in marketing applications to the public in general and the "cellular challenged" in particular, has found a non-invasive and non-aggravating solution: The information will appear on the screen as a kind of screen-saver.

Yanay Alfassy 20 Aug 01 14:45

There are many opinions about the future of cellular e-commerce, whether or not it is location-based. Every cellular company generates revenue from phone calls, but competitive pricing has eroded profits. The cellular companies are now looking for value-added services with high profitability. These profits do not have to be shared with other communications operators, which is what happens, for example, when cellular calls are transferred over Bezeq's infrastructure.

The detractors of the future of cellular applications as value-added services articulate a justifiable assertion - cellular technology does not enable these applications to be used in a user friendly way. Two-thirds of cellular telephone users can be termed "cellular challenged", and are only interested in using their mobile phones to talk.

The need to educate the silent majority, most of whom cannot even switch their phones from ring to vibrate, is the vital factor delaying the penetration and growth of cellular applications offered to the public. A major portion of the public is uninterested in additional applications and is incapable of using them.

An example of the high-potential services that are already being offered - and underutilized - are the SMS information services. To enable its customers to utilize SMS, the cellular operator provides a 35 digit number that the customer must memorize, and each time he wants a particular type of information (share prices, broadcast schedules, horoscopes, sports results, etc.), he has to type in the necessary code for the relevant SMS announcement. If the customer remembers the service's code, he gets the proper response from the service operator.

Obviously, this method has some disadvantages. First of all, the customer must actively initiate the service, and remember the telephone number and code of the service provider. Another drawback is that even if there is a large number of people interested in the SMS service, the cellular operator must expend huge sums to advertise the service, sums that sometimes greatly exceed the expected revenue from the value-added service.

Simultaneous service

One company interested in solving this problem is Israeli start-up Celltick Software Technologies. Celltick claims the best way to bring the "cellular challenged" into the circle of value-added services users is to convert them from active users to passive ones.

The start-up's revolutionary idea is to eliminate the need for the consumer to initiate the contact with the cellular operator and type 35 digits, in order to receive a service. The company does this by converting the cellular telephone's screen from a mere fixed picture into a kind of screen-saver that will constantly run the relevant information. The information does not appear as an invasive and annoying SMS message, nor does it beep or blink. It is simply there all the time, and is replaced every five seconds.

The moment the customer sees pertinent information on-screen, he presses the appropriate button and receives a full description, eliminating the need for him to remember telephone numbers or codes.

An example of the type of information appearing on the cellular telephone screen is, "Rose's Flower Shop will accept delivery orders for the next hour". At the press of a button, the screen will ask whether we want to place a call to Rose. If the answer is yes, a call will be placed.

Another example is an item indicating that Pink Floyd is reuniting and will tour Israel. If the customer wants additional details, a screen will pop up with a link to an authorized ticket office.

Celltick was founded by Uri Baron, Ronen Daniel and Ran and Yossi Wellingtonstein. The four founders contacted Jerusalem Venture Partners(JVP) in early 2000, and JVP introduced them to the CIR Group, owned by the de Benedetti family of Italy, from which Celltick raised \$3.5 million in seed capital. The company recently completed a \$10 million initial financing round, in which Elwin Capital Partners of Britain participated for the first time. Celltick CEO Yossi Wellingtonstein now operates according to the following wise epigram, "The best thing about the cellular phenomenon is that people began walking around with batteries in their pockets. Now that they carry electricity, it's possible to develop any electrical application we want."

Wellingtonstein claims that cellular operators find it hard to educate the market to use their services, delaying the launch of new applications. "A cellular operator runs an average of six ad campaigns a year. Each launch of a new application requires a new campaign, creating a bottleneck, because there's no more room to advertise other services," says Wellingtonstein.

Celltick's technology brings the service to all network users simultaneously. This is no trivial matter. The nature of cellular networks, like ordinary networks, is to provide simultaneous service to a limited number of users. If every user simultaneously decides to use the network, it collapses.

How can Celltick transmit information to every subscriber on the network? A cellular telephone constantly listens to the cellular network, and opens for reception every few seconds. Celltick broadcasts the information on the cellular telephones' monitoring channel frequency. In this way, Celltick delivers all the information it wants to everybody, including the cellular challenged among us, without wasting portions of the cellular spectrum.

Last year, Celltick installed its interactive mobile media solution with a number of European and Asia cellular networks. In June, the company began extensive tests with British Telecom Wireless, as a prelude to the system's full commercial launch.

Wellingtonstein comments on the company's business model, "Even our most conservative assumption states a mid-sized European cellular operator with 5 million subscribers can earn hundreds of millions of dollars a year. We'll sell one system to each operator for several million dollars, depending on the number of subscribers."

Name: Celltick Software Technologies

Founded: 2000

Founders: Uri Baron, Ronen Daniel and Ran and Yossi Wellingtonstein

Financing rounds: \$3.5 million seed; \$10 million first round

Ownership: Jerusalem Venture Partners, CIR Group, Elwin Capital Partners and private investors

Product: Streaming solutions for mobile networks

Website: www.celltick.com

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