Companies adopt wireless application services

There's a high demand for wireless application services expected from the financial services, retail, and media and entertainment sectors, according to Frost & Sullivan.

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A growing number of large corporates, public sector companies, and small and medium enterprises in various sectors across South Africa are making extensive use of wireless application services. As these services have become more affordable than other mediums, the user base will continue to expand, opening up revenue opportunities for the country's wireless application service providers (WASPs) and mobile operators.

New analysis from Frost & Sullivan, The Role of WASPs in Enterprise Communication - South Africa, finds that the market earned revenues of $282.3 million in 2013 and estimates this to reach $656.9 million in 2018. The study covers the service segments of short messaging system (SMS), multimedia messaging system, interactive voice response, location-based services, premium rate SMS, and event-based billing.

"With over 65 percent of South Africa's population having access to mobile services, enterprises are leveraging the immediacy of wireless application services to effectively communicate with their customers and employees," said Frost & Sullivan Information & Communication Technologies Research Analyst, Lehlohonolo Mokenela.

"Enterprises in customer-centric sectors such as financial services, retail, and media and entertainment are among the leading adopters of wireless application services and are expected to play a central role in driving the market."

Enterprises use a wide array of wireless application services for mobile advertising campaigns, mobile payments, and to send out reminders and alerts to customers. Process-intensive companies in the mining and manufacturing sectors, however, mostly rely on SMS services to improve operational efficiency by incorporating them in remote monitoring systems.

Nonetheless, the growth of WASPs' revenues from enterprise mobile advertising is likely to be slowed by the enforcement of the Protection of Personal Information Act (POPI), which safeguards citizens' rights to privacy of personal information. In addition, rogue WASPs illegally signing up mobile subscribers without their consent has reduced consumer faith in WASPs. To address this issue, operators are being forced by the Wireless Application Service Providers' Association to introduce double opt-in systems that will give mobile subscribers the option to accept or reject subscription to wireless application services.

Increased smartphone penetration has fuelled the uptake of over-the-top (OTT) mobile applications, such as Whatsapp and Facebook. As a result, revenues from wireless application services such as person-to-person (P2P) text messaging and, to a lesser extent, application-to-person (A2P) text messaging have taken a hit.

Mobile applications offer enterprises a more interactive experience in their engagement with customers than traditional WASP bearers and can be more cost-effective. Therefore, WASPs cannot ignore the relevance of mobile applications when building a comprehensive mobile engagement strategy for their enterprise customers.

"Market participants need to consider integrating mobile applications into their service offering to provide a wholesome customer experience," stated Mokenela. "WASPs could offer other customer value additions, such as the secure delivery of codes or coupons, by employing SMS-based, in-app messaging services."

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