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CEO Arena Mobile
Mobile TV: Operator's or Media's business?
Arena Mobile's perspective
Moscow, June 2007

Summary

About Arena Mobile’s experience

Current status and Trends in Mobile TV business

Whose is the business, content or pipe owners?

What do consumers look for?

Arena Mobile's Vision

Company Overview

- Incorporated in 2001 in Spain, 280 employees

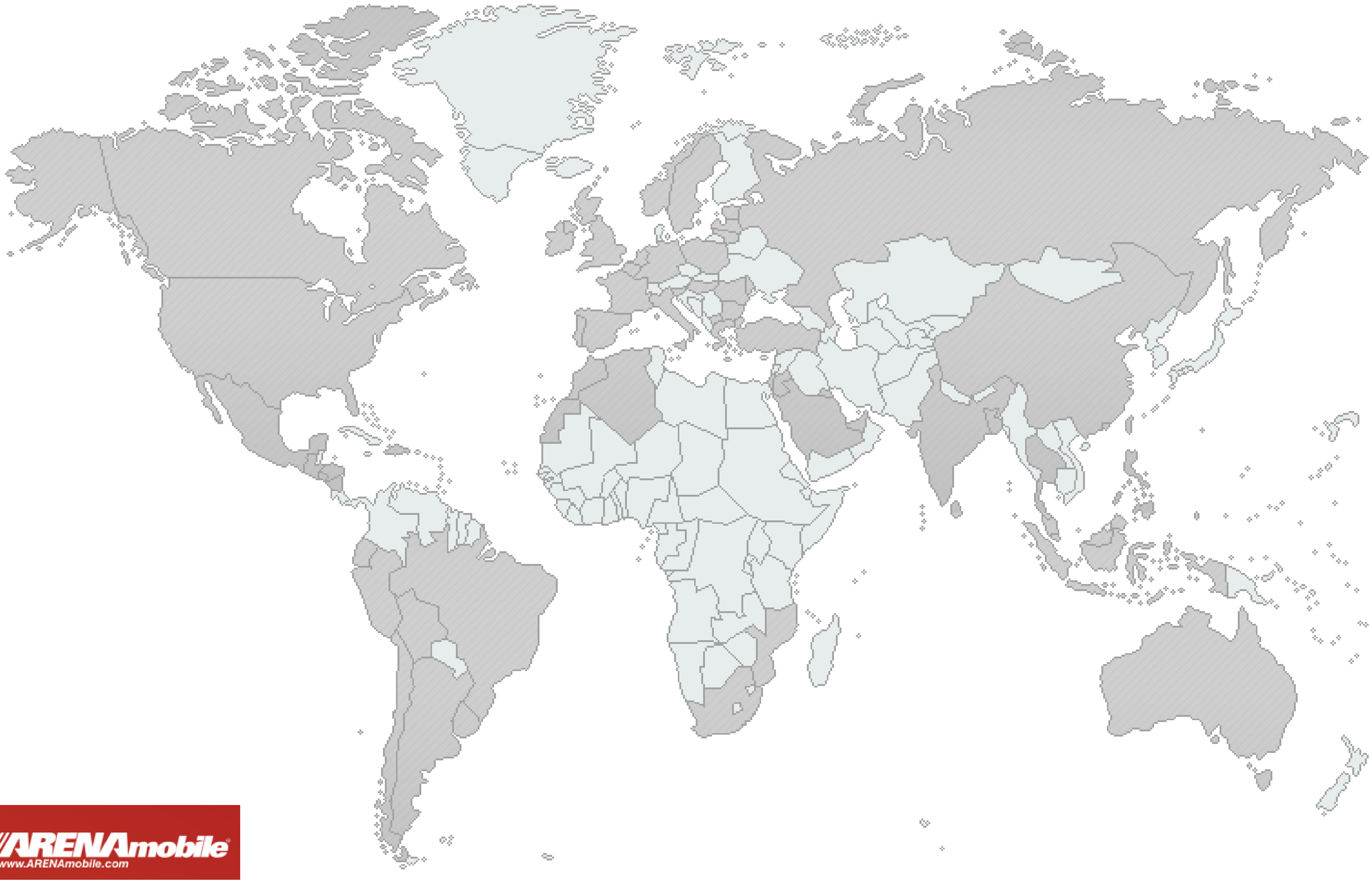
- Operational HQ in Spain and subsidiaries in UK, France, Portugal, Thailand, Singapore, China, India, Bangladesh, Mexico, Brazil, United States, Morocco.

- Leader in extensive WAP, i-mode and 3G media services and platforms.

- Preferred supplier of products, services and platforms to carriers worldwide

- Arena is currently working in Mobile TV projects in China with CCTV and SMG, Spain's TVE, Portugal RTVP, Brasil Bandeirantes, Mexico TV Azteca….and on the operator side with Telefonica, Vodafone, China Mobile, Orange…

Arena Mobile: THE Global Player



www.ARENAmobile.com

Arena Mobile: Playing the Global Game

- Worldwide leader in provision of content and VAS services to operators and media groups
- State-of-the-art content and CRM platform to improve user experience and ARPU
- Subsidiaries in 15 countries, operations in 60
- Billing integration with over 100 operators worldwide
- Partner of 27 national TVs and media groups
- Worldwide distribution agreements with 200+ content owners

The Perfect Partner for Operators and Media Groups

Mobile Content, Services and Platform Providers

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Content Market: Trends

- Content revenues linear growth rate continues since 2001. Mobile Video will make figures keep growing.
- In 2006, over €6B sales (total market size €132B, including Voice, Messaging and Content)
- Data traffic moving to flat rate
- Data ARPU average in Japan & Korea triples Europe's
- Data is the main revenue driver for operators and mobile TV is the jewel of the crown

Mobile TV: General “political” problems

- Spectrum is a scarce resource: 3G needed
- Local and Regional (EU) Government regulations
- Communication is power, everybody wants to control it
- Media groups putting pressure to get the license
- Operators putting pressure too
- How to build a profitable business model

Mobile TV: Two models

Uni-cast or one to one: Mobile Video. popular in Europe, most of operators offer this service covering a broad range of content. Music and Adult most popular. Mostly pay per download or subscription. Traffic charges apply.

Broadcast or one to all: European and local authorities still working on spectrum regulations. Subscription based or free, no traffic charges or flat fee.

Less than half a million broadcast TV subscribers in Europe (90% in Italy), mainly due to regulations, handset diffusion and prices

Asia: Mobile TV

- Japan & South Korea are playing the dual game:
  - Mobile handsets used as TV receptors
  - Operators launching TV services as part of their offers
  - Media Groups launching their own mobile TV stations

- China is not yet a 3G country but Shanghai Media Group has been the first to launch a Mobile TV offer (mobile video) inside China Mobile potal. CCTV to follow. Data charges still too high

- In Singapore, HK, Malaysia, operators are offering a wide offer of TV Channels under a suscription offer or sometimes free to increase the usage.

- 3G in India also speeding up the operator's offer of mobile TV

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Key issue: Who Owns the Customer?

Operator says: “The one who bills it owns it!”

Media says: “He buys our content, so he´s ours!”

Market will evolve towards content owners as soon as we have:

Alternative billing systems

Alternative download systems

Customer just wants the best content, readily available, at the best price, from a known brand

winning

The Struggle between Operators and Media

- Operator wants to control relationship with customer, and maintain high margins
- Media groups want direct relationship with customers, and bigger share of profits
- Operators have the upper hand in pay model, because they control billing, but free model is anyone´s game
- Media companies looking at M&A and acquisition in the mobile content space to gain control of distribution channels
- Media companies and operators are working together, but are in constant conflict
- Who will win? Probably the 2 models will coexist in the coming years

Operator’s move: The triple Play

Operators entering the media business to avoid being commoditized and turning into “dumb pipes”

Special divisions created to reach single agreements for Triple Play content

Content provider ready for Triple Play (IP TV, Mobile, Internet) have a competitive advantage

Large catalogue allowing cohestence of top rated and “long tail” content

Content discovery and search tools become important

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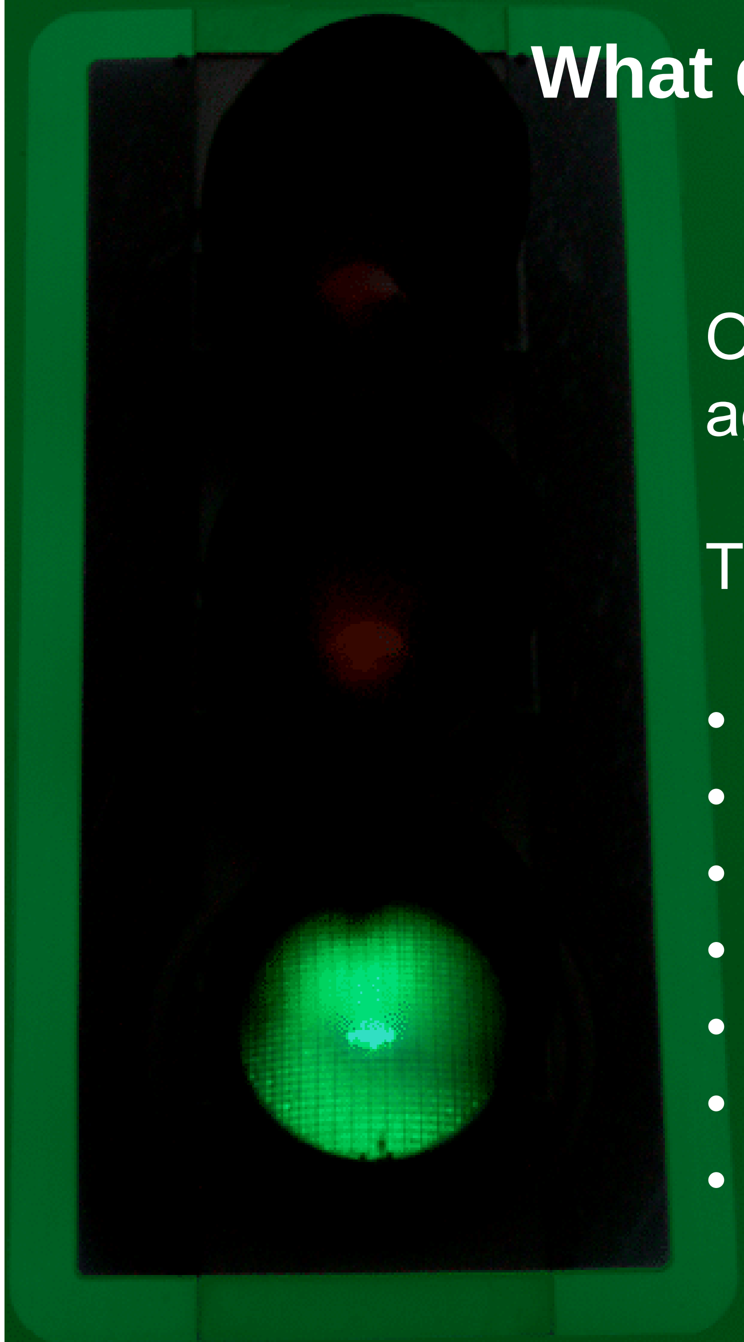
Arena Mobile's Vision in Europe

What does mobile TV customer want?



Our customers are mostly in the 13 to 35 age bracked

They have proven responsive to:

- Existing TV programs
- Interactivity through mobile
- Content shooted for mobile
- Maximum 7 to 10 minute programs
- Good Price and bundles
- Flat traffic fee
- Free content

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What doesn´t the mobile TV customer want?

- Same content as on traditional TV
- Don’t want to watch TV on mobiles
- Derivative content
- High pricing
- Unclear pricing plans
- Traffic charges
- Complex products and services
- Tricky subscription services

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Key factors for the development of the biz

Pricing

- Flat or ultra cheap regulated traffic rate
- Content at reasonable rate or free

Promotion

- TV owns audience
- Easy ways to get in, offportals

Content

- Made for Mobile
- Localised
- All categories

Personalisation

- My own (UGC)
- My favourite
- My community

innovation

How business evolves: Pricing

- Nowadays operators control the mobile TV business **because they bill** both content and traffic.
- Traffic charges need to decrease dramatically or risk being regulated by authorities.
- Making a simile between the current situation of mobile and traditional TV:
    - Can we imagine traditional TV business being managed by TV sets manufacturers or electricity companies?
- As payment solutions become more and more developed and easy to use, Media will gain power and will end up controlling the business

Success

How business evolves: Content

- Content at the right price: Subscription based, Pay per view/session, Free (Advertising Supported)
- Content made for mobile but all categories
- Localised to the maximum
- Mobile TV content and services need to be developed thinking of it as something “personal, anytime, anywhere”.
- Consumers want VOD
- Mobile TV will not compete against traditional TV but will complement media offer

How business evolves: Promotion

- TV Channels own the audience
- Transferring audience from TV to internet and mobile will be key to rule the market
- Key for the development of mobile TV:
- On-deck/Off-deck / Videoportal
- Little room for third parties: Mostly TV channels and operators will benefit from this business.
- The battle for the customer will be lead by the companies that invest more in promotion of Mobile TV

How business evolves: Personalisation

Consumers ask for more ways of interaction

Mostly they will use mobile as an impulsive or time killer gadget

3G & 4G networks will allow big growth of UGC

TV, Internet and Mobile will become one 3 parts of a single unity

Gadget Integration: All in ONE: Phone, TV, Internet, i-pod….

My friends will be interacting my own mobile TV

How media industry should see mobile TV

Strategy

Mobile and Traditional TV business are complementary but different, and should be analyzed independently

Technology is not the main driver in mobile TV consumers: fun, time-killing, impulsive behaviour, ease of use and utility are the main drivers

Mobile TV is not yet as extended as mobile music or mobile games, and needs to be put in the market to enter customers´ radar

Mobile TV will need to be adapted for the consumer tastes based on the anytime, anywhere and personal premises

Conclusions

1 Mobile TV and Mobile Video market is just STARTING

2 TVs need to enter the market NOW to play a role in it

3 Mobile TV will need to be ADAPTED with local knowledge

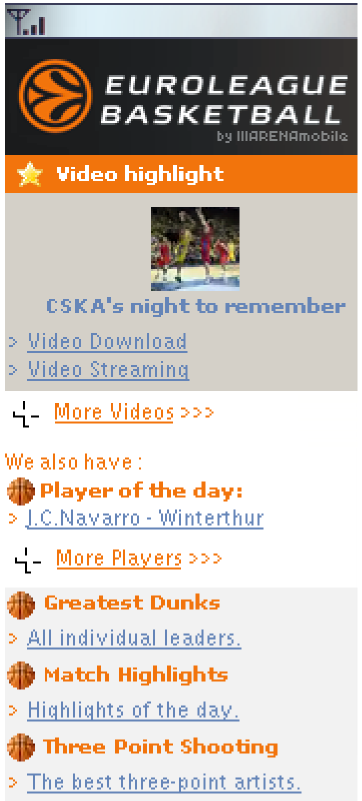
4 Technology must NOT be marketed but content

5 The OPPORTUNITY is to create a completely NEW market

The mobile TV consumer is waiting for you!

Sports

Euroleague Basketball



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SingSeeFun (声色坊) - Video portal

WAP Portal | News

Mobile Application| News & Entertainment

Main Menu > Information / News > Economy >News Item 1

Entertainment > Movies > Movie 1

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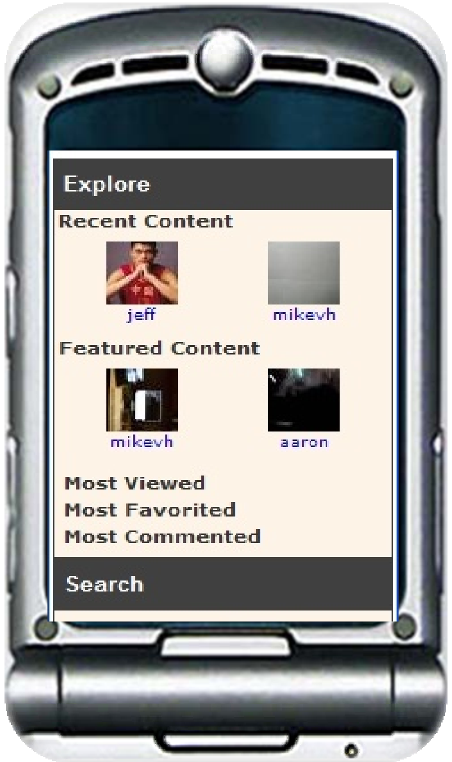
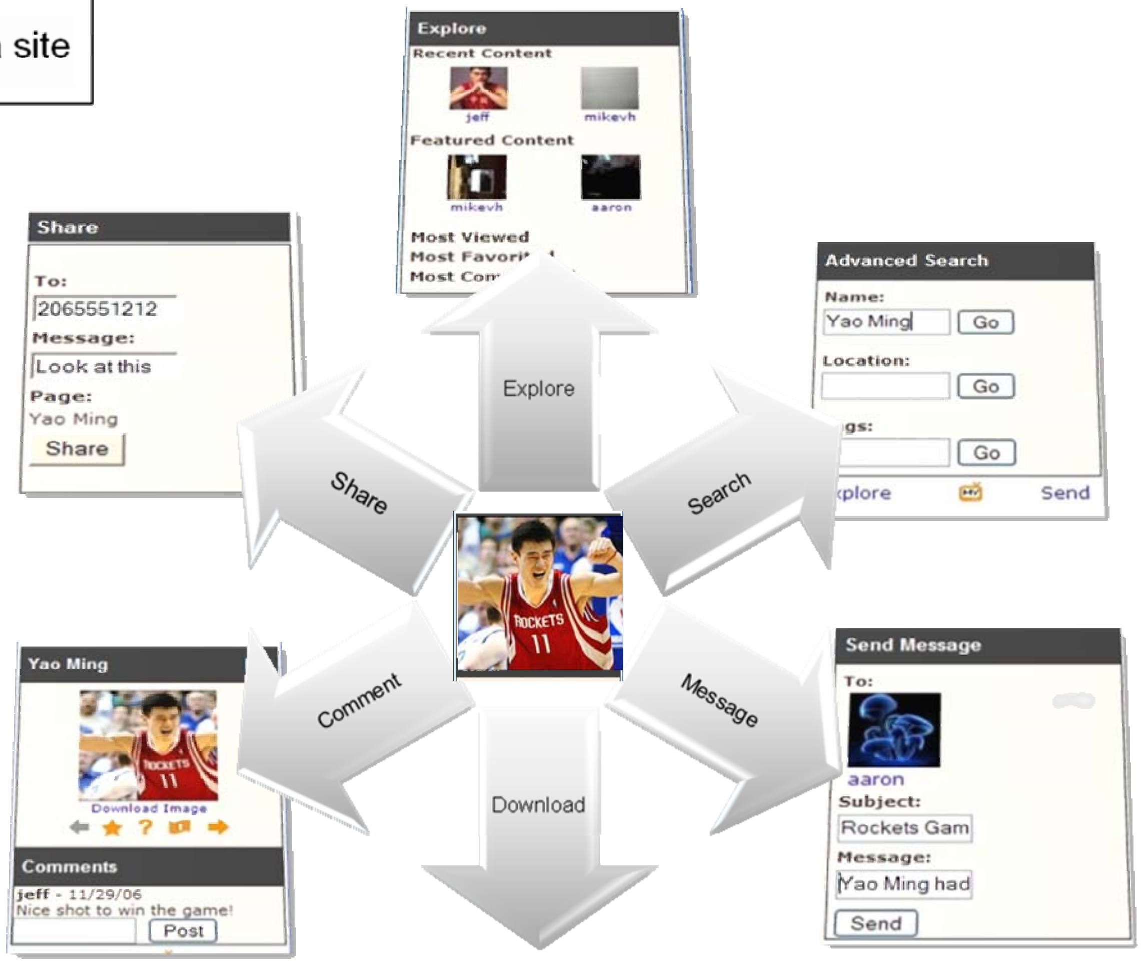
CCTV Community | User Generated Content

Mobile Application

Full featured mobile social media site





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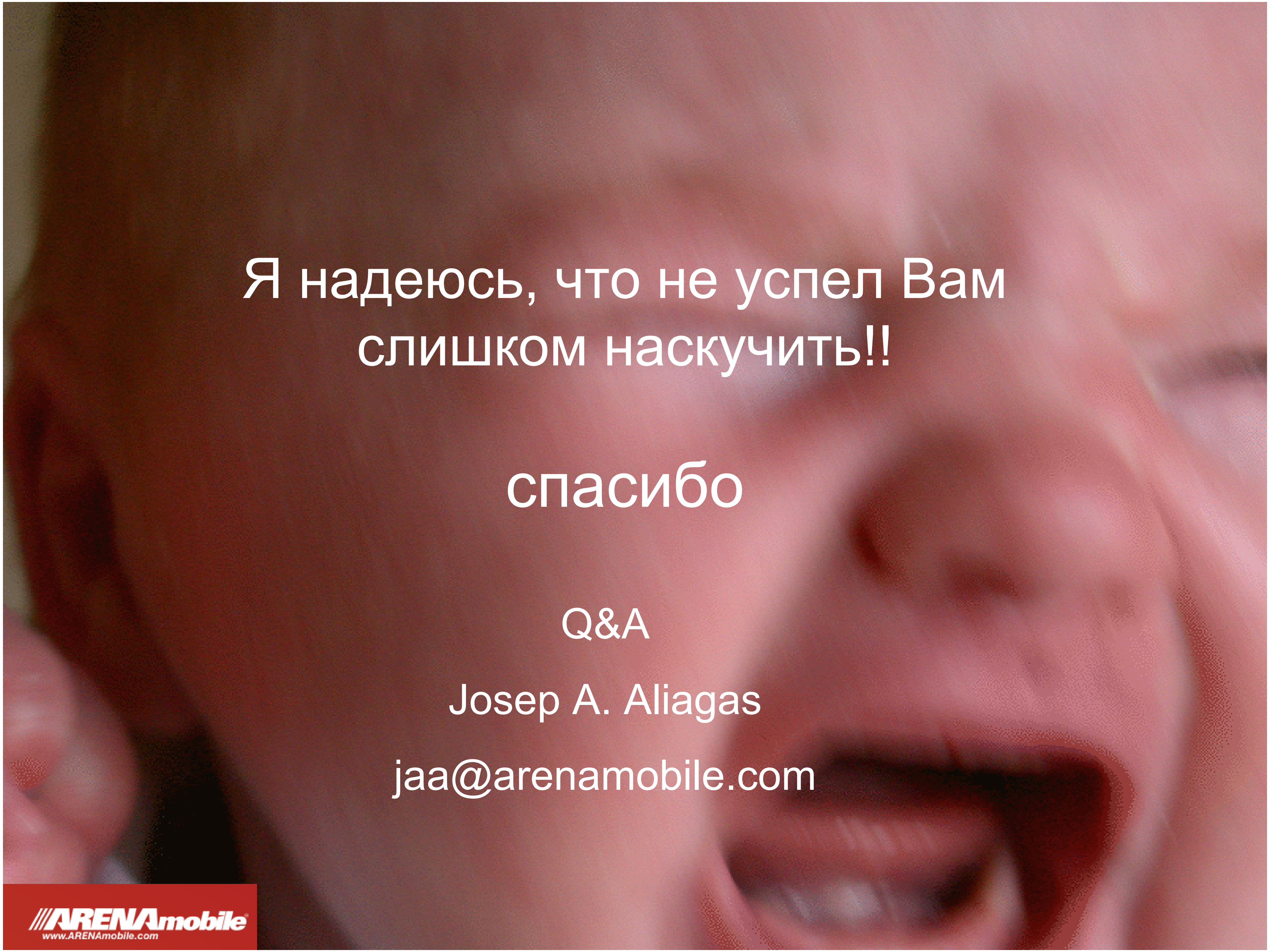
Я надеюсь, что не успел Вам
слишком наскучить!!
спасибо
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