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BTMediaplus (France)

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This case has been prepared as a basis for class discussion rather than to illustrate either the effective or ineffective handing of a business / administrative situation.

BTMEDIAPLUS

Introduction

Floren Kreigel knew he needed to react fast; time was of the essence. The technology and communications markets were expanding at a rapid pace in several directions and Smartphone apps were gaining in notoriety. The initial market had not materialised as anticipated, and the losses were starting to accumulate. Since he had become CEO in December 2010, he knew the challenge he faced in building BTMediaplus into a profitable business. Conscious that the Board was somewhat concerned about the situation, Floren had asked the management team to come up with suggestions; they had to decide on how to position the firm, its products and services, and to develop an action plan that he would submit to the Board for approval.

The Birth of BTMediaplus

Floren Kreigel and Anten Reno met each other in the Payphones and Multimedia Systems division of a major telecom provider. Anten was a Key Account Manager, responsible for the Americas markets (North, South and Central), and Floren managed global projects in the area of new interactive product design and development. They presented a project for creating a spin-off and then to launch a joint-venture with the parent company, in order to develop a new interactive payphone (mass public) to their Board of Directors Their proposal was accepted but not made a priority, due to an alternative strategic focus being taken by the company at that time. They both left the company at the end of the summer of 2008 convinced that 'telecom' technologies offered numerous and exciting possibilities to revolutionize public communication and that major new sectors would emerge. Consequently they decided to pool their resources and talents to start a new project together – BTMediaplus. For Anten and Floren, interactivity (interactive communication) with the public would be the future of advertising – instant delivery, real time impact data, personalised information, high value-added, etc. Combining their different approaches to the common idea of interactive communication, they agreed that their venture would offer interactive links between mobile devices (mobile phones and PDAs) and the various information media to which the general public is permanently exposed. With the same entrepreneurial spirit and a common desire to take up the ambitious challenge, the four partners invented a new media and laid the foundations of BTMediaplus as an independent venture. Thankfully, the brand name

BTMediaplus had not been taken by the major telecoms company and so they were free to use the name themselves.

Floren and Anten had met Damen Evra and Julen Blanco at a Technology and Communications Conference and Exhibition in Singapore in 2007. Damen and Julen had mentioned to Floren and Anten that they were interested in starting-up a company or joining a start-up in the area of Interactive Communications As they had kept in touch, since Singapore, Floren and Anten contacted Damen and Julen and asked if they were still willing to take the plunge. Sharing the same convictions about the role of interactivity in the future of communication, Damen and Julen joined the team in September 2009, bringing valuable experience in Sales and Finance respectively.

Industry Driven Opportunities

Foren and Anten had undertaken some market research to evaluate the opportunity for their Bluetooth concept in the market (see Appendix one for Porter's Five Forces Analysis). From their examination, they had realised that there were three major trends that had changed the way in which people communicated over the past ten years:

1. The Internet now provides access to a tremendous amount of information – 'Get More'
2. The rise of the mobile phone (introducing mobility) has increased the ability to get or share information 'From Anywhere';
3. The systematic digitalisation of content (text, picture, sound and video) allows for quick and easy production, distribution and storage of information – 'Play With It'.

The combination of these trends had laid the foundations for multimedia opportunities and it was still producing some very powerful changes in terms of consumer behaviour:

- Instantaneousness: *"I see something I'm interested in. I want it now, I want it here"*
- Personalisation: *"the content I get should be tailored to my exact needs and profile"*.

These changes have dramatically affected the way in which people now communicate on a daily basis.

The Telecom and Advertising industries have been the two main players in these recent developments. The Telecom industry, by supplying networks and devices, serves as the basis for the transformation of communication activities, and its constant innovations (like GSM to UMTS, low rate to broadband, WiFi, etc.) remain the key drivers for the development of new

protocols, services and business opportunities. WiMAX, is one of the new protocols which enables outdoor data transmission with high data volume over very long distances. Bluetooth, a decade old technology, is now becoming a major player and so this is also leading to new types of consumer behaviour such as the 'Bluetoothing' phenomenon (people chatting together for free between Bluetooth devices, or the use of Bleutooth headsets for wireless/hands-free communication with mobile devices (especially while driving), or wireless audio listening. As Anten explained:

> *"Devices which can create on the spot Personal Area Network (PAN, via Bluetooth), while being mobile and linked to the internet (WiFi or GPRS), match consumer needs for instantaneousness and personalisation. These should lead to new services based on the growth of this Machine to Machine (M2M) market."*

The Advertising Industry has always been the first to spot new consumer behaviour and to take advantage of new technologies. For example, in the mid-1990s Double Click adapted banners connecting users to the content that they are browsing on the Internet. Indeed tailoring the information delivered to the consumer in order to increase its impact is a permanent goal within the Advertising Industry. Concepts such as Banners, SMS, geo-localisation have been some of the first steps to get as close to the client as possible and mobile marketing still shows high growth and vast potential. All advertisers are affected by these new trends and they wish to raise the impact of their advertising campaigns through this technology by maximising the effectiveness of the period of advertising (for example one week) with the number of display panels (billboards etc.); for example, mobile marketing response rates are up to 40 times higher than direct marketing. Floren believed that the availability of pictures and ring tones for free download in a close perimeter to the adverts would reinforce the marketing messages and it would also allow the delivery of 'ready-to-use and short-lasting' coupons. This industry is also using technology to enhance existing media such as plasma displays (Metrobus, Clear Channel), and to create new one such as flexible displays (using nanotechnologies). Tapping into this trend, other potential innovative activities could also be conceived. Therefore, to address the plethora of information consumers now face on an everyday basis, advertising operators must play a strategic role in defining new communication means with more value added. As Floren noted:

> *"It is a permanent goal of the Advertising Industry to extend the impact of mass media campaigns by instantly delivering tailored interactive content to one's personal device. A large amount of advertising media are expected to communicate with their environment, and are increasing integrating current consumer behaviour: I see*

something I'm interested in, I want to know more now, and I want to keep this information. The delivery of specific content to users is a tool for customer acquisition and brand positioning that will become increasingly indispensable".

It is the belief of the founders of BTMediaplus that technology is now mature enough and accepted by such a wide audience that a new means of communication can be created for the advertising industry.

The BTMediaplus Solution

Computers and other electronic devices can communicate and share information with each other via wire, light – infrared, cables, etc., and require special connectors, plugs and installation. Bluetooth is a technology that allows fixed and mobile machines and devices to connect to and share data with each other directly over short distances (using short wavelength radio transmissions), without the need for any wires, special connectors or plugs, thus creating personal networks. Once activated, Bluetooth devices can connect to each other automatically.

Figure One: A Visual Understanding of Bluetooth Advertising
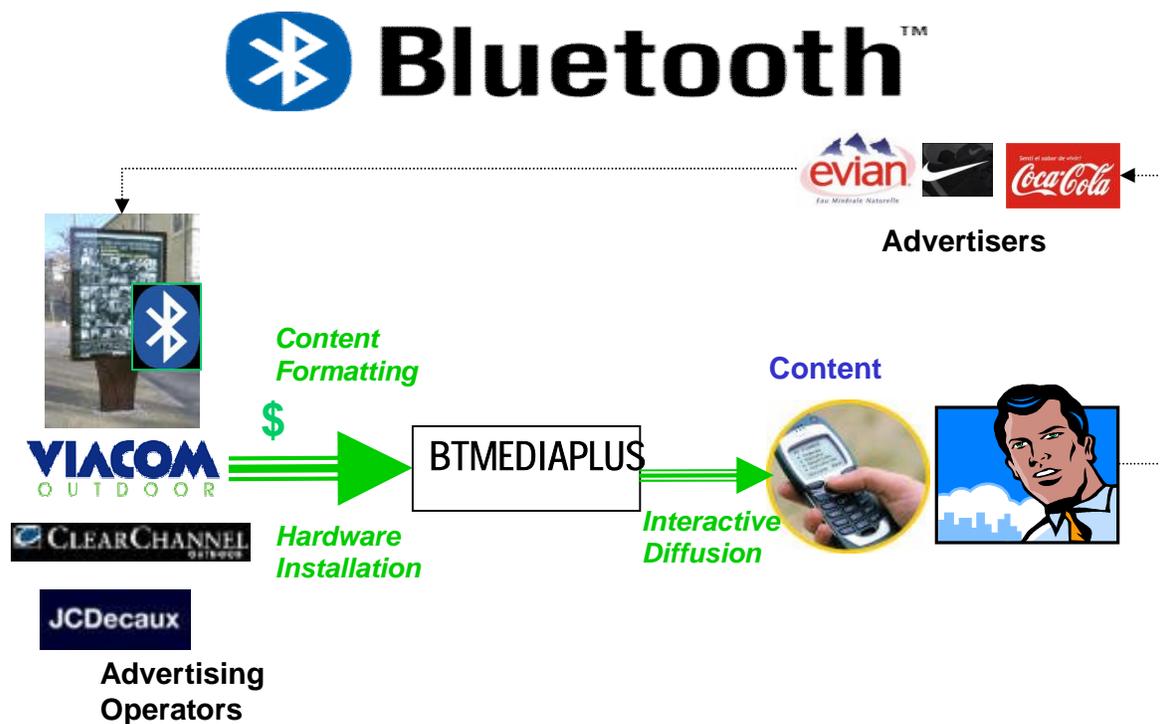
The BTMediaplus solution consists of transforming current information media (billboards, screens, shop windows, road-signs, signposts, digital displays, urban advertising, transportation advertising, etc.) into interactive media through a patented interactive system composed of an electronic card and proprietary software applications. The embedded module looks like a PDA-sized device. The module enables wireless connections with Bluetooth-enabled devices such as mobile phones, PDAs, laptops, and MP3 readers. From its embedded memory, the system acts as a local server of information and broadcasts complementary messages (text, images and videos) to connected devices. Messages are created by the advertiser (and the advertisement agencies) and are adapted and formatted for the broadcasting module by BTMediaplus. The messages (and content) can be captured (downloaded) and memorised freely by the end-user on his/her mobile device. BTMediaplus end-user software accelerates the Bluetooth connection and so BTMediaplus can update the content on a continual basis.

Billboard operators (advertising operators) are mandated by their clients (advertisers) to run advertising campaigns on, for example, billboards. Passersby who notice that the billboard is "***Bluetooth Enabled and Interactive (BEI)"*** through the BEI logo on the billboard (see Figure 2), would then activate the Bluetooth function on their phones and enter an authorisation code in order to accept the information broadcast by the billboard. The entire process very quick and data transmission is entirely free for passersby (recipients) as Bluetooth, unlike text or multi-media messaging offered by telecom operators for a fee, allows direct machine to machine transmission for free (no hidden charges). Using Bluetooth, advertising operators are therefore able to sell new value added services and products to their customers (advertising firms) as the advertising operators can count the exact number of consumers that have activated their Bluetooth and that have downloaded the information.

Figure Two: Bluetooth Enabled and Interactive (BEI) Billboard Identification
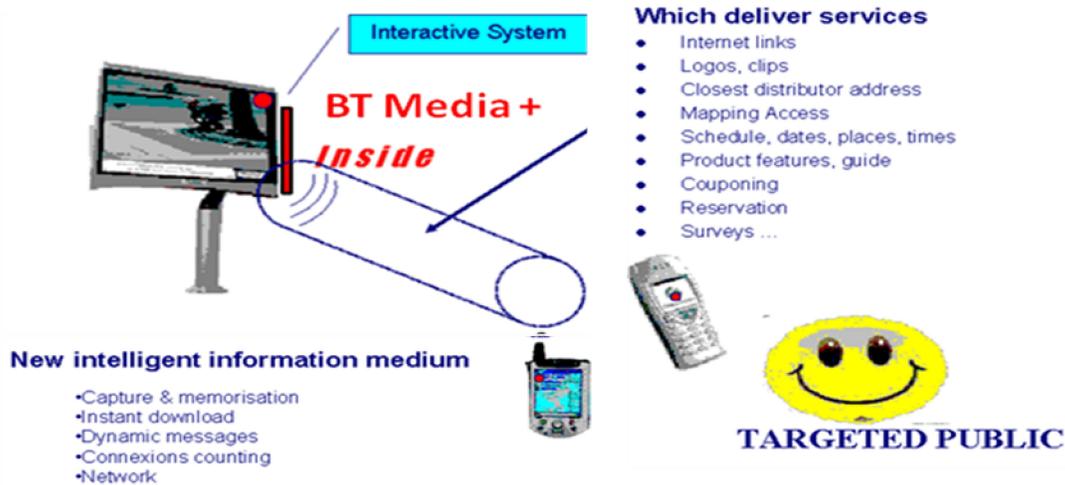
The end-user (consumer) in a so called 'pro-active mode' makes the decision whether to access the content or not. The consumer is informed of the interactive dimension of the information medium through the BEI logo that is displayed on the screen. This BEI logo is part of the BTMediaplus branding strategy to make its public interactive services widely known. Thus, BTMediaplus delivers new services to the public through the medium of artificial intelligence. The BTMediaplus interactive system is composed of a specific hardware module, the Bluetooth application and the monitoring network. The main advantages of the solution are:

- Strategically located;
- Available 24 hours a day, seven days a week;
- Works in any weather condition;
- Works within any information medium;
- Direct downloads from local memory (contained in the hardware module), in order to avoid transmission delays;
- Simultaneous connections;
- Stores and transmits standard existing text, image, video formats;
- Has the same ID for the entire network;
- Records connection statistics (audience counting);
- Upgradeable.

Floren argued that:

*"The BTMediaplus solution is a reliable, efficient and enhanceable solution"*.

However, others in the group wondered if end-users would have the same passion for such services and how the company could generate income from their idea.

Based on the market research, Floren was convinced that BTMediaplus could create a new interactive marketplace within the advertising industry. He believed that the key success factors for BTMediaplus were:

- From the Advertising Operator's viewpoint: facing a plethora of types of exposure, there is a need to create more added-value per advertising medium.
- From the Public's (consumers) viewpoint: there is a need in today's modern society for instant interaction with a primary source of advertising. This behaviour is reinforced by the emergence of the market for new equipment called 'Machine To Machine' (M2M).
- From the Advertiser's viewpoint: in order to increase customer's loyalty and therefore their own revenue, organisations need increased means of personalisation ('One2One' concept), and they are willing to pay for impact (Gross Rating Points).

Floren knew that they will be taking on the traditional mobile Telecommunications Operators as they are the ones who are currently delivering content (for a fee) to mobile phones in order to increase their data traffic. Over time, BTMediaplus will provide the missing link between the general public and advertising content by providing expanded opportunities to connect with advertisers.

Figure Three: BTMediaplus Provides Numerous Benefits for the Three Key Actors
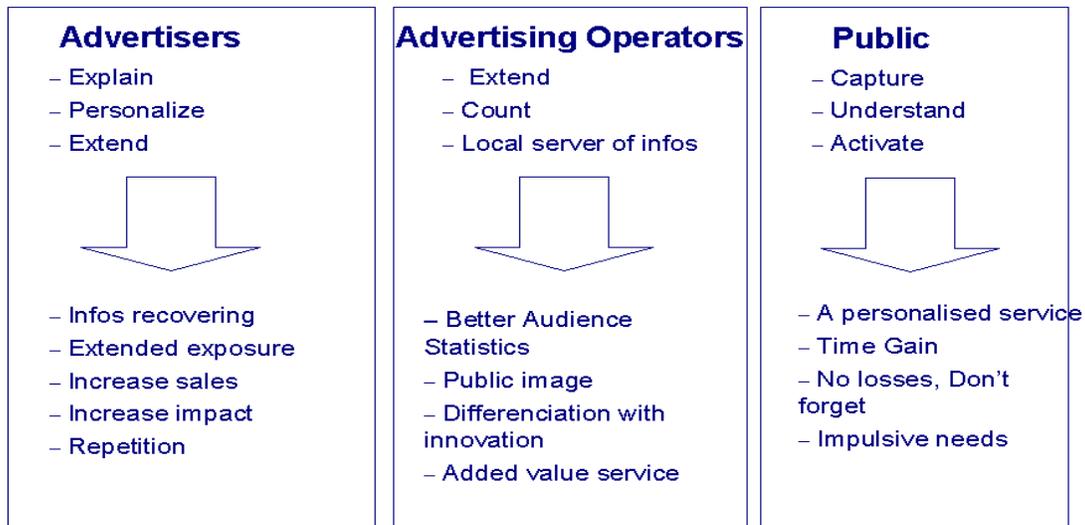
Providing a solution linked to a primary source of information which enables the end-user to get instantaneous and free information from their Bluetooth devices, BTMediaplus brings a simultaneous answer to the growing Bluetooth Media2Media market and the public's needs for information. In this way, BTMediaplus introduces a new bridge between both mass and individual communication since BTMediaplus distributes its interactive service through the advertising operators. These are the direct clients of BTMediaplus while the members of the public are the end-users. It is they who benefit from the additional information while the advertisers are those who benefit from the new type of interactive exposure.

BTMediaplus is seeking to establish its interactive system within the advertising media and to focus on mass advertising media such as billboards, digital displays, shelves, bus shelters and shop windows. The main segmentation criteria are: strategically located media, in close proximity to the public, media which are part of a powerful communication network, and target only those media which are able to be updated regularly. According to these criteria, BTMediaplus has identified the following main segments:

1. Outdoor, Indoor, Mobile Advertising: multiple billboards, bus shelters, municipal billboards - Clients: JC Decaux, Clear Channel, CBS Outdoor, Maiden, Mediacom, etc.
2. Special Events: Congresses, cinema, sporting events, trade fairs, conventions - Clients: Hardware renters (GL Event), Event Organisation, etc.
3. On Site Promotion: shelves, shop windows, plasma displays - Clients: Retailers, specific agencies (travel, real estate, banking), Camping and Motel owners, restaurant

chains (McDonald's), shopping malls, famous brand names (Nestlé, L'Oreal, Coca-Cola).

BTMediaplus will focus first on Outdoor Advertising, because (1) operators need to create more added-value for their advertising mediums (e.g. billboards), (2) the outdoor advertising market has worldwide potential, and (3) billboards remain one of the most powerful mass media within the public environment.

The BTMediaplus Approach

BTMediaplus will first address the French market with targeted customers who are already global players. It is very likely that some advertisers will be willing to add this new feature, whereas others will not. In recent years, having a Europe-wide campaign has become indispensable for some advertisers (Levi's in 13 countries, Alcatel in 6 countries, etc). Those advertisers will want BTMediaplus's solutions implemented simultaneously in many places for the same campaign. For this reason, BTMediaplus plans to rapidly expand its international operations, concentrated in Europe at first (initial estimation of 200,000 units), with future plans to accompany its key accounts onto their global markets. Developing sales in new countries is part of BTMediaplus's growth strategy and would likely happen within two to three years time in Europe, with a longer-term target for successful penetration in Asia.

1. As a first step BTMediaplus will rely on its French base to deploy the first devices. This plan is sustainable as long as there are few operations going on, and mostly at the trial level.
2. Secondly, BTMediaplus will search for partnerships with local distributors/VAR. BTMediaplus will provide all material and assistance. They will most likely take charge of all operational matters (installations, after-sales, maintenance).

Getting the first clients was going to be critically important as they would become the reference points for all those who potentially would follow. They really needed to ensure that the first clients were internally recognised brands.

BTMediaplus will first target the French outdoor advertising market which is the most highly developed in Europe in terms of overall advertising market shares. BTMediaplus also believes that the French market is the most likely market to capture potential commercial partnerships (two major players: a worldwide outdoor advertising operator and a worldwide billboard manufacturer).

Table One: Share of Media Investments by Country (%) – Global Investments in €bn

	Press	TV	Outdoor	Radio	Cinema	Global Investments Billion €
Japan	36,7	46,4	12,3	14,5	-	40,7
France	36,2	32,4	13,9	14,5	1,1	10
Belgium	45,3	38,4	5,8	9,3	1,2	2
Great Britain	57,9	30,9	5,7	4,3	1,2	19
Spain	45,7	41	4,6	7,9	0,8	5,5
Germany	63,9	26,3	4,7	4,1	1	18,5
Netherlands	67,8	21,2	3,9	6,7	0,4	4
USA	44,7	38,7	3,3	13,3	-	139
Italy	41,2	51,5	2,4	4	0,9	8

BTMediaplus will position its solution for electronic billboards (back light, unrolling) at the high end of the market. With its key accounts, BTMediaplus will carefully choose locations where the audience (target market) will be more appropriate (e.g. Paris – La Défense, etc). To achieve this they would need to use the following billboards:

- Billboard 8m², 12m² and Trivisions dedicated to event/image promotion;
- Billboard 2m² dedicated to On Site Promotion advertising.

Currently there are 67,500 billboards according to these criteria and so there is a substantial market available to the company. Floren determined that the primary sales objective of BTMediaplus should be to a target of 30 percent market share within a short time frame (e.g. two years).

Table Two: Major French Advertising Operators

FRANCE	Market Share	Target Billboard
JC Decaux	40%	30 000
Clear Channel	30%	22 500
CBS Outdoor	20%	15 000

Floren knew that what the company was seeking to achieve was quite challenging but he was convinced that the introduction of their revolutionary approach was going to give them a significant competitive advantage.

Competition and BTMediaplus' Competitive Advantages

During the market research phase of the business concept planning, Floren had undertaken a competitive analysis of the start-up companies currently positioned in the same market and he had summarised it as follows:

1. There was no specifically technical breakthrough in terms of the current technologies;
2. The closest competitor on the French market was KAM. It presented technological competitiveness but no commercial advantages;
3. Several companies (MOB, SMP) developed software designed for content download and data transmission with other Bluetooth devices, but their solutions did not go as far as providing a Bluetooth server.

At the end of 2010, all competitors remained at a stage of field trial and did not yet have a base of customers using their technologies. There is currently a major trend in the mobile telephone industry which is in finding ways to interact within the immediate environment. Several technologies already exist leading to what is a vast array of applications. The competition in this field is summarised in Appendix two.

Floren's research had also identified that BTMediaplus had some key advantages compared to its competitors which he presented to his colleagues as follows:

1. Product Benefits:
   a. free instant access to additional information for Bluetooth enabled devices, in an easier way than a fixed kiosk or a special beeper;
   b. The connection is activated by the end-user: the service is not intrusive (unlike SMS);
   c. As compared to the picture of an advert taken with a camera phone, the content is much richer and personalised.
2. Expertise of the team in Telecommunications (embedded applications), project and innovation management, entrepreneurship experiences, advertising and business development. The various experiences complement themselves perfectly. This complementary team is itself a competitive advantage: it provides a wider network, brings in different points of view and fosters creativity.
3. First mover advantage will be sustained via branding, technology licensing and constant innovation.
4. BTMediaplus benefits from the support of reputed professionals.

5. Intellectual property: the interactive system has been patented at INPI (a worldwide extension is in progress), BTMediaplus is a trademark.

6. Strategic partnerships: innovation cycles process based on technological partnerships.

7. Product responsiveness and modularity: the interactive system is a 'best of breed' solution. Due to its intrinsic conception, it can be easily upgraded (software downloading), providing responsiveness and the capacity to develop new services.

8. Rapid Lead Time: with its strong industrial partnerships, BTMediaplus can rapidly provide a reliable product functioning in a constrained environment.

But Floren knew that having competitive advantages written on paper was not going to make the company successful, they would need to clearly demonstrate these advantages in the marketplace.

The Business Model

The plan for BTMediaplus was to provide interactive advertising to advertisers via advertising operators. The usual advertising period is one week and BTMediaplus can facilitate this process by undertaking the following actions:

1. BTMediaplus sets up the hardware;

2. BTMediaplus formats the complementary messages enabling the advertisers to enrich their advertising campaign;

3. BTMediaplus provides the individual link enabling users to access and memorise the added valued information for free.

Once these steps have been taken, BTMediaplus then sets up its interactive system within the existing hardware of the advertising operators. The business model to support these activities works in two ways:

- A hardware module is sold at cost (advertising operators used to own their hardware);
- The use of interactivity is sold on a 'per panel and per week' basis.

By investing in hardware, advertising operators will continue to maintain control of their assets. Meanwhile the interactivity will create the opportunity for them to offer new added services to advertisers. This provides a source of strategic differentiation for the advertiser and repeat business for BTMediaplus. Additionally, by including a WAP/Web link in the message, BTMediaplus will multiply the opportunities for users to connect themselves to the advertisers' mobile web sites. The advertisers will not only recoup their investment through an increase in sales, but also through revenue sharing with mobile phone operators.

The service price is calculated for a one week advertising campaign and for one panel. The average revenue 'per panel and per week' is €100. The advertising operators have already validated that they would be able to charge at least 20 percent more for this new service to their clients (the advertisers). A 'fifty-fifty' revenue share between advertising operators and BTMediaplus would enable BTMediaplus to charge at least €10. The final hardware price is around €600 (€500 + 20 percent to cover related general expenses) and this estimate includes the component costs as well as the manufacturing process. This price will decrease with scale effects and price reductions. Such an investment represents 4.5 percent of the total acquisition price of a billboard (€13,000) and represents an acceptable initial investment for advertising operators. Floren understood that the BTMediaplus project would need to be built upon strategic partnerships and therefore identifying reputable organisations with whom to collaborate with was going to be critically important to the sustainability of the organisation. Due to the founders' technical background and links to the region of Lyon, BTMediaplus worked closely with reputed labs in wireless technologies. One of these lab worked with the Nokia R&D Centre and they immediately found a common interest with BTMediaplus. As a result of these contacts, BTMediaplus also observed the technological progress of RFID technology. The founders' past professional experience also enabled BTMediaplus to work closely with major hardware providers working for highly constrained applications (AIRBUS, EADS). This partnership enabled BTMediaplus to provide a reliable product functioning in an embedded environment. BTMediaplus also benefits from the support of one of the three major outdoor advertising operators. Finally, the BTMediaplus project is supported by national institutions including OSEO and incubators highly reputed in the area of start-up coaching. Floren felt that the company had established a very good network for collaboration but he also realised that such partnerships would need to constantly renewed.

Marketing Strategy

As he looked to the future, Floren felt that BTMediaplus was an innovation that would be favourably accepted by the general public. However, as with any new service which people are not aware of at first, an important and carefully planned marketing phase has to be considered. Floren felt that the first marketing phase (in terms of targeted segments and advertising strategies) would need to centre on market education and therefore should be split into two steps:

1. Target early adopters via alternative and niche marketing tools;

2. Target followers via a more traditional and mass media approach.

This part of the marketing strategy should aim at bringing early adopters on board. They tend to be opinion leaders and will play a key role in the innovation diffusion process, raising awareness and interest either by direct word of mouth, or just by showing that this service exists and can easily be used. The two groups of early adopters identified were:

1. Young urban 16 to 22 year olds, who receive substantial allowances from their parents and spend it on games, music and mobile phones,

2. Successful professionals, 25 to 35 years old, who like new technology and gadgets, are career oriented, and want the best for themselves at all times.

These two groups have the following points in common:

- They are early adopters of innovations in mobile phones (young, urban) and technological devices in general (successful professionals). As such, they are the groups with the highest Bluetooth usage rate.

- They make comprehensive use of their devices, and do not limit them to voice calls. Young urban teenagers get music and video games on them. Tech-savvy professionals use it for their schedules, e-mail, internet access, data collection etc.

- They have an active social life and are willing to learn more about something that matches their tastes.

BTMediaplus believes that these two groups can be reached best with tailored marketing strategies. They will have a quick grasp of the BTMediaplus service and be able to access the service directly. They will not need the BTMediaplus Client Module to be installed on their devices in order to use the service. The BTMediaplus Client Module is mostly a shortcut and with it on a phone, a person would not need to go through the sometimes tedious and painful menus to configure their Bluetooth access. BTMediaplus believe this feature will not be needed for these two early adopter groups. Therefore the early adopters marketing strategies will be:

- Event driven advertising: BTMediaplus will seek partnerships with special event managers, mainly concerts for urban youth and fairs/conventions for professionals. People want to get some more information when attending those events and it is easy to present the BTMediaplus solution on the ticket or brochures.

- Location driven advertising: BTMediaplus thinks that advertisements in a few strategic spots would allow the company to raise awareness in a large part of these two segments: in a few big and renowned schools and universities for urban youth, some

key commuting points in business centres for professionals. The company will seek some co-branding with the outdoor communication operators installed on those spots, install the modules on surrounding billboards, and set up a temporary booth where company representatives will present and explain the service.

- Buzz and Public Relations: The BTMediaplus innovation will be a concrete example of new Bluetooth B2C service. It should get some attention with a good PR plan.
- Press Advertising: To a lesser extent, BTMediaplus plans to advertise in specific newspapers. Press, as compared to radio and TV, will be well suited to a visual explanation of the service.

This first phase is estimated to take from six months to one year with a budget of €300,000.

In phase two, the objective will be to bring 'followers' to adopt the service – the mass market. They consist of families and professionals who are equipped with current mobile equipment, but who are not specifically interested in technology. The company believes that these categories will not use the BTMediaplus service unless they have the BTMediaplus Client Module on their mobile phone or PDA. Indeed, once installed, it makes access to the BTMediaplus service just one click away. The mass market marketing strategies will be based on branding, to raise awareness and interest (and partnerships) to reduce the cost of Client Module distribution. At this stage, the aim is to maximise the number of people that are able to associate the BTMediaplus logo on billboards with the possibility of getting valuable extra content. Traditional advertising campaigns (general press, TV, radio) can achieve this objective. There will also be a much advertising on the Internet (banners on mass media web sites) since such campaigns can redirect the client to a web site with a download of the BTMediaplus Client Module. A significant amount of co-branding with outdoor communications operators is also planned as these partnerships will be necessary to distribute the BTMediaplus Client Module on a wide scale. Two types of partnerships are planned:

- Direct partnerships with mobile phone operators - the BTMediaplus Business Model can create significant traffic on Mobile Internet (WAP, iMode). As such, it will be valuable for mobile operators. They could be interested in co-branding, and even in including the BTMediaplus Client Module directly on their packaged phones. This could have tremendous impact on BTMediaplus service distribution, but should not be expected at first since commercial cycles with mobile operators are very long term.

- Partnerships with mobile phone B2C application distributors - games and music on mobile phones are now booming markets and need to be exploited. Many companies already distribute modules or content directly to users. BTMediaplus could partner with the leading ones to associate their products with the BTMediaplus Client Module. For example, partners would get a revenue share on traffic generated by their clients.

This second phase will take one to two years with an estimated budget requirement of €700,000.

The Sales Plan

BTMediaplus aims at introducing its interactive concept with a first focus on the outdoor advertising market. BTMediaplus will then rapidly diversify its activities for special events. The initial business model is based on the pay per campaign model and the first geographic market will be France. The aim is to expand into international markets partly on the basis of the international activity of its initial clients. The French market will be tackled with the following strategy:

1. First, securing one key outdoor operator while partnering with a few special events or fairs.
2. Then, targeting a much wider market, with all outdoor operators and special event organisers.

The first step will be managed by the Sales Manager and one salesperson, with most of the time and energy being devoted to lobbying with outdoor communication companies. The advisor in charge of the advertising business will be a key player in this process. A larger sales team (up to four permanent positions) will be recruited in the second step. It will be organised in a traditional way with base salary and bonus on sales. After completing the market research activities, Floren had noted that the customers to be prioritised were as follows:

1. Outdoor Billboard operators - Viacom, Clear Channel, JC Decaux,
2. Cinema/ multiplex - UGC, PATHE,
3. Indoor operators (Billboard, Plasma displays) - Clear Channel,
4. Backer cards in transport advertising - Clear channel, Metrobus,
5. Outdoor proximity billboards - ICVcom, Resomag
6. Music/theatre/Shows centres - Zenith, Congress Palace….
7. Festivals (Movies, music) - Cannes(the Midem),
8. Permanent fair grounds - in Paris, Lyon.

9. Museums - La Vilette "cite de la science" in Paris, Futuroscope…
10. Municipalities- Lyon, …

After a period of 3 years, BTMediaplus will deploy their solution in European Markets via distributors/VAR. The distributors will get all material and assistance from BTMediaplus, and will most likely take charge of all operational matters (installations, after sales service, maintenance). The business model will be based on a share of royalties. The number of downloads will be monitored by a special chip embedded in the transmitter device..

It is the intention of BTMediaplus to implement its software solutions with existing standards in order to create added value services from mature wireless technologies such as Bluetooth and WiFi. BTMediaplus will also adopt new wireless technologies to build fresh interactive services. Floren had also decided that the company's product development process should be divided into three steps with related investments needs: During step one, BTMediaplus would implement the foundations for interactivity (approximately €1million); during step two, BTMediaplus would enrich its initial solution with Network Extension (approximately €1million); and finally, as a result of previous efforts, BTMediaplus would implement specific developments to ensure mass deployment (approximately €1.6 million).

Conclusion

The challenge was not being underestimated by the company founders as Floren, Anten, Damen and Julen knew that they needed to come up with a successful market entry strategy. The Bluetooth industry was a rapidly exploding industry with an overall annual growth rate of Bluetooth devices of 40 percent. Bluetooth device international shipments in 2007 exceeded 100 million and were expected to supersede 2 billion by the end of 2009. Given the transmission range of Bluetooth protocols, the partners knew that they were limited to proximity / close-range marketing (distance between 1m and 20m between the transmitter and the receiving device). In addition, they knew that the Barcelona based FuturLink had launched its new expanded capacity FuturLink AP300x device in 2009 that allowed for up to 84 simultaneous connections to a Bluetooth transmitter. The Mobile Marketing Association had also published new data on the issue of Mobile Couponing and Best Practices, and Europe was seen as the pioneer in this industry. Floren, Anten, Damen and Julen were determined to come up with a game changer and claim 'their piece of the pie'. As they sat around the table, suddenly the phone rang; it was Romen, their entrepreneurship professor when they were studying in university. He had been following their evolution and was going

to Helsinki to meet the senior executives of Nokia Emerging Technology (NET) department. Romen had called to invite the team to go with him to Finland, he told them that he would introduce them to his contacts and that they would have the opportunity to pitch their product / applications to NET. They had twenty-four hours to decide if they would come. As soon as Romen hung up, the debate was launched by Anten:

> *"Are we really at the stage where teaming up with the world's leading manufacturer of Smartphones should be envisaged? Should we go to Finland? Wasn't our initial target market France? What should we do?"*

All of their plans for the meeting had been thrown into disarray as they had never considered the possibility of receiving a telephone asking them to collaborate with an organisation such as Nokia. Floren wondered if they should go or if they stick with their original plan. He felt that they would first need to discuss the advantages and disadvantages of meeting with Nokia, then they should develop a detailed proposal focusing on how any collaboration with Nokia might work, and finally they would need to make a decision as to which route was best for the long-term future of the company. He also wondered which route might provide the most profitable exit strategy for the founders of the business. There was much to discuss and Floren, Anten, Damen and Julen had 24 hours to make some major decisions.

Appendix One
Porter's Five Forces Analysis
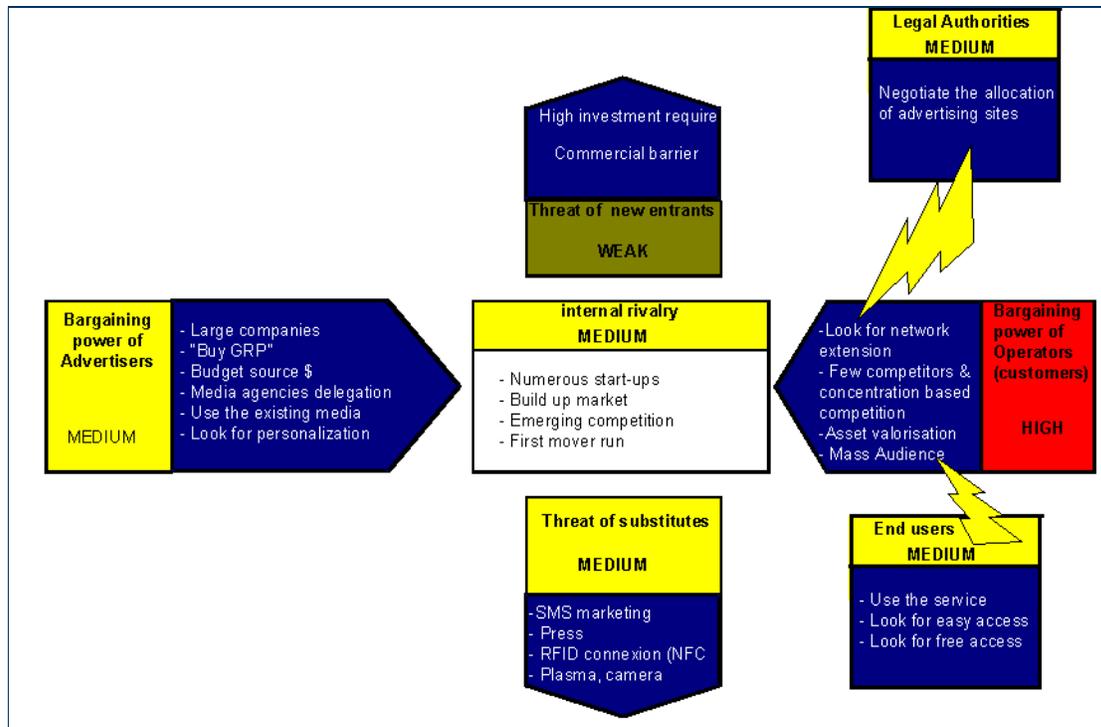
Operators, hardware providers & politics

Outdoor advertising represents 13% of mass media expenditures. This highly concentrated market (€1 billion) is dominated by three major players in France: JCDecaux (40%), Clear Channel (30%) & Cbs Outdoor (20%). Today's market is saturated, with a price war going on. These players usually control all innovation implementation and own their hardware and design. Suppliers are numerous and are generally not able to innovate. The acquisition price of a billboard is €13K. They can integrate innovations (unrolling) when the technology is in a mature phase. Operators have to regularly negotiate with local authorities for the allocation of advertising sites. They strongly depend on them to extend their network.

Advertisers & advertisement agencies

Their main concern is to increase their exposure and sales and to assert their differentiation. They are the sources of finance. The largest ones are retailers, car manufacturers, and the food industry. They rely upon communication agencies to design their campaigns and are obliged to deal with few mass media operators.

Audience

Communications via mobile phones and the internet has transformed the behaviour of customers who are becoming familiar with new services (SMS, e-mails, MMS, I-mode, Wap, Bluetooth). Hence, the use of mobile phones to exploit advertising information still exists …but end users don't want to be spammed, and want easy and useful services.

Appendix Two

Competition in the Mobile Telephone Industry

Competitor	Competitive Products	Substitutes	Type	Targeted market
WW(France)	Beeper, advertising additional content, proprietary solution, requires specific deployment		Direct	Posters, panels operators
HY (England)	Content download to mobile phones and PDAs, use of Infra-Red (IR) technology		Direct	Posters, panels, events, museums
KAM (France)	Hardware tags designed to allow content download to mobile phones and PDAs, based on Bluetooth technology		Direct	Posters, panels operators
MOB (France)	Software allowing content download from Bluetooth sources (between PDAs, phones)		Potential	End user communications (send free SMS, get connected with other users, coupons)
SMP (US)	Software allowing content download from Bluetooth sources (between PDAs, phones)		Potential	End user communications (send free SMS, get connected with other users, coupons)
Telecom Operators		Wap Mobile internet, UMTS, Outdoor wireless spots (WIFI, Wimax)	Indirect	All mobile situations
Telecom operators		SMS mobile marketing	Indirect	Advertising industry
Advertisers & printing industry		Flyers, paper based leaflet	Indirect	Advertising industry for indoor conditions
QUP, CY		Animated displays	Indirect	Shop windows
		Mobile devices embedded cameras	Indirect	All mobile situations