

Allen Scott predicts that presence will be added to mobile services other than IM

In our second Q&A this month, *MMA* speaks to Allen Scott, general manager of NeuStar Next Generation Messaging. Scott says that enabling presence in a mobile phone's address book will give users greater control over how others communicate with them.

What do you believe will be the key trends in mobile messaging in 2008?

There will be two key trends in 2008. The first will be the sharp growth in subscriber numbers using mobile instant messaging, delivering increased customer loyalty and revenues to operators.

There is already strong evidence to demonstrate the increased adoption and use of mobile IM. NeuStar is managing hundreds of millions of messages a month on our servers, and we have seen billions of messages sent by millions of users worldwide in the past 12 months.

With most operators focused on mobile IM as the next-generation messaging solution, the industry now has a technology that can stand beside SMS, as long as it is rolled out, marketed and priced in a sensible way.

The second key trend will be the recognition of the value of presence information beyond its use within IM. Operators will look at using presence information to enhance a number of mobile services, including social networking, location-based services and advertising.

Once presence information is enabled within the phone's address book, all communications can be integrated through one application on the handset, providing detailed information on the availability of contacts as well as giving users a high level of control over how people communicate with them.

The challenge for the industry in

2008 is to bring these services to end-users in a simple way they will appreciate and pay for, understanding how people use and interact with technology and offering the most valuable and usable services to the end-user.

Which markets are leading the development of messaging?

Europe and Asia continue to lead the world in the development of not only messaging but all mobile data solutions.

The advanced handset and network technology available in certain Asian markets, combined with the high level of mobile-handset penetration compared with the PC, has driven hunger for bandwidth and new services in a region that clearly loves anything mobile.

In Europe, I think we are seeing a similar hunger to communicate and to share. The growth of data services has been inhibited by over-complex, non-consumer-friendly services, poor marketing and confusion about pricing. Where these inhibitors do not exist, data services flourish.

I certainly see messaging services continuing to grow globally. The North American market has noted the benefits of mobilizing consumer IM, and there have also been recent moves to mobilize enterprise IM services. Operators in North America are also focused on finding ways of enabling presence applications to drive further relevant data services.

The ability to connect with someone, wherever they are, is incredibly compelling, whatever the channel. The ability to share something in a moment, with anyone, anywhere touches the most basic human needs, so there are plenty of reasons to believe that all markets will continue to develop.

What is the most innovative messaging service?

I am most excited by the impact of presence on messaging and other mobile communications services.

By providing presence information as a central resource for different applications to use, a host of new mobile services become compelling. A simple example would be where the network decides to route only voice calls to you since it knows you are in the car.

A presence-enabled address book in my mobile will give me information on how many of my friends want to join me gaming or online in Facebook, or it will also simply tell people that I am currently unavailable. This provides context to my communications, giving me more control over who contacts me and how.

In a world where it is increasingly difficult to manage a wide range of communications options, presence gives people more control over how they communicate, and the value of this control is very significant.

If mobile operators can provide this capability to end-users, I believe they will benefit hugely from increased loyalty and growing revenues.

What do you think should be the key priority or priorities for mobile operators in terms of messaging-service development in 2008?

One simple word: interoperability. SMS took off once interoperability issues were removed and, to date, that has been the most successful mobile messaging service. MMS has not taken off for a number of reasons, and lack of interoperability is certainly one of them.

Mobile IM has an excellent chance of enjoying the growth curve and fondness with users that SMS does. It is a well un-

derstood and trusted service that hundreds of millions of people already use. In its short history it has also enjoyed the fastest growth of any messaging service to date, including SMS.

The biggest inhibitor to that growth continuing would be lack of interoperability across networks and different IM solutions. People want to connect, regardless of where they are, what network they are on or what ISP they happen to be using.

If you imagine a world where you could e-mail only people who are on the same ISP as you, you realize how critical interoperability is to the growth of messaging services like mobile IM.

When will SMS revenues decline in your region, and which messaging service is the most likely to offset the decline?

I do not see SMS volumes declining for a long time, but revenues will probably fall as more messages are either given away free or bundled. MMS will continue to be a niche solution, used by the few and ignored by the many, while mobile IM will continue to grow.

I believe that the growth of mobile IM revenues has the potential to far outweigh any decrease in SMS revenues, as long as operators take the right approach to marketing and pricing the service. NeuStar has worked with customers where the revenues on SMS have increased following the launch of mobile IM services. Why? Because IM is a chatty service, and many conversations continue into either an SMS or a voice call. By knowing who is available to communicate, people are more likely to call, text or IM, demonstrating the importance of presence in driving more communications.

What will drive growth in MMS revenues? When it launched, MMS was expensive, did not satisfy a particular consumer need, was not really a logical progression from SMS and was not interoperable. All of these issues have to be overcome

to drive significant revenues on MMS.

We are seeing some growth in MMS now that end-users can be almost certain that whomever they send the picture to will receive it, but MMS still has a long way to go before it becomes anything other than a niche solution.

When will mobile instant messaging become mass-market?

In several countries and across many operators it is already. We are seeing rapid take-up of mobile IM services in countries as diverse as the UK, Russia, Turkey, China, Italy, Singapore and Portugal, to name just a few.

The facts are compelling. NeuStar is now working with more than 30 operators around the world to roll out or develop mobile IM services. In September 2007, we announced the three-billionth mobile IM to be sent across our servers. 3 UK customers sent more than 133 million mobile IMs in one month last year. Recently, Vodafone Portugal announced that its mobile IM service had passed the milestone of 100 million messages since its launch in late 2007.

I can give other examples from Turkcell, where ARPU among mobile IM users is up more than 8%, or in Russia, where the launch of MIM by VimpelCom has far exceeded the operator's expectations.

The evidence to date shows rapid growth in mobile IM where it is rolled out and marketed effectively. There is little doubt, however, that take-up in 2008 will be exponentially higher.

Will mobile push e-mail ever be more than a niche application, and, if so, when will this happen?

Mobile e-mail is a useful corporate tool when information needs to be conveyed but doesn't need an immediate response.

Many mobile e-mail users expect an immediate response and treat e-mail like mobile IM. This, coupled with the lack of information about whether someone is online, suggests that, as a communi-

cations tool, mobile IM should be more compelling than mobile e-mail.

However, as with other services, e-mail can be revolutionized by presence information. By knowing where someone is and how they wish to communicate, we can make informed choices and ensure that we use the form of communication most suited to our intended audience.

When will we see wider use of messaging by enterprise, and which messaging service are they most likely to adopt first?

I think the services most likely to be adopted are the ones used in the corporate environment anyway. Mobile e-mail is already widely used in the enterprise environment. And many people already use SMS in the workplace, from doctors or hairdressers confirming appointments to salesmen conveying immediate feedback from a meeting.

IM is also widely used in the fixed-wire corporate environment, and there is little doubt that there will be a rollout to mobile workers. Why pay for a BlackBerry for everyone when most mobile e-mails are short enough to be conveyed in an IM conversation?

Is messaging-based mobile marketing still relevant?

Yes, but like all marketing it needs to be relevant to the user and fulfill a need. This is why I am so excited about the availability of presence information more broadly across mobile applications. Such information should enable a more targeted form of advertising message to be delivered, with a huge potential upside to the advertiser.

Conversely, there is a risk that users would be bombarded with information not relevant to themselves, in which case the option of setting presence information to "do not disturb" will be all the more compelling.

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