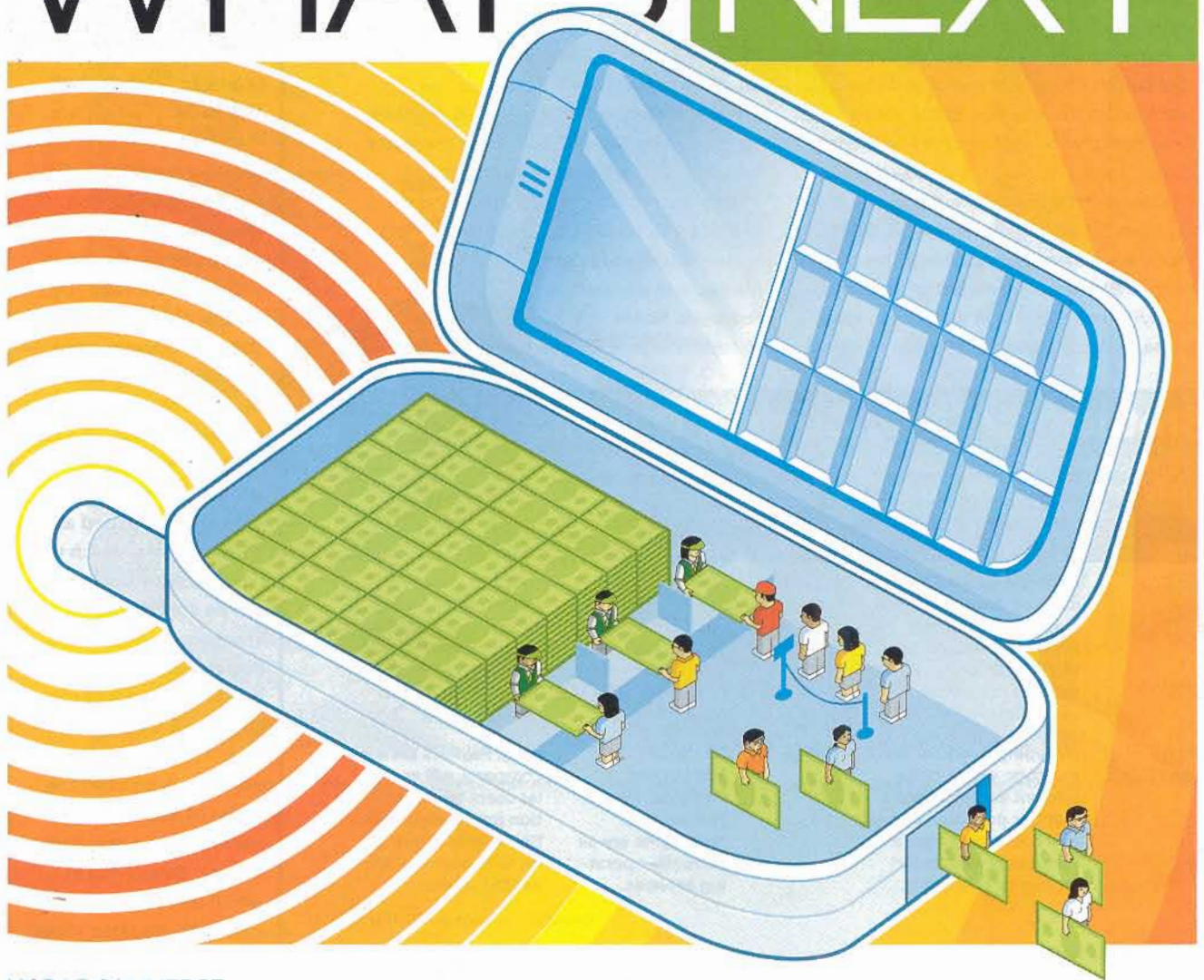


WHAT'S NEXT



MOBILE COMMERCE

The Bank Account in Your Phone

WHEN AMAZON.COM ENGINEER GAURAV Oberoi went on vacation to Europe with friends in 2004, they decided not to worry about who paid for what until after the trip.

But that meant recording expenses in a paper notebook, typing the numbers into a spreadsheet, and e-mailing it back and forth. "Splitting bills can be a relationship killer," Oberoi says.

He knew there had to be a better way. So he and fellow engineer Chuck Groom quit Amazon to build a company that tracks informal loans—a market the two dubbed "social money"—via cell phone. Their Seattle startup, **BillMonk**, launched in January. Its free service sends reminders about what is owed to

whom; BillMonk expects to cash in by charging for premium memberships that let you settle up by phone. More than 7,000 users have signed on already. "The economy of informal debts is huge," Oberoi says. "All we're doing is making this invisible market visible, then monetizing it with payment options."

The market is indeed huge. An estimated \$103 billion of social money—think split dinner checks and cab fares—is traded every year. And BillMonk isn't the only company poised to take a piece of it. A growing group of startups and established players like **PayPal**, **MasterCard**, and **Cingular** are betting that the cell phone is about to become king of small, on-the-go, cashless transactions. Total worldwide mobile payments will reach \$24

billion this year and \$55 billion by 2008, according to technology analysts at Celent.

You're right if you think you've heard the idea before: Mobile commerce was indeed a buzzword in the late '90s. But as with a lot of ideas from that era, its time may have finally come. "There was a lack of standards in this country, and the devices weren't quite ready," says Dan Schatt, a senior analyst at Celent. "But the stars are finally aligning. This will happen a lot faster than most people realize."

PayPal has a leg up in the social money game. In April it launched PayPal Mobile, a

recipient's phone number. The sender then receives a call that confirms the transaction.

Billmycell users in San Diego can pay cab drivers and purchase e-tickets via cell phones. **MyTango**, a Menlo Park, Calif., startup backed by Atrium Capital, lets users pay for take-out food with their phones.

Then there's a technology called near-field communication, or NFC, which offers secure short-range payment between phones and payment terminals. **Nokia** already has an NFC



Brother, Can You Beam a Dime?

Cell-phone-based micropayments, once just hype, are finally arriving—thanks to two competing technologies.

TECHNOLOGY	HOW IT WORKS	EST. MARKET SIZE BY 2009*	WHO'S DOING IT NOW	WHO WILL BE DOING IT
NFC	RFID-based wireless chips let consumers pay for items by waving their phones over a pay terminal (above right) or transfer money from phone to phone.	\$5B	NTT DoCoMo has rolled out NFC payment services in Asia. Nokia's 3220 phone already comes with optional NFC.	By 2007, expect NFC solutions from American Express, MasterCard, Visa, and handset makers such as Motorola, Nokia, and Samsung.
SMS (texting)	By typing a regular text message with a dollar amount and recipient's number or product code, and confirming with a PIN, a user can trade money or buy wares.	\$28B	Billmycell, MobileLime, MyTango, PayPal Mobile, and TextPayMe are all currently operating services.	eBay, PayPal's parent company, will soon let users bid on auction items using SMS. BillMonk is working on SMS payment for its IOU service.

*Celent projections of U.S. market.

free service that lets PayPal users send as little as a penny (and as much as \$1,000) to each other by text message and buy from merchants who display a special text-to-buy number. "Mobile payments will be an exploding market," predicts Kevin Dulsky, senior director at PayPal Mobile. He won't say how many users have signed up so far, but PayPal itself has an installed base of more than 100 million.

It isn't short of rivals. **Obopay**, a startup in Redwood City, Calif., lets you transfer money via a downloadable application on a cell phone and then access that money at any ATM using a special debit card. Obopay scored \$10 million in first-round venture funding and has alliances with MasterCard and Cingular. Redmond-based **TextPayMe** lets users send a short code along with the

phone on the market, and this year MasterCard and **Visa** are beginning NFC trials. "People carry their phone more often than their wallet these days," says Richard Fletcher, head of MasterCard's mobile wireless group. **Motorola** is bringing its own payment system and NFC handset to market by early 2007. Research firm In-Stat expects as many as 25 million NFC-enabled phones to be on the U.S. market by 2011.

In the meantime, a lot of companies will get rich providing the infrastructure. **Vivo-tech**, based in Santa Clara, Calif., has shipped more than 160,000 NFC readers since it started selling them 18 months ago. How many more it sells depends on how fast consumers buy into the phone as a hassle-free solution for, say, settling up a European vacation. — MICHAL LEV-RAM

ON THE LAUNCH PAD

Startup: **ThisNext** The idea: **Product tips from friends and experts**

Los Angeles-based serial entrepreneur Gordon Gould has a plan to turn user-generated content into a moneymaker: Let people create and share lists of product recommendations. ThisNext launches in beta this summer, seeded with lists from trustworthy icons such as chefs, sommeliers, architects, and athletes. The lists, which will be constantly updated, can be syndicated on anyone's blog. "We are helping to organize all the natural product evangelists out there," Gould says. "The big stealth opportunity is to sit at the nexus of search, social networks, and brand marketing." By looking at which lists create the most affiliate sales, Gould will identify the biggest peer influencers in each retail category—knowledge that any marketer would pay big bucks for.

— ERICK SCHONFELD



BIG SELL
Ski star Kasha Rigby touts Dynastar Legend 8800 skis.