

# 3G will usher in a more interactive mobile experience

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## On growth of Indian MVAS market

The MVAS segment in India is showing steady growth and still has tremendous potential. Backed by a growing consumer class and middle class, and increasing discretionary spending, India is one of the biggest VAS markets in the world, making it the region of choice to launch innovative solutions through different platforms.

VAS growth has been further 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.

## On a daily pricing model

With 80-90 percent of mobile users in India being prepaid customers, the total money in a user's pocket allocated for mobile usage needs to be split between voice and VAS. With voice ARPUs declining steadily, industry experts believe that the VAS potential has increased.

Operators also need to offer services that are handset-independent to help VAS become a bigger part of the subscriber pie. *Bottom of pyramid* users are some of the most enthusiastic adopters of services like RBT – which is testimony to the proposition that a variety of content delivered through the right platform

and for convenient pricing options are the keys to encouraging user adoption.

## On the untapped potential for mobile content and entertainment

With many urban centers reaching 100 percent mobile penetration, rural India is the next big telecom market. It is imperative now for operators to widen their subscriber base by reaching out to rural markets and they are now formulating new ways to take a larger share of the rural pie. In their bid to grab attention of these new subscribers in small locations, designing and delivering the right and localized content should form a major part of their strategy. Localized content has become an important criterion for service providers to capture the growing markets in rural and remote parts of India.

There is also tremendous potential for utility-based and functional VAS in rural areas like agriculture, especially since connectivity broadband connectivity is low.

## On 3G rollouts affecting VAS

According to FICCI, in India, the 3G subscriber base is expected to hit 90 million by 2013, accounting for 12 percent of the overall wireless user base. By 2013, 3G service revenues are expected to generate Rs. 75,840 crore, accounting for a share of 46 percent in overall wireless service revenue.



3G will enable consumers to experience high data transfer rates over longer distances, efficient bandwidth use, map and positioning services and multi-player gaming facilities. Similarly, with 3G, consumers will experience uninterrupted streaming of rich movie trailers and video content. It will not only accelerate delivery of rich media content and services, but also improve end user experience. Operators will offer services like mobile TV and video-on-demand – for which consumer demand is high.

## On change in market dynamics with advent of MNP

The implementation of MNP is likely to shake up the market dynamics of telecom in India. Along with increased churn, cost of customer acquisition will also rise. It is here that VAS will play a key role for operators in establishing differentiation in the market and gaining a competitive advantage. However, the 3G rollout is a silver lining, since it will open up the pipes for a wide range of rich, interactive content such as video, media and multimedia. Users who are exposed to these services are less likely to switch operators. ■