Killer Lifestyle, NOT Killer Apps!

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TAKING YOU FORWARD

What do we not go out without?

What do we not go out without?

What do we not go out without?

Business is about…

Work

Games

Money

Music

TV

Media

Communication

Business is about…

Work

Games

Money

meeting **needs**

including the ones people don't know they have (or in ways they don't know they want) . . .

Music

TV

Media

Communication

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For years now, we have sought…

…

The *new* killer application

We already have the killer app of 1G, voice - and even the most ambitious 3G business case has big voice

- & SMS, the surprise killer app of 2G (the world's largest data application, with >1.5 billion users, revenues 30x e-mail, and far more beyond IM, and growing in every market, especially among youth)

But what if this mysterious beast *does **not** exist* ?

- rather -

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This *is* more than just a "phone" - and that does not mean a special logo'd device - every phone should be a gateway!

What wakes you up?

What wakes you up?

or …

Potential in every aspect ...

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A New Lifestyle

- Technology & connection taken for granted

- Always reachable, alone = 'not connected'

- All day, and through the night

- Easy to use - or not regular life

- Mobile = your personal world

- Personalization and self-identification

And this is happening globally, and over time, to all age and demographic groups . . .

"I'm always connected – therefore I am"
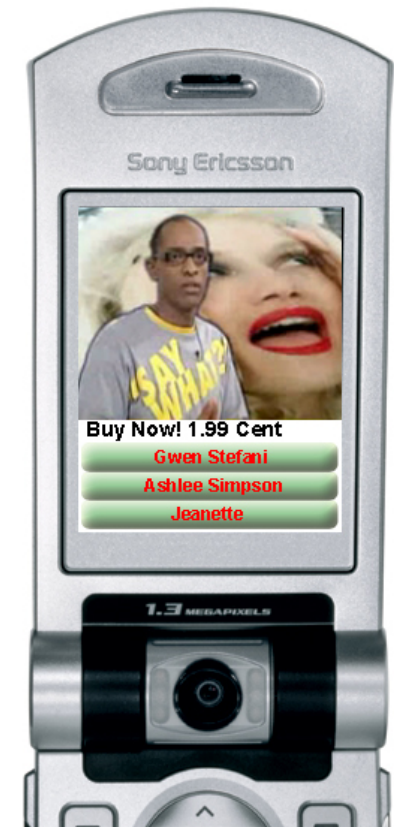
Some key elements…

Communities and user-generated content - sharing, anywhere, anytime

On the go mail, banking, health care, payments, sending money…
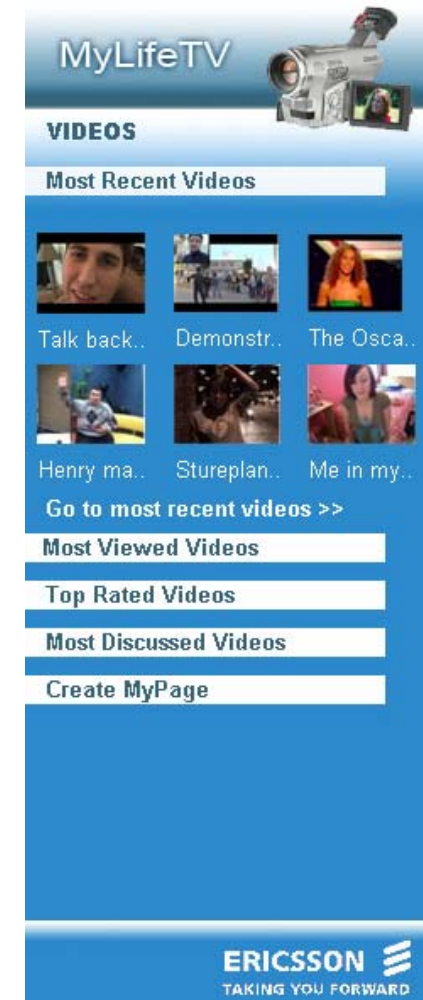
Mobile advertising to enable
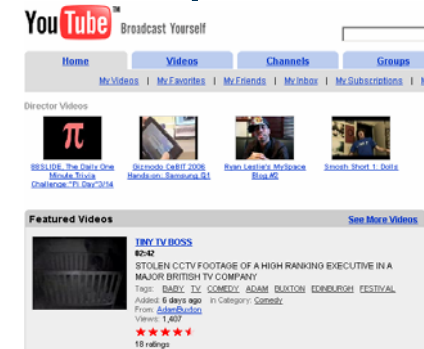
Communities

- Internet communities
  – Example: MSN Messenger

- Mobile communities
  – Example: Livejournal, Jamango

- Media / Gaming Communities
  – Example: World of Warcraft, D&D

- Hobby and Brand communities
  – Example: Honda Acura Club, Extreme

- TV-based communities
  – Example: Big Brother

Revenues 2006: $3.8bln, 2011: $13bln (Informa estimates, 2006)

Communities

- Some see this as the Killer App, or Killer Concept
  - And interaction does drive traffic
  - And UGC is a great source (but not free!)
 - And not everyone wants to contribute

- Informa's prediction that mobile communities and user generated content will be worth $13.1bn globally by 2011 will look conservative indeed – if only the mobile industry can grasp that the defining element of communities is interaction and that this interaction will drive staggering amounts of traffic. **For the moment, this is a big if.**

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Mobile Advertising

- By 2008, **89%** of the brands surveyed will use SMS and MMS to reach their audience*

  >30% plan to spend **>10%** of marketing budgets on mobile advertising

- By 2011, >50% expect to spend **5% - 25%** of total marketing budget on mobile marketing.
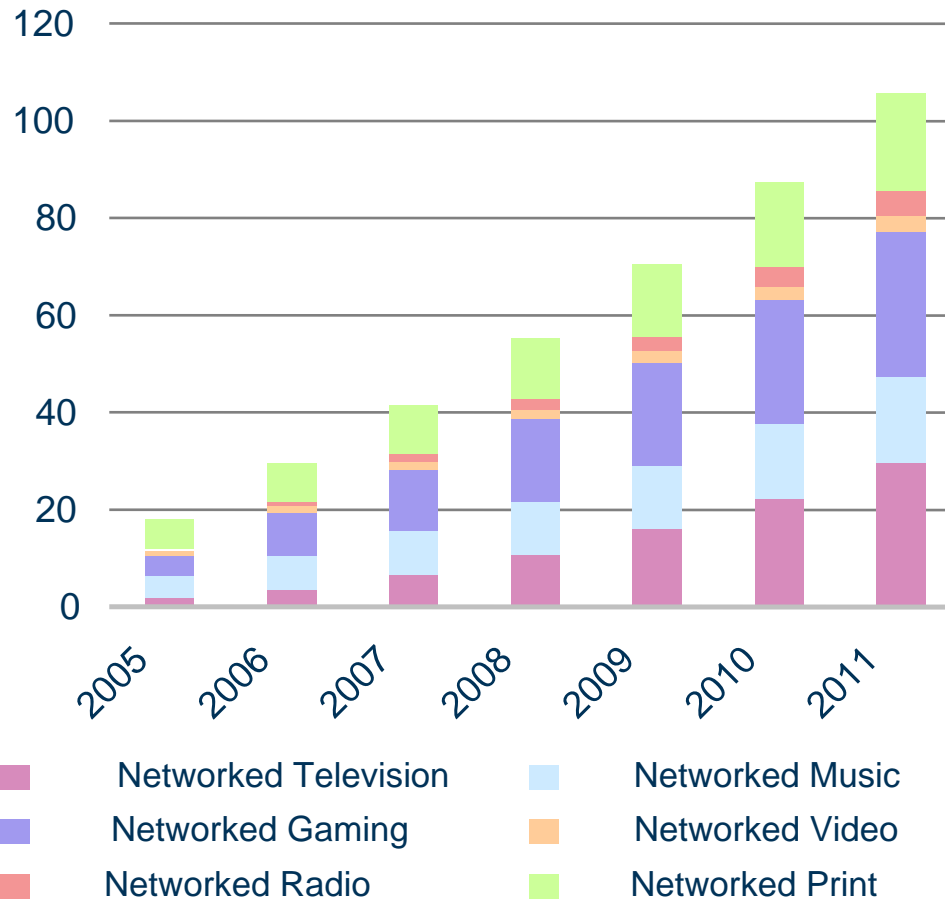
*Survey of major European brands, Vanson Bourne, '06
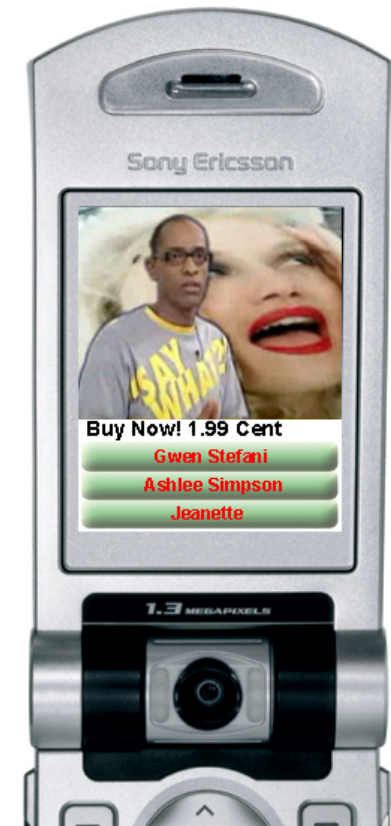
Revenues $500m in 2006, >$1 bln by 2009 (Visiongain)

And the leader, entertainment/news

Networked media market growth by type, forecast, bln euro
(Analysys, 2006)

Legend:
- Networked Television
- Networked Gaming
- Networked Radio
- Networked Music
- Networked Video
- Networked Print

Analysys: "By 2011, m- TV and gaming will be the largest single revenue sources"

And the numbers are there:

Over 800Mn people use Internet daily; over 1.2bln users in all, from every country***

Over 250Mn Broadband subscribers today

>20Mn HDTV enabled sets ****

Over 100 commercial mobile broadband networks, speeds rising

2006 traffic on YouTube exceeded the 2000 traffic of the entire Net

100Mn Blogs in '06

Increasingly All-Connected World

78Mln users of just one online game, World of Warcraft, $¼bln revenues**

Wikipedia is the largest encyclopedia in the world, and in ever more languages

More than 120 operators offer Mobile TV, and fixed operators enter cable too

850Mn camera phones and increasing millions of music & GPS phones too

65K new videos are uploaded to YouTube daily*

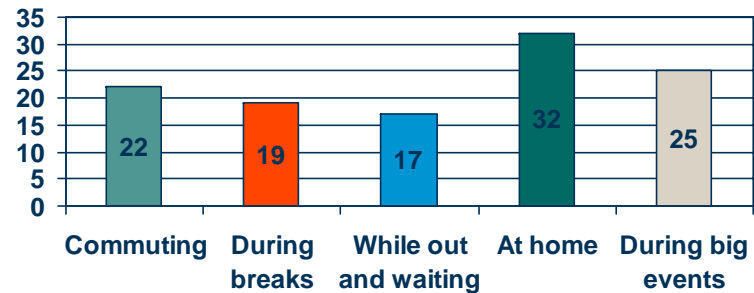Sources: Ericsson, * YouTube, ** Blizzard, *** Computer Industry Almanac, **** InStat

As long as we understand how users see these services fitting (not us…)

- Almost 40% state they use Mobile TV everyday in all different situations.
  - More common in US & Korea to watch while commuting and while waiting for someone

% who use Mobile TV daily in each situation

Commuting	During breaks	While out and waiting	At home	During big events
38	36	36	31	37

- Average viewing time ranges between 15-30 min and is dependent on the usage situation
  - Highest usage time are at home with an average of 30 minutes.
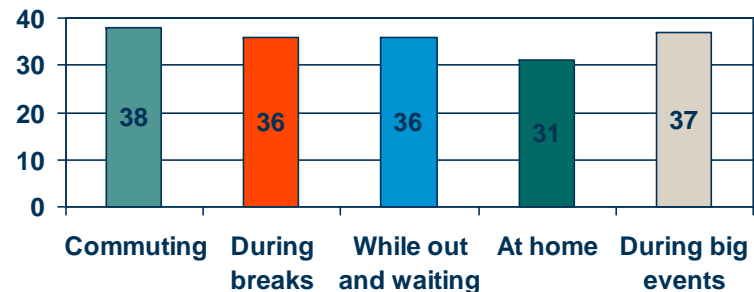
No of min (perceived) viewing occasion

Commuting	During breaks	While out and waiting	At home	During big events
22	19	17	32	25

Operators win - as many Net firms did - by recognising the Market of Many

Service Distribution by Unique Subs per Month

Top service volume from:
- Gaming portal
- Music services
- R/tones & Wallpaper
- Blogging
- Payments

Typical business case decision would only select the profitable services

"Long tail" - mass customisation creates "stickiness", if not profit
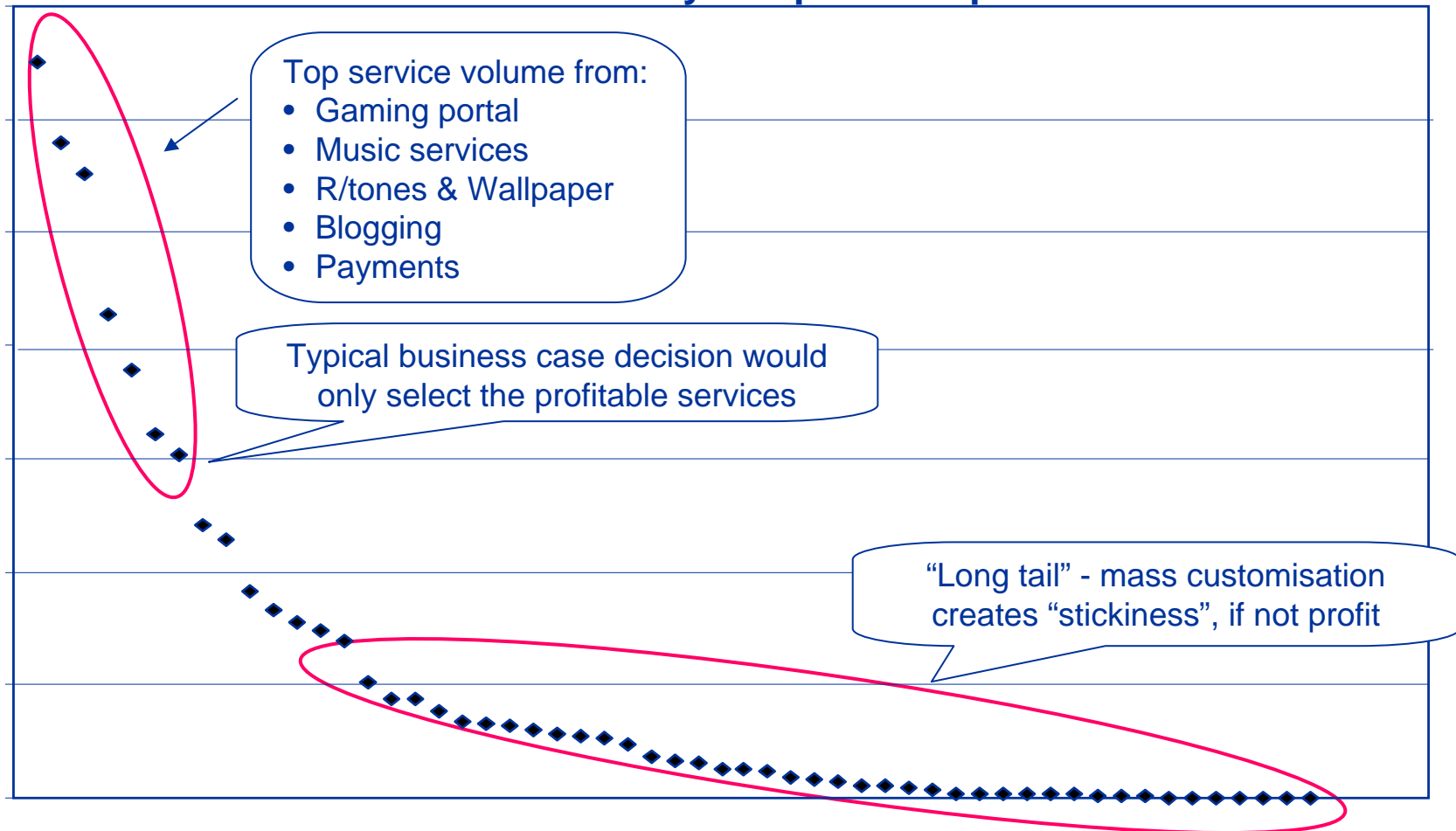
But . . .

- **Users still face hurdles**

  - critically, with reliability and consistency (should be like power)

  - and with notable challenges when roaming

  - with usability (even telecoms people can't always do the settings)

  - especially after buying that much-desired new phone

- **And fears**

  - mostly around *price,* but also around security

- **And we need to show we *understand***

  - real needs, eternal behaviours (people change gradually and are not so different round the globe)

  - time poverty, fund limitations

- **To keep mobile central (Net traffic is growing far faster!)**

Tech enables - does not *do* - business

High quality, high density

≠

- Hard to read

- Hard to see

- Interactivity not accessible

Just "dumping" TV onto mobile is not recommended
- don't blame "systems" for business / marketing errors!

So as an industry, if we can …

- **Be constantly creative**
  - And ensure users know what is on offer and where to learn about the new services

- **Make it really easy to access the services**
  - And ensure users have no reason to fear their bills

- **Make it easier to create new services, rapidly**
  - While making sure we can manage them across their lifecycle

- **Monitor the actual user experience**
  - We must not only do high-end, or PR (users hate this)

The prize:

Thank you!