

The Future of Voicemail:

The Business Drivers Behind Voicemail to MMS



Executive Summary

Mobile operators are exploring more efficient ways to deliver voicemail. Cingular, for example, recently announced that it would be offering “visual voicemail” on the Apple iPhone. Unlike traditional IVR voicemail, next generation voicemail will allow subscribers to look at a list of messages and listen to them in any order. This technology has the potential to radically alter the voicemail industry. To help carriers evaluate this opportunity, this paper explores the business drivers behind Voicemail to MMS.

Use Voicemail to MMS to differentiate your wireless services

The wireless industry is extremely competitive. Operators need to offer innovative services with tangible subscriber benefits in order to differentiate their services. Voicemail to MMS offers subscribers many benefits over traditional voicemail:

- Graphical interface
- Faster access
- Simpler response
- Single inbox
- Local storage

What is Voicemail to MMS?

Voicemails are pushed directly to a wireless inbox as an MMS message. Subscribers can look at a list of messages and prioritize which messages to listen to. Multimedia elements including branding and advertising can be added.

Voicemail to MMS can alleviate congestion of voice networks

With voicemail to MMS, you can:

- Offload 5-6% of your voice traffic
- Get more out of your data network
- Save money on voicemail storage and equipment

Voicemail to MMS creates new revenue opportunities

Voice traffic is becoming a commodity. In North America, a number of carriers are offering unlimited or virtually unlimited voice plans. As a result, airtime revenue generated from voicemail is no longer a major revenue source. Voicemail to MMS creates a number of revenue opportunities. Operators can convert airtime revenue to messaging revenue, charge a monthly fee for a superior user experience, or use voicemail to drive MMS traffic and adoption.

Voicemail is the next frontier in mobile advertising

Mobile operators, including AT&T, Sprint Nextel, and Verizon, are developing aggressive mobile advertising strategies. Informa expects mobile phone advertising to exceed \$11 billion by 2011. Voicemail to MMS promises to be an ideal advertising venue.

Discover the business drivers behind Voicemail to MMS

If you want to improve the profitability of your voicemail product line, this guide will help you build a solid business case for deploying Voicemail to MMS.

Traditional Voicemail is a Less Than Ideal Experience

Have you ever been frustrated by voicemail?

Traditional voicemail can be time-consuming. First you have to navigate your mailbox using an IVR with all those long prompts. Before getting to the message you really need, you go through 12 that you don't. Then you have to listen to the message three times so you can write down the phone number. Compared to the immediacy and simplicity of text messaging, voicemail almost seems archaic.

Compared to the immediacy of and simplicity of text messaging, voicemail almost seems archaic

The Future of Voicemail: Voicemail to MMS

Voicemail was invented over 30 years ago. If you were to design voicemail today, using 21st century wireless technology, what would it look like?

Instead of storing messages on a remote server, you would push messages directly to handsets. Messages would be delivered over inexpensive data networks not inefficient voice networks. Voicemail would be more like text messaging. More immediate. More straightforward. More fun.

Most importantly, those endlessly frustrating IVRs would disappear. They would be replaced by a visual interface. Voicemail would be more like email. You would be able to see a listing of messages and listen to them in any order.

Well, the future of voicemail is here. It's called Voicemail to MMS and it is very, very cool.

But wireless providers are in the business of making money, not being cool. What are the business drivers behind Voicemail to MMS?



Voicemail to MMS Will Differentiate Your Wireless Services

Simplify the voicemail experience

Subscribers crave simplicity – witness the dramatic success of Google and the iPod. Voicemail to MMS simplifies the voicemail experience in several ways:

- **Graphical interface:** Messages are displayed in an email-style format. Subscribers can listen to messages in any order. The caller's name can be displayed using the phone's address book, making it easy to prioritize messages.
- **Faster access:** Messages are pushed directly to the handset. Users have single-click access to their messages.
- **Simpler response:** No need to scramble for a pencil. Users can return calls with a single click. They can also reply with an audio, picture, or text message. What's more, voicemails can be forwarded to any mobile phone or email address.
- **Single inbox:** Text messages, picture messages, and voicemails are accessed from a single messaging interface.
- **Local storage:** Messages are stored on the handset. Messages can be stored indefinitely on the handset or forwarded to an email address for permanent storage.

Attract new customers with an innovative, high value-add service

Clearly Voicemail to MMS provides significant subscriber benefits, but how do operators benefit?

Operators can benefit from the buzz surrounding such a useful, innovative service. The blogosphere is already buzzing about the iPhone's Visual Voicemail feature and it isn't even available yet. Blogger's are urging operators to offer Voicemail to MMS. In the words of one blogger:

"NOTE TO MOBILE OPERATORS: your IVR voice mail systems are very, very tired. You need to update these to push voice messages onto subscribers' phones using MMS." - Brian McConell

In most markets, competition between cellphone companies is fierce. By being the first to market with such a cool, simple, and useful feature, mobile operators can generate significant word of mouth. Since voicemail is a core service, not just a niche application, a unique offering could influence the purchasing decision of a number of subscribers.

Alleviate Voice Traffic Congestion

63,000 subscribers are being added to US wireless networks every day and those subscribers are using more minutes.² The total number of minutes used is increasing at 27% per year. Many mobile networks are already strained and quickly running out of valuable spectrum.

In the U.S., total minutes of use is increasing at 27% per year

Offload 5% to 6% of your voice traffic

Approximately 5-6% of all mobile voice traffic is used for voicemail retrieval. This puts significant strain on over-utilized voice networks.

Unlike traditional voicemail, Voicemail to MMS is delivered using data networks. Carriers can alleviate congestion, reduce the need for new cell sites, and avoid purchasing new spectrum by offloading voicemail retrieval to the data network.

Free Guide to MMS Applications

To find out more about how to better utilize your data network, read our guide to MMS applications, "Driving More Profit From Your MMS Investment" http://www.mpathix.com/guide_to_mms_applications7.shtml

Get more out of your underutilized data network

Mobile operators have invested heavily in data networks. However, widespread adoption of data services has taken longer than expected. As a result, many operators have unused data capacity that has been bought and paid for, but isn't being used.

Voicemail to MMS utilizes excess data capacity. As the Mobile Messaging Analyst suggests, "demand for MMS remains weak, so anything that can help boost traffic is welcome news for operators."

Data networks are much more efficient than voice networks, so the cost savings of offloading traffic from the voice to the data network can be significant. For carriers who have unused data capacity and own their MMSCs, the cost for voicemail retrieval using MMS is essentially zero.

Centralize voicemail storage and reduce voicemail equipment costs

For carriers with first generation voicemail systems, storage remains expensive. Meanwhile, modern cellphones have more storage capacity than many old computers. With Voicemail to MMS, operators can utilize the memory available on handsets rather than purchasing centralized storage from their legacy voicemail vendor.

¹ Brian McConell: www.oreillynet.com/etel/blog/2006/03/using_mms_to_bypass_your_mobil.html

² CTIA. "100 Wireless Facts"

VoiceMail to MMS Boosts Revenue

Remember when voicemail was a cash cow?

Not long ago, voicemail was a major source of airtime revenue. Mobile operators discovered that voicemail generated airtime from voicemail retrievals and improved call completion rates. To maximize revenue, mobile operators decided to offer voicemail for free. This generated significant revenue for operators. Unfortunately, times have changed.

The incremental revenue from voicemail airtime is approaching zero

In 2005, the average voice revenue per minute in the US was \$0.07¹ and falling at a rate of 23% per year. Over the last decade, revenue per minute has fallen over 80%.

In the last decade revenue per minute has fallen over 80%

Throughout the US, there are operators offering unlimited voice plans. The voice plans offered by most other carriers are virtually unlimited. According to the Yankee Group, US mobile phone users pay for 791 minutes per month, but only use 477 minutes. In other words, almost all postpaid subscribers in the US are on virtually unlimited plans and the incremental revenue generated from voicemail is zero.

Mobile operators are seeking ways to increase their voicemail revenue

Carriers are seeking ways to replace lost voicemail revenue. Some operators, including Metro PCS, Cricket, and Bell Mobility, no longer bundle voicemail with their basic plans. Subscribers who want voicemail need to pay a monthly fee or buy a feature bundle. Other operators are looking to upsell voicemail by adding new features to their enhanced plans.

Unfortunately, mobile subscribers are accustomed to free voicemail and are unlikely to willingly start paying for it now. Basic voicemail has become commoditized.

Break out of the commodity trap with visual voicemail

Attempts to upsell voicemail plans have had limited success. Enhanced plans aren't sufficiently differentiated to entice subscribers to pay for something that is currently free. Voicemail to MMS provides a notably superior user experience compared to traditional voicemail. Operators can leverage this enhanced customer experience to differentiate their services and break out of the commodity trap.

Convert airtime revenue into per message revenue

Some subscribers, particularly prepaid subscribers, still generate a significant amount of revenue from voicemail retrievals. With Voicemail to MMS, this revenue can be converted to messaging revenue. Figure 1, shows a sample business case for Voicemail to MMS. Based on this analysis, this mobile operator could increase their voicemail revenue by \$2 per month per subscriber by delivering voice messages over the data network.

Voicemail airtime revenue is approaching zero, since most voice plans are virtually unlimited

Voicemail Revenue: Traditional Voicemail versus Voicemail to MMS			
Traditional Voicemail		Voicemail to MMS	
Billable message retrievals	10	Voicemail messages received	18
Hold time for message retrievals	70 seconds	Message replies & forwards	2
Airtime used	11.7 minutes	Total messages	20
Airtime rate	\$0.25/minute	MMS price	\$0.25/message
Airtime Revenue	\$2.93	MMS Revenue	\$5.00
INCREMENTAL REVENUE WITH VOICEMAIL TO MMS = \$2.07			

Figure 1: Monthly voicemail revenue for a typical prepaid subscriber in the U.S.

¹ FCC. http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-06-142A1.pdf

Use visual voicemail to increase your MMS traffic

Delivery of voice messages using MMS creates new revenue opportunities for mobile operators:

- **Stimulated MMS traffic:** Voicemail invites action. Subscribers will reply to voice messages using text and MMS. They will also forward messages to friends and family.
- **Increase MMS adoption:** Delivery of voice messages using MMS familiarizes users with MMS. This will drive usage and adoption of other MMS services such as picture messaging.

Advertising Can Boost Your Voicemail Revenue

Advertising is coming to a mobile phone near you

Informa expects mobile advertising revenue to exceed \$11 billion by 2011. AT&T, Sprint Nextel, and Verizon Wireless have announced advertising strategies. Advertising is the next big thing. How can you capitalize on this opportunity?

Mobile advertising revenue is expected to exceed \$11 billion by 2011

Voicemail to MMS is a compelling advertising vehicle

Voicemail to MMS is a particularly compelling advertising vehicle for several reasons:

- **No revenue sharing:** Most mobile content is provided by third party vendors. These vendors typically require as much as 50% of the advertising revenue. Since carriers provide voicemail, they can keep 100% of the ad revenue.
- **Screen space:** The major drawback of advertising on mobile phones is the limited screen space. Mobile ads are typically tiny banner ads. With voicemail to MMS the content is an audio file, leaving prime screen space unused. Advertisers can use this space to provide eye-catching advertisements.
- **User experience:** Since the content is audio, advertisements will not detract from the overall user experience.
- **Multimedia capabilities:** Advertisers do not find WAP or SMS to be particularly engaging advertising venues due to the lack of multimedia capabilities. MMS advertisements can take advantage of multimedia capabilities to create truly engaging ads.
- **Stickiness:** Voicemail messages are frequently 30 seconds or longer. They may also be viewed multiple times. This gives advertisers multiple premium impressions.
- **Viral marketing:** Voicemails will be shown or forwarded to friends. These "bonus" impressions further increase the value provided to advertisers.

Personal content, large screen space and multimedia capabilities create truly engaging ads

Voicemail advertising can generate up to \$1 per month

Based on these factors, carriers can expect significant revenue from voicemail advertising as shown in Figure 2.

Voicemail Advertising Revenue	
Voicemail messages received	18
Ad rate	\$0.05/message
Total revenue	\$0.90

Figure 2: Estimated monthly voicemail advertising revenue for a typical subscriber in the U.S.

Is Voicemail to MMS Right for You?

Since Voicemail to MMS offers several benefits, it can be used effectively in the following circumstances:

- **Prepaid plans:** Achieve network efficiencies and provide differentiated services by converting airtime to messaging revenue. Include targeted, relevant ads.
- **Unlimited plans:** Offload traffic to the more efficient data network. Use Voicemail to MMS to generate advertising revenue or drive uptake of messaging bundles.
- **Postpaid plans:** Sell Voicemail to MMS as a premium service. Use as a differentiator. Consider offering Voicemail to MMS as a pay per use service. Consider Voicemail to MMS as an advertising platform – advertising revenue likely to exceed current airtime revenue.
- **Voice network nearing capacity:** Offload voice traffic to your data network, postponing investment in additional cell sites or spectrum.
- **Data network underutilized:** By offloading voice traffic, you can reduce costs. Increase data usage by stimulating MMS traffic.
- **Legacy voicemail system:** Cut storage costs and voicemail equipment costs. Voicemail to MMS from Mpathix can be used with your existing voicemail system.
- **Hosted MMSc:** Be careful if your vendor charges per MMS message as this can be prohibitive. However, you can recoup this cost if you include advertising.
- **No MMSc:** Run the numbers. Picture messaging alone might not be enough to justify purchasing an MMSc, but applications such as Voicemail to MMS may change the equation.

Voicemail to MMS is simpler, quicker, and more fun than traditional voicemail

Voicemail to MMS: Innovative Service, Compelling Business Case

Voicemail to MMS provides an enhanced user experience. It is simpler, quicker, and more fun than traditional voicemail.

More importantly, there are compelling business reasons to deploy Voicemail to MMS. With Voicemail to MMS you can:

- Differentiate your voice offering
- Offload voice traffic to the data network
- Increase voicemail revenue
- Generate advertising revenue

To find out more about how Voicemail to MMS can improve your voicemail profitability, please visit www.mpathix.com or phone **+1.416.849.4210 ext. 220**.