



# Global Highlights

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## Innovation & Technology

### Free! Is \$0.00 the Future of Business?

- Do you have a free Gmail account? Have you traveled to Paris with Ryanair paying 50 euros? Did you get a free cell phone from your telecom provider? A recent [article](#) in the Wired magazine underlines how new business models can make (a lot of) money by offering apparently free services to their users. Some of the most successful models are based in cross-subsidies (like free downloading of your latest CD and charging by concerts), “freemium” (where 99% of the users get it free and the 1% “premium” users pay , ex. Flickr Pro), three party-markets (like free newspapers, where the newspaper is “selling” readers to advertising companies), or labor-exchange (where companies get some valuable information or get something done by users, like when you fill out your personal info to get some discount).
- Some of these strategies are well known in the banking business. Most of us take for granted free checking accounts, and more recently we have been learning of interest free loans (under certain conditions, of course). What is really new is the nature of services coming for free, thanks to new business opportunities being created by the new technologies.
- In the last model (labor-exchange), it is interesting the new Google project: the directory [GOOG-411](#) (1-800-466-411). It is a toll-free service where users may call and ask for directions to an automat (for enquiries like “Which is the closest pizza delivery in Palo Alto?”). The same service is charged from 50 cents to \$1.75 by its competitors (some of them making \$7 billion a year for this service, like AT&T). Why does Google give it for free? The reason is to obtain valuable voice data with unique variations in accent and phrasing that may be useful to develop future voice interfaces for mobile phones, a market that can be measured in billions. So maybe Milton Friedman was wrong, and there is such a thing as a free lunch. You just need someone who pays for it.

### Smart cars, not KITT yet, but nevertheless promising

- Last week, at the 2008 MIT Information technology Conference, MIT Prof. Seth Teller presented the process of developing a driverless car for the [DARPA Urban Challenge 2008](#). The goal of the competition was to “to build an autonomous vehicle capable of driving in traffic, performing complex manoeuvres such as merging, passing, parking and negotiating intersections”. This event was truly groundbreaking as the first time autonomous vehicles have interacted with both manned and unmanned vehicle traffic in an urban environment. The winner was the team sponsored by Carnegie Mellon University, General Motors Corporation and Caterpillar.
- Unmanned vehicles are not a dream anymore. Unmanned Aerial Vehicle (UAV) , commonly named as ‘drones’, fly over Iraqi deserts everyday and their ground counterparts participate in combat missions as a part of the US Army. The extension to cars may take years, maybe decades, but the new advances in artificial vision, computing power and pattern recognition make them feasible in a short/medium horizon. The economic advantages are huge: freeing the average worker from one or two hours of daily driving to carry on more useful activities could boost a country’s productivity. Not to mention the huge market arising from aging baby boomers who will deeply resent losing the mobility they have enjoyed since they had driving age, as the first car-driving generation in history)