BUILDING A PRESENCE

Allen Scott

SOMETIMES IT'S GOOD TO LOOK BACK AND SEE WHERE WE'VE COME FROM. AND SOMETIMES IT'S GOOD TO LOOK FORWARD. IT'S EVEN BETTER WHEN YOU CAN DO BOTH, AND WE CAN DO THAT HERE, BECAUSE A YEAR AFTER WE SPOKE TO NEUSTAR EXECUTIVES IN DEPTH IN MOBILE EUROPE (WWW.MOBILEEUROPE.CO.UK/INTERVIEW/1151) WE CAN NOW DO THE SAME AGAIN. KEITH DYER CAUGHT UP WITH GENERAL MANAGER OF NEUSTAR'S NEXT GENERATION MESSAGING BUSINESS, ALLEN SCOTT, AND ASKED HIM WHAT HAD CHANGED IN THE INDUSTRY, AND WHERE HE THINKS IM, AND THE USE OF IM ENABLING TECHNOLOGIES, IS HEADING.

Keith Dyer:

A year ago NeuStar executives laid out their vision for the IM market. Can you identify where you think IM is in the market right now?

Allen Scott:

We're going through another shift in IM, and we're also seeing interesting things happening in the mobile space that we didn't see a year ago. Operators have been looking for an SMS and voice revenue replacement. They are seeing signs of SMS and Voice ARPU decreasing and that's putting pressure on each new service they launch. But the pursuit of that goal by searching for a single product has deluded them. This year, operators are looking for a platform for new future revenues that come from a services mix. And IM is part of what will generate that future revenue. There is no single replacement, it will be part of that overall shift.

KD:

Do you think that shift will see more open internet platforms, and operators trying to leverage off mobile internet services?

AS:

In fact, the big thing in 2008 will be the growing realisation that mobile is not the internet – and it's a big mistake to try to take internet services and platforms and simply port them to mobile. The user gets confused because a mobile phone is not the same as a PC. For instance if you sit down in front of your PC you'd think nothing of spending 30 minutes trying to achieve what you were after, but mobile is immediate and personal. The PC and the mobile are different like TV and radio are different.

So one change in the industry as we head into 2008 is that increased focus on the mobile experience for the consumer – focusing on what they want not what we think we should give to them. And this is where IM becomes very interesting because people are using it. We are seeing a jump in IM numbers and when we see operators launch with that focus on the user experience they are getting significant growth. Shortly after launching services there are hundreds of thousands of subscribers signing up. Vodafone Portugal is in the public

arena with 100 million messages in the two months since it launched mobile IM. We have handled three billion messages and 3UK itself has a billion since launch whilst another of our customer's launches saw up to a million registrations in the first month.

Operators tend to be coy about numbers so the fact they are going public is evidence of their confidence in the service.

KD:

What does "focusing on the user experience" mean, in real terms?

AS:

On a phone, more than anywhere, your community belongs to you. My friends are my friends, so why do I want to go to another community or space to get hold of them. Now, I have different communities for different reasons. I might be a heavy Windows Live or Yahoo! user for example and when I go to the mobile, the thing is I want to access my chosen community as soon as I can. So I need access to a few of my core communities, the same way I can access friends in the address book.

Then the outcome is that access point becomes my focal point for communications, video, showing content and so on. Now, there is a lot of talk about mobile advertising, but there will be no revolution in the mobile industry around mobile ads if you can't provide them in the context of a service that has a purpose and has a value. WAP is not even a service looking for a home, because it is not even seen as a service. Operators and brand names looking for that stickiness need to know it has to come from services. IM provides the eyeballs for a mobile phone.

You need people that understand the customer to work with you to provide the best possible user experience. If someone's a gambler for example, you need someone who understands that if you allow them to do that and play poker through an interface on the mobile phone – that's real time communication, if you think about it. And in the poker game, that community belongs to the user, and is a closed community in itself personal to him; and they are not the same people in his voice or

IN THE FUTURE

SMS client. But if we manage the ID and presence, then the natural thing is to allow this guy to control that so he can interface with his gaming application in the way he wants – this holds immense value to him.

So you can build up additional functionality around IM. But at core IM is a very simple application – it's chat, talk, text to those you want to be in contact with at that time – and if that's ignored or the experience gets too ad-cluttered, or saturated in rich content or applications, the rich mobile experience will die or slow down.

KD:

So it's about the customer being in control and simplicity. Is that what you meant when you talked about operators launching with the customer experience as their focus?

AS:

There's evidence that the more mobile flavours you add the more you confuse the customer. When there are 50 brands of washing powder on a supermarket aisle, and therefore massive choice of washing powder, there is evidence that overall sales go down because the customer is confused with what to buy, so ends up buying less. It's much better to understand your customer and what he wants. When it comes to choice, less is more. When it comes to simplicity, the iPod and iPhone are excellent examples of a great user experience – simple to use first time is the secret of a successful service.

The evidence is that overall sales go down, because the consumer is confused by the choice, and ends up buying less.

If the devices really oversimplify the user experience, then you begin to get customers to use services because they are easily accessible from one place in the handset. We are engaging with OEMs, operators and ISPs to show this is the right way to provide more value to consumers, then more revenues into the industry.

KD:

So how can operators ensure they have a successful service launch?

AS:

First, they have to believe that this is not about cannibalising SMS. The key thing is understanding that first. If you understand that then you get a pricing strategy where the aim is the creation of future revenue streams. It starts with the operator being in for the long term. Turkcell, 3 and Vodafone are all examples of operators that have shown that long term commitment.

Secondly, understand the target audience. Who are you trying to get to? What does the customer actually want? From an IM perspective, someone who has never used IM – would they extract the full value? No. So generic broadband marketing does not work. Operators can work out the number of GTalk, Yahoo! MSN Messenger and Skype users that are also on their network, and what devices they're using. Then they can target these handsets. The next thing is marketing to them, perhaps using an SMS/MMS campaign making
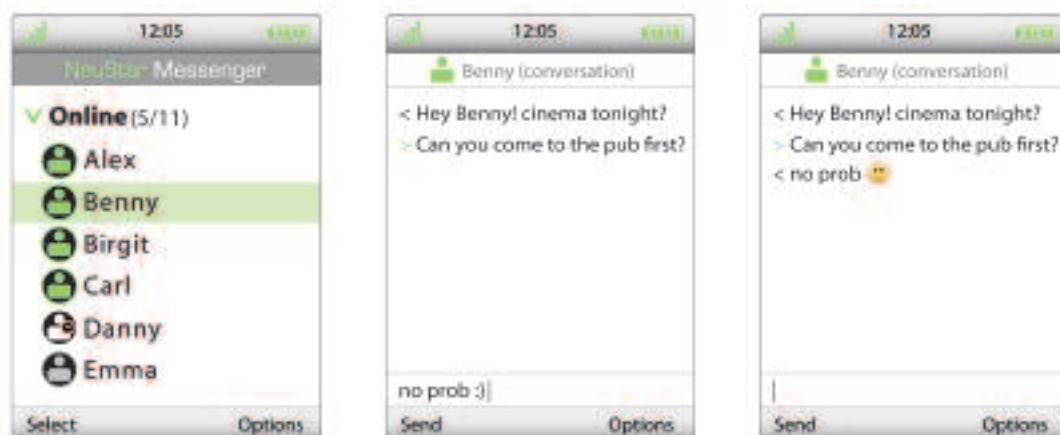
Directly from the address book, start a simple chat session
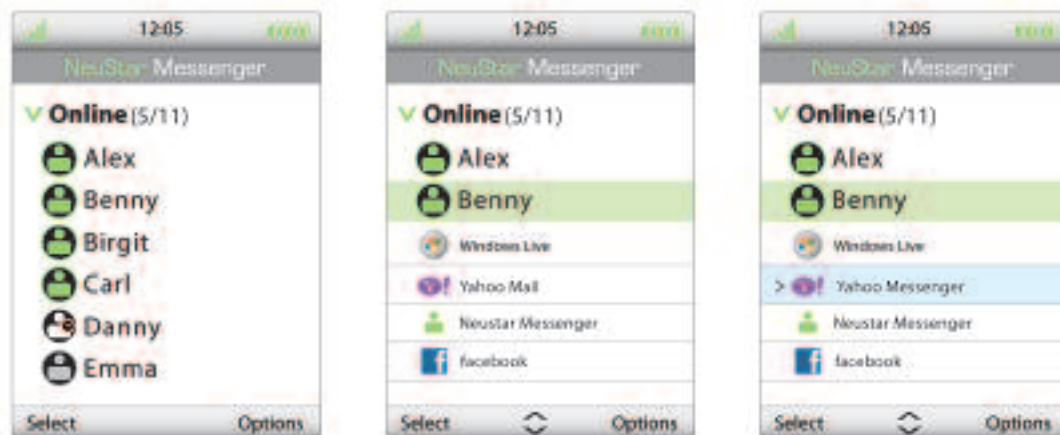
Combining presence and profile ID gives control to the user

"The results clearly show that IM has to be bundled. People want a services package and want to know what they are getting."

the service available. Then the client must be available on a download server to go on the device. Irrespective of whether this is for an IM service within an operator's own community or an ISP community – they have to understand that.

Once they get that, then you must let the consumer know clearly what the pricing is. You must be upfront on bundling so users don't get charged in a hidden way. This is paramount to success – the results clearly show that IM has to be bundled. People want a services package and want to know what they're getting.

This is a successful recipe and once I have this then I can build up communities and launch other services as they become of value to the user.

KD:

How do you see that layering of additional, added value, services being achieved?

AS:

When you are on the mobile phone and you want to access something you want to quickly make one choice. It's, "I want to get hold of you now", or "I want to upload a picture now".

And I, as an operator, know your user characteristics, I know your mobile number, the client you are on, and so on. If you make sure that works really effectively with presence/ ID, then you can take an incredibly sophisticated and complex infrastructure and make it very simple to the consumers. If you control that information securely,

then you can aggregate that information to other parties in a secure way, and that is your differentiation as an operator. You can meet service demands flexibly, in the same way that Google was really, really good at search, and because people trusted that, they then saw value in other services Google began to offer.

So privacy on the mobile phone is paramount. If you get other people coming in marketing around presence and id, guarantees are vital. If you use a bank, say, the way it handles the information it gives to third parties must maintain your faith in that business.

For example, if you are going shopping, your presence says you are on Oxford Street. But you don't want all your friends and colleagues to see that. That's where LBS goes wrong. But you do want the best offers, and you don't mind people advertising to you because it is relevant at that time.

Our thinking is that with IM and presence, without changing the infrastructure, it's the first service that allows users of other services to come in and play. Everyone is rushing to access the APIs of internet providers to drive the experience. But we sit in the piece where the mobile experience is. Mobile has the footprint and everyone is trying to get everything onto the handset. You need a service that can aggregate between all the players and provide that to consumers.

Because without customers adopting it, it is just technology.

THE OPERATOR VIEW
Alessio Derme, Senior Group Product Manager, TIM

When we launched Alice Messenger in November 2006, our IM service with NeuStar, we targeted the youth sector first. We thought that new technology would be especially interesting for young people as they appreciate that the most important factor of what makes these services work is presence.

Our first selling proposition was as Super-SMS with presence – something very easy to understand for a customer. Alice is also a broadband property through Telecom Italia on the fixed side, and we use it as the brand of our converged services. So there is Alice Mail and Alice Messenger for customers on the PC and Mobile.

This is the second point, too many operators prefer to launch an ISP service – it could be MSN Messenger on the mobile - but this is not the main strategy we chose to follow.

IM can be very interesting in the medium term, by when there will be the IMS protocol, making presence a commodity, and all messaging services can switch on IMS technology. But at the beginning this was not so clear and it could be a mistake to be "MSN on the mobile". I think that operators have to launch mobile pure IM, then in a second period - with clear differences from the marketing perspective - launch MSN/ Yahoo! etc ISP services.

I do think that IM is the first step of a new way of thinking of mobile messaging services. Alice Messenger launched in November 2006, and after six months we had 50k active mobile users, and 100k fixed services users. TIM developed a wide range of handsets, and there are now more than 50 phones than can use Alice Messenger.

For pricing, we had a very short promotion period, and then subscribers commit to a monthly bundle of €7 per month, or they can buy daily at €1 per day.

Many telcos view this as network technology driven and we think that's a mistake. We think now we can innovate in an easy way and add value for the customer. I absolutely think IM could be the starting point from which we can launch other mobile solutions – if we make the service interoperable with other operators and then also add more features like pictures or something similar. And that's why we're sticking to the GSMA PIM initiative. We've seen other operators do MSN Messenger as well, or something similar, but we are very coupled to the GSMA approach, and want to give the impression to the operator community that we believe that is the right way to proceed.