



Verizon Navigates LBS Market

In the first of several location-based services, the company offers turn-by-turn driving directions.

January 30, 2006

Verizon Wireless launched its location-based navigation service on Monday, the first step in the company's plan to offer several GPS-based services by the summer.

The launch of VZ Navigator represents the start of the largest push by a wireless carrier into location-based services (LBS) for U.S. consumers.

Verizon, the second-largest wireless company in the United States, plans to launch several services leveraging the GPS chips in phones, including a childtracking service that will start in May, according to one of the company's partners.

Verizon's navigation service provides turn-by-turn audio driving directions over cell phones for \$10 per month, or \$3 for 24-hour use. For now the service is only available on one Motorola phone at launch.

In a recent demonstration offered by a partner, the service located a cell phone within tens of yards and a voice service announced directions to a location that had been manually entered.

Services that use GPS chips in phones have raised issues about privacy and security concerns, and have slowed the launch of such services by U.S. cellular operators.

In Verizon's announcement, the company highlights the security of the service, a move attempting to ease consumer concerns.

Verizon shares slipped \$0.27 to \$31.87 in recent trading.

Global Market

In Japan and South Korea, wireless operators are already making money with location-based services.

ABI Research estimates the global location-based market will grow to \$8 billion during 2010, up from \$981 million in 2005. The Asia-Pacific region currently accounts for 55 percent of the world's subscribers, compared to North America's 5 percent.

For years, services using GPS chips have been touted as the next big thing in the wireless market. But recently, a U.S. federal mandate forced the cell phone companies to provide the location information for 911 dialers. Upgrading the system to meet the mandate cost an estimated \$1 billion per company.

To earn back that investment, the wireless companies decided to add extra services, like VZ Navigator.