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# VOICE & DATA

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Vinod Kumar, MD & CEO  
Tata Communications

# NTP 2011 HUGE EXPECTATIONS

Spectrum and M&A norms will be key focus of Sibal's new telecom policy

## CEO INTERVIEWS



Arvind Rao, CEO and co-founder, OnMobile



Anuj Kapur, country head, India, service delivery solutions, Telcordia



Zohar Zisapel, Chairman, RAD Data Communications



Tom Siracusa, executive director, VPN strategy, AT&T Laboratories

## M-POWERED AND LOVING IT

With growing spending power, mobiles are increasingly becoming the device of choice for rural women, creating a huge new opportunity



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**H**ow is OnMobile planning to cash in on 3G?

With 3G services, a new era awaits mobile users with faster and more robust mobile Internet and better access to data services. By 2013, 3G service revenues are expected to generate \$15.8 bn, accounting for a share of 46% in the overall wireless service revenue.

At OnMobile, we are aggressively looking forward to build on 3G video as it is the biggest wave in the Indian market today. Video solutions will be a major differentiator for the operators. As operators are increasingly turning to managed VAS to drive efficiencies and improve the mobile user experience, the acquisition is an opportunity to offer video services by leveraging Dilithium's market leading technology combined with OnMobile's managed services business model. Additionally, Dilithium's technology enables the delivery of novel 3G value added services by offering superior quality and scale to the creation, adaptation, and distribution of all types of multimedia assets.

**How do you see the m-commerce service fairing in the regions you operate in, including India?**

M-commerce in India has tremendous potential, especially in the areas of mobile payments, m-coupons, mobile ticketing, shopping, trading, and banking. Mobile ticketing and m-coupons are rapidly growing in India, at a rate of over 30%. Currently, there are some challenges to the growth of m-commerce, because of the small credit card and bank accounts base in India and the associated risk of fraud.

However, the introduction of UID nationwide will help make these services a reality. Additionally, 3G will enable replication of the Internet user experience on the mobile phone. In 2011, this will significantly benefit the adoption of m-commerce.

**Is innovation in the mVAS segment moving in the right direction?**

In the current scenario, the VAS segment is showing steady growth and tremendous potential. VAS growth has been further

*OnMobile Global has grown significantly, organically and inorganically, and has become the largest value added service of India. In 10 years, not only has OnMobile achieved a subscriber reach of over 1 bn, it has also ventured into new geographies at a rapid pace. The company also takes the credit of becoming the first Indian telecom VAS company to go public, when it was listed on the BSE and the NSE of India on February 19, 2008.*



spurred by increased focus on this segment by operators, thanks to steadily declining voice ARPUs and cut-throat competition. The imminent mobile number portability has also driven operators to offer unique and innovative value added services to differentiate themselves in the market. Availability of rich content, access to which is simplified through solutions such as OnMobile's m-search, has also increased consumer awareness and uptake of VAS. Since VAS is in such an exciting stage in India, today the market scenario is such that there is tremendous potential for a good idea to result in market success.

**What is the determining factor for the growth of VAS?**

The launch of innovative applications and services that broke new ground in the market and witnessed significant adoption among subscribers drove growth for us in FY 2010-11. Our ring back tones

(RBT) platform was extremely successful, with around 50 mn active users per month. Innovations in RBT such as reverse RBT or precall tones, and social RBT also generated a lot of interest in our RBT offerings, and reinforced our product leadership industry position.

On the data side, we offered Social Address Book, which converts the user's hitherto static address book to a dynamic, primary point of access for receiving and sharing updates on web based social networking sites as well. Additionally, we have experienced video content adaptation of over 20 mn in 2010.

More importantly, the very recent 3G rollout has set a different standard for the VAS industry. 3G services are mostly associated with video solutions, and the seamless streaming of video solutions marks the success of this technology.

**Are operators driving enough user aware-**

# Mobile

'With deals from the largest operators across the globe, OnMobile today has a presence in 28 countries'

—Arvind Rao, CEO and co-founder, OnMobile

#### ness to promote various VAS offerings?

While VAS has not really been demystified and communicated to the common man and remains a niche sector, it has become an increasingly important component of operator revenues, especially in the face of falling ARPU. Operators are indeed making significant efforts to drive user awareness in order to promote VAS—Vodafone's zoozoo advertisements being a classic case in point.

However, there also exists a lack of awareness on the subject—an average consumer may not be able to tell you what he thinks VAS is, or even what VAS products he uses. We, therefore, need to create an environment where VAS is adopted through pull channels and the width and variety of VAS offerings is communicated to the consumer.

OnMobile has acquired companies like ITFinity, Voxmobill, Telisma, and Dilithium

#### Networks recently. Do we expect few more such acquisitions?

With deals from the largest operators across the globe, including Vodafone and Telefonica, and a series of acquisitions from ITFinity to the most recent Dilithium Networks, it continues to extend its leadership in India. Additionally, we are also in various stages of discussion with operators in Africa and Europe to expand our presence in these geographies.

We focus our M&A on product line expansion, not acquisitions for market access, as we are well-positioned in almost all parts of the world today with marquee customers.

#### In which regions do you plan to expand your services?

OnMobile Global has offices in 28 countries

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today. Apart from India, Latin America and Africa are 2 of the fast growing mobile markets. The mobile market in Africa is one of the most promising mobile markets globally.

For example, the Egyptian mobile market has registered over 25 mn new subscribers during the last 2 years, representing a 79% uptake, 38% on an yearly basis, and 9.5% quarterly growth on an average. According to IEMR, the industry average ARPU growth rate dropped by 20.8% in Q1 FY 2009-10. In such a scenario, value added services like RBT will play an increasingly important role in driving operator revenue.

Similarly, LaTAm countries like Argentina and Brazil are among the most vibrant mobile markets globally with penetration rates exceeding 100%, according to Business Monitor International. The mobile VAS market in Brazil has also experienced tremendous growth.

#### What are the challenges in terms of billing reconciliation tools?

Some of the challenges that operators face in terms of billing reconciliation include lack of visibility to actual downloads of publisher content, and no readily available audit facility for the operator to peek into operator systems. Additionally, as there are a variety of billing options available, the pricing matrix can be fairly complicated, especially since many standalone billing systems have not matched with the services offered. The vast customer database, billing data, changing consumer patterns, and diversified locations can also add complexity and challenges to the billing process.

#### Do you think that there is a need for a standalone VAS association in India? If yes, why?

Yes. While the IAMAI has a VAS committee and Nasscom is in the process of setting one, a separate body for the VAS industry could help. While VAS is still a new and growing space compared to other verticals, an industry forum for VAS players will play an important role over a period of time.

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