Pioneers in wireless targeting the market for simpler devices

by Keith Darce

The iPhone certainly isn't your grandfather's cell phone, but the Jitterbug just might be.

After raising $40 million in venture funding, GreatCall has launched a national marketing campaign to introduce its large-button, no-frills Jitterbug phones to consumers who want simpler - and cheaper - devices.

PHONE, NO FRILLS - GreatCall has launched a national marketing campaign to introduce its large-button, no-frills Jitterbug phones to baby boomers who want simpler devices. CNS Photo by Nancee E. Lewis. The privately held company is targeting baby boomers who want an alternative to sleek, fashion-conscious handsets packed with digital cameras, MP3 players, video games and Internet browsers. Other potential customers might want a simple-to-use cell phone for their elderly parents.

GreatCall is the latest enterprise for Arlene Harris, a veteran wireless industry entrepreneur whose Los Angeles family played a leading role in the evolution of the paging and mobile phone businesses in the 1970s. Harris worked as a teenage operator in the family business, which later became ICS, one of the largest pager services in the country.

She's married to Martin Cooper, a former division manager at Motorola who's considered the inventor of the first wireless handset and who made the first call on a cell phone in 1973. Cooper and Harris co-founded GreatCall, but Harris takes credit for building the company.

GreatCall's phones challenge the wireless orthodoxies that bells and whistles are what consumers want and that the most appealing user is a young, high-volume caller.

"There is a need to make things usable for people who are not interested in spending their lives reading manuals," Harris said. "There is this void."

A survey earlier this year by the Chief Marketing Officers Council found that "function fatigue" among cell phone users has become a global phenomenon. The most common complaint about wireless handsets among the 15,000 consumers surveyed in 37 countries was "too many functions I did not use."

GreatCall keeps the functions minimal. It sells two clamshell handsets, priced at $147 each, that are made by Samsung Electronics. One features large number buttons and a screen with extra-large print. The other replaces the number pad with three extra-large buttons programmed to dial the operator, 911 services and a family member or friend.

Monthly service plans run from $15 for 30 minutes of calling time to $80 for 800 minutes. A $10, pay-as-you-go plan offers calling time for 35 cents a minute. GreatCall doesn't have a wireless network of its own and buys talk time for subscribers on other companies' networks.

All plans include access to a 24-hour operator offering typical services, such as helping Jitterbug subscribers complete calls, as well as services specifically geared toward older phone users, such as adding new contact information to a phone.

Harris, 59, said she designed the Jitterbug phones and services with her fellow baby boomers and their parents in mind. "What's cool for most (older adults) is something that simplifies their life," she said.

Jitterbug customer Joyce Roberts, 63, of Colton, Calif., bought a Jitterbug to replace a cell phone that had become difficult to dial because of its small touch pad and screen characters.

"It was inconvenient for me to use the phone because I had to put my glasses on," she said. "I thought: 'I'm

paying out a lot of money, and I don't like it. I wanted something simple.'"

So far, the company has few competitors. Most wireless companies continue to focus on younger and bigger-spending customers, said David Diggs, executive director of the Wireless Foundation, a nonprofit industry group in Washington, D.C.

"I think they have nailed a market," Diggs said of GreatCall. "They're kind of under the radar."

GreatCall has good growth potential, said Scott Tierney, a managing director of Steelpoint Capital Partners. Steelpoint was one of three venture-capital firms that invested in the company during its most recent investment round.

"It's a rare combination when you have a set of founders with such a strong pedigree in (their) industry," Tierney said. "They have been sort of icons in the industry. They have the passion of founders, but they also have real industry experience."

One of the biggest challenges in starting GreatCall was finding a manufacturer willing to make the company's unusual phones, Harris said.

The fledgling company's big break came in July 2004 when Harris accompanied Cooper on a business trip to Seoul, South Korea. She got a chance to pitch her idea for Jitterbug phones during a breakfast meeting with a senior executive from Samsung Electronics, the world's second-largest cell phone maker.

The executive liked what he heard, and Samsung agreed to produce two handsets for GreatCall.

BUSINESS DRIVE

Harris has spent much of her life starting businesses.

After leaving the family business in the early 1980s, she teamed with Cooper to found Cellular Business Systems, a billing and customer service systems firm that served the emerging cellular phone industry. Later, she patented systems for credit-card-activated mobile phones and developed a mobile pay phone that was installed on oil drilling rigs.

In the 1990s, Harris founded SOS Wireless Communications to market emergency-only cell phones.

Harris, who never earned a college degree, says she always has been driven to push the limits of convention.

As a teenager, she used money she made while working for the family business to buy a 1965 Chevrolet Chevelle that she drag-raced on the streets of Los Angeles.

"My passion was roller skating; then I started drag-racing when I got a car," she said. "Guys didn't like to get beat when I was racing."

The same competitive spirit has served Harris well in her professional life, Cooper said.

"She's extraordinarily persistent," he said of his wife of 16 years. "When she makes up her mind about something and truly understands it, she hangs on like a bulldog. For an entrepreneur, that's crucial."

Pioneers in wireless targeting the market for simpler devices by Keith Darce