

ILM East Dialogues, Part II: How to Build Mobile Apps

Analyst: Michael Boland **Document:** Advisory #11-06

Summary: During BIA/Kelsey's ILM East conference in March, a series of mobile sessions featured on-stage interviews with leaders of the mobile industry (see "ILM East Dialogues, Part I: A Conversation With Foursquare").

WillowTree Apps CEO Tobias Dengel was part of this lineup and offered many actionable takeaways about building mobile products. This report examines those takeaways including the full interview transcript.

Moving From 'Why?' to 'How?'

In addition to being a longtime BIA/Kelsey conference attendee and guest blogger, Tobias Dengel is CEO of WillowTree Apps. The company has built apps for many best-of-breed enterprises such as Crutchfield and University of Virginia.

WillowTree is behind BIA/Kelsey's own branded mobile app that lets users read its blog and conference materials from Apple iOS and Android devices. WillowTree's Babycenter app was also featured by Steve Jobs during the unveiling of the iPad 2 in March.

During his on-stage conversation with BIA/Kelsey at the ILM East conference in March, Dengel offered his unique perspective on the successes and common mistakes of media companies forming mobile strategies. This includes important choices like where to build mobile products in a fragmented world of platforms and operating systems.

Dengel also offered advice on how to structure your teams and organizations to ensure the most success with mobile product development. He prescribes that at least one high-level executive in your company, for example, should have the word "mobile" in his or her title.

It will prove valuable in this evolving sector to have

discussions focused on the "how" rather than the "why." Most dialogue at tech conferences still dwells on the latter, though it's time to advance beyond the consensus that mobile holds many opportunities for growth.

What follows is the full transcription of BIA/Kelsey analyst Michael Boland's interview with Dengel at ILM East 2011.

Michael Boland: *You work with lots of different mobile publishers, so you have a good perspective to see mistakes that are made and best practices. What is your recommendation for questions people need to ask themselves before they get into mobile?*

Tobias Dengel: First, many of the people in this audience have BlackBerrys; I've been seeing them out there. I would encourage you to do yourself a favor and slide those BlackBerrys under your seats and then walk down to the Apple store that is three blocks away and get an iPhone. Or go out and get an Android phone.

The main thing is that you have to start using these apps and mobile sites. I don't want to bash BlackBerry, but what I'm saying is that all the growth right now is in iPhone and Android.

That's where the apps are, and that's where the volume is. You have to get your senior executives using

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Boland (left) and Dengel at BIA/Kelsey's ILM East conference

one time, and then you get all your scores. Maybe they get one ad unit. Now, do they make less money per user doing that? Yes, but they probably get a lot more uses per day and they've protected a flank. Because if they hadn't done that, someone else would have done a sports scoring app that, with one click, you can get your scores.

MB: *If you look at the most successful and downloaded apps, most of them are built from the ground up for mobile, using things like the camera or the accelerometer. The litmus test for me is "Would this app work on a PC?" And for the success stories, the answer is often no. How do you respond to that?*

these devices so that they can make decisions about how to build for them.

Second is that you have to be ruthlessly focused on the user. It's even more important than on the Web, but the mistake that most people make is saying, "I've got all this Web stuff; I want to put it on mobile."

Really what you have to do is consider mobile a completely separate medium; start with that and think about, "What are users going to want?"

MB: *Who's doing that now?*

TD: I'll give you an example. I was at AOL in the late '90s and worked with AOL Sports where everyone went to get scores. So we put the scores four clicks back from the main page so that we could drive up page views and usage. Even to this day, if you look at ESPN, they might have some scores there, but you have to drill down to find them.

But on mobile, [the] ESPN ScoreCenter app gives you scores in one click. You put your favorite teams in

TD: The answer should be no. Our belief, and it may sound crazy, is that this transition to mobile is going to be more disruptive than the transition that started 15 years ago from traditional media to the Web. The reason is that mobile is so much more complicated.

I have a quick list of attributes of mobile that don't exist on a desktop website:

- It's always with you.
- Always on.
- Knows your location.
- Knows what direction your pointing the phone.
- Has an accelerometer so it can see how you're moving the phone.
- Has a camera for images and video.
- Has a touch interface; a lot of apps would not work if it weren't for touch.
- Has a gaming orientation.
- Has near field communications (NFC) for payments and product information.

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- You can get information wherever you are, such as barcode scans for retail price checks.
- You can check Facebook Likes or Yelp reviews.
- Users are limited in their time so they only surf one or two screens.
- There are complications with multiple browsers and limited bandwidth.

All of this means when you look at apps that are really successful, they've included at least three or four of these attributes, and that's what has allowed them to create something innovative. Look at companies like Foursquare or SCVNGR; they've included many of these.

MB: *Organizationally speaking, does this mean that companies with legacy products in print, broadcast or online are handicapped by the DNA of those products? Do companies starting off "mobile only" have a leg up in the way they see the world and develop products?*

TD: Yes, it's very similar to what happened in the mid to late '90s where traditional media companies just weren't able to reorganize themselves quickly enough. A lot of the Web companies that popped up then, and are still leading their space now, might be surprised by mobile and unable to adapt.

My suggestion is that in your organization, there should be someone with [the word] "mobile" in their title, and that person should be on equal footing as the person who has "interactive" in their title. It shouldn't be someone way below who is just taking the website and making it mobile and moving on. It's got to be a focus.

MB: *So this is less a question of underscoring the deficiencies of traditional media, than to appreciate the challenge it faces in organizational inertia.*

TD: Yes, it's a second bite at the apple, so to speak, if you look at the fact that a lot of traditional media companies lost a lot of audience in the last 10 to 15 years. They now

have the potential to regain it, and they have a unique advantage because they can cross promote things like apps, which companies starting out don't have.

MB: *Is there a sense that companies that went through that online shift can more effectively transition to mobile because they don't want to make the same mistake twice?*

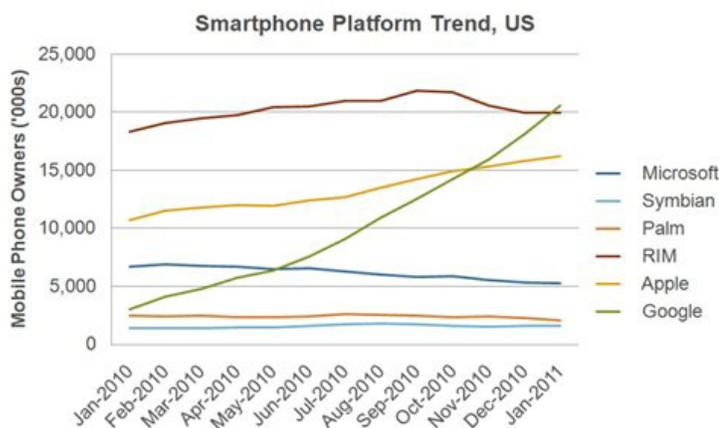
TD: I hope so, but the last 12 months hasn't borne that out. You've got Foursquare, Gowalla, SCVNGR; you've got LivingSocial and Groupon, that aren't necessarily mobile-only, but mobile is a huge component and they're new companies. But there are counterexamples in more established companies. ESPN is an example of someone who has taken mobile very aggressively from day one.

MB: *Let's switch gears to platform choice. In terms of where you're placing your chips when you build a mobile product, how important is OS market share? And not only now but where it's going? On that measure is it a mistake to ignore Android and its growth?*

TD: It's mostly happened in the last six to 12 months. Twelve months ago we weren't building Android apps, and now we're doing it at a one-to-one ratio with iPhone apps.

Android Rising

SOURCE: NIELSEN (2011)



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MB: *The advantages in reach and volume are clear with Android. What are the disadvantages? Device fragmentation? Different versions spread throughout the marketplace?*

TD: That's a big part of it. App discovery is another issue. It's surprising because it's Google, a company based on search, but apps aren't as searchable. In Apple's iTunes Store, search is horrible, and Android has taken that to a new level.

MB: *Apple has done a better job with apps because it's pushing for an app-centric mobile world. Google conversely wants a Web-centric world because search is the front door and that's where it makes most of its money. Could that be a reason Google's attempts at an app store are kind of half-hearted?*

TD: I hope that's right because you would hope their engineers can do better.

In terms of mobile websites, these days they can do almost everything that a native app can do. The differences include slight speed differences, app stores and the discoverability element.

So "apps vs. mobile Web" really depends on your business. If you are in a business where you get lots of searches from Google, you're going to need a mobile website because Google is going to give extra promotion to sites that are mobile optimized. In a year or two, you're only going to see mobile optimized sites in Google searches. So if you're getting search results, you need a mobile site and that should be the first piece of your strategy.

If you're a destination site and you can cross promote, you're probably better off starting with a native app because you can get an installed base, and you can keep pushing it.

Final Thoughts: A Relevant Debate

Earlier this month, Forrester Research released a report titled "Why The 'Web Versus Application' Debate Is Irrelevant To Your Mobile Product Strategy." More of a headline grabber than an actual premise, the report maintains that mobile publishers and product developers shouldn't get caught up in the "apps vs. mobile Web" debate mentioned above, and instead should do both.

That's all well and good, but it's wishful thinking for start-ups and mobile newcomers that don't have the resources to check the "all of the above" box. This is made worse by the fragmentation in mobile platforms and operating systems.

Even those with the resources to develop for mobile Web and many native platforms are left with the important question of where to develop first. And it's not an insignificant (or irrelevant) decision.

Cost, reach, OS market share, desired functionality and whom/where your users are: These will all continue to be important variables on the check list that helps you determine where to develop, and where to develop first.

Apps vs. Mobile Web: A Tie Game

SOURCE: COMSCORE (2011)

Mobile Content Usage 3 Month Avg. Ending Jan. 2011 vs. 3 Month Avg. Ending Oct. 2010 Total U.S. Mobile Subscribers Ages 13+ Source: comScore MobiLens			
	Share (%) of Mobile Subscribers		
	Oct-10	Jan-11	Point Change
Total Mobile Subscribers	100.0%	100.0%	N/A
Sent text message to another phone	68.1%	68.1%	0.0
Used browser	36.2%	37.0%	0.8
Used downloaded apps	33.7%	35.3%	1.6
Accessed social networking site or blog	24.2%	25.3%	1.1
Played Games	23.7%	23.7%	0.0
Listened to music on mobile phone	15.4%	16.5%	1.1

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It's true that app and mobile Web use are currently at parity. This is one of Forrester's main premises, and comScore data support it. And they will both grow and coexist, given smartphone penetration and mobile Web development tools like HTML5.

But it's our belief that the continued divergence of choice — as both mobile Web and native apps thrive — makes the platform decision facing any mobile publisher more relevant, not less.

Publishers and app developers at various stages of the mobile adoption curve should pay close

attention to the attributes and shifting market shares of all mobile platforms. Congruence between those attributes and a mobile product's well-defined goals is vital.

Lastly, to reiterate Dengel's main points: Develop mobile products from the ground up, not as an afterthought; keep the user — and the mobile interface — top of mind; and have someone in your organization devoted to mobile.

Some of these guiding principles may seem obvious, but it's surprising how often they're ignored. **MLM**