

Mobile operators should fear the threat from Facebook

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LONDON, UK: Facebook is shaping up to be a strong competitor to mobile operators that are in danger of underestimating the threat it poses, according to Ovum, one of the Datamonitor group of companies.



In a new report* the independent telecoms analyst states that Facebook is much more than a social network - this is just a starting point and its domain spreads much wider. However operators are being slow to wake up to the extent of Facebook's ambitions and tend to view it as benign, non-competitive presence that they are keen to form partnerships.

Eden Zoller, author of the report and Ovum principal analyst, said: "Facebook is encroaching directly on mobile operator territory and should not be underestimated.

It's come a long way

"It has come a very long way since it first launched Facebook Mobile in 2006. It is now a force to be reckoned with in mobile with over 200 million users interacting with the service via mobile phone. It is much more than a social network and is better viewed as an increasingly rich platform for communications and content. Facebook wants to integrate with everything and be the main way that people consume and share information, anywhere and on any device."

Facebook has made several moves that have placed it in competition with mobile operators. It has an integration deal with Skype for voice communications and in November 2010 unveiled an email offering. Meanwhile, it is turning increasing attention to location-based services with its Places platform and is pushing into mobile advertising in the shape of the Facebook Deals 'check-in' service. Facebook apps dominate app stores across most smartphone operating systems.

The FacePhone?

Zoller continued: "There is also intense ongoing speculation that Facebook will come out with its own phone, which in some respects would be the final piece of the puzzle. However, we don't think that Facebook is any rush to launch its own hardware just yet, although it could be interested in working with partners on a customised device platform. This would in effect make Facebook a social operating system."

Despite this competition from Facebook, mobile operators are keen to partner with it, for example by offering easy access to its services and address book integration.

Zoller added: "While there are good reasons why operators should wish to partner with Facebook, they should be more alert to the fact that it is shaping up to be a strong competitor. It is only by understanding Facebook fully that operators can engage with it effectively, be that on a collaborative or competitive basis."

**Mobile Social Networking: change driver & key players*

The report is part of Ovum's signature research portfolio for 2011, which represents the best of what analysts produce for each of the practices.

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