

Radhika Nair traces the story of a start-up, incubated first in Bangalore, which now leads the way in mobile value-added services; Sarah Jacob reveals how Bangaloreans spend more money on music gadgets than residents of any other city in India; Valerie Rozycki, Founder, ZipDial Mobile Solutions, tells us five things she wishes for Bangalore

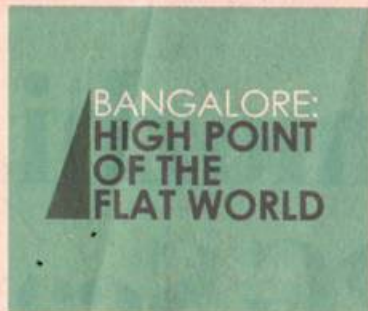
# OnMobile Dials Future Right

**RADHIKA P NAIR**  
BANGALORE

It was as pioneers of the ringtone on mobile phones that OnMobile, a telecom services company, first hit big time. Way back in 2004, the company launched a revolutionary idea for mobile phone users — downloading a song and setting it as a ring tone on the phone.

Routed through telecom operators, as a value-added service (VAS), the product was the first non-SMS-based offering on a mobile phone. It would soon be followed by other VAS products such as reverse ring back tones, phone back up and horoscope - with most of the product launches spearheaded by the Bangalore-based company.

OnMobile Global is India's largest mobile VAS company today, with a revenue of Rs 148 crore (Q3 FY 2010-11). Their products are available in 52 countries and they contribute over \$800 million to top line revenues of over 92 telcos globally. Such growth has come after a long spell of chal-



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lenges including a downturn so severe that the team contemplated a shutdown.

First incubated as an internet product start-up within software services bellwether Infosys Technologies in the late 90's, the technical team, led by Mouli Raman, built a product that allowed online users to set alerts for any event on a website. However, after the first product was developed, both employers and developers realised there was a culture mismatch in building technology products within a services firm.

To bridge this divide, the team was spun out as a separate company and shifted its base to the US. Arvind Rao, a private equity manager in the US, joined to head a new venture that would build internet products in the US.

But soon the team realised that the future lay with mobile telephony and they pivoted to focus on building products in that space. But by 2002, the time spent on research and product development almost came to naught when recession hit the global telecom market. The team had a stark choice: shut down or start over in India. They decided to move. It was a gamble as the Indian telecom sector was in its infancy and there were just 6 million mobile users in India. But the fact that the telecom op-

erators in India were also start-ups weighed heavily in favour of the move. "The operators were young and were open to new ideas," says Raman, CTO of OnMobile, on the decision to shift operations to India.

The OnMobile team knew they had to sweep the market right at the start and for this they needed to launch a product with mass appeal. They launched two services — cricket scores and ring back tones. "This was our inflection point. Our revenues and customer numbers just took off," says Rao, chairman and CEO of OnMobile.

Before long they were working with all the Indian telcos. OnMobile's big advantage was the business model that they struck with the telcos. Instead of selling the product to the operator for a fee and leaving the branding and marketing to the telco, they opted to try a new gambit. "We decided to manage the operations and the marketing for the telco. They had to be just the carriers," says Raman. In return, they got a share in the revenues.

"This revenue model, which is followed by most operators and VAS companies today was unheard of at that time," says Sandip Biswas, director, Deloitte India, who has followed the Indian telecom space for many years.

After consolidating the Indian market, OnMobile set its sights abroad. They first ventured east and established a presence in 11 countries in the Asia-Pacific region. India proved to be an excellent test market as they were able to successfully rollout products that had worked in India in the new markets.

In 2008, the team took another gamble — they decided to go public. Rao says the company wanted to be regarded as a serious play-



Mouli Raman

er by large global telecom, the IPO made this the first Indian mobile VAS company to list on public markets.

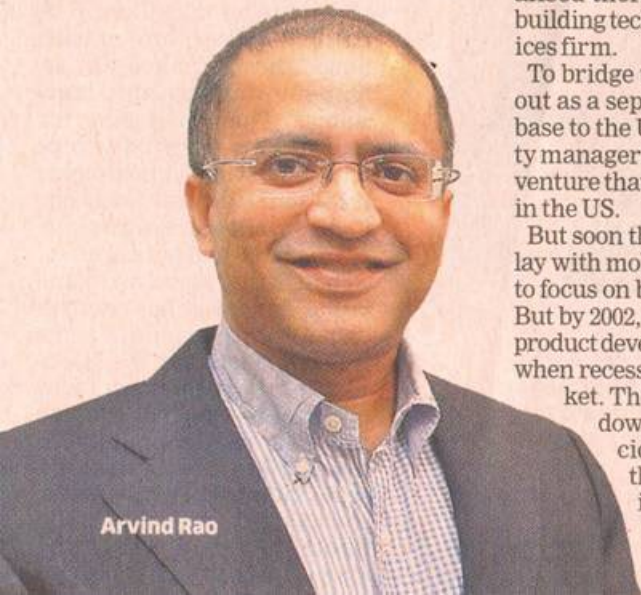
Today, the company works with almost all the major telecom players in Asia-Pacific. They have entered the Latin American and African markets and are on the threshold of gaining entry into the lucrative European and American markets. They have also opened up their platform to third-party developers. Raman says, today it is difficult for a VAS start-up to access the telecom net-

work. By opening up their platform, Raman says: "We are enabling the creation of an ecosystem. The start-ups can leverage our network to get their products to customers."

However, challenges remain. Scaling up further and streamlining the management of operations in more countries is next on the agenda. Their greatest challenge maybe the growing numbers of mobile-internet users, who do not depend on telecom operators. Deloitte's Biswas says in future mobile users will need the telcos to just provide voice services.

"Wi-Fi connectivity will continue to improve. VAS companies will have to create products that leverage both the operator network and the internet," says Biswas. He adds that VAS companies need to diversify as well and not just focus on entertainment products. Raman agrees.

"We will start looking at utility products in education and healthcare," he says. "We are in a unique position of conceiving an idea and taking it to millions of users in a short time." OnMobile's next goal: to be the No. 1 VAS player in the world.



Arvind Rao