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End-User Requirements and Expectations

Siemens Network Evolution Forum
3GSM World Congress 2006, Barcelona



Siemens Mobile Application Tracking – Investigation of end-users' needs on a regular basis



Contents

Applications covered

- Mobile Music
- Mobile TV
- Mobile Gaming
- Mobile E-Mail
- Group Communication
- Enriched Voice Call
- File Sharing

- Users' willingness-to-pay and use
- Drivers and barriers for application usage
- Required application functionalities

- + **Generic topics:**
Charging and Buddy List

Global coverage



→ More than 5,300 interviews in survey of YE 2005
(online and telephone)

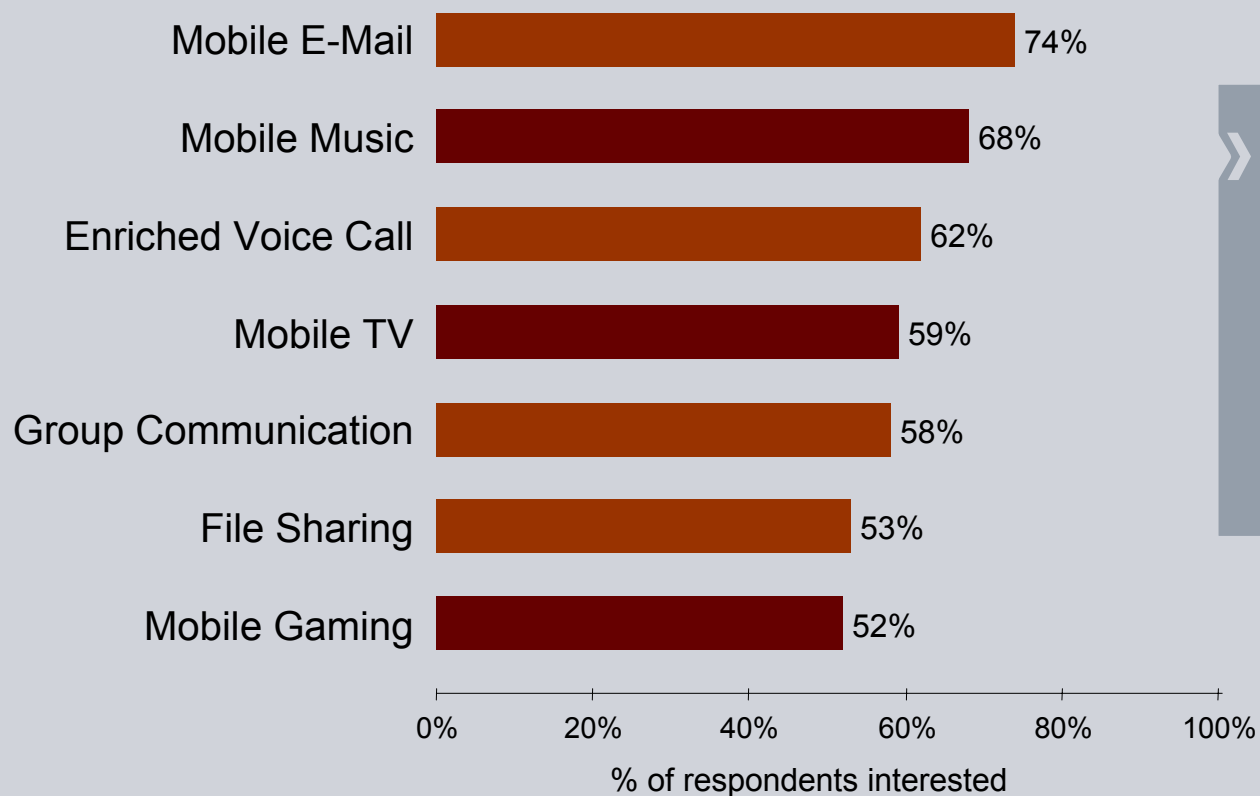
Our beliefs / hypotheses

- All applications surveyed meet significant interest among users.
- In mature markets both interest in applications and ARPU potential are high – resulting in high revenue potential.
- Needs are very fragmented – micro-segments exist for each application separately.
- Users are highly demanding regarding security and cost control.

All applications surveyed are of interest to more than 50% of mobile users across the world



„Can you imagine using ... in the future?“

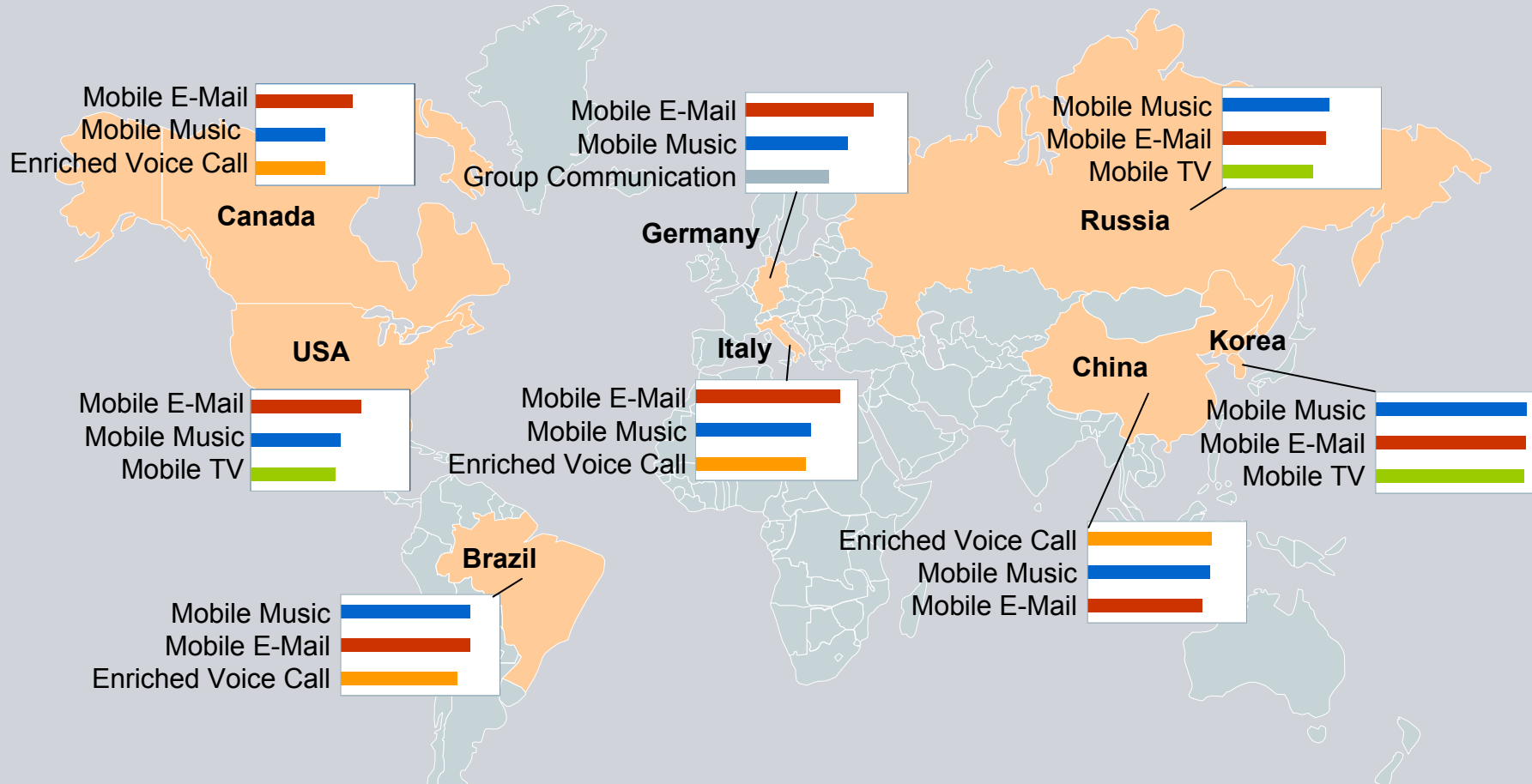


Both conversational and person-to-client applications are of interest.

There is no “niche application”.

Source: Siemens Com MN End-User Research, November 2005

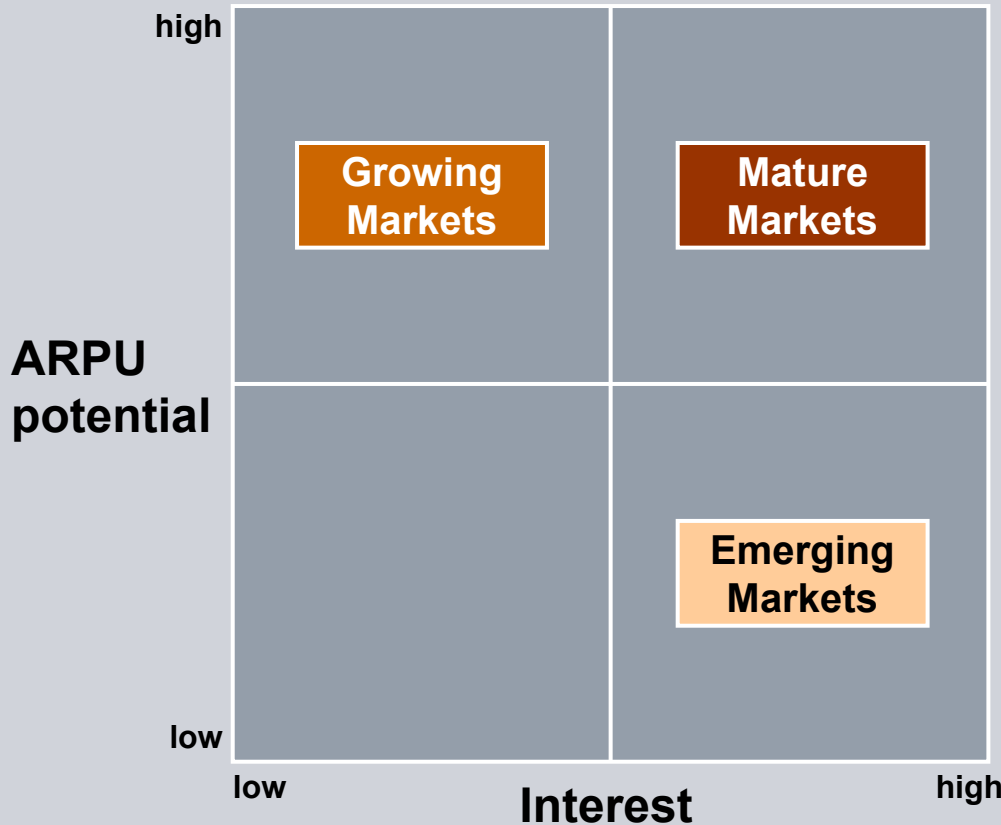
Mobile E-Mail and Mobile Music... ... among the top three in every country!



Source: Siemens Com MN End-User Research, November 2005

Segmentation of markets

Highest interest and ARPU potential in mature markets



Emerging

- Low ARPU, mainly from voice
- Strong growth from 1st subscriptions, high number of potential subscribers
- **Example countries:** China, Russia, Brazil

Growing

- High ARPU with small but growing portion from data
- Growth from 1st and 2nd subscriptions
- **Example countries:** USA, Canada

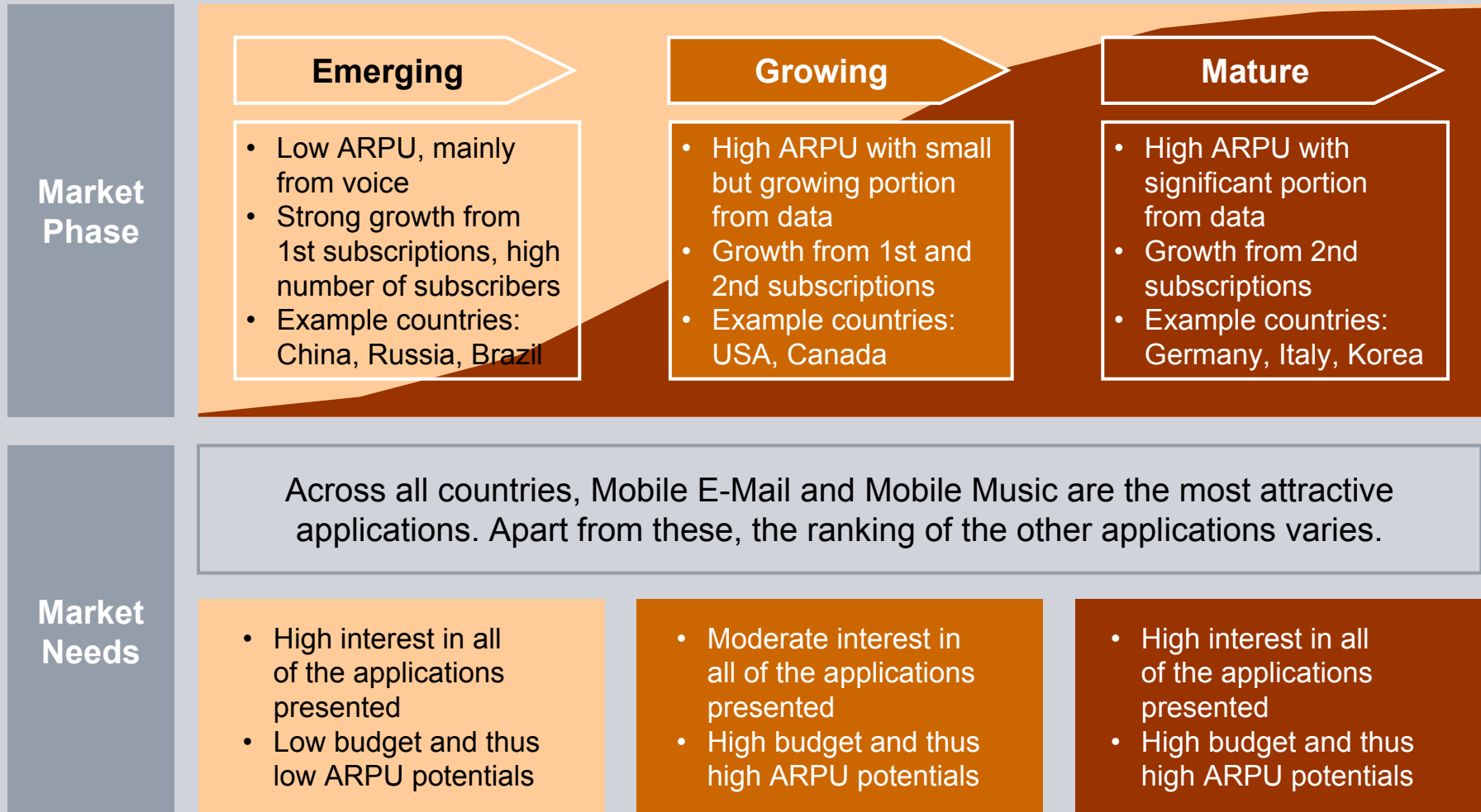
Mature

- High ARPU with significant portion from data
- Growth from 2nd subscriptions
- **Example countries:** Italy, Germany, Korea

Source: Siemens Com MN End-User Research, November 2005

Segmentation of markets

Users' needs across the different markets

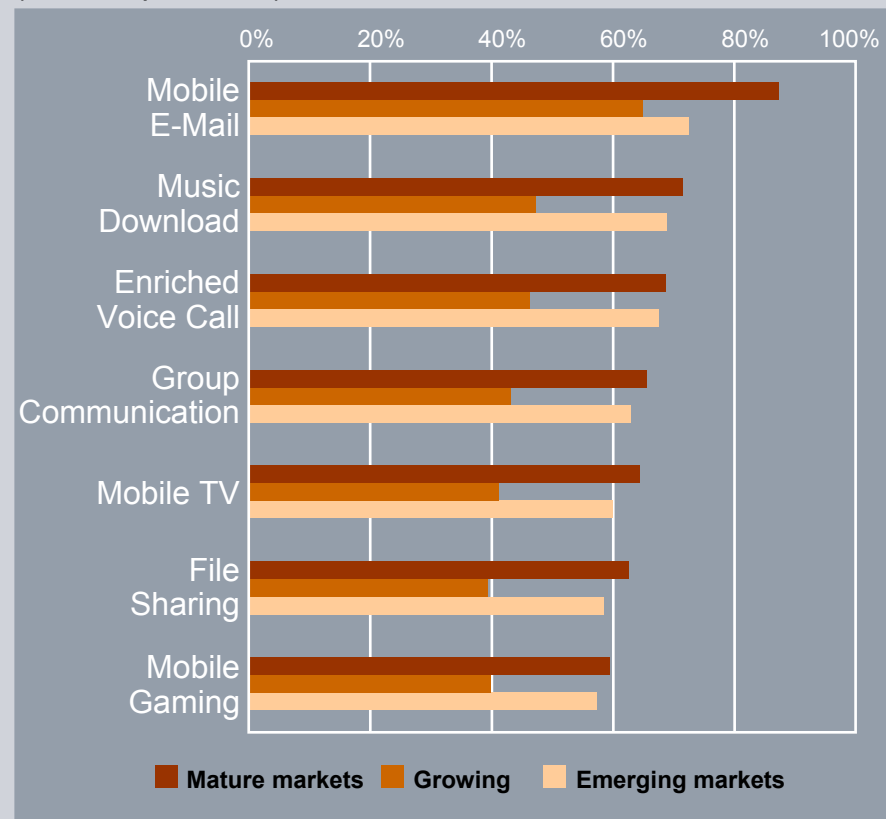


High willingness-to-use and good level of ARPU increase indicated



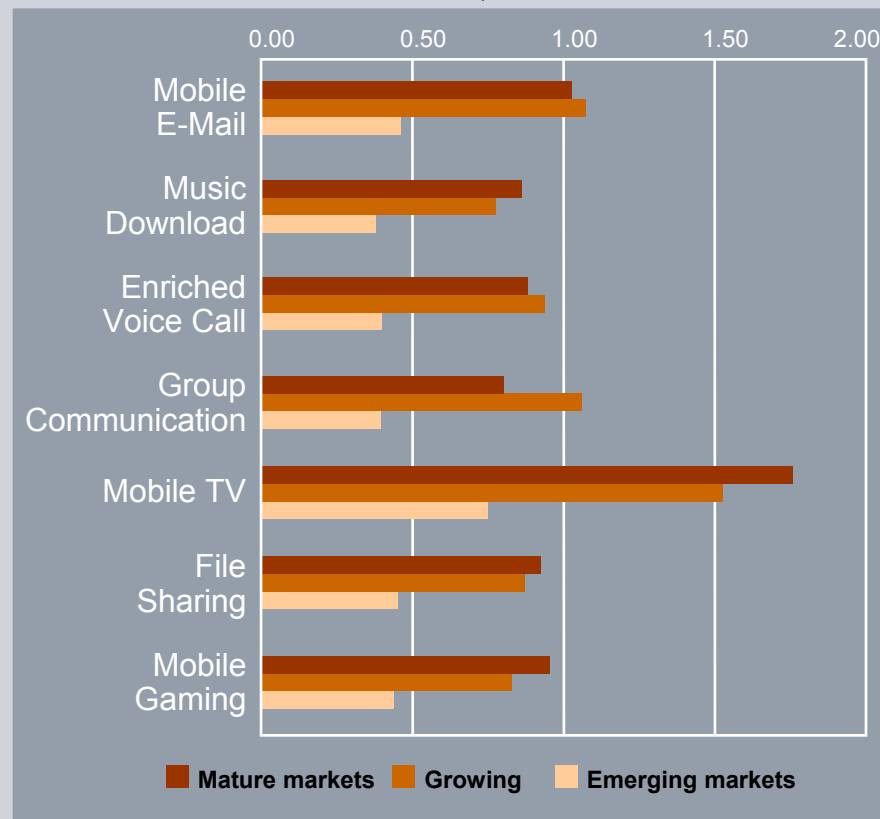
Degree of future service interest ...

(% of respondents)



and willingness-to-pay

(active users in Euro / month)



Willingness-to-use between 35% and 90 % ...

... willingness-to-pay between € 0.38 and € 1,76

Source: Siemens Com MN End-User Research, November 2005

Enriched Voice Call / Call&Share

Summary of users' needs

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WHO?

- Younger users
- Business users

WHAT?

- Video- telephony
- Adding self-generated contents to calls

HOW OFTEN?

- Weekly usage

HOW MUCH?

- Willingness-to-pay 6.20€ per month
- Calculated ARPU potential 0.70€ per month/active user

WHERE?

- Highest interest in Korea, Brazil, and China

Source: Siemens Com MN End-User Research, November 2005

Music Download Summary of users' needs

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TODAY'S BARRIERS?

- Too expensive
- End-users don't know how it works

WHO?

- Interest is higher among younger people

HOW OFTEN?

- Weekly usage

HOW MUCH?

- Willingness-to-pay 5.50€ per month
- Calculated ARPU potential 0.60€ per month/active user

WHERE?

- Highest interest in Korea, Brazil; in Italy and China interest is also higher than average

Source: Siemens Com MN End-User Research, November 2005

Mobile TV Streaming (live and on demand) Summary of users' needs

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WHO?

- Broad interest across all user groups

WHAT?

- Event-driven retrieval of programs
- News, weather and information
- Movies

HOW?

- Most important features are “fast and easy channel-switching” (for live TV) and “stop and continue later” (TV on demand)

HOW OFTEN?

- Daily usage

HOW MUCH?

- Willingness-to-pay 11.10€ per month
- Calculated ARPU potential 1.20€ per month/active users

WHERE?

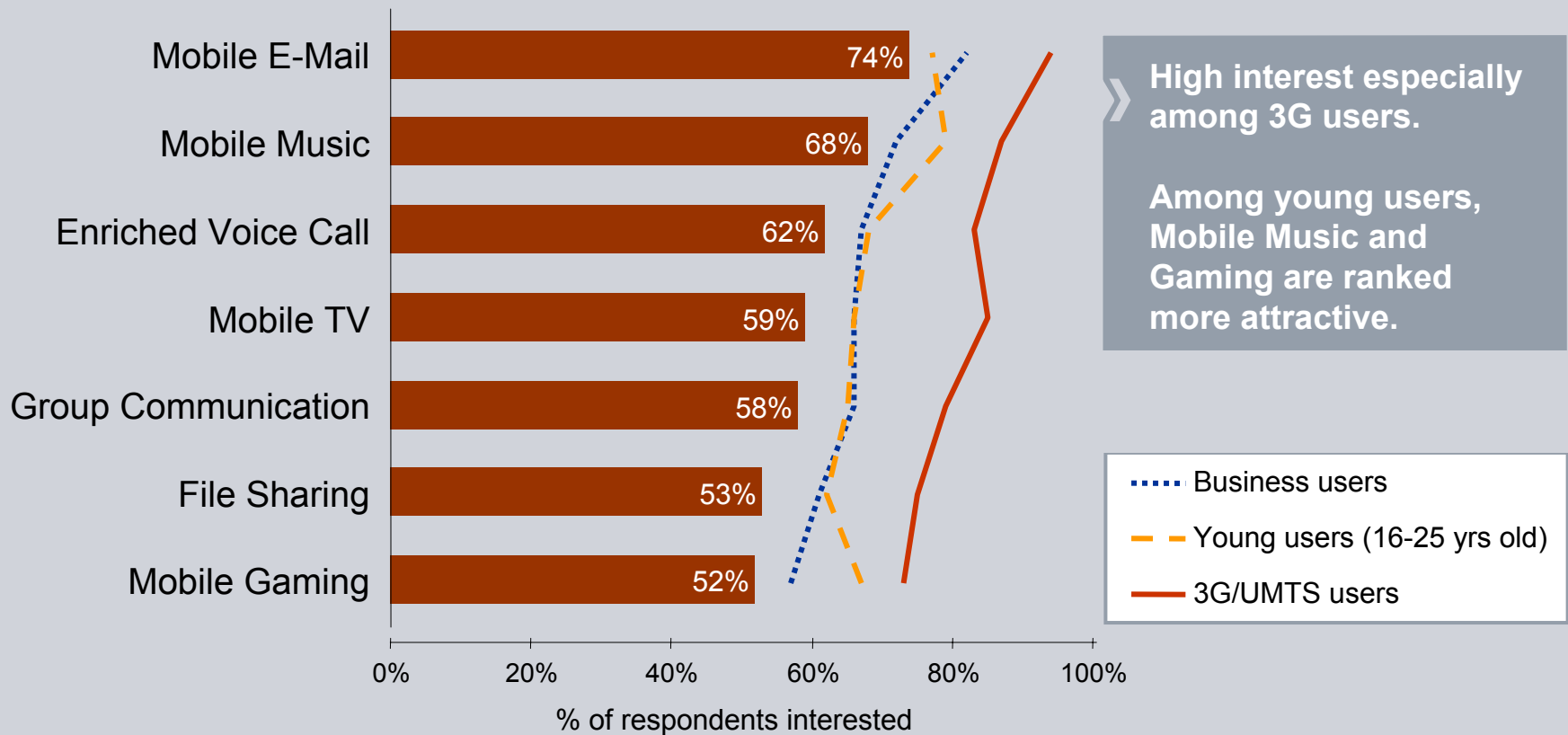
- Highest potential in Korea, Brazil; in Italy and China interest is also higher than average

Source: Siemens Com MN End-User Research, November 2005

Demographic and usage-based differences in the level of interest and ranking of applications



„Can you imagine using ... in the future?“



Source: Siemens Com MN End-User Research, November 2005

Micro-segmentation – A universe of requirements within one application: Example Mobile TV

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- **Male** prepaid user
- About **50 years** old
- Retrieves **news or commentaries** from time to time
- Pays on-demand



- **Young male** user
- Wants Mobile TV for **event-driven** usage
- Interested in **all types of contents**
- **Demanding** Mobile TV features like **easy channel-switching**
- **High usage** in combination with a **high flat fee**



- **Young female** user
- Searching for **entertainment**
- Highly interested in **TV on demand**
- Demanding Mobile TV features for **interaction** and **sharing**
- Low monthly flat fee

... and many other sub-segments with varying motivation and different content, features and charging schemes required ...

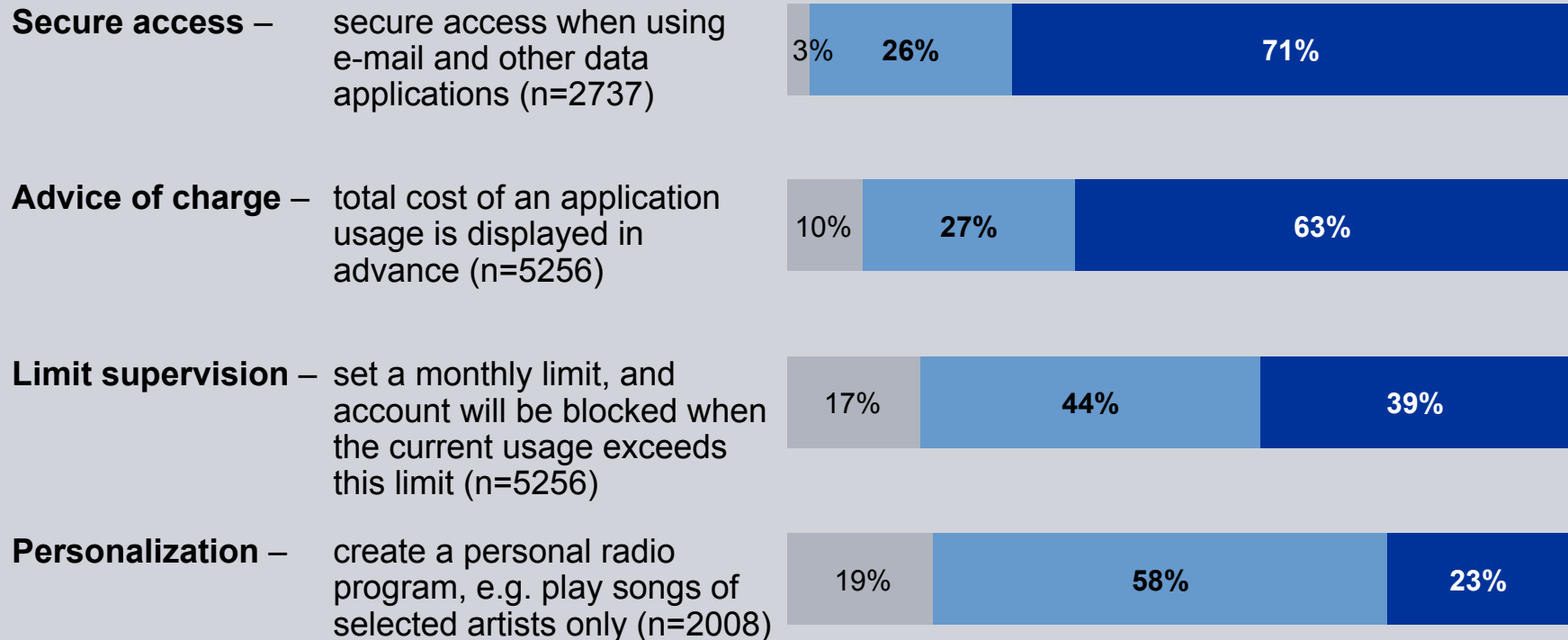
Source: Siemens Com MN End-User Research, November 2005

Across all applications, users require security and cost control



„How important are the following features for you when using each of the applications?“

■ not important ■ nice to have ■ must



Source: Siemens Com MN End-User Research, November 2005

Summary

- Overall, interest in all applications surveyed is above 50%.
- Needs are very fragmented – for each application there is a universe of micro-segments.
- Highest revenue potential lies in mature markets – where both interest in applications and ARPU potential are high.
- Users are highly demanding regarding cost control and security.

→ Strong need for technologies that enable flexible and versatile applications and application bundles!

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Thank you!

