Mobile Value Added Services
Indian Telecom Industry Overview

- Second largest Mobile market in the world after China
- Total subscriber base: 700 million
- Market structure – 22 circles
- Technologies –
  - GSM – 74%
  - CDMA - 26%
- Teledensity – 55.38
- ARPU – $ 3.5
- Prepaid dominant market

Indian telecom industry achieved the distinction of having the world's lowest call rates (2–3 US cents), the fastest sale of million mobile phones (1 week), the world's cheapest mobile handset and the world's most affordable colour phone.
Indian Mobile VAS Industry Overview

- VAS constitutes 7-10% of total telecom revenue for Indian operators.
- P2P SMS constituted 45% of VAS revenue in 2010 the growth was majorly driven by reality shows like Indian Idol/KBC etc.
- Currently employs close to 12,000 people and steady growth of jobs
- Digital music (including CRBT and ringtones) constitutes 35% of VAS revenue.
- CAGR of 44% (2007–2010),
- VAS revenues will reach USD 3,744 mn by 2011. This is dependent on several factors like regulatory (e.g. number portability) and non-regulatory factors.
- Growth acceleration will begin in 2009, as various challenges are overcome, size of mature user base increases, and telco focus on high end user VAS heightens
- ABCD (Astro, Bollywood, Cricket, and Devotional) continues to be killer services - though some investment has started into developing local apps or even utility based services.
- Revenue share between telcos & content providers / aggregators is 70:30, substantially more skewed in favor of telco than in other countries - further aggravated by lack of payment mechanisms.
- SMS/IVR/Music downloads/Internet Apps/Search will see an upsurge; Services like m-banking, 3G and mCommerce will start seeing gradual growth.
- Almost half of Indians use ULCH (Ultra Low Cost Handsets)
Mobile value-added services (VAS) revenues represent 7.2 percent of the total mobile services revenues in India in 2009, generating $1259.5 million.

Messaging, including P2P SMS, accounts for almost half (49%) of the revenues.

Mobile entertainment VAS, including mobile music, games, images, TV and video, contribute about 29% of the total revenues.

Within the mobile entertainment VAS category, ringback tones are the biggest revenue earner accounting for about 50% of revenues in that category.
Mobile VAS has the potential to be an INR 671 bn business by 2015, contributing to 31% of total wireless telecom revenues in India.

Music Industry alone earns close to INR 350-400 Cr from Mobile VAS ecosystem.

In all over 10,000 direct jobs (VAS companies) and 100,000 in-direct jobs (content creation, gaming, mobile internet etc) have been created across various sectors.

Lot of the work has helped in some industry firsts and awards which is both acknowledged at domestic and International forums (GSMA).
Department of Telecommunication (DoT) is the main body formulating laws and various regulations for the Indian telecom industry.
MVAS Value chain

Regulator

Project Management Group / Agency
Could be a Government Body / NGO / Service Provider / Operator etc. responsible for delivery of services in an effective manner, program expansion, achieving mission

Service Provider
Provides the service and are primary custodians of data e.g. Hospital, Bank, Ministry of Railways

Application Developers
Creates application, uses platforms of technology enablers. Provides support to application

Technology Enablers
Creates platform for application developers

Operators
Provide application visibility on app stores. Collect payments from end-users
Provide shortcode and other services to technology enablers

Handset Manufacturers
Work with operators and service providers to identify consumer specific needs. Provide application visibility on app stores

End - Users
End-users use the application
KEY PLAYERS IN MVAS INDUSTRY

- Key 100 Crore plus turnover VAS companies providing services are
  - Onmobile Global – 25% International business, Presence in 25 countries
  - IMI Mobile – 80% International Business, presence in 40 countries
  - Comviva – 70% International business, presence in 55 countries
  - Spice – 25% International business, presence in 20 countries
  - One97 – 10% International business, presence in 10 countries
  - Pyro – 90% International business, presence in 25 countries

- Key Enterprise Mobility solutions based companies
  - Value First
  - ACL wireless
  - Air2Web

- Key Content companies
  - PPL
  - T-Series (Hungama)
  - UTV
  - SIMCA
  - Star
  - Sony
  - Times Group (Radio Mirchi)
  - AajTak
# Key Growth Areas: Services and Applications

<table>
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<th>Category</th>
<th>Themes</th>
<th>Current Situation</th>
<th>Key Trends</th>
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<td>1</td>
<td>Commerce</td>
<td>Current scalable models use prepaid cards, and not mobile, pilots by carriers, banks, D2C</td>
<td>UID accepted as KYC will increase share of G2C; carriers pushing financial inclusion also a key driver (banking, domestic remittances)</td>
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<td>2</td>
<td>Entertainment Services</td>
<td>Services around music and gaming has seen early adoption among mid ARPU segment</td>
<td>New products such as streaming music, full song download and mobile games</td>
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<td>3</td>
<td>Consumer VAS</td>
<td>Multiple pilots, with few scalable models (e.g. RML, IKSL), Location based services</td>
<td>Utility apps and affordable feature-phones to drive adoption of productivity and livelihood enhancement services</td>
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<td>4</td>
<td>Community Services</td>
<td>Carrier promoted SNCs (e.g. AirtelFrenz) aggregating audience on an ad monetization model</td>
<td>Emergence of new monetization models based on micro transactions, content sales (e.g. Rocketalk) with carrier marketing support, and increased off-deck usage</td>
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<td>5</td>
<td>Mobile Video</td>
<td>Limited services on EDGE with very poor user experience</td>
<td>Launch of 3G services by 2011 by all major carriers, with a strong video services portfolio (e.g. mobile TV, video calling)</td>
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<td>6</td>
<td>Device Apps and App Stores</td>
<td>Carrier app stores dominate; D2C app stores facing issues of billing as credit card penetration is low</td>
<td>Emergence of affordable android based phones, app store push by handset OEMs, launch of 3G, utility apps (e.g. railway booking)</td>
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<td>7</td>
<td>Network VAS</td>
<td>Among all the network services such as CRBT, CMS, Roaming, Recharging, Location Enablement, CRBT contributes significant share to total MVAS market</td>
<td>CRBT has reached a mature level of adoption, while few network services such as voice mail is limited by cultural and price points</td>
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<td>8</td>
<td>Enterprise VAS</td>
<td>SMS / display ads used for lead generation and digital content sale, poor user experience</td>
<td>3G and better device form factors expected to enhance effectiveness of display advertising and help ecosystem growth</td>
</tr>
<tr>
<td>9</td>
<td>Enterprise Solutions</td>
<td>Enterprise messaging solutions (e.g. Valuefirst), Sales force management</td>
<td>Emergence of enterprise mobility providers with vertical specific, carrier / software agnostic middleware solutions (e.g. Mobien)</td>
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Source: Analysys Mason
UTILITY SERVICES FOR RURAL AND URBAN USER SEGMENT

- Majority of the utility services adopted by rural segments enhance livelihood
- Agriculture alerts and health support for cattle increases the productivity of farmers

- In urban areas, majority of utility services are point solutions such as interview support, learn English, while few services such as job listings provides livelihood support

Source: Analysys Mason
FORECAST

Messing Revenues (INR bn)

Mobile Advertising Revenues (INR bn)

Voice / IVR Revenues and its Penetration

Mobile Commerce
MOBILE APPLICATIONS

- The success of Apple’s Application Store has not only established the salability of mobile applications, but has also shown that the most excellent applications offer the potential to generate large amount of revenues.

- Worldwide mobile application store downloads are forecast to reach 17.7 billion downloads in 2011, a 117 percent increase from an estimated 8.2 billion downloads in 2010, according to Gartner, Inc. By the end of 2014, Gartner forecast over 185 billion applications will have been downloaded from mobile app stores, since the launch of the first one in July 2008.

- As per Gartner, Worldwide mobile application store revenue is projected to surpass $15.1 billion in 2011, both from end users buying applications and applications themselves generating advertising revenue for their developers. This is a 190 percent increase from 2010 revenue of $5.2 billion.
SKILL SETS REQUIRED

- Content and Applications
- Programming Skills
  - CTI – C - XML
  - Application development – J2ME, Android, Symbian
- Web Technologies
- Telecom Knowledge
  - Network
  - Devices
- Product Engineering knowledge
- Business Analytics
- Vertical Specific Expertise
  - Banking
  - Education
  - E-Governance Initiatives
POTENTIAL

- India is currently planning to create a public Infrastructure for Information Exchange the Mobile Platform already makes this available and everyone needs to be made aware of the same and more and more use cases have to be enabled on the Mobile Platform which provides contextually relevant information in the users preferred medium.
- India is in a unique position with this Industry as it has led its creation and now its dissemination world wide, which is a matter of prestige.
- There is a potential of creating globally leading companies in the Space of VAS and therefore supports needs to be extended.