

Is it Time for Mobile Web 2.0?

After years of slow progress, the mobile Internet is gaining momentum as consumers demand that the web's breadth of choice and user experience is replicated on mobile devices.

In this market context, mobile network operators have a unique opportunity to evolve from their vertically integrated model to develop significant new revenue and growth prospects. In doing so, they will provide more value to their users by giving them the choice and user experience they desire when discovering and consuming content and services.

Mobile meets Web

The Web 2.0 Phenomenon has empowered users with an extensive choice of Web services aimed at supporting rich, interactive features, with users contributing and sharing content amongst the overall community. Such services are characterised by:

- Customer in control
- Engaging user interface
- Easy sign-up
- Rich functionality
- Rapid pace of development of new features
- Relatively low cost of start-up driving innovation

This has been so successful that Web services are now in competition with each other to maintain and grow their communities, driving innovation and fostering web mashups – so creating new services for the users. This creates a virtuous cycle of richer services for the users based on the core web services attracting and retaining the users.

One of the drivers behind the emergence of Web 2.0 is the increasing population of users with always-on broadband and sophisticated browsers. This combined with the plummeting cost of developing and hosting rich applications has led to the delivery of services that target very specialised niches to be economic. Major Internet service providers have also opened up their services to allow them to be customised and 'mashed-up' to create even more niche yet robust solutions. As a result, Web 2.0 has created a dynamic environment of high usage, incredible innovation and intense competition.

For the mobile web to emulate the success of Web 2.0, the industry needs to understand and embrace the dynamism users expect on the Internet, while being mindful of the additional requirements of mobile communications. The mobile Web at present does not provide this compelling value to the end users for a variety of

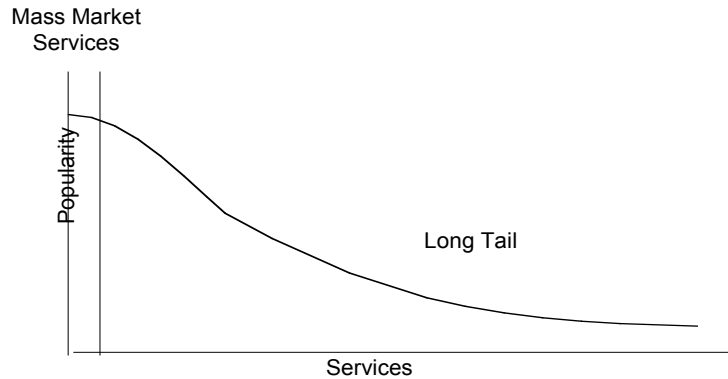
well documented reasons: poor usability, high price, limited applications and poor choice for the end users. But help is on the way.

Mobile operators are recognising that they need to continue to drive data revenues to ensure their overall revenue growth is secure.

- Recently, a number of operators opened up their networks to a wider choice of devices and applications to drive data growth and give subscribers greater choice.
- Data usage figures on the iPhone demonstrate that the combination of flat rate tariffs and a great user experience encourages subscribers to actively use mobile data services.
- On-Device Portals and Clients have delivered significant average revenue per user (ARPU) uplift, by providing easy to use and discover services.

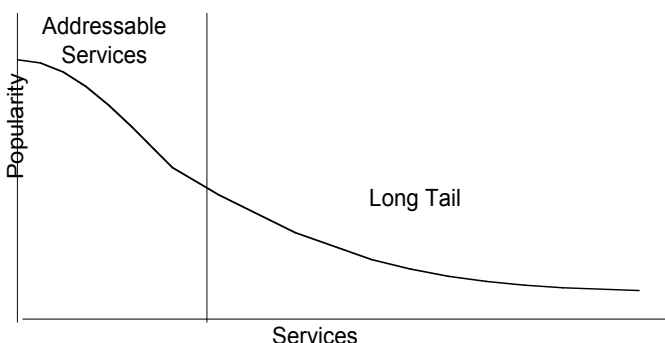
User choice and a great user experience: introducing next generation ODPs

On-device mobile services are currently targeting the 'hit' services such as mobile TV, music, content catalogues and navigation, which offer limited customisation but drive significant revenues. These services are narrow because it is expensive to launch them and relatively few subscribers use data services regularly. This results in mass-market services being the only ones that have sufficient revenue to justify being placed on the device rather than accessed through WAP.



SurfKitchen has provided operators with a sophisticated On-Device Portal (ODP) offering since 2004, enabling operators to launch on-device experiences that have targeted these mass-market services by making them easier to discover and use. This has driven usage, increased data ARPU and boosted customer satisfaction. However, existing ODPs have reflected operators' online portal strategy, focusing on a limited range of services with little or no choice for the subscriber.

Recognising the emerging trends in the mobile data market, SurfKitchen believes that ODPs should evolve into the premier service creation tool, enabling services to be easily created by third parties and delivered to the handset. With a broader range of services, subscriber choice is essential, hence the ODP must provide an intuitive way of browsing and searching a large catalogue of services. Subscribers must be able to simply subscribe to and unsubscribe from the services on their mobile device. The services should also be



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customisable and relevant to individual users.

For operators, the ODP must support a range of business models including subscription, transaction and advertising driven revenues. The ODP should also support a service launch model that is less about 'launch and one size fits all' and more akin to 'launch, measure, refine' model of Web 2.0. The final operator requirement is to enable the service to be abstracted from the device – allowing subscribers to have the services they wish on the devices they have chosen.

To achieve these goals, ODPs must embrace an open standard toolset such as XML and Javascript, empowering a broader community of developers to build innovative mobile services. The ODP should also provide core functionality in terms of service discovery, subscription, personalisation and measurement to ensure the operators have the toolset to deploy and manage the underlying capabilities.

Lowering the cost of building and deploying on-device services that can be easily discovered, customised and used by the subscriber, while enabling these services to be rolled out on to a wide range of devices creates the economic foundation to deploy the broadest range of targeted and niche services to consumers.

A unique opportunity for mobile operators

Data services are an increasingly important part of operator revenues but despite higher speed networks, larger phone screens and the emergence of flat-rate data tariffs driving the development of mobile Internet services, data uptake remains constrained by the overall quality of experience.

On-Device Portals are evolving to become the preferred access point to mobile Internet services, allowing consumers to easily discover and consume the service of their choice.

In summary, the combination of user choice, compelling user experience and a broad service offering, will remove the remaining barriers to mobile data uptake.