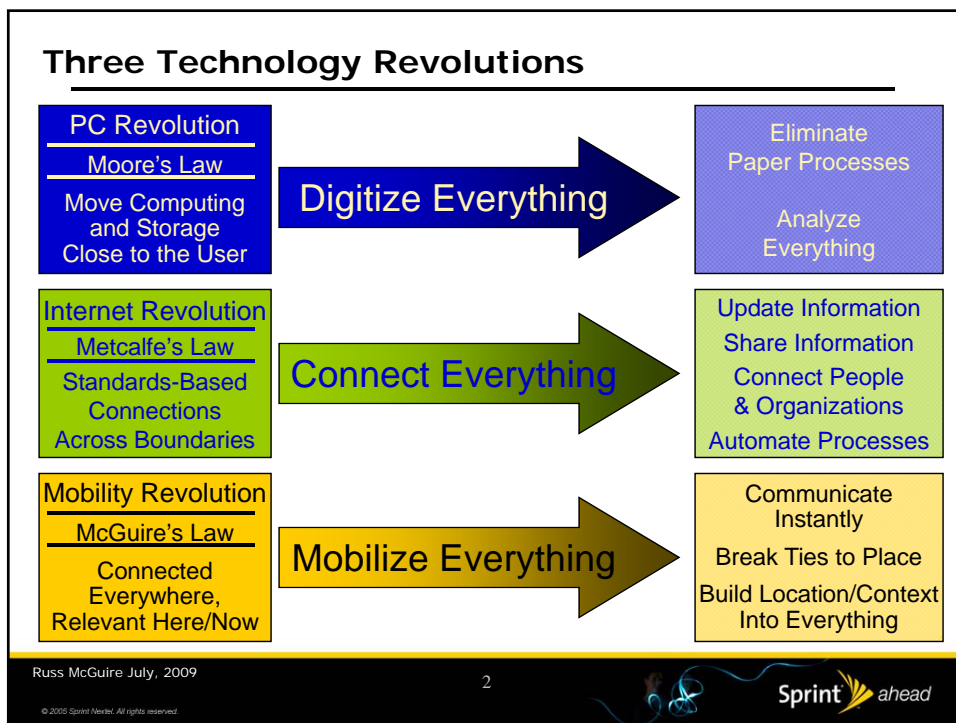


The Power of Mobility

Russ McGuire
Vice President, Corporate Strategy
Sprint Nextel

Sprint ahead

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Two Value Drivers

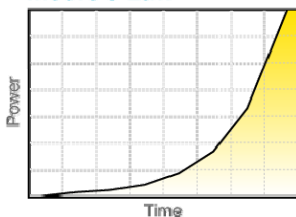
■ The PC Era

- Moore's Law: Financial value of moving computing power to the desktop
- 1985 – 1995 CIOs consumed with managing power and danger of PC realities

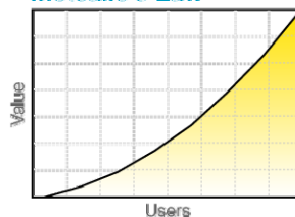
■ The Internet Era

- Metcalfe's Law: Financial value of connecting to the Internet
- 1995 – 2005 CIOs consumed with managing the power and danger of the Internet

Moore's Law



Metcalfe's Law



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Value creation in the Mobility Age

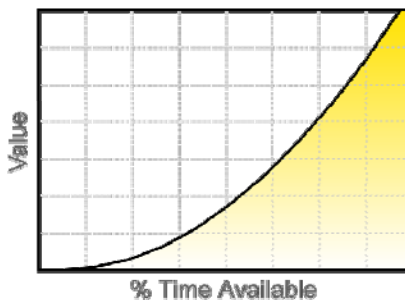
McGuire's Law

- Defines the mobility revolution
- Financial value of building mobility into any product or service

The Mobility Era

- Cost of adding mobility is plummeting (thanks to Moore's Law and Metcalfe's Law)
- For the next 10 years, CIOs will be consumed with managing the power and danger of mobility

McGuire's Law



The Value of Any Product or Service Increases With Its Mobility

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What is Mobility for Businesses?

Technology Advances



IP Endpoints

Broadband Wireless



Software on the Handset

Instant Connectivity (e.g. PTT)



Enterprise Agility

The ability for businesses to respond quickly to changing business needs!



Employee Mobility

The ability for individuals to work when and where they want to!

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Mobility creates Value

In Services and Processes

- Gaining better information when and where you need it
- Taking processes, services, and information to new places
- Eliminating paper processes and re-keying errors
- Automatically capturing data (location, time, user) as tasks are performed
- Increasing responsiveness to customers

In Products

- Making products fully usable all the time and everywhere
- Building context awareness into products (location, time, weather, traffic, etc.)

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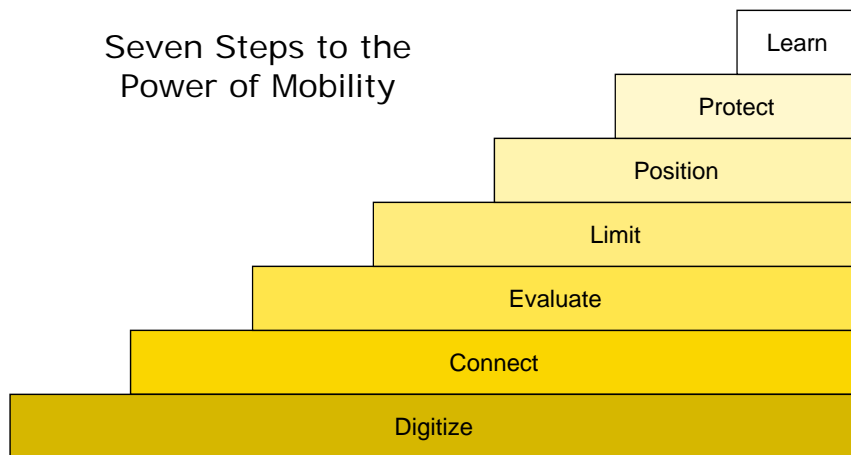
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What does my business need to do?

Seven Steps to the Power of Mobility



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Digitize and Connect

While You Were Out

Constrained by:

- Location
- Time
- Richness
- Security
- Connectivity



Digitize: How much information that's critical to the success of your business on a day-to-day or month-to-month basis still exists as ink on paper, or worse, locked up in someone's head?

Connect: Now that you've digitized your business, how will open networks amplify the value of your digital data?

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Case Studies: Rand McNally and MapQuest

Rand McNally

- Founded 1856
- Maps used in 98% of schools

PC era:

- Digitized products
- Created TripMaker PC software

Internet era:

- Captured power of the Internet
- Launched randmcnally.com in 1997
- Integrated dynamic weather, road construction information

Mobility era:

- 2003 introduced Mobile Travel Tools
- Integrated paper products with web products with mobile products
- Focused on strength and uses of each



MapQuest

- Founded 1994 by R.R. Donnelly
- MapQuest.com launched 1996
- Acquired by AOL in 1999 for \$1B+



Internet era:

- Created category leading web navigation service
- 54 million MapQuest.com users
- Advertising driven revenue model

Mobility era:

- Web audience has gone mobile
- Initial business model: monthly fee
- Pursuing contextually relevant transaction-based model
- Partnered with mobility experts (Zingy and Telmap) to launch mobile offers

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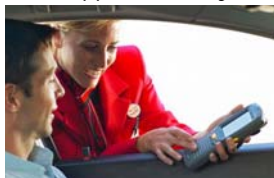
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Evaluate

What happens when you break the conventions of how your industry operates?

What happens when you free a product or service from a particular place?



What happens when you use mobile technology to make your business run better and smarter?



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Case Study: TeleNav

TeleNav

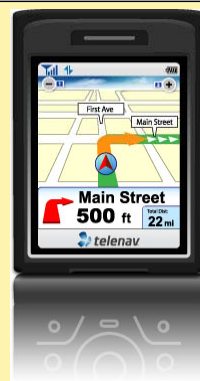
- Founded 1999, when FCC ruled for GPS chipsets in mobile phones
- Enabled radical redefinition of navigation marketplace

Different cost structure:

- Traditional providers (e.g. Garmin, Tom Tom) offered dedicated navigation device products
- TeleNav leveraged computing power, display, input keypad, speaker, GPS chipset already paid for as part of the cellphone
- Instead of charging \$1000 for a device, TeleNav charged \$10/month
- Dramatically lower decision barrier
- Updates can be delivered over the air at much lower cost than CDs for competitors

Different value proposition:

- Always connected device
- Up-to-date maps
- Traffic, construction, gas price updates delivered in real-time
- Special event opportunities (e.g. 2007 SuperBowl)



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Limit: What are you going to choose not to do?

As you work to capture the power of mobility, you will need to manage the challenges and limitations across four critical, and inter-related dimensions:

Wireless Technology: Options exist from PANs (e.g. Bluetooth) to WLANs (e.g. WiFi) to 3G WWANs (e.g. EV-DO) and 4G WWANs (e.g. WiMax). Which technology, or combination of technologies enable you to best achieve your goals.

Network Provider: Based on your technology choice, do you need a wireless carrier (like Sprint) or maybe a network integrator who can help build out a WLAN or PAN infrastructure? Which one is most open to working within your model and has the most experience with situations like yours?

Geography: Given your technology and provider choices, what are the geographic limitations (e.g. coverage) that are imposed? Can you do anything to overcome those limitations? (e.g. enhanced coverage solutions, local data storage while off-net)

Activities: Will you limit the activities that you'll support in your mobilized product or service to ensure successful and value-creating operation?

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Position

Building mobility into your product, service, or process requires investment and introduces change for your employees and customers. To ensure success, in selecting the initial target markets, customers, and applications, keep in mind the three R's:

- **Risk**
 - o Performance risk: Will it work? How can you minimize the likelihood and impact of any failure?
 - o Acceptance risk: Will customers and employees buy in?
 - o Success risk: Are you prepared if demand explodes?
- **Reward**
 - o What initial deployment delivers the greatest direct financial return?
 - o Is there an opportunity to increase market share in your core business?
 - o Can mobilization impact customer/employee loyalty?
- **Replication**
 - o Can you choose an initial position which can quickly and easily be replicated for additional markets, customers, and applications, multiplying your value creation?



Case Studies: SportClips and AllState GES

SportClips

- One of America's fastest growing franchises
- Imperative to build and protect the brand



The mobile workforce:

- 60 field district managers and coaches
- Regularly visit each shop to provide coaching and ensure the franchise standards are being met

The mobilized process:

- During each visit, a lengthy site survey is completed
- Historically paper-based and mailed into headquarters
- SportClips worked with Anyware Mobile Solutions to automate the process, submitting surveys over the air, and providing immediate reports
- Tremendous efficiency savings and more timely response to emerging issues

AllState GES

- Appliance distribution and installation company in Phoenix
- Large focus on working with home builders and contractors



Mobilizing the workforce:

- AllState GES worked with Xora to mobilize their installation workforce
- The AllState office can track installer locations and project activities at all times
- When an installer arrives on a job site, they type the project number into their phone, initiating the process
- If the job site isn't properly prepared, they use their cameraphone to attach the conditions to the job record
- Dispatchers are much more efficient, customers are better informed of status, and AllState has much better job data for managing their business



Protect: Manage the danger of mobility

Three key interrelated classes of danger:

Data Security:

- Device theft and loss
- Sensitive data
- Network connectivity

Financial Exposure:

- New costs: devices, plans, applications
- "Desktop" support, "network" support
- Lost productivity (distractions, malware)

Third-Party Claims:

- Lost customer/employee personal data
- Regulatory violations (HIPAA, SarBox, Gramm-Leach-Bliley)
- Employee lawsuits (work-life, hostile environment)



Learn from your customers

Mobility so dramatically changes the environment, that you simply can't know how your customers and employees are going to change their behaviors once you take the first steps into mobility.

Consider three levels of learning from customers:

Listen:

- How easy is it for customers to tell you how your product or service could improve?
- How open are you to their input?

Engage:

- BuzzAboutWireless.com
- Netflix rating and recommendations

Employ:

- Lego Factory
- Lego Mindstorms User Panel



Case Study: Montclair State University

Montclair State

- New Jersey's 2nd largest and fastest growing university
- Located just outside NYC – large commuter population



Desired State:

- Replace legacy communications that students had rejected
- Establish a reliable way to communicate with students – from individual students to classes and groups to the entire population
- Build a sense of community across all students
- Revolutionize all aspects of university life: education, social, safety

Results Achieved:

- Partnered with Sprint for excellent coverage everywhere on campus
- Partnered with Rave for university-specific applications
- Top apps: BlackBoard, social apps, bus tracker, mobile guardian
- Very high adoption with students porting numbers
- Differentiation drives student loyalty

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Case Study: Portable On-Demand Storage

PODS

- Revolutionized the moving and storage industry in 1998 by taking something always assumed to be fixed and making it mobile
- Created tremendous new value for customers, allowing folks to pack at their own convenience and without having to borrow a truck and drive across town



New Requirements:

- Tracking company assets and customer property
- Being responsive to customer requests

Approach:

- Partnered with Sprint Advanced Wireless Solutions (SAWS)
- Implemented GPS tracking of all company containers
- Integration of asset tracking with proprietary customer tracking system
- Navigation and customer data for efficient delivery and ensuring authorized transfers
- Successfully implemented across 150 company-owned and franchise locations

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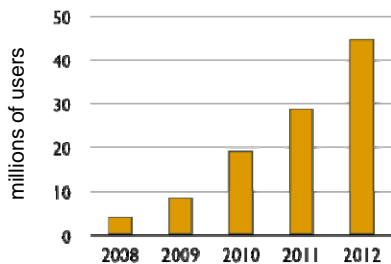
What does mobility mean for credit unions?



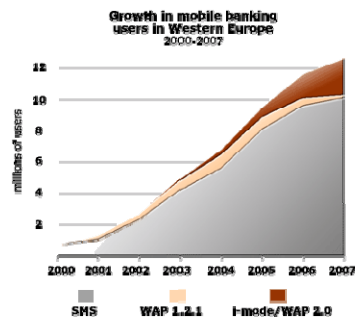
Let's first look at the Mobile Banking market

Mobile banking has been successful in Europe and Asia, and Tower Group forecasts 16% adoption by 2012 in the United States

US Mobile Banking Adoption Forecast



Europe Mobile Banking Experience



Why Mobile Banking?

There are many factors driving early adoption of mobile banking

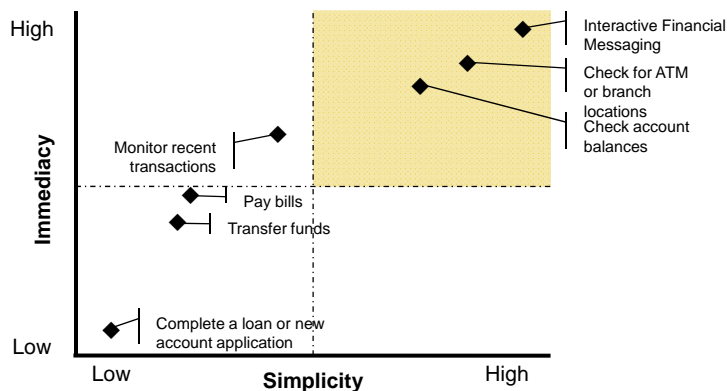
- Convenience: the cellphone is your most personal device
- Powerful acquisition vehicle for new accounts
- Retention of existing accounts through extreme stickiness
- Top Financial Institutions (FIs) are live with mobile channel
- Many other FIs have "declared" intentions

	WAP	SMS	App
B of A	✓	✓	
Wells Fargo	✓	✓	
JPM Chase		✓	
Citibank	✓		✓
Wachovia	✓		✓
PayPal	✓	✓	✓



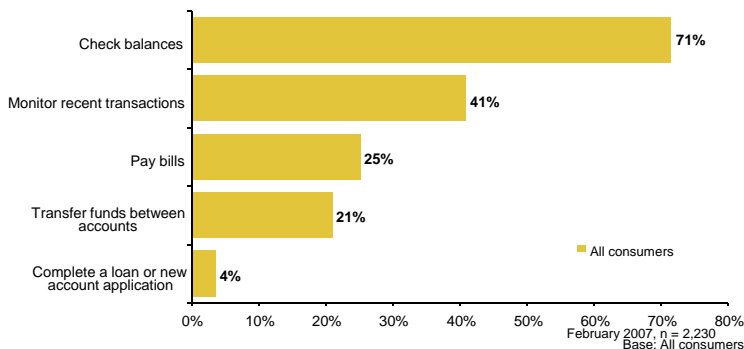
Banking activities that are simple to execute and immediate lend themselves to mobility

Simplicity and Immediacy of Transaction Matrix

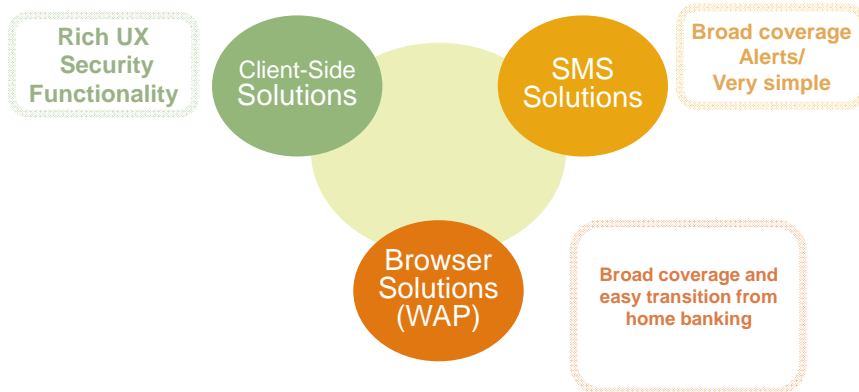


These 'simple' and 'immediate' activities drive strong consumer demand for mobile banking

Mobile Banking Activities Preferred by Consumers



There are three Mobile Banking platforms with targeted users for each

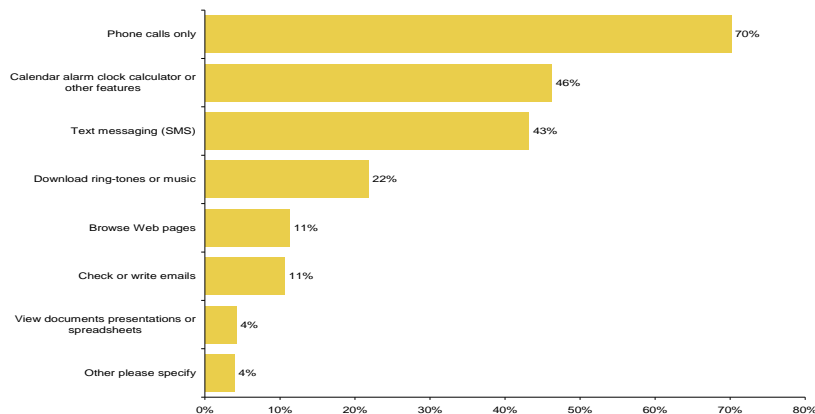


- Significant demand for broad-based client-side and SMS solutions
- Browser solutions typically use technology and platform used for home banking portals



Text-message-based solutions currently are most popular, and gaining traction

Text messaging offers an effective, low cost way to provide alerts to customers



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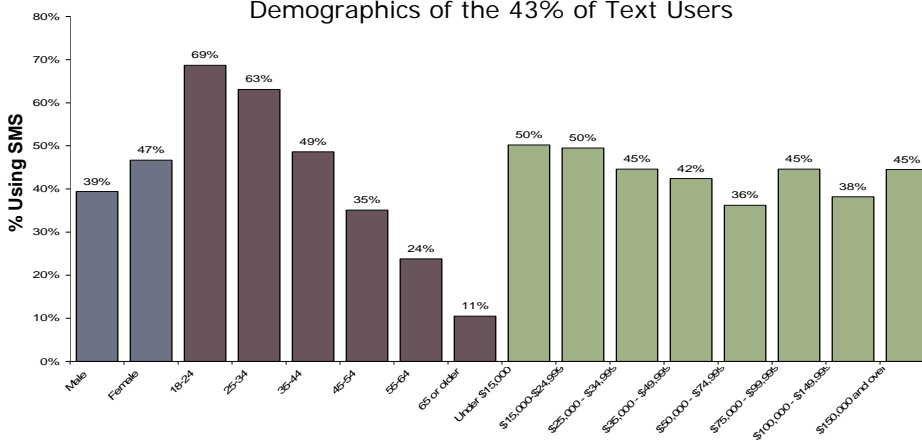
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Texting is most common among 18-34 year-olds

Demographics of the 43% of Text Users



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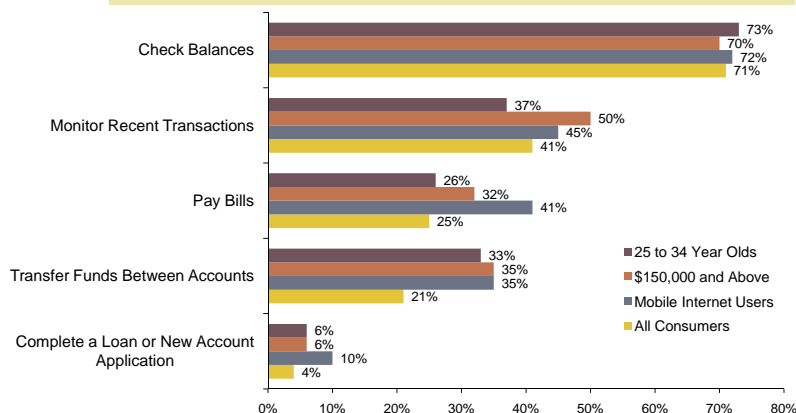


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And yet younger users are not the only ones inclined towards Mobile Banking

71% of *all* consumers want to be able to check balances

Preference for Mobile Functionality By Demographic



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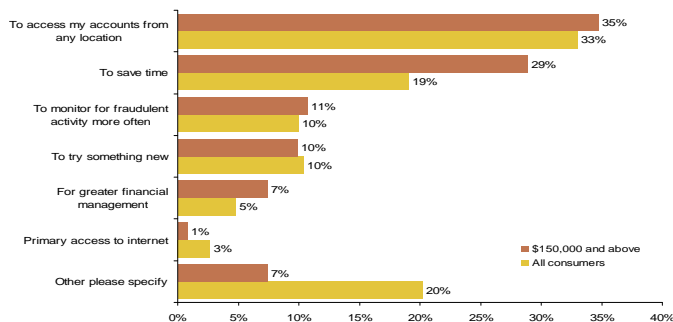
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For higher income customers convenience and time-savings drive interest

Higher-Income Consumer Motivation for Using Mobile Banking



Q36: What is the primary reason you would use mobile banking? (Select one only)

February 2007, n = 2,230
Base: All consumers
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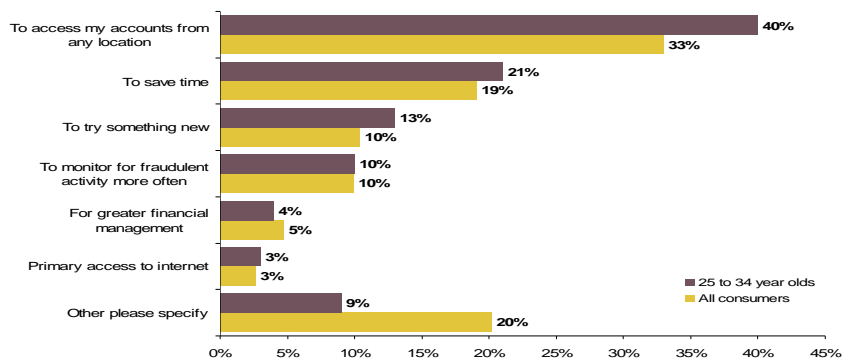
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Younger consumers are more interested in the 'anytime, anywhere' benefits of Mobile Banking

Younger Consumer Motivation for Mobile Adoption



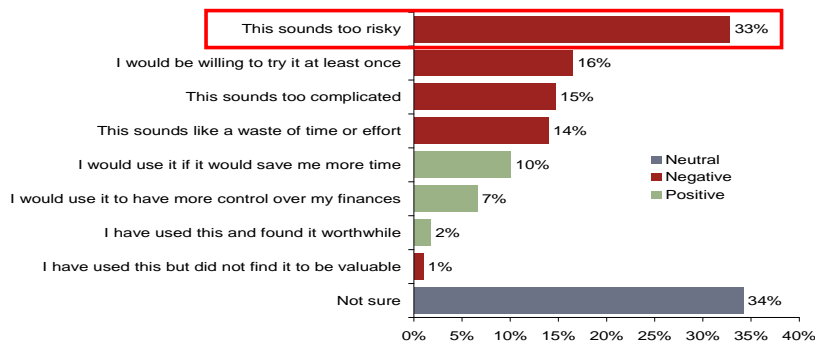
Q36: What is the primary reason you would use mobile banking? (Select one only)

February 2007; n = 408; 2,230
Base: All consumers
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In spite of considerable interest, some customers are concerned about security

Mobile Banking Deemed as "Too Risky" by One-Third of Consumers



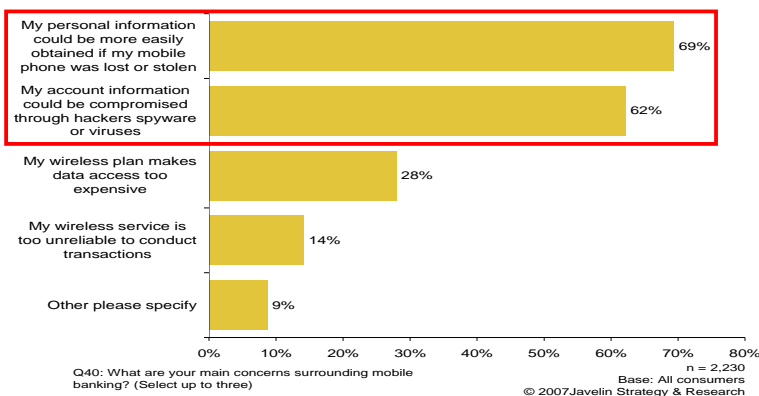
Q29: Some institutions believe that personal financial capabilities should be offered through portable devices such as advanced mobile phones or handheld computers. What is your opinion on this? (Select all that apply)

n = 2,230
Base: All consumers
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Specific areas of concern include mobile viruses and identity theft

Identity Theft Dominates Consumers' Mobile Banking Concerns



Each platform offers unique strengths and vulnerabilities

Platform	Strengths	Vulnerabilities
Browser/WAP	<ul style="list-style-type: none"> No need for customers to download anything Mobile network improvements lead to better browser capabilities Automatic updates that do not require anything of consumers Relatively inexpensive for banks to deploy (in-house solution) May be a familiar experience (similar to online banking) 	<ul style="list-style-type: none"> Potentially more steps to complete transactions (access site, log in, verify password and pin, choose transaction, etc.) Data plan costs can be higher with current mobile network generation Customer experience may suffer with lag times, dropped connections Consumers may not have data plan
Downloadable application	<ul style="list-style-type: none"> User experience perceived to be most secure Customization, high level of branding Speed and direct access to accounts Lesser charges for data plan access (no need to browse as with WAP, the direct link is faster) 	<ul style="list-style-type: none"> Consumer resistance to downloading Higher cost of implementation for banks Upgrades must be re-downloaded Ensuring that carriers place the app prominently Consumers may not have data plan
SMS/Text message	<ul style="list-style-type: none"> Maximum technical reach in handsets (already exists on most handsets) Best-suited for two-way alerts Rapid, dynamic, real-time exchanges for instant information Consumers used to using, paying for SMS 	<ul style="list-style-type: none"> Unencrypted data transfer Messages stored on the phone High perceived security concerns



There are specific steps you can take to leverage Mobile Banking

- Understand the three Mobile platforms and the demographics of each
- Understand your current membership demographics and your CU's general business direction
- Craft a high level, tailored Mobile Banking perspective for your credit union that outlines the CU view of mobile banking
- Share the view with your current providers of financial solutions, individual mobile banking providers and carriers to deepen your team's understanding of what is available and feasible
- Craft a detailed strategy that details the project to select, implement, market and measure success
- Execute
- Measure the success – Adoption (i.e., users) = success

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Sprint can partner with you through the process

Sprint's National Credit Union Program offers specific Mobile Banking support to help at each stage and, most importantly, to drive adoption

- Services and Engineering Consulting Support through Mobile Banking Selection Process
- Specific member marketing programs
- Statement mailers introducing Mobile Banking Platform
- Ad hoc sales and technical support to drive Mobile Banking adoption

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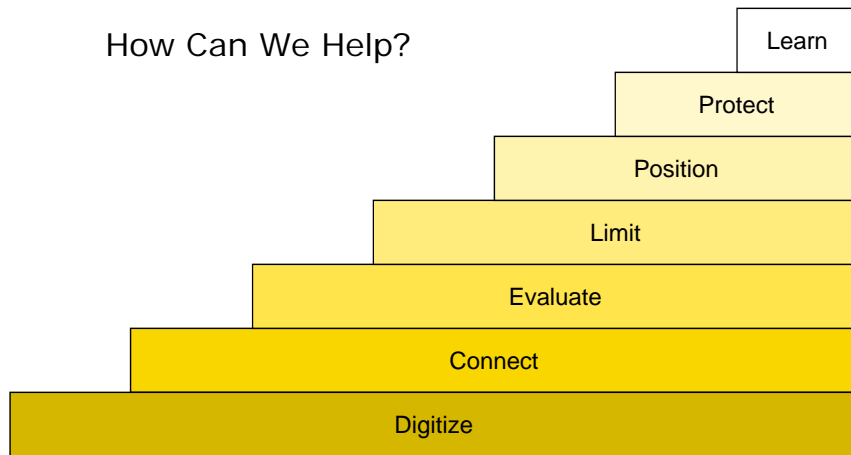
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Where are you in the process?

How Can We Help?



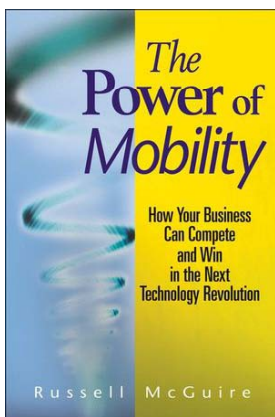
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Questions?



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