

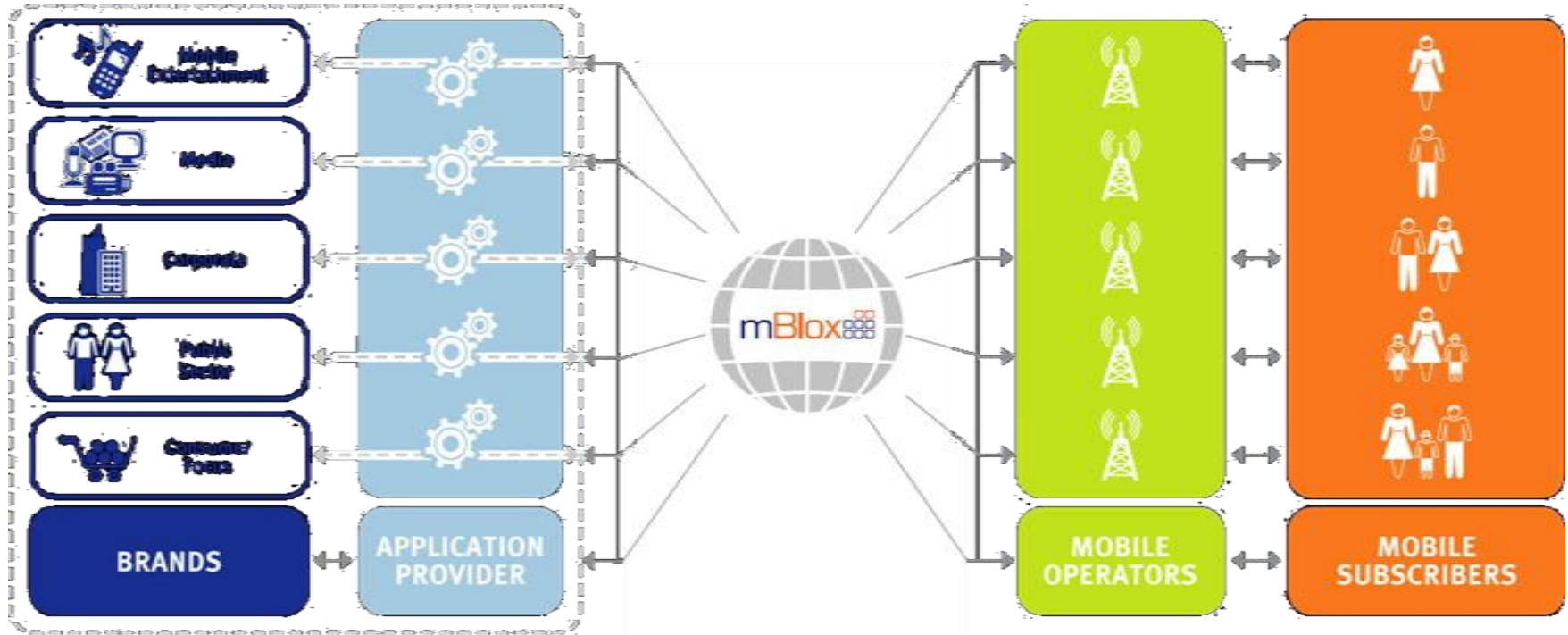


Mobile VAS in Europe and MEF's Role

Andrew Bud
Global Chair, Mobile Entertainment Forum
Executive Chairman, mBlox Inc.

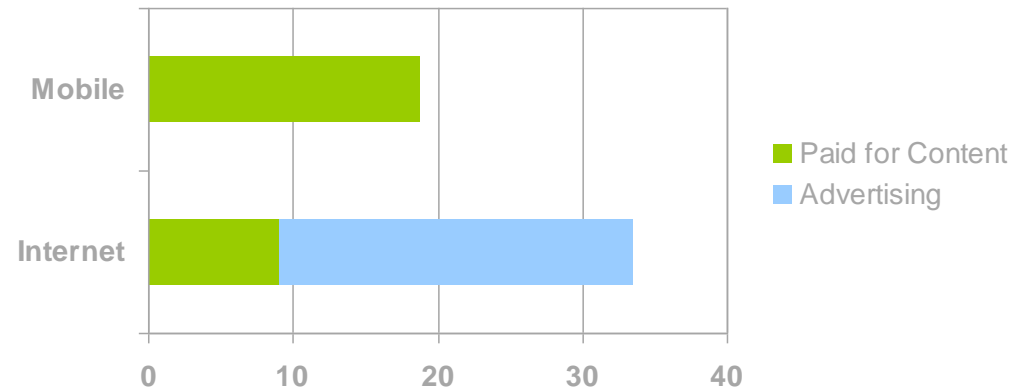
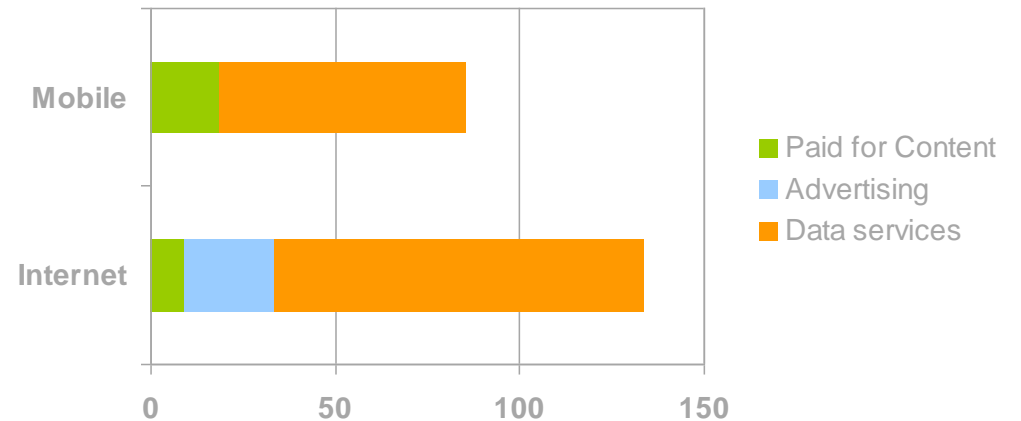
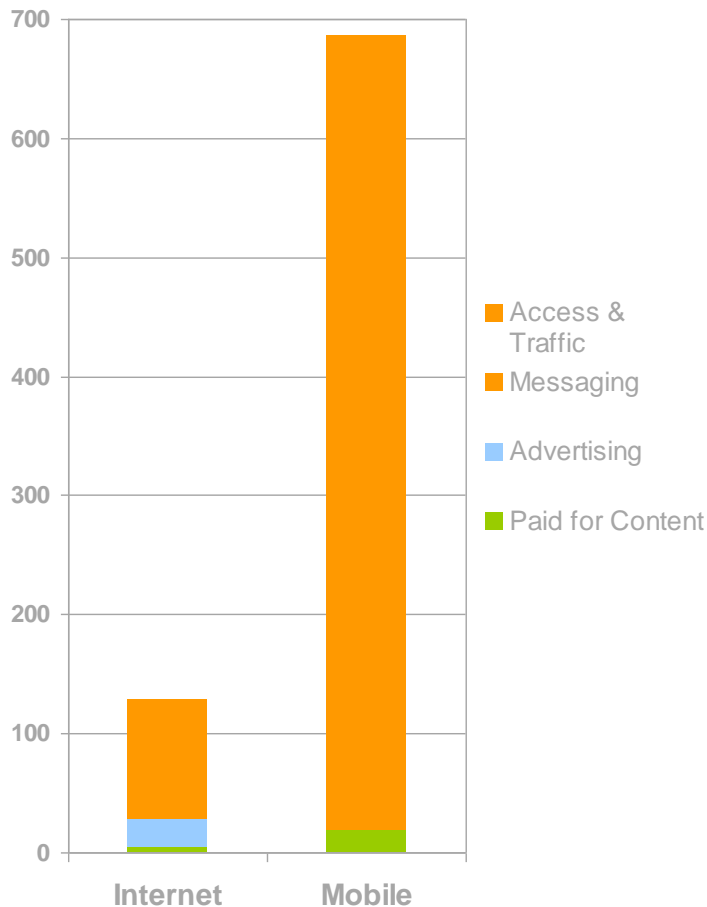
The Global Voice of Mobile Entertainment

mBlox - the world's largest mobile transaction network



- Globally connecting content/service providers and mobile operators to connect, clear and settle bulk MT, Premium SMS and WAP Billing
- 2.5 billion transactions worth \$500m per year across four continents
- Direct premium connections throughout USA, Europe and APAC

Mobile Content - a huge global industry



*All revenues in \$bn worldwide, 2006

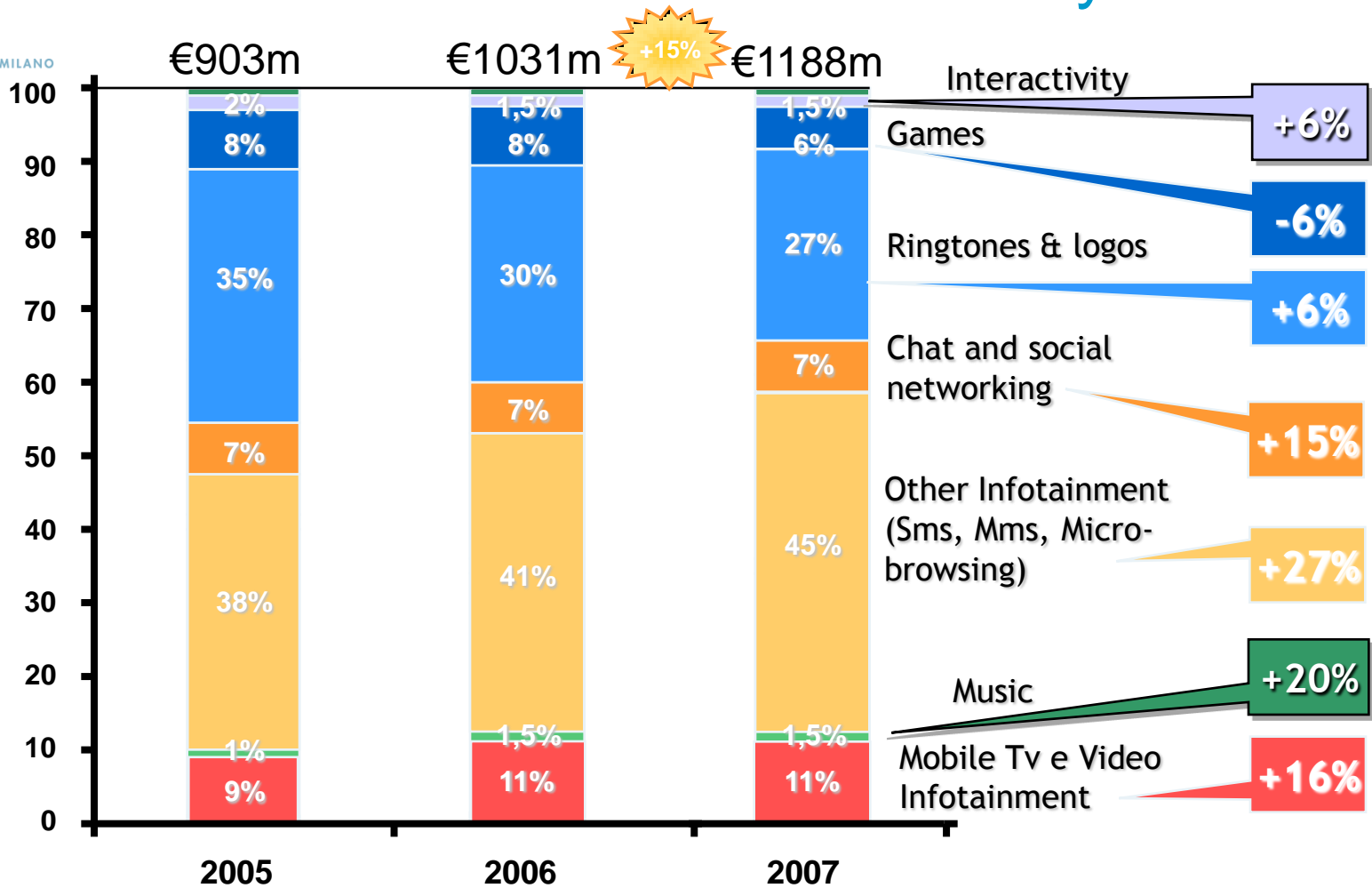
Personalisation content slows down Italy

School of Management

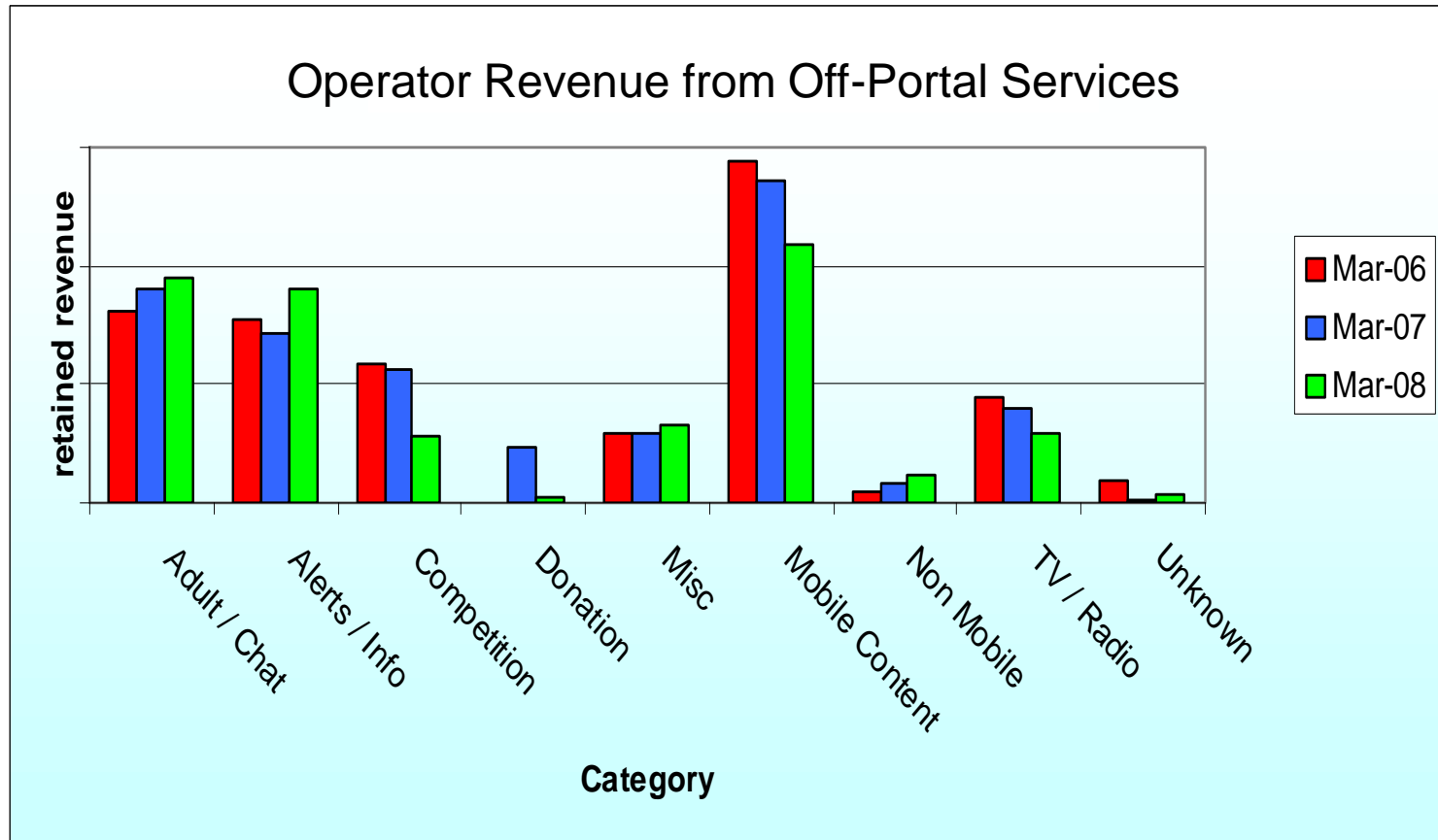
POLITECNICO DI MILANO



DIPARTIMENTO DI INGEGNERIA GESTIONALE



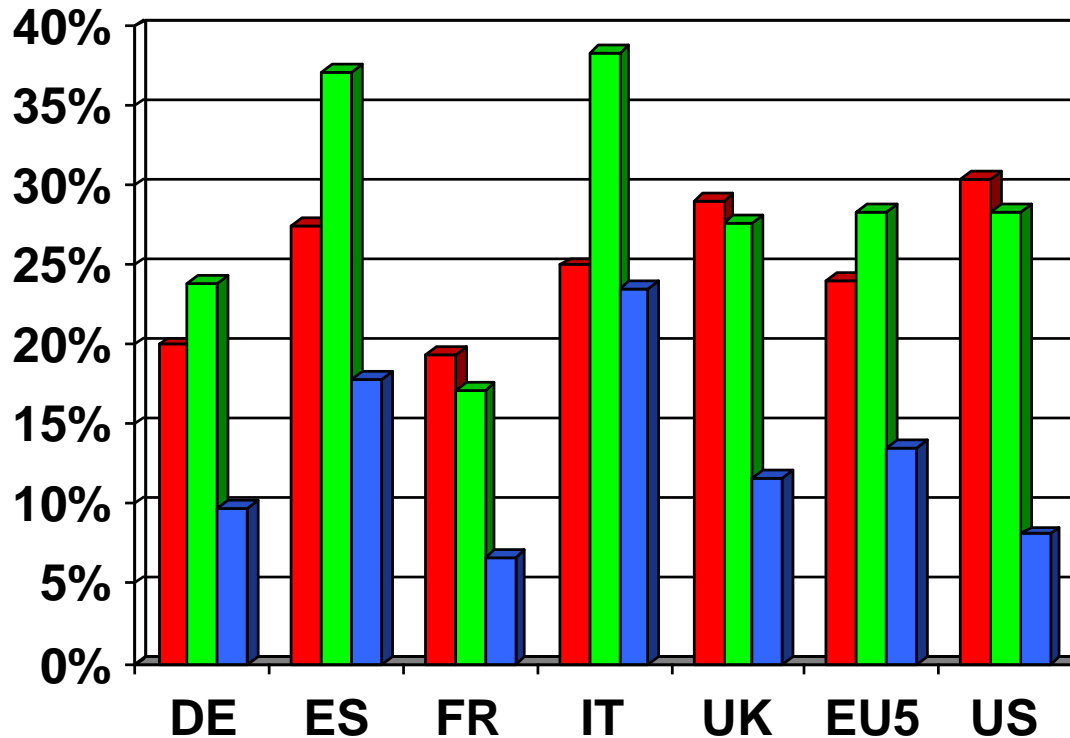
Category Trends in another big EU country



Is the industry in trouble?

- Declining ringtone sales
 - down 20% in Europe 2007-8
- Participation TV sharply down
 - scandals in the UK, EU regulation
- Regulatory pressure everywhere
 - abuse of PSMS MT causes severe consumer backlash
- Flat overall revenues
 - declines in eg UK offset by slow growth in eg Italy
- Disappointing mobile advertising
- Disappointing mobile TV
- Consumers frightened of mobile data
- Content revenues leaking through cracks

Yet Europe's market...



comSCORE. | m:metrics

- Mobile Media Users
- 3G
- Smartphone

...is poised for change?

- 3G Penetration reaching critical mass
 - Nearly 30% handset penetration in EU5
 - HSPA coverage exceeds 80% of O2 UK, 90% of KPN Netherlands
- Quality smartphones aimed at consumers
 - Nokia and Apple changed the environment
 - Nokia, LG, Samsung, Blackberry marketing to consumers
- WAP Billing rolling out 
 - faster, safer mobile content payments
- Mobile social networking growing
 - virtual goods are a business
- Applications as a new content category
 - Apps stores making money now



So many opportunities

- New mobile models for music
 - Mobile now accounts for 40%-50% of digital music sales in Europe
- Ringback Tones
 - On-portal sales disappointed in Europe
 - Could off-portal unleash growth?
- Mobile Video
 - From operator-underwritten...
 - ...to real business
- Integration with the Content Industry's business models
 - Reporting that works
 - Real advertising
- Breaking away from Data Charge Terror
 - Flat-rate
 - Sender Pays

The Mobile Entertainment Forum (MEF) addresses all of these issues

- MEF is currently running initiatives and policy activity that address all these opportunities

What is MEF?

- **MEF is the global trade body for the Mobile Entertainment industry**
- **MEF exists** to represent the interests of enterprises along the mobile entertainment value chain.
- **The MEF's mission** is to:
 - build awareness and promote the industry's interests
 - create business development opportunities
 - develop commercial guidelines and best practices to promote a healthy and profitable industry.



Who is the MEF?

MEF has over 170 members worldwide.

content owners/aggregators

ad agencies

application developers

handset manufacturers

mobile service provisioners

analysts

carriers

law firms

MEF Russia-based Members



Spb Software
Software for the Mobile World



- High growth new territories are the future of MEF
- Leading-edge businesses seeking a global perspective

MEF Global Members include:

Operators eg

- Vimpelcom
- Vodafone
- Orange
- Telefonica
- T-Mobile
- Telecom Italia
- Turkcell
- Du
- Bharti Airtel
- Tata
- Maxis

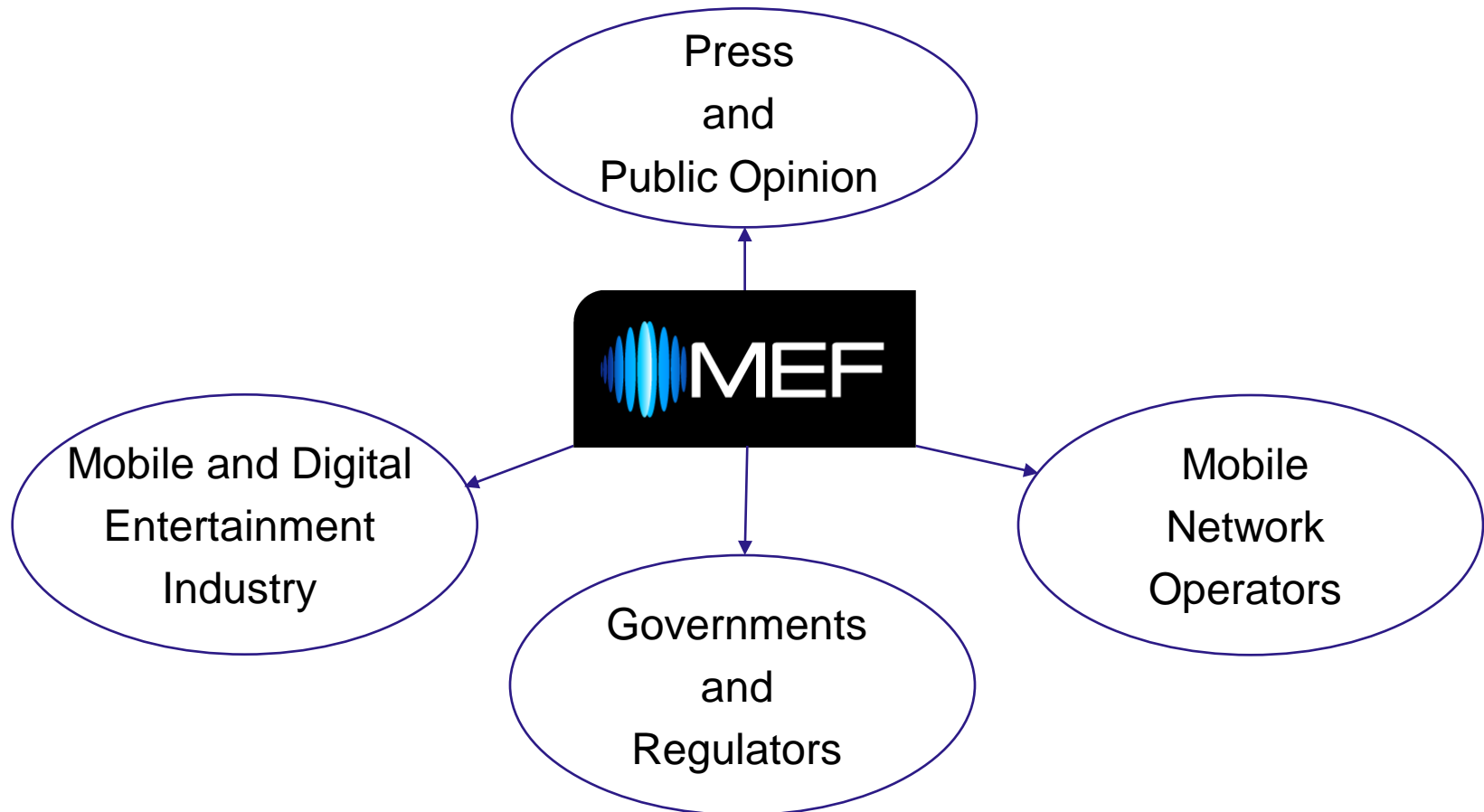
Global Mobile Content Players eg

- Sony
- Endemol
- MTV
- National Geographic
- Zed
- Jamba
- Dada
- Hungama
- Real Networks
- Playboy

Recent Joiners eg

- BBC
- Dolby
- Flirtomatic
- Huawei
- Jump Games
- MediaFLO
- Vringo

MEF Addresses all Stakeholders



MEF Insights provide competitive advantage

- **Quality of Experience Study**
 - Broadest-ever study of consumer behaviour and experience
 - 4,500 consumers in 19 countries – including Russia
 - What mobile content do they use? What do they like?
 - What have they heard of? What would they buy? Would they take ads?
 - What is their quality of experience?
 - Unique insight into the global industry
- **Consumer Confidence Surveys**
 - How is the market reacting to the global recession?
 - Quarterly updates on market health and robustness around the world
- **Ad-Funded Mobile Entertainment**
 - Studies exposing the real size of the mobile advertising market opportunity
 - Covers US, UK, France, India, APAC

MEF Initiatives change the Industry

- **Mobile Video**
 - Consumer preference research
 - Business model analysis – what works in video?
 - Standards gap definition
 - Video download charts
- **Content Reporting Standards**
 - 10% of revenue leaks down cracks between content providers and mobile
 - Reducing risk, reducing cost, reducing conflict
 - Standard templates for communicating along the value chain
- **Enablers (coming soon)**
 - Helping operators become “smart pipes”
 - Helping content providers deliver better consumer experiences
 - Communicating content industry needs to the operators eg Ringback APIs
 - Describing service needs and business models for new enabler APIs

MEF Policy protects the industry

- Working with regulators to devise wise policies
- Working with industry to explain new regulations
- EU Directives impact the global market
 - Audio-Visual Media Services (AVMS) directive – the MEF guide
 - Unfair Commercial Practices directive
- Contributing to national discussions at members' request
 - UK consultations on child protection, consumer protection
 - US practices for participation TV

AND

MEF Parties network the industry

Summary

- The huge European mobile VAS industry is at a turning point
- The easy money is ending
- Some believe that faster speeds and advanced technology alone will improve the consumer experience
- Some ignore consumer trust and regulatory pitfalls
- A maturing industry needs to grasp the huge new opportunities...
- ...and make them work properly
- MEF is playing a key role in helping the industry to meet these challenges with...
- Insights
- Initiatives
- Policy