



# ***Business White Paper***

## **Mobile Commerce**

### **Mobile Payment**

**15 July 2002**

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## INTRODUCTION

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### BACKGROUND

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A prime focus area in GFG Group's business model is the provision of business advisory services and systems supporting the financial services component of mobile commerce.

Working with both mobile services operators and financial institutions, GFG Group has contributed business advisory and systems and project implementation services to major mobile commerce initiatives around the Pacific Rim.

GFG mobile commerce expertise spans the following subject areas.

- ☑ Development of mobile commerce business models.
- ☑ Formulation of solution architectures to support the business models.
- ☑ Secure mobile commerce using payment card accounts.
- ☑ Transaction interchange between partners in the mobile commerce value chain.
- ☑ Clearing and settlement of financial transactions.
- ☑ Rating and tariffing mobile commerce services.
- ☑ Loyalty programs.
- ☑ Merchant aggregation services.

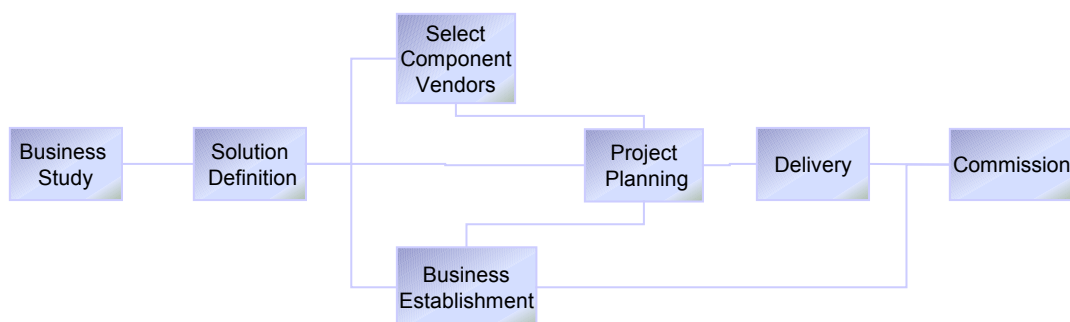
For further information on GFG Group mobile commerce capabilities, please visit our web site at [www.gfg-group.com](http://www.gfg-group.com)

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### PLANNING OVERVIEW

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The process to implement the mobile payment service (MPS) covers a number of strategic and tactical phases that address the business, consumer and technology issues associated with the deployment of a mobile commerce solution. The diagram below gives the flow at the high level.



Business planning covers the following phases.

- ☑ Business Study.
- ☑ Solution Definition.
- ☑ Vendor Selection.
- ☑ Business Establishment.
- ☑ Project Planning.

Signing off each of these phases also leads to the completion of the Delivery and Commissioning phases.

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## PROJECT DEFINITION AND DELIVERY

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### BUSINESS STUDY

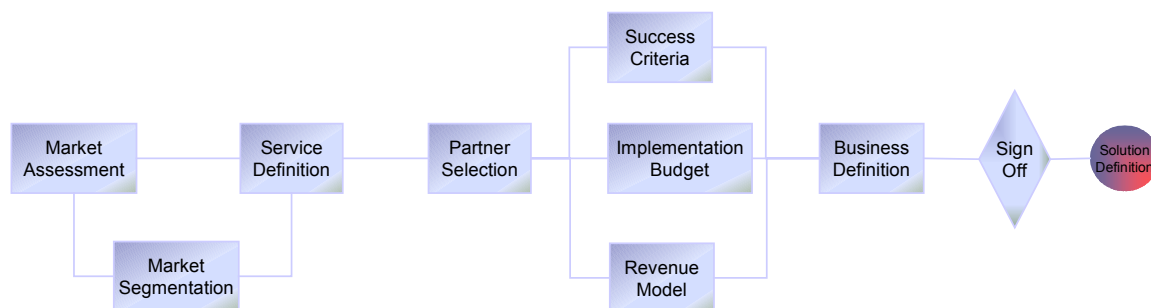
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The first and most critical phase is the business study. It provides the basis for defining the MPS and how it will be delivered to support the specific needs of the client and the selected network partners.

There are a number of options available to the client, therefore it is essential that the business criteria are clearly specified and understood.

The following are the deliverables from the business study.

- ☑ Primary and secondary market segments being targeted.
- ☑ Services to be delivered to the segments (broken down into transaction sets).
- ☑ Defining how the MPS will be integrated into the existing business processes and payment methods.
- ☑ Potential business alliances and network partners identified with their roles and responsibilities clearly defined.
- ☑ Clearly defined and articulated revenue model that will also disclose revenue sharing.
- ☑ Implementation budget including marketing, operating and capital expenditures.
- ☑ Success criteria clearly identified to underpin a successful MPS roll-out and business model.



The deliverables will be presented to the client in a business definition report. Acceptance of this report is a prerequisite for proceeding to the subsequent phases. It will also be the basis of future reviews of the MPS when the solution and business model have been implemented and in operation.

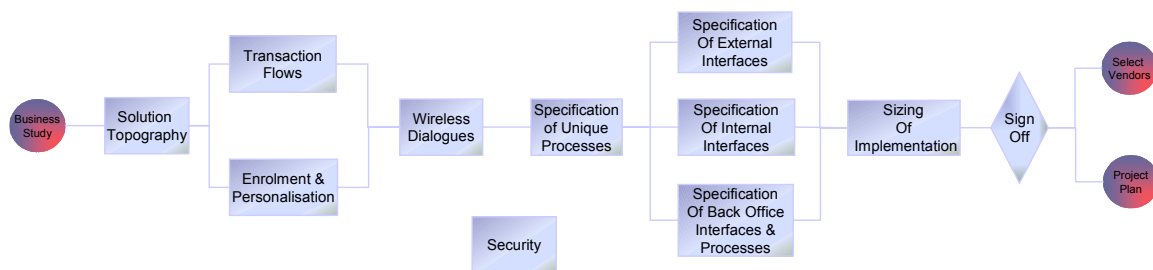
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## SOLUTION DEFINITION

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The Business Definition provides the framework to develop the Solution Definition or Solution Architecture. The scope of this exercise is to define the mobile commerce solution that will deliver the services specified in the definition. The key is to define:

- ☑ the transaction flows that must be supported
- ☑ the subscriber enrolment and personalisation processes
- ☑ the wireless device to subscriber dialogue, (subscriber interface)
- ☑ any unique processes required for handling particular transactions
- ☑ the integration requirements to other delivery channels (or processes)
- ☑ systems integration review, including requirements for the Payment Server, Wireless Application Delivery Platform, SIM card and pre/post-paid billing systems (Note: It is expected that the Client will either participate in or actually complete this section.)
- ☑ review the concept with the banking partner to establish potential for relationships, connectivity and cost/profit share
- ☑ the back office processes
- ☑ the back office interfaces
- ☑ the data security and subscriber verification processes
- ☑ the sizing of the total effort
- ☑ technical overview of the MPS solution.



The deliverables will be delivered in a Solution Definition report. This document will include a specification for the time and cost estimates for the delivery of the solution.

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## VENDOR SELECTION

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The Mobile Commerce solution is the integration of components with a level of enhancement to deliver the technology solution. The selection of the components will come from the Solution Definition.

The selection of the vendors will be based on the following.

- ☑ The match to functional requirements.
- ☑ Delivery time.
- ☑ Capacity to deliver if volume is a requirement, (especially for SIMs).
- ☑ Ease of integration with the other components.
- ☑ Implementation effect and cost of ownership, (support, maintenance, etc.).

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## BUSINESS ESTABLISHMENT

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For the participating organisations, mobile commerce will be a new venture. As with the technology there are likely to be multiple business partners, these partners may include

- ☑ one or more mobile operators
- ☑ one or more financial institutions
- ☑ a service provider
- ☑ one or more merchant aggregators.

The terms of the commercial arrangements between the business partners does not change the critical core tasks that need to be undertaken. Those tasks are as follows.

- ☑ The decisions on roles and responsibilities and the understanding of the ownership of the business entities.
  - Who owns the customer?
  - Who owns the merchant/content providers?
- ☑ The terms and conditions relating to the delivery of the service.
- ☑ A marketing plan that targets the promotion and distribution of the MPS service to the targeted market segments.
- ☑ Subscriber support structure(s) to overcome initial barriers to use.
- ☑ A business plan to build up the points of acceptance must be presented by the merchant or content provider.

These tasks form part of the client's key service offering and must be addressed by the client alone. The decisions made however, must be fed into the Business Plan.

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## PROJECT PLANNING

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Project Planning is considered to be a critical component as there is a need to co-ordinate the business establishment activities with vendor capability to deliver the Solution Definition.

The project plan must be signed off by all of the participants.

GFG has standard templates for project plans but (generally) they require heavy customisation to satisfy each situation.

GFG uses Microsoft Project.

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#### TIMETABLE

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A Business Planning assignment is expected to take 12 weeks, broken down into individual phases with minimal overlap as follows.

Note: the elapsed times are indicative.

Phase 1: Business Definition	
	Elapsed Time
<b>Market assessment</b> <b>Market segmentation</b> <b>Service definition</b> <b>Partner selection - financial institutions</b> <b>Partner selection - operations</b> <b>Success criteria</b> <b>Implementation budget</b> <b>Financial business model</b>	6 weeks

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Phase 2: Solution Definition	
	Elapsed Time
<b>Solution Topography</b> <b>Transaction Flows</b> <b>Enrolment and personalisation</b> <b>Wireless dialogues</b> <b>Unique process specification</b> <b>External interface specification</b> <b>Internal interface specification</b> <b>Sizing the implementation</b> <b>Security requirements</b>	5 weeks
Phase 3: Vendor Selection	
	Elapsed Time
<b>Functionality match</b> <b>Delivery time</b> <b>Capacity to deliver</b> <b>Cost to implement</b>	3 weeks

The specific consultants assigned to the project will be selected based on the final scope of work, project kick-off and availability of individuals. Resumes for preferred GFG people will be made available to the client in advance of their work commencement.

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## **SUGGESTED REPORT FORMAT**

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The output from the Business Plan will be encapsulated into a bound document that will contain the following specific deliverables.

### **1.0 SUMMARY OF RECOMMENDATIONS**

- 1.1 Scope of the Proposal
- 1.2 Recommendations
- 1.3 Investment Summary
- 1.4 Implementation Summary

### **2.0 BACKGROUND**

- 2.1 Objectives of the Report
- 2.2 Methodology Employed
- 2.3 Personnel Involved

### **3.0 BUSINESS CASE**

- 3.1 Strategic Issues
- 3.2 Market Assessment
- 3.3 Service Definitions
- 3.4 Success Criteria
- 3.5 Selection of Business Partners

### **4.0 PROPOSED SYSTEM**

- 4.1 Solution Architecture
- 4.2 Transaction Support
- 4.3 Functional Specification
- 4.4 Subscriber Interface
- 4.5 Security
- 4.6 External Interfaces
- 4.7 Internal Interfaces

### **5.0 VENDOR SELECTION**

- 5.1 Product Components
- 5.2 Selection Criteria
- 5.3 Vendors Capability Assessment
- 5.4 Selected Vendors

## **6.0**      **IMPLEMENTATION**

- 6.1 Project Plan
- 6.2 Resource Requirements
- 6.3 Internal Impact Statement

## **7.0**      **BUSINESS FINANCIALS AND RISK**

- 7.1 Financial Model
- 7.2 Risk Assessment

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## AUTHOR

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### AUTHOR: PETER GOLDFINCH

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Peter was one of the founding partners of GFG Group Ltd.

Since 1986 Peter has been working exclusively in the electronic payments segment of the finance industry. He has married his architectural and design expertise with a practical knowledge of the business.



Peter is a proven specialist in cards, (including ICC) EFTPOS, self-service banking (ATMs), electronic commerce and transaction switching.

During the last two years he has been extensively involved with mobile commerce. Peter's email address is:

[pgoldfinch@gfg-group.com](mailto:pgoldfinch@gfg-group.com)