

Multimedia Messaging – Radiolinja Picture Messages

- › Jouko Lintunen
- › Elisa Capital Market Day, November 28, 2002



radiolinja

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Kun sanat eivät riitä.



radiolinjan kuvaviestit

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Liikkuvan ilmiön palveluksessa

Agenda

Multimedia Messaging Services

Radiolinja Picture Messaging

First Impressions on Take-up

Conclusions



MMS Is the Next Generation Messaging Standard for Mobile Phones

- › MMS can consist of text, pictures, sound and their combinations.
The messages can be composed as slideshows timed with SMIL (Synchronized Multimedia Integration Language).
- › Composing, sending and receiving a MMS with a mobile phone is very much like an SMS but with much richer content. Due to the success of text messages, the expectations for fast adoption of Multimedia Messaging Services is well grounded.
- › MMS is a medium with many uses: content can be produced by the subscribers themselves or it can be purchased from professional content providers, moreover, it enables wide variety of applications for both private and corporate subscribers.
- › GPRS is an excellent bearer for MMS, the increased bandwidth of 3G will enable larger content and video.
- › The service itself is not mobile system specific and through wide deployment has a potential of becoming the first global messaging service.

Radiolinja Strongly Believes in MMS...

Consumers intuitively understand the benefits of MMS

- › Findings from concept testing and pilot very promising
- › Increasing digital photography supports MMS

Rare opportunity to leverage existing investments

- › Use of existing GPRS network and WAP Gateways
- › MMSC as an incremental investment

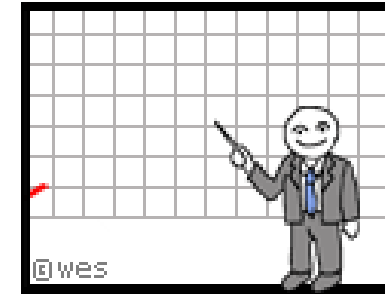
Strong emphasis on MMS by terminal manufacturers

- › Logical and clearly visible innovation for new breed of mobile terminals



Pike 3.44 kg, ice 10 cm,
depth 1 m.

...Yet Certain Challenges Still Exist



Terminals

- › Terminal interoperability: common ground still quite narrow
- › Finland possibly less affected due to a very high share of Nokia terminals

Premium Content

- › Digital Rights Management (DRM) solution required for premium entertainment and sports multimedia content

Networks

- › Variable cost: GPRS data twice over the air + wap push (2 x SMS)
- › Sharp decline of per byte production cost of packet data required if the terminal feature developments start driving up average message size

Customer Behaviour

- › Two requirements for success: interest in acquiring picture/camera phone **AND** sustained interest in communicating with multimedia messages

MMS Must Succeed for the Need for 3G to Arise

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The value proposition of 3G is based on improved data and multimedia

- › Current cellular usage is almost entirely voice and SMS messaging

MMS improve user experience of messaging and mobile content

- › With current bandwidth requirements, plenty of available GPRS capacity
- › The additional investments in MMS solution are relatively inexpensive

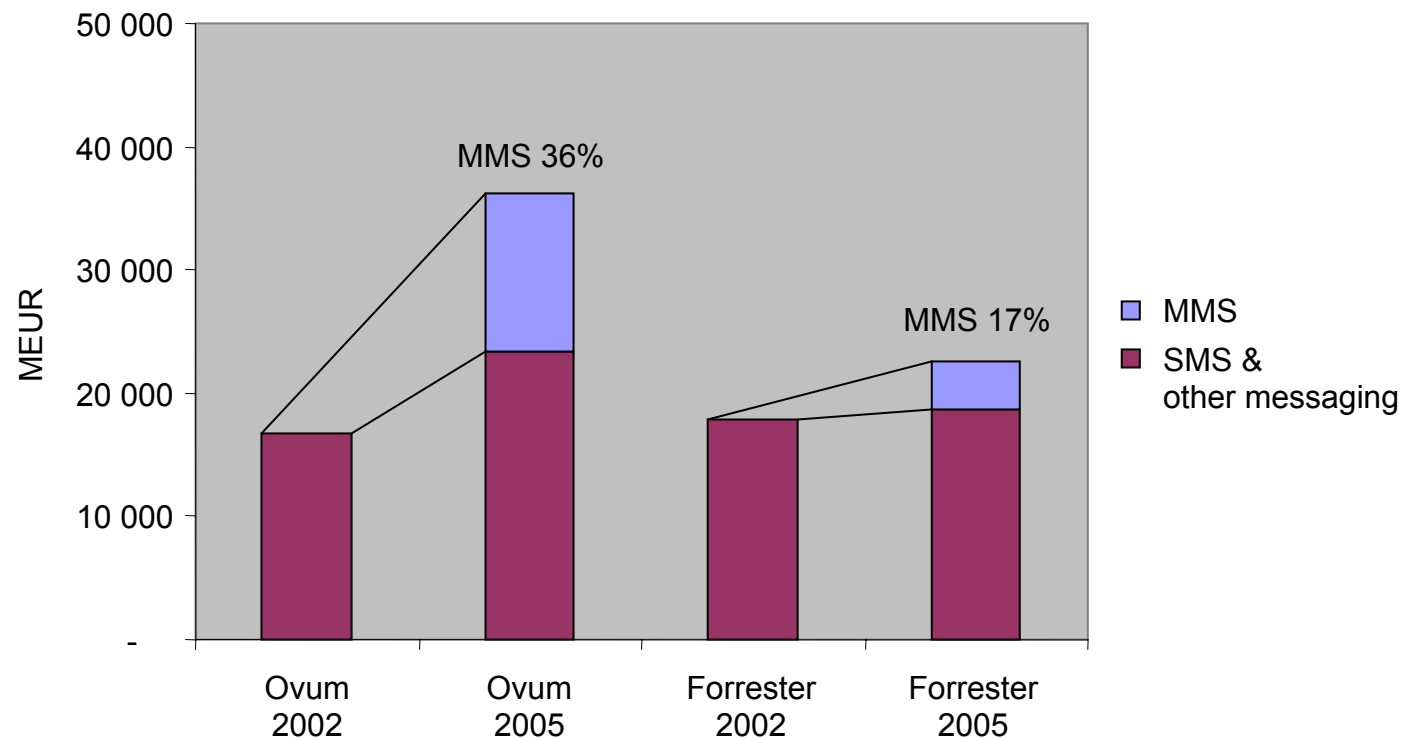
➔ No compelling reason for masses to take up 3G

But, eventually the success of MMS will lead to the need for 3G bandwidth

- › Photo messaging paves the way for video messaging
- › Improved image and sound quality motivate customer take-up of 3G

MMS Expected to Bring 17–36% of Messaging Revenues in 2005

Messaging revenue forecasts for Western Europe



Sources (exchange rate: 1€ = 1\$)

- Ovum: MMS and SMS: Multimedia Strategies for Mobile Messaging By Dario Betti, John Delaney, Nikki Murrell, April 2002
- Forrester: Mobile Messaging's Next Generation by Michelle de Lussanet, March 2002

The Finnish Mobile Ground Is Ready!

Very high penetration of mobile subscriptions, 80%

- › Almost entirely post-paid

Low churn, 14%

High ARPU, 43 EUR/mo/subscriber

High usage, 27 SMS/mo/subscriber

- › 67% of Radiolinja subscribers use SMS

Illegal to bundle handsets with subscriptions

Finnish market is mature and subscribers are ready for MM services but waiting for affordable handsets capable of sending multimedia messages.

Radiolinja MMS Strategy

Multimedia messaging as evolution to text messaging

- › Similar pricing: sender pays an event based charge, no monthly fees

Mitigation of the “first user’s challenge”

- › Legacy phone support, free of charge picture album with message composer for legacy users – bigger pool of MMS enabled users from start
- › Maximising the perceived value of the service

Enabling role in content services

- › Maximizing content and VAS offering to Radiolinja subscribers

Understanding the momentum of the masses

- › Careful pricing decisions for long-term viability of the market
- › Focusing initial marketing effort cost-effectively on handset sales

Vodafone collaboration in service coverage, content and product development

About Radiolinja MMS Services

The most versatile MMS offering in Finland

First services launched in mid- September

- › Event based billing 0.58 EUR per message (up to 100 kB)
- › No activation or monthly charges
- › Dedicated MMS Access Point, GPRS service not visible to subscribers
- › Service provider interface for 3rd party content & VAS providers

Domestic interconnection with Sonera from 25 November 2002

MMS global roaming, leveraging the partnership with Vodafone

Plans for video messaging in early 2003

Most Versatile MMS Offering in Finland – Radiolinja Picture Messages

Person to person MMS messaging

Message album on the web

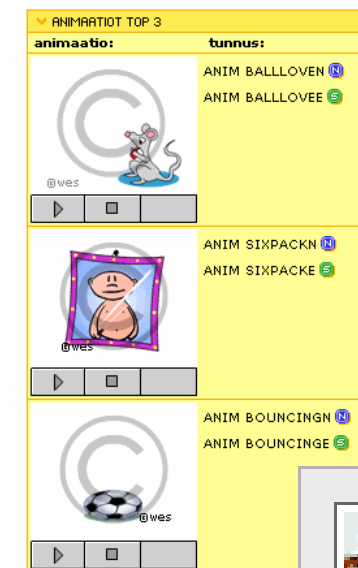
MMS legacy support

- › SMS notification and web page
- › Message album also for registered legacy users

Content services

- › Postcard service
- › Animations
- › Polyphonic ringing tones
- › Background pictures
- › Greetings

Interface for MMS content providers



First Impressions on Take-up

Radiolinja has commissioned a research as part of doctoral thesis on the picture messaging strategies of its pilot customers in summer 2002

- › A pre-launch pilot in the summer of 2002 consisting of 96 Radiolinja subscribers in sixteen groups of friends, family and co-workers
- › The pilot simulated messaging in a highly penetrated market situation
- › Clear correlation with terminal's ease of use and number of messages sent
- › Person-to-person picture messaging by nature very interactive, one-on-one
- › Heavy users composing elaborate messages with pictures, text and sound

The data from the first six weeks of Radiolinja Picture Messages show

- › Expected take-up of MMS capable terminals
- › Higher than expected usage of person-to-person messages per user
- › Slightly lower than expected average message size
- › Relatively strong appeal of the postcard service

Conclusions

MMS technology is by large ready for deployment; terminal interoperability challenge less pronounced in Finland due to high Nokia share of market

Finnish market ready for MMS and among the first to offer national interconnection in MMS

Radiolinja has the most versatile MMS offering in Finland

Strategy to grow the market at a cost efficient pace and enabling 3rd party content and value-added service providers

First weeks of commercial services already proving the underlying assumptions of Radiolinja's MMS business plan

MMS expected to become a measurable business in 2004- 2005 commanding around one third of the messaging category revenues



Thank You!

Elisa ei ole vastuussa kuvaviestin sisällöstä.