

WELCOME TO CANADIAN WIRELESS*

BY NATHAN GRIFFITHS

(*SOME CONDITIONS APPLY)

A brief scan of the Canadian blogosphere shows there is no shortage of frustrations about the wireless market in Canada. Sadly, exorbitant prices, limited choices, and poor customer service are complaints that seem to be hallmarks of the Canadian wireless experience.

A quick trip across the 49th parallel for a little cross-border window shopping just adds insult to injury, with similarly priced mobile and data plans often coming standard with 'unlimited' tacked on to just about everything – and not just after 7pm.

A quick comparison of the data plans in the United States to those of the Canadian "Big 3" (Rogers, TELUS, and Bell) gives an indication as to the state of the industry. In the U.S., plans containing unlimited data downloads (including email, web browsing, instant messaging and more) are the norm and will typically set you back about \$100-\$120 a month. Many allow users to add additional lines or subscribers at a heavily discounted rate.

In comparison, a Canadian data plan of \$100 typically maxes out after 1-2GB of data usage. While that may seem like a fair amount, users are often surprised at how fast it is used up – and at typical charges of 50¢ per megabyte of data beyond the initial

allotment, bills add up quickly. Add monthly access fees, activation fees, 911 fees and you might start to see what the bloggers are getting so worked up about.

There have been a number of suggestions as to what keeps costs high, choices slim, and adoption of new technologies so slow. Some blame the size and distribution of the Canadian populace. There aren't enough of us and we are spread too thinly to give telco's the necessary margins to offer deep discounts or bring in cutting-edge products. The abundance and penetration of cheap, flat rate landlines has also been blamed, preventing the high subscriber rates needed to allow for cheaper rates and services.

Others favor the conspiracy-flavored "oligarchy" theory, in which the leaders of Canada's major wireless companies gather in shadowy rooms to fix prices and choices thereby lowering corporate costs and limiting business and consumer choice.

In reality, however, the answer is probably a bit more prosaic. Michael Geist, law professor and Research Chair of Internet and E-Commerce Law, feels the answer is pretty straightforward. A lack of real competition, he says, as compared to other countries has led to

little incentive for competition among existing wireless service providers. Unlike the U.S. or the European Union, each of which supports well over a dozen national wireless carriers, here in Canada we have five – and that number drops to three if you are interested in getting a serious business plan.

Richard Smith, co-author of the recently published book *Mobile and Wireless Communications*, feels the real issue is the fact that the wireless spectrum is "controlled by large corporations who see it as an asset for which they have to get maximum return on their investment."

"Modern digital technologies," says Smith (read: *innovations*), "could all share the spectrum the way your Wi-Fi and my Wi-Fi do, but legacy systems . . . need to be phased out and the owners of those systems are understandably reluctant to part with their river of money."

What does this mean for business productivity in Canada? Well, for one thing, higher data pricing means lower rates of adoption – businesses simply aren't using mobile data as much in Canada as they are in the rest of the world. A number of influential companies, including Google Inc. and Research In Motion,

the makers of Blackberry and Canada's own tech darling, have tied high Canadian wireless data rates to the relatively low levels of adoption seen across the country.

“ This past summer...consumers and bloggers began voicing their concerns in ever increasing numbers. To the credit of [wireless] service providers, they jumped to respond. ”

For business, it also means a loss of innovation. Businesses aren't likely to adopt or promote technologies and services that are too expensive for customers to use. Unfortunately, they *will* be taken up in another market, which means not only do we lose any potential gains from the service, we also lose our edge in the global market where technologies that increase innovation and productivity are taking off. Mobile banking is one area which is increasingly popular throughout Asia, Africa, and parts of Europe but which has seen next to no adoption in Canada (or the U.S., for that matter).

Not everyone agrees, however, that Canada is lacking in mobile innovation. Julie Smithers, a representative from TELUS, notes that they have seen, "a huge update in data products and services" and easily rhymes off a number of innovative services offered by TELUS for the SMB community, such as voicemail to email, and custom GPS solutions for product & fleet tracking, not to mention their wireless high speed service which provides a single, seamless, high-speed Wi-Fi data connection for their mobile users, regardless of their current location in Canada.

New technologies such as VoIP and 3G phones are also making their way into the Canadian market, and services such as TELUS' Wireless High Speed, Fido's Uno, and Rogers Home Calling Zone seem designed to help take some of the sting out of current billing rates for wireless data. The ability of 3G phones to seamlessly merge cellular and Wi-Fi connections into a single device offers

some promise – for example, data sent using the office Wi-Fi connection rather than the phone's cellular network will be noticeably faster and cheaper.

Additional wireless spectrum is due to open up soon in Canada as well, and open source models such as Google's *Android* mobile or Apple's iPhone software are generating a tremendous amount of attention and subsequently an increasing demand for more realistic wireless and data pricing. This past summer has seen something of a shake-up in the Canadian market as consumers and bloggers began voicing their concerns in ever increasing numbers. To the credit of service providers, they jumped to respond.

But according to many, these approaches still fail to address the real issue behind Canada's wireless concerns – wireless data plans in Canada are effectively monopolized and can be prohibitively expensive. So if you're one of those who are dissatisfied with existing wireless, what's the solution? Users must look hard for the best deal and do their own research. "The adventurous may even [want to] consider U.S. carriers with North American plans," adds Geist. Maybe it's time to start thinking about another cross-border shopping trip . . .



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Welcome to Canadian Wireless

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There have been a number of reasons put forward as to just what it is that keeps costs high, choices slim, and adoption of new technologies slow. Some blame the size and distribution of the Canadian populace, not enough of us, and spread too thinly to give Telco's the margins necessary to offer deep discounts or bring in cutting-edge products. The abundance and penetration of cheap, flat rate landlines has also been blamed, preventing the high subscriber rates necessary to allow for cheaper rates and services. Others favor the conspiracy-flavored 'oligarchy' theory, in which the

heads of Canada's major wireless companies gather in shadowy rooms to fix prices and choices, thereby lowering corporate costs and limiting business and consumer choice.

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