

Operators

Ops see data plans as next cash cow

Operators have shifted away from viewing SMS as the cash cow in mobile data services, banking instead on data-plan subscriptions as their main source of incremental revenue for the next few years.

They are no longer as fearful about teaming up with messaging-over-IP providers, whose services are a cut-price alternative to both SMS and MMS, says David Whitewood, co-founder of Tru-Tap, which in its previous incarnation as Hot Text described itself as the "Skype of SMS."

"A year ago, they [operators] wouldn't have deigned talk to us," he says. "But their focus has shifted to selling data plans and getting users to use the Internet on their phones, and they see our kind of product as a good introduction to the mobile Internet."

Fears of SMS cannibalization among operators are not as pronounced as they were 18 months ago, when SMSes were still largely charged per message, he says. Now, they're bought mostly on a flat-rate basis in bundles.

Israeli carrier Cellcom, for example, is using the WAP messaging portal of Tru-Tap rival Tjat (*MMA*, January 2008) as an incentive for young subscribers to take all-you-can-eat data plans, with 70% of its 45,000 subs having bought US\$5-a-month data plans.

Instant Messaging

No cannibalization by TIM MIM

TIM Italy has more than 115,000 active users for its own-brand Alice Messenger instant-messaging service, which Alessio Derme, senior product manager for IMS services, describes as the cellco's first converged-messaging offer. More than 100,000 of these users access Alice Messenger via PC and 15,000 via mobile.

This means that the active user base for Alice Messenger represents just 4.5% of the total 2.5 million subscribers to the community that was claimed by Allen Scott, the general manager of next-generation messaging at MIM-platform provider NeuStar (*MMA*, August 2007), earlier this year. NeuStar is TIM's supplier for the Alice Messenger community.

To try and gain acceptance among young people, which is the target demographic for Alice Messenger, TIM is marketing the service to its customers as being as easy to use as SMS, but with presence added – somewhat like the SuperSMS service TMN launched in March (*MMA*, June 2007).

It also used a guerrilla marketing campaign, including online viral marketing and out-of-home activities in pubs and bars in Italy. "For young people, we go where the young people are," says Derme.

The cellco is mindful of protecting its SMS revenues, however, and is attempting to do so through its tariffs for Alice Messenger, which include a daily rate of €1 (US\$1.49) and a monthly subscription for € 7.

TIM feared that its subscribers would substitute instant messaging for SMS or voice, but Derme says the cellco hasn't experienced any cannibalization of SMS or voice traffic since the introduction of Alice Messenger in 2006.

Meanwhile, the Italian cellcos have not yet interconnected their MIM communities, says Derme, even though interconnection had been demonstrated last year (*MMA*, August 2007). "The other operators are more interested in ISP messaging like MSN," he says. Nonetheless, TIM expects interconnection with 3, Vodafone and Wind by year-end.

Indeed, Scott told *MMA* that he hoped that two of the Italian mobile operators would make an announcement about their launching of interconnection during this month's Mobile World Congress in Barcelona.

According to M-Metrics, a mobile-market-measurement company, 6.2% of Italian mobile subscribers used MIM at least once during the three months to end-November.

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