



Creating a Profitable Mobile Entertainment Industry: How to Make it Happen

Rimma Perelmuter

Executive Director, Mobile Entertainment Forum

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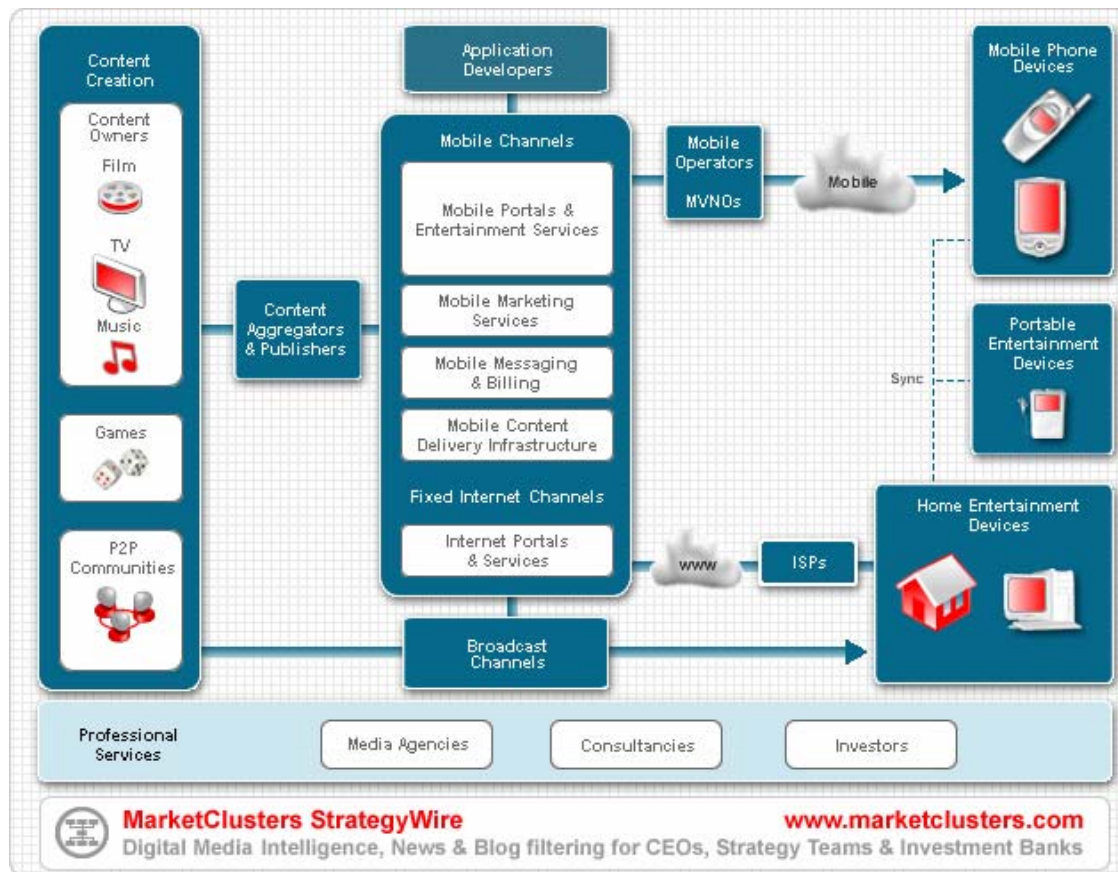
The Global Voice of Mobile Entertainment

About MEF

MEF's Mission

- To be the voice of Mobile Entertainment to industry, government and media, globally and locally
- To involve Mobile Entertainment stakeholders; to enable revenue generation & revenue growth
- To maximise industry presence and business development opportunities for member companies.

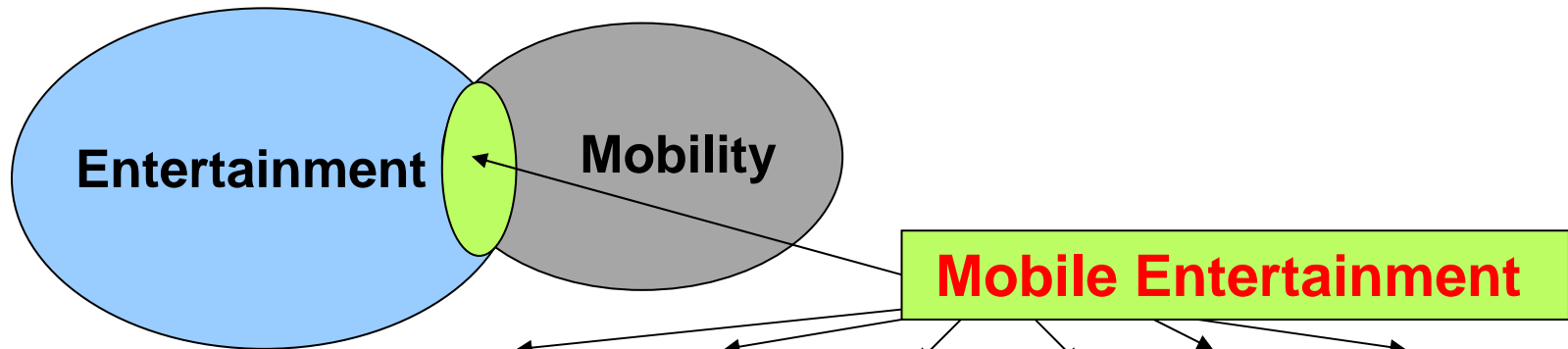
The Mobile Entertainment Value Chain



This is who we are



The Future of Mobile Entertainment looks Bright



	15,816	21,391	27,451	33,502	38,584	42,809
	2005	2006	2007	2008	2009	2010
Music	5,539	6,819	8,261	9,623	10,529	11,338
Games	2,381	4,018	5,686	7,310	8,886	10,172
Gambling	4,157	2,517	3,755	4,987	6,085	6,927
Video	1,450	2,517	3,755	4,987	6,085	6,927
Personalisation	4,315	4,647	4,764	4,704	4,550	4,399
Adult	974	1,255	1,587	1,892	2,149	2,349

Current reality presents a different picture

% of revenue from Digital (2005)

Time Warner	19%
Viacom	1.6%
Disney	1.3%
CBS	0.7%
NewsCorp	0.4%

% of revenue from Data (2005)

DoCoMo	26%
China Mobile	20%
Vodafone	18%
Telefonica	14%
Verizon	10%

Current industry challenges...

- mDRM is slow to arrive
- Legal & copyright issues
- Antiquated business models
- Lack of cross industry collaboration
- Regulatory awareness of mobile issues
- Unhappy consumers due to usability problems

..also create opportunities

- DRM – no longer the bane of the music business – content portability/convergence key
- New business models present opportunities to attract broadcasters, advertisers and media buyers
- Usability issues create opportunities for handset makers/search & discovery companies
- Lack of regulation = opportunity to self-regulate

How to get there: The 3 step plan



Step 1: Track trends / Raise Awareness

Step 2: Address Challenges

Step 3: Use MEF as a platform to shape & define the industry

Step 1: Track Trends / Raise Awareness

Example 1: MEF Charts Initiative

- MEF launched first ever official ringtone chart in UK, with KPMG and Music Week, in 2004 The logo for Music Week, featuring the word 'MUSICWEEK' in white, bold, uppercase letters on a dark red, slanted rectangular background.
- In 2005, was extended to Germany, Europe's largest ringtone market
- MEF also supports the Billboard music chart The Billboard logo, with the word 'Billboard' in a bold, black, sans-serif font. The letters 'i', 'l', 'l', 'o', and 'a' are filled with red, yellow, blue, and green colors respectively. A registered trademark symbol (®) is located to the upper right of the word.
- Plans to roll chart out into other territories

Step 1: Track Trends / Raise Awareness

Example 2: Ad-Funded Mobile Entertainment Initiative (1)

Case Study:

- April 2006 – MEF ran member survey on AFME
 - *more than 80% of respondents felt advertising was a growth opportunity
 - *the survey put Ad-Funded ME on the industry agenda
- May 2006 – held AFME panel discussion with key players in ad industry
- August 2006 – set up AFME blog to gather opinions

Example 2: Ad-Funded Mobile Entertainment Initiative (2)

Who will pay for mobile content?

Before:

“Mobility carries a premium. Users will always pay.”

Now:

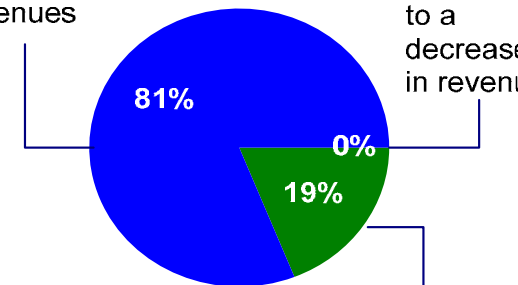
- Close to one-fifth of respondents said advertising would be disruptive – but the industry is overwhelmingly positive to the idea of ad-funded entertainment
- 57% of respondents are actively developing mobile advertising solutions**
- But the industry believes consumer payments will continue to be important going forward
- 62% felt the most successful advertising models would retain some level of payment – 38% advocate an ad-based business model enabling free mobile content

MEF Ad-funded Mobile Entertainment (AFME) survey, April 2006

What is your view of the potential impact of advertising on the mobile entertainment industry?

Growth opportunity - will generate new revenues

Threat – would lead to a decrease in revenue



Disruptive - current business arrangements would change

Base: 48 mobile content industry leaders

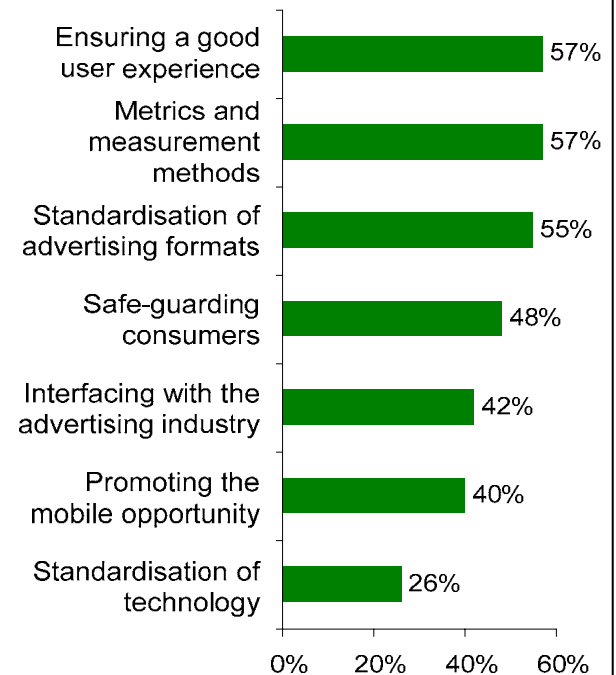
Example 2: Ad-Funded Mobile Entertainment Initiative (3)

Advertising on mobile is still in its early stages

The mobile entertainment industry is aware of what's needed to make it happen...

- Easier interface for advertisers
 - One stop shop for advertisers and their agencies
- Overlay of customer knowledge and context
- Enabling advertising is important to the core businesses of many parts of the mobile data value chain

Where do you see a need for industry co-operation?



Base: 48 mobile content industry leaders

Step 1: Track Trends / Raise Awareness

Example 3: Communities Initiative

- This initiative raises the visibility of community applications within the sphere of mobile entertainment
- Communities are in two broad camps: User generated and content-centric such as artist sites
- market for mobile communities and UGC will be worth US\$13.2b by 2011 (Informa Telecoms & Media)
- Members white paper published
- More work to be done in relation to intellectual property issues

Step 1: Track Trends / Raise Awareness

Example 4: Mobile Education Initiative

- MEF Americas is leading the development of this initiative with the goal of increasing understanding within the creative sectors of the entertainment industry (ie. film, music, tv, games)
- Aim is to help drive the development of the industry
- This will enable MEF members to reach senior industry executives and decision makers at the heart of the creative industries

Example 5: Realtone Initiative

- Set definition for 'realtones' and set this as an industry standard

Step 2: Address Challenges

Example 1: MEF DRM Initiative

- Global revenue from mobile entertainment will reach £37b by 2010 (MEF report by Booz, Allen and Hamilton)

- Lack of effective mobile Digital Rights Management will cost Europe €3.5b this year, over half the estimated annual turnover of the European mobile entertainment industry

(Source: Frost & Sullivan)

Step 2: Address Challenges

Example 2: Regulatory Initiative

- Subscription Services – lack of clarity on rules. MEF advised adding ‘stop’ feature
- E-Commerce – ensure that direct on-line payments on mobile are treated separately
- Representation and lobbying to key decision makers, regulators and stakeholders: OMA, CTIA, CASBA, BCMA, DTI, EU
- Key regulatory challenges still to be addressed:
 - Child protection issues
 - Harmonisation among EU countries
 - Mobile content roaming

Step 2: Address Challenges

Example 2: Mobile TV Initiative

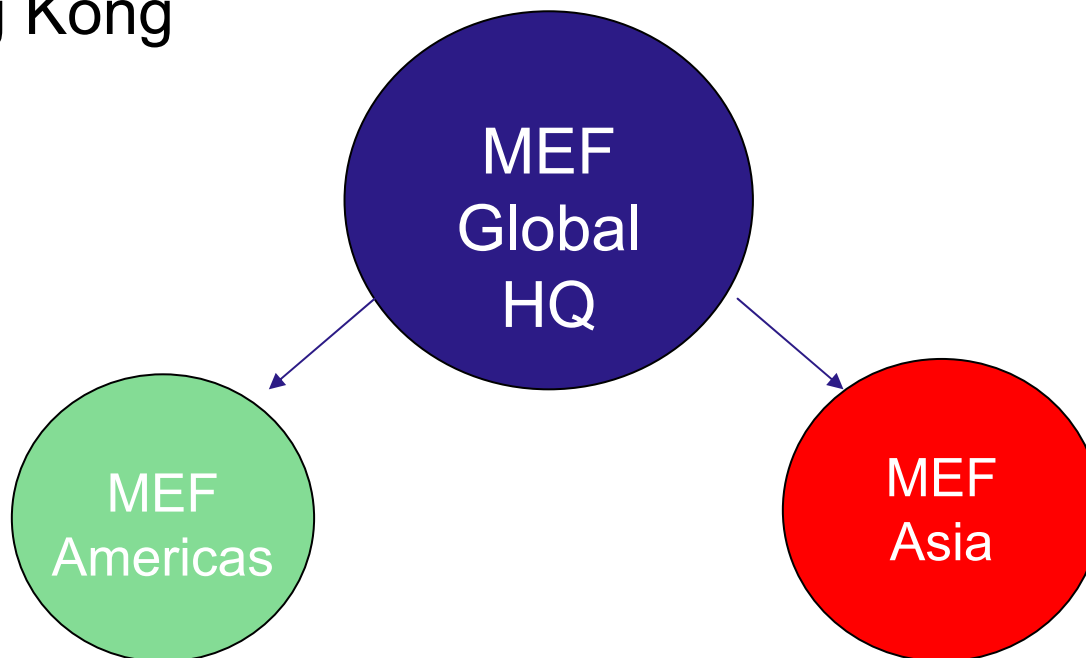
Launched in 2005 to gauge the impact of legislation (such as the Television without Frontiers” Directive) and to protect the interests of the mobile entertainment sector

Problem: European Commission was including mobile within general digital content legislation rather than looking at it as a separate medium

Solution: MEF opened up a dialogue with the EU and positioned itself as a key strategic mobile media partner.

Step 3: Use MEF as platform to define industry

MEF has a strong local presence in 3 continents - a London-based headquarters and offices in Los Angeles and Hong Kong



Step 3: Use MEF as platform to define industry

MEF Board members represent leading industry players in the mobile entertainment space



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- MEF has forged relationships with key stakeholders (eg. Government bodies and agencies such as EU, FCC, KOCCA, Singapore)
- MEF enjoys widespread media coverage in the trade press and key international publications (eg. Reuters, FT, BBC)
 
- MEF represents the industry at key entertainment and wireless events
 - MEF's official event MEM (June 5-6, 2007, Montecarlo) is the premier industry gathering
 - Meffys – the industry's official mobile entertainment awards gala

Membership Benefits - Overview

Industry Insight & Analysis

- e.g. MEF charts
- e.g. Mobile Entertainment KPIs

A large blue equilateral triangle pointing upwards, centered on the page. Inside the triangle, the text 'MEF Member Value' is written in white, bold, sans-serif font.

**MEF
Member Value**

Business Networking

- e.g. MEF events
- e.g. conferences with MEF representatives

Representation & Lobbying

- e.g. consultations
- e.g. initiatives with active member participation

MEF's newest chapter: MEF Europe

- Created to provide added local member value to our European members

Key objectives:

- ✓ localise existing initiatives and create new initiatives to deal with specific European issues in mobile entertainment
- ✓ establish localised networking events to promote business development within key European territories
- ✓ work with leading companies in Eastern Europe/CIS to extend business development



MEF Europe

MEF Europe will be officially launched in Paris on Thursday, November 23rd with a panel discussion on Ad-Funded Mobile Entertainment followed by a cocktail.

Visit: www.m-e-f.org for more details



Thank you for your attention!

Спасибо

www.m-e-f.org