



## Digital wallet soon in every pocket



JOHN C. ABELL

Will the smartphone do for retailing what it did for photography?

Like a recession, we never quite see a tipping point when it happens. Tech seems to alter behavior in unpredictable ways. But, in fact, tech makes it possible to form the habits we unknowingly crave. We love TV, but we're walking away from the TV set. We still make calls at home, but have abandoned land lines. You used to carry a point-and-shoot camera, and you still do but now it's in your smartphone.

Google's full-throttled entry into the mobile payments space last week removed any doubt that this is the make-or-buy year for the digital wallet. Google is backing a technology called Near Field Communication (NFC), which will require a new chip in smartphones. This tech has been around for a while, deployed in payment dongles and proximity credit cards, but there now seems to be critical mass for handset makers to include it in the next generation of phones. Google's Android mobile phone software powers about 1/3 of the world's smartphones, and it's growing fast. Another quarter comes from Apple, which has been mum on NFC but is expected to get on board. (Apple controls both the hardware and software for the iPhone.)

The reason the credit card hasn't changed one bit since Diner's Club

invented it 60 years ago (from the consumer's perspective) is because it hasn't had to. It does exactly what we want, with minimal friction.

But there is room for improvement. We are prodded to carry many cards, not only to pay on credit but to take advantage of those omnipresent loyalty programs that reward us on a store-by-store basis, cluttering our wallets. Plastic is inherently insecure, because it carries all the information hackers need to clone it.

And, most of all, the card itself has become nothing more than a delivery system for e-data only people of a certain age, or customers of some quaint car services, know that the raised numbers on a charge "plate" are there to make an indentation on triplicate, carbon-copy credit slips using a mechanical machine with a roller.

So, just as bundling a powerful camera in your smartphone created an explosion of serendipitous creativity the perfect answer to the photographer's Zen-like advice that the best camera is the one you have with you putting your credit card in there is also obvious, and will be just as game changing.

Many things that are good and possible haven't coalesced because of arguments over standards or franchises or profit-sharing look at what is still going on in Hollywood vis-a-vis the technically trivial proposition of delivering live TV over the

Internet. But this will happen precisely because the digital wallet involves many entrenched players, all promoting their own interests, with certain knowledge that disruptors like Google and Apple and PayPal can eat their lunch if they do nothing.

None of which matters unless consumers are compelled to change their habits that is, develop the new habit they didn't know they wanted.

And we could not have reached this decision point were it not for the smartphone it's not the convenience of waving a card as opposed to swiping a card that is compelling, it's the prospect of living in a card-free world as Forrest Gump would put it, one less thing. It is the prospect of extending the usefulness of that one thing you are never without to make payment choices with a single gesture: imagine an app that uses the appropriate debit or charge or credit or loyalty card based on rules you've decided in advance.

Google is the biggest and latest non-traditional entrant to the field, and its decision to get into the game might denote that things just got serious. The other 800-pound gorilla is PayPal, which immediately sued two former employees who were key in developing Google Wallet, and has been making it easier for small fries to sell small fries (and everything else) without getting tied up with expensive credit fulfillment relationships since the '90s. And Square, the

brainchild of Twitter co-founder Jack Dorsey, is now processing \$3 million a day for vendors (like me, even) who plug a tiny card swipe device into their iPhones or Androids.

In this game, everybody wins: People will spend more they always do, when it's easier. Starbucks has an app which uses simple barcode technology to scan in a payment. It went national in January with what is probably still the nation's biggest mobile payment program. They took in \$1.5 billion on Starbucks Cards in 2010, a 21 percent increase over the previous year, and the vast majority of their customers own smartphones. Do the math.

Google will tap into a sustainable new revenue stream, which it needs in order to diversify from their ad business, which still accounts for nearly 100% of what they make. Apple will give its legions of iTunes customers an easier way to pay for things besides music and movies. The Visas and American Expresses and Discoveries will get the lion's share, if they keep pace with innovation. They only loser is "that guy" who never seems to have his wallet when its time to pay for that group dinner and will get you "next time." You know the one who's been texting all night, which means he is suddenly prepared to pay in full on the spot.

The author is the New York bureau chief, Wired.com. Source: Reuters.

## Microsoft shows off new "Windows 8"

REUTERS, Taipei / California

Microsoft Corp showed off a version of its next operating system at technology conferences in the United States and Taipei, as some PC makers grumbled over restrictions on their involvement in the development of the system.

The world's largest software company is expected to launch the new system, code-named Windows 8 and highlighting touchscreen features optimized for tablet computers, in the next 18 months, as it races to catch up with Apple Inc.

But Microsoft has told chipmakers who want to use the system for tablets to work with only one manufacturer to speed up the delivery, Bloomberg and Dow Jones news reported, sparking worries among some PC vendors that they will be left out.

In demonstrations at the D9 conference in Palos Verdes, California, and the Computex show in Taipei, Microsoft executives showed a starting page that resembles Microsoft's latest phone software, with live 'tiles' manipulated by pressing and swiping

the screen.

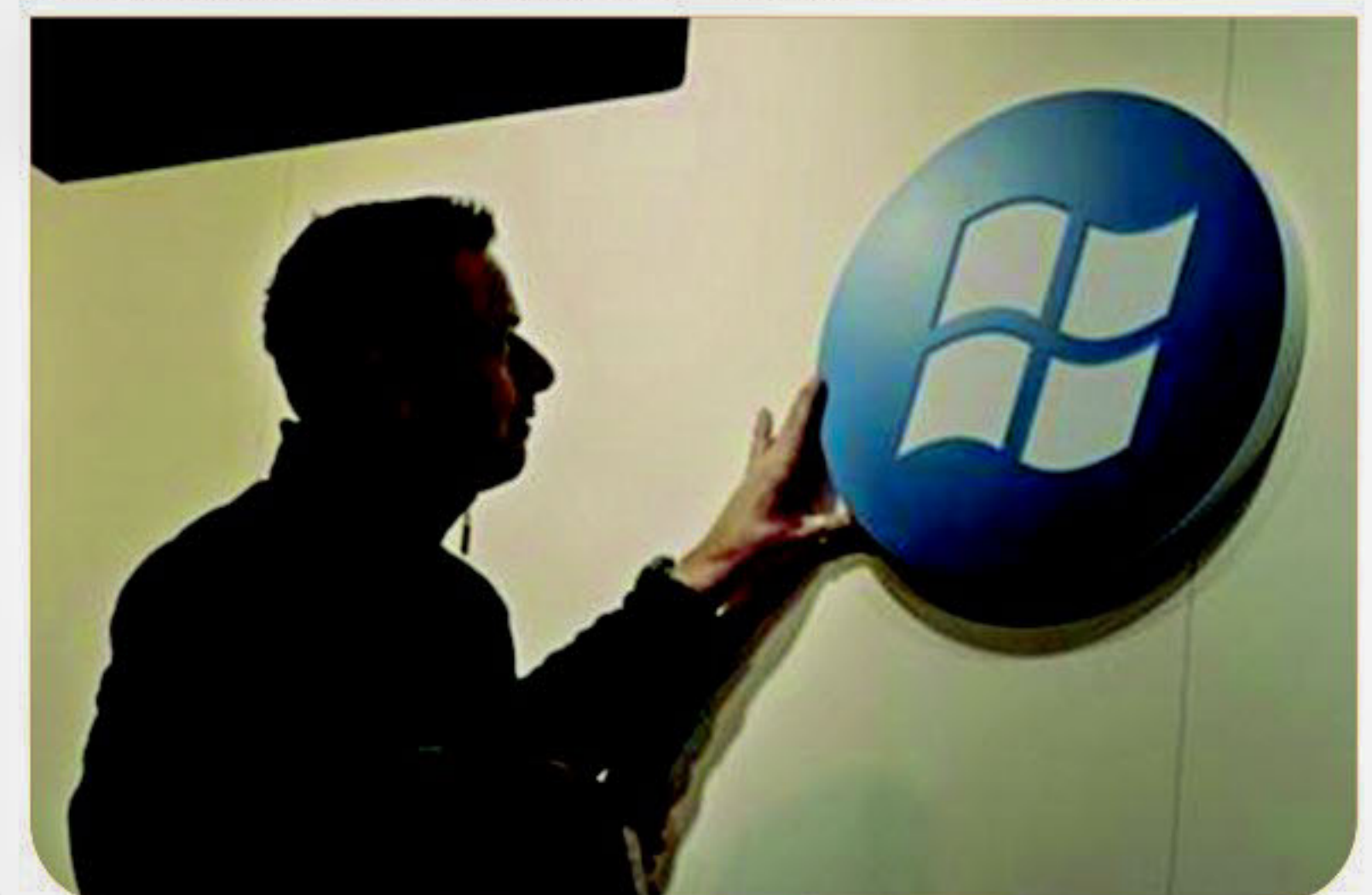
The demonstration shows Microsoft is making progress toward the new operating system, which it promises will run on a range of hardware devices from traditional PCs to laptops and tablets, using both touchscreen and mouse and keyboard commands.

The company said in Palos Verdes that it was "not out of the game" in tablets, a view backed by some in the industry.

"The fact that it's a year or two years after the iPad doesn't really matter. There is already a lot of built-in infrastructure," Adrian Crisan, Sony's director of engineering for VAIO and Mobile of America, told reporters in Taipei on Thursday.

"Today Apple is first for another and, overall, it's going to be a race and whatever customers will like, they will buy."

Separately on Thursday, U.S. chip maker Qualcomm Inc said it would collaborate with Microsoft on the next version of Windows for its Snapdragon family of processors.



## Jobs to unveil Apple software innovations

AFP, San Francisco

Ailing chief executive Steve Jobs returns next week from sick leave to unveil Apple's latest generation of software, the firm announced Tuesday.

The 56-year-old cancer survivor will present Apple's new operating system, dubbed "Lion," at a developers conference in San Francisco on June 6.

Jobs went on leave in January, his third medical absence since 2004, but has retained his title of chief executive at Apple.

He underwent an operation for



pancreatic cancer in 2004 and received a liver transplant in 2009, but Apple has not released any details about his latest health issues.

"Lion" will be the eighth major iteration of Apple's operating system for the California company's increasingly popular Macintosh computers.

Apple stock price finished the trading day up more than three percent to \$347.83 after the morning announcement that the culture-changing company's renowned pitchman will play a

starring role at the event.

"If Steve Jobs is going to be there, it means something is going to launch," said analyst Rob Enderle of Enderle Group in Silicon Valley.

Apple's rare decision to disclose what Jobs and other executives will discuss could be intended to curb the rampant speculation that routinely precedes the company's events, according to Gartner analyst Michael Gartenberg.

"The key is to remember it is a developers conference," Gartenberg said. "They could be talking up software so people don't expect to see an iPhone 5 or a new Macbook."

Apple promised that announcements would include an "iCloud services offering," which many expected to include streaming music. Apple provided no details.

Google and Amazon.com recently launched services that let people store digital music in online "lockers" and then listen to tunes on any Internet-linked devices.

Given Apple's success with selling music at its online iTunes shop and its relationship with record labels, a "cloud" service playing into those strengths makes sense, according to Gartenberg.

"If they are going to introduce a new cloud-based service, it feels right that it would have something to do with music," Gartenberg said.

Apple might also use the opening of the conference to announce a switch away from Intel chips in its laptop line, Enderle theorized.



## Mobile phone use may cause cancer: WHO

AFP, Paris

Mobile phone users may be at increased risk from brain cancer and should use texting and free-hands devices to reduce exposure, the World Health Organisation's cancer experts said.

Radio-frequency electromagnetic fields generated by such devices are "possibly carcinogenic to humans," the International Agency for Research on Cancer (IARC) announced at the end of an eight-day meeting in Lyon, France.

Experts "reached this classification based on review of the human evidence coming from epidemiological studies" pointing to an increased incidence of glioma, a malignant type of brain cancer,

said Jonathan Samet, president of the work group.

Two studies in particular, the largest conducted over the last decade, showed a higher risk "in those that had the most intensive use of such phones," he said in a telephone news conference.

Some individuals tracked in the studies had used their phones for an average of 30 minutes per day over a period of 10 years.

"We simply don't know what might happen as people use their phones over longer time periods, possibly over a lifetime," Samet said.

There are about five billion mobile phones registered in the world. The number of phones and the average time

spent using them have both climbed steadily in recent years.

The CTIA-The Wireless Association dismissed the report saying the UN agency "conducts numerous reviews and in the past has given the same score to, for example, pickled vegetables and coffee."

This classification "does not mean cell phones cause cancer," the industry association said in a statement, noting that "limited evidence from statistical studies can be found even though bias and other data flaws may be the basis for the results."

The IARC cautioned that current scientific evidence showed only a possible link, not a proven one, between wireless devices and cancers.

"There is some evidence of increased risk of glioma" and another form of non-malignant tumour called acoustic neuroma, said Kurt Straif, the scientist in charge of editing the IARC reports on potentially carcinogenic agents.

"But it is not at the moment clearly established that the use of mobile phones does in fact cause cancer in humans," he said.

The IARC does not issue formal recommendations, but experts pointed to a number of ways consumers can reduce risk.

"What probably entails some of the highest exposure is using your mobile for voice calls," Straif said.

"If you use it for texting, or as a hands-free set for voice calls, this is clearly lowering the exposure by at least an order of magnitude," or by tenfold, he said.

## twitter launching photo-sharing service

AFP, California

Twitter said Wednesday that it is adding a photo-sharing option for its users, a move that could deal a blow to existing services such as Twitpic and yfrog.

Twitter chief executive Dick Costolo also announced at the All Things Digital technology conference here that the San Francisco-based service was upgrading its search function.

Twitter will begin allowing users to upload pictures and attach them to "tweets" directly from Twitter.com, Costolo said.

"It's part of the native data of the tweet," he said, adding that the decision to launch a photo-sharing service stemmed from a "need to remove the friction of adding photos to Twitter."



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