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It rings, it plays, it has TV

First there were TVs. Then came PCs. Now, mobile phones are becoming the 'third screen' for viewing video.

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Mobile phones once wanted only your ears; now they're after your eyes, too. By delivering a variety of viewing options - video games, music videos, clever ads, news, weather, and sports - the littlest screen may have the biggest of futures. Already, cellphones serve as a third screen for some consumers - along with their televisions and computers. Because it's always with its user, some think the cellphone could become the most important of the trio - the first source for entertainment and information.

Plenty of questions remain, of course. Some are technological, such as the need to beef up battery life to power heavier usage and to employ bandwidth more efficiently so that the system doesn't jam. Others are financial: How much will subscribers pay to watch something on a tiny screen? If phones eventually can share video with other users, can the content be designed to prevent unauthorized sharing?

Still, the promise of a new viewing audience is luring everyone from manufacturers to content providers.

"We're at the very early stages of [producing] what could be pretty interesting" video for cellphones, says Larry Shapiro, an executive vice president at the Walt Disney Internet Group, the online arm of the Walt Disney Co.

So-called third-generation (3G) mobile phones, which transmit data at much faster speeds than today's 2G digital phones, will open up the prospects for better content, Mr. Shapiro says. Already, 3G games on phones "are equivalent to Game Boy Advance quality in terms of graphics and richness."

For advertisers, phones represent new opportunities to reach consumers. For mobile-phone companies, video and other data offer new revenue streams as increased competition for cellphone customers squeezes profit margins.

Third-generation phones are already in use in Japan, South Korea, and Europe. In Germany, mobile-phone giant Vodafone announced this month that it had sold 411,000 3G phones there since they were introduced late last year. Though that represents just 1.5 percent of the company's German customers, they bring in 4 percent of total sales revenue. The company aims to have 10 million 3G customers in Germany by next March.

In the United States, mobile-phone companies are in the midst of field trials of 3G phones with the expectation of broad deployment in the next year or two.

Better video will be one of the chief advantages of 3G. Worldwide, about 25 percent of all

digital TVs sold in 2010 will be in the form of mobile phones, predicts a report last month from Strategy Analytics, a consulting firm in Boston.

Meanwhile, "for younger consumers, cellphones are already the third screen," says Avi Greengart, principal analyst for mobile devices at Current Analysis, another consulting firm. They're being used for everything from text messages to downloading ring tones and playing games.

"Their phones go with them everywhere," Mr. Greengart says. "They've grown up with these devices. They expect them to do just about anything. And they're willing to pay for additional services - certainly to a much higher degree than baby boomers."

Mobile phones aren't going to replace TV or computers, but they will become a complementary source of media, says Dan Steinbock, author of the new book "The Mobile Revolution" and a researcher at Columbia University's tele-information institute in New York.

The quick, widespread adoption of cellphones has led to some optimistic projections about their future, he says. But so far they have been used in concert with existing media, such as when TV viewers used their cellphones to vote for contestants on the "American Idol" TV show.

It's likely that cellphone video may be used to deliver short bursts of information, which in turn will cause people to seek out a TV or computer screen for more extended viewing.

That's been the strategy so far in Asia, where short-form video, in one- to five-minute bursts, has taken off among 3G phone users.

While standing in line at the ATM "you might not want to watch an entire episode of 'Seinfeld,'" Greengart says, "but a 2-1/2-minute standup comedy routine could be compelling." Some companies are creating serials told in one- or two-minute episodes. Dubbed "mobi-sodes," they are suitable for viewing in a spare moment, such as waiting in a supermarket checkout line or at a dentist's office.

A video-equipped cellphone can be a mobile baby sitter, too. "I can tell you there's nothing better than sticking 'Sesame Street' in front of a 5-year-old," Greengart says.

As for what Americans can watch on their cellphones, Sprint offers Sprint TV, which includes programming from Fox News, Fox Sports, the Weather Channel, ABC, and other sources. Some of it is identical to the televised version; some is specially adapted for use on phones. The Weather Channel, for example, prints its text larger in proportion to the screen size than on TV to make it readable.

Early video on phones has been herky-jerky - "a slide show with audio," acknowledges Dale Knoop, manager for multimedia services at Sprint. But even before the arrival of 3G handsets, quality has greatly improved, he says. Sprint now sends its video at about 15 frames per second; a conventional TV signal sends 30 frames per second.

Two Minute Television is offering short original programs like "Genius on a Shoestring," "Adventures in Speed Dating," and "News with a Punchline," asking users to watch ads instead of pay a fee. SmartVideo Technologies, which is distributing the programming, claims a current rate of 15 to 18 frames per second. With 3G, that will rise to 24 frames.

Early signs from overseas indicate video-phone viewers have little tolerance for conventional ads, Mr. Steinbock warns. Advertisers must be entertaining or risk the wrath of viewers. "You don't want to turn on your mobile device just to be turned off by 10 advertising messages," he says.

Another cellphone development that could draw viewers: video projectors. This fall, Mitsubishi Electric will introduce its Pocket Projector. About the size of a digital camera, it attaches to a mobile phone. Using three advanced light-emitting diodes (LEDs), it can project the incoming video image onto a wall or desktop at sizes up to 40 diagonal inches.

To extend battery life, a consumer will probably turn it on only when he or she needs to display a big screen, as when playing an online video game, says Ramesh Raskar, a scientist at the Mitsubishi Electric Research Laboratories in Cambridge, Mass.

The device can also be attached to other mobile devices, such as DVD players or digital cameras, to let a group of people see a movie or snapshots more easily. Eventually, the projector may shrink enough to be built right into the phone.

In the end, though, what people will want most is a reliable way to communicate, Greengart says. "Does it have a camera, does it have a music player, does it have videos, is it a PDA [personal digital assistant], does it make me a sandwich? All those things are nice," he says. "But it has to be a phone first."

Look who's snapping up cellphones

Three-quarters of the world live within range of mobile-phone services, but only one-quarter actually subscribe. Now, that's beginning to change, especially in Africa.

- The fastest-growing mobile-phone market is Nigeria, where by mid-2003 the number of mobile phones had grown 143 percent in a single year.
- It took 15 years for Britain to see mobile phones outnumber wire-line phones; it took Zambia five.
- There were 6 mobile phones for every 100 Africans in 2003, a far smaller ratio than for Europeans (55 out of 100), Americans (49), or Asians (15). But Africa has twice as many mobile phones to wire-line phones, a ratio no other continent can match.
- A group of mobile-phone networks is pushing manufacturers to come up with a \$30 mobile phone for the developing world. Earlier this month, Philips Electronics said it would deliver key electronic components that could push the price below \$20.

Sources: PC World; Vodaphone

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