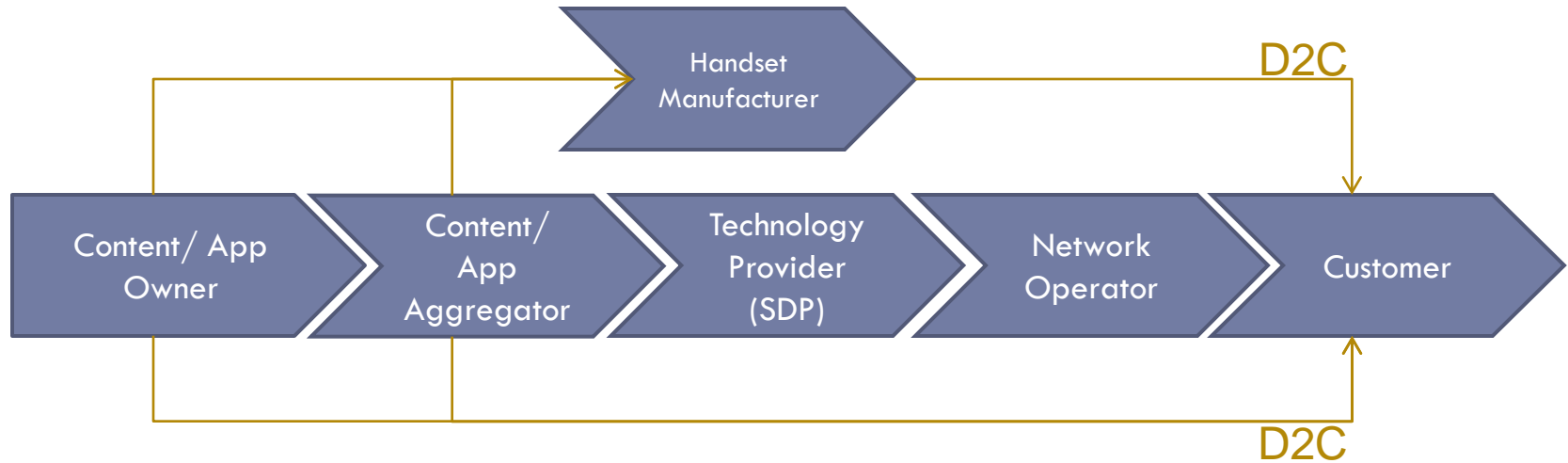


*“The best way to anticipate the future is by understanding the present”
- John Naisbitt*

A SMALL INTRODUCTION TO M-VAS IN INDIA

The MVAS stakeholders



- Operator Controlled VAS is the traditional model of revenue share that most companies are working on today. The content owner gets 5% - 10% here and the lions share of 60% - 80% is kept by the Operator.
- D2C (Direct to Consumer) has various models where the content/ app can reach the consumer via the content provider, content aggregator, handset manufacturer (Google, Nokia, Yahoo, Microsoft)

The MVAS market

- Approx. 6000 Crores (including P2P) with a CAGR of over 60%
- 9% of total operator revenue in India
- CRBT/ RT alone contribute approx. 2500 Crores!!
- P2C/ P2A MVAS target market ~ 1000 Crores (removing P2P & CRBT/RT)
- Large classification of MVAS:
 - Entertainment – Mass Appeal, Current MVAS driver & likely to remain, music the killer service, works on both revenue share & D2C
 - Information – Target Appeal, Cluttered space for D2C, limited revenues, need to develop a rural strategy
 - Commerce – RBI guidelines expected, Probably the biggest market in waiting, OxiCash a huge success already

Why MVAS will grow

- Blend of an acquisition & retention market with Metros reaching 90% penetration and VAS being the differentiator
- Decrease in ARPUs due to rural coverage with higher operations cost make it important to upsell services to high ARPU urban customers
- New Operators coming need differentiation apart from must-have MVAS
- MNP will force high-end customer retention strategies
- 3G launch will initiate high-end data intensive MVAS
- MVNOs entering the market will target innovative MVAS to attract customers

Current MVAS technologies

- SMS: The cash cow, handset agnostic, established infrastructure, cheap & gaining word-of-mouth popularity
- Voice: Expensive, handset agnostic, easiest to use
- MMS: MMS handsets required, Inter-Operator MMS a hindrance, Expensive store-n-forward technology, D2C working in a way with Mobile Uploads to facebook etc.
- USSD: Cheapest technology, handset agnostic, lost out on popularity of usage, no P2P usage makes it difficult to replace SMS
- WAP/ GPRS/ EDGE: Expensive, GPRS/ 3G handsets required, D2C awareness for utility portals not there

SMS & Voice Account for ~ 90% of MVAS revenues

MVAS Strategies of Key Players

- VAS Companies (IMI Mobile, One97, Onmobile, Hungama etc.) – Building both Content & Platform, exclusive tie-ups, working through the Operator controlled P2C/ P2A model
- Media Companies (Content owners) – Building their own platforms to integrate into the Operator network with Times Group leading the way & Star integrating into the MVAS value chain
- Handset Manufacturers like Nokia & Samsung are doing their own tie-ups to build a D2C model
- Operators – Doing a mix of the walled garden & MVAS branded tie-ups. Building a SDP to control the entire launch & billing of MVAS a key strategy
- Portals/ Engines – Doing both Operator tie-ups and branding the D2C model. Yahoo has the maximum tie-ups with 6 Operators while Google & Microsoft are with Airtel & Vodafone respectively. For the D2C space they are tying up with Handset manufacturers on the side

Emerging Trends

- Rural penetration – A call for strategic MVAS for rural India (Entertainment, Information)
- New Operator Launches – A differentiating factor will be sought
- 3G launch – High-end MVAS
- MVNO licenses – Community, Differentiation
- Mobile Number Portability – Differentiation on MVAS focus on target segment
- RBI M-Commerce Guidelines – Huge potential for both Operator controlled & D2C models
- Integrated Service Providers like Airtel, Reliance, Tata, BSNL have presence in Media, DTH, Internet/ Fixed, Mobile

Thank You

Feel free to Contact:

ASHUTOSH JOHRI

(M): +91 98103 32690

(E): ashutosh.johri@telegyan.com