

FT REPORT - DIGITAL BUSINESS: Too wrapped up in its own little world?

By Chris Nuttall in San Francisco, Financial Times
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The FT San Francisco bureau sits on Post Street, part of an elite thoroughfare just below Union Square full of haute couture stores and expensive jewellers.

Just opposite us, a new Cartier store had a grand red-carpet opening this month, with thousands of matching red roses arranged to frame its entrance and display windows. Caviar was served to VIPs on spoons from a bar made of ice inside.

Aptly, there is a flower stand next to the store, where James Stewart bought Kim Novak a bouquet in the Hitchcock film Vertigo.

The glamour and showbiz vibe extended to the nearby Moscone Center when I watched Apple chief Steve Jobs unveil a new range of iPods to a select audience, with Scottish singer KT Tunstall performing to round off the event.

At a trendy San Francisco warehouse party, I admired a new version being launched of the OQO ultra mobile PC (UMPC), a chic device devised by some Apple renegades, and finished the evening in the garden of a luxury home in a wealthy Palo Alto suburb, where iLike was celebrating its success as one of the most popular applications on the social networking site Facebook.

This wasn't a typical week in the Bay area, but it did highlight how it can seem the capital of the coolest technology at times.

What fascinates me is how this filters through to the rest of the world - is it like Paris catwalk fashions - irrelevant and too expensive for most people, but influential and eventually copied and sold cheaply somewhere else?

By the same token, is the Valley caught up in its own little world and missing trends abroad - an urban punk technology movement perhaps, that is creating its own fashions adapted to its chosen devices?

The Valley seems obsessed at present with platforms, both hardware and software. Facebook is the platform du jour of the web, with thousands of developers creating applications to run within the Facebook ecosystem.

Virtual worlds are a 3-D platform being explored and Google sees its platform as the web browser, where online applications can run without the need for the Windows environment.

In hardware, Intel is pushing its concepts of the smaller form factor UMPCs and mobile internet devices (MIDs) that will help sell new low-powered processors; Microsoft has been showing off coffee-table shaped "surface" computers. Intel's Classmate and the One Laptop Per Child notebooks are seen as solutions to bring low-cost computing to the developing world, although companies such as nComputing believe thin clients - simple terminals - offer a cheaper, greener platform.

The influence of the iPhone should not be underestimated - it looks a better platform for Facebook than a PC, as Steve Jobs demonstrated at his presentation. It is only on sale in North America, but Mr Jobs showed off a "phoneless" version, the iPod touch, available worldwide and setting a new standard for a Wi-Fi enabled entertainment device that can surf the web. Google is also rumoured to be readying its own phone, which would be available initially in the US, Europe and India.

The mobile phone is the most obvious platform to pursue, with 1bn handsets a year sold worldwide. Yet this is where the Valley has long lacked leadership and appears out of touch with fashions and habits in the rest of the world.

I also met Mig33, a mobile social networking platform, this month. It launched in Australia at the end of 2005 and has just rebased itself in the Valley to garner more attention. Mig33 has more than 7m members in 200 countries, but is relatively unknown in the US. It offers texting, instant messaging, 160,000 chat rooms, photo and profile sharing and cheap internet phone calls on cellphones.

Steven Goh, chief executive and founder, told me: "When [Google chief executive] Eric Schmidt says its next 1bn users will be on mobile phones, we see that happening."

He sees multi-tasking - using more than one application at a time - becoming more prevalent on mobile phones, helped by the sort of thinking that went into the iPhone. A Google phone would help the search giant to establish its platform on the phone's interface, rather than being one icon among many.

Mig33 has big ambitions of its own, seeing itself as a competitor to Google, Yahoo and eBay, as it extends its platform. It has a merchant programme that allows members to bulk-buy Voice over Internet (VoIP) minutes and resell them at a profit to other members.

"It's about empowering the last entrepreneur on the planet," Mr Goh says, citing cases of successful businesses being established from Kazakhstan to the Maldives and helping Mig33 acquire members faster.

The practical lesson for the Valley is that Mig33 works on the simplest phones, offers familiar tools and is motivating the widest of audiences with a profit incentive. It "gets" mobile and the rest of the world in a way that the fashionistas here have yet to grasp.