

Gateway Opens A Torrent Of Text

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Australian businesses are finally getting the message on mobile communications.

We all take mobile phone text messages for granted these days, but Rohan Lean and business partner Ross Spearritt knew they were onto something big when they pioneered Australia's SMS communications gateway a decade ago under the MessageNet brand.

SMS, or short message service, was originally built in as a feature on mobile phones so mobile operators could update the phones configuration settings. Both working in the paging industry at the time, Lean and Spearritt had already developed back-end communications software so businesses could send out radio paging messages from their computers to people in the field. But when they came across the basic messaging feature that had become available on many mobiles, they immediately realised there was huge business potential to enhance it for text messaging.

"As soon as we saw SMS, we saw paging," says Lean. "We thought, this is just a pager in a phone and if people were going to carry around mobile phones, which obviously they were, why would they need to carry around a pager and a phone? We incorporated into our software the ability to send messages to pagers and to digital phones. There was no-one else around doing it, and we just saw the natural fit and migration from paging to SMS."

MessageNet established the electronic gateway to enable SMS messages in 1995, and quickly signed up Telstra as a client. Telstra rebranded the MessageNet SMS service as MobileNet Mail, which was supplied to its customer base, and very soon after Optus rebadged the MessageNet service as FleetPage. The service was also exported to British Telecom, which branded it as BT TextMessage.

In the late 1990s MessageNet won a tender from Optus to provide SMS information such as sports results, flight schedules, weather, horoscopes and other information to Optus's customer base. It ran the service for three years before Optus took it in-house.

Five billion SMS messages were sent in Australia in the year to December 31, with business volumes estimated to make up about 10-15 per cent of those. Industry estimates are that business usage will double this year, and keep doubling over the next few years as overall SMS volumes in Australia exceed 9 billion messages.

"All the hype about content over SMS that you see now was actually available many many years ago – we were years ahead of our time because we saw all of that happening," says Lean. "You used to be able to get stock quotes on your pager and to us it was no different, it was information via SMS."

MessageNet now operates under the FreeRein banner, which in addition to SMS provides a wide range of other mobile communications content such as multi-media services (MMS) and GPRS (general packet radio services), which allow users to access their back end business systems from hand-held devices.

FreeRein handles the SMS requirements for more than half of Australia's largest companies, which Lean says reflects the growing recognition by business that SMS text messaging can generate enormous cost savings.

"Generally, 30-40 per cent of corporate telecommunications costs come from calls made from landlines to mobile phones," says Lean. "Worse, about 50 per cent of mobile calls go through to voicemail, so when you add up all the costs of making a call and retrieving the message, it can potentially be very expensive. But sending a detailed SMS will only cost about 16 cents, so there are huge benefits."

Among FreeRein's 1,000-plus customers are Kodak, Coca-Cola and WesternPower, who use SMS to communicate with sales and service staff out in the field, and to automatically notify technical staff of system faults from their IT systems. Other big uses include co-ordinating drivers, for rostering external staff and contractors, sending out appointment confirmation and reminders and initiating escalation procedures for critical system outages.

FreeRein's revenue has increased 50 per cent in the past 12 months, and Lean expects 75 per cent to 100 per cent growth over the next 12 to 18 months. "That's purely because we expect more businesses to adopt SMS as a serious communications tool."

Lean says FreeRein is keen to expand offshore, and because its system is internet-based there's no reason why it can't be offered in any country. "The US market is pretty big but nowhere near as big as it's going to get. For us to set up a system is very easy."

How Organisations Use SMS

Communicate with field staff	49%
IT/ISP fault notification and escalation	49%
Appointment confirmation/reminders	26%
Marketing	15%
Service department	14%
Rostering staff/contractors	10%
Club/association announcements	8%
Accounts receivable	6%
Other	8%

Source: MessageNet users' survey, May 2005