mpathix

Consumer Mobile Email

Driving More Profit from your MMS Investment

Executive Summary

Is your MMS service unloved, under-used, or unprofitable? Are you struggling to find ways to increase your MMS traffic? Would new MMS-based services help your bottom line?

You are not alone. Mobile operators worldwide are struggling to find ways to boost their MMS revenue. In the U.S., fewer than one in eight mobile subscribers use photo messaging. Globally, MMS usage is far below initial projections resulting in widespread overcapacity.

Carriers to deploy new MMS services

To maximize revenues, carriers need to deploy highly-personalized MMS services. Picture messaging is a special occasion service. According to some researchers, a photo taken on a camera phone has only a 35% chance of being sent as a MMS. Mobile operators are looking for stickier services which result in more frequent usage than special occasion services.

What is Consumer Mobile Email?
A service designed for users who want to access their personal email on their existing mobile phone. Unlike corporate mobile email, no expensive smartphone is required.

Consumer mobile email is a potential MMS killer application

Many carriers are looking at consumer mobile email as a potential killer application for MMS because:

- Email is a viral experience
- Email usage is widespread
- Consumers and mid-tier corporate users want mobile email

MMS is an ideal delivery mechanism for consumer mobile email

MMS has several advantages that make it an appropriate delivery mechanism for consumer mobile email:

- MMS has a large installed base
- MMS was designed for email
- MMS infrastructure is already in place
- MMS puts mobile operators in control

Is consumer mobile email right for you?

Forrester predicts that consumer mobile email will generate revenues of $400 million in the U.S. and €1.15 billion in Europe by 2008. According to industry estimates, offering consumer mobile email using MMS could boost your ARPU by $0.48. If you want to shift your MMS portfolio into top gear, this guide will help you determine whether consumer mobile email is right for you.

Consumer Mobile Email: Driving More Profit from your MMS Investment

MMS circa 2000: Great Hype and Bright Hopes

With great hype and bright hopes, mobile operators began deploying MMS infrastructure at the start of this millennium. Surprised by the success of text messaging, carriers aggressively deployed MMS infrastructure which they saw as a natural extension of SMS.

MMS Today: Broken Dreams and a Promise Unfulfilled

So far, most carriers' experience with MMS has been bittersweet. Consumers are buying and using camera phones. But all those mobile photos are not developing into revenue. According to the SmartTrust Mobile Trends guide, "a photo taken on a camera phone has just a 35.5% chance of being shared via MMS". In the U.S., only 11.9% of mobile subscribers use photo messaging as shown in Figure 1.

Operators have Unused Capacity

Initial projections were wildly optimistic, so almost all operators have excess MMS capacity. To try and stimulate MMS adoption, some carriers are cutting prices. In the UK, T-Mobile cut its prices by 40% last year[1]. But according to Ovum, usage on the T-Mobile network actually dropped in the month following the price cut. Needless to say, declining prices and falling usage won't result in a strong ROI.

Carriers need to kickstart their MMS portfolios. As the Mobile Messaging Analyst suggests, "demand for MMS remains weak, so anything that can help boost traffic is welcome news for operators."
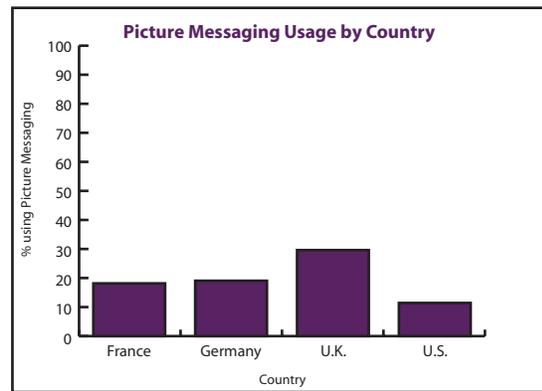

Figure 1: Picture Messaging Usage by Country (Source M:Metrics)

Person-to-Person Picture Messaging is not Enough

Many experts believe that uptake is slow because mobile operators are focusing on the wrong market.

"Operators have got MMS' focus wrong, hence its lackluster performance so far. The emphasis has been on messaging – sending pictures taken on a mobile phone to family or friends, and only on special occasions. This is not a recipe for driving high traffic voumes." -Informa Telecoms and Media.

Carriers need to move beyond 'special occasion' revenue to a steady revenue stream. Subscription-based MMS Push services will increase both penetration and usage frequency. Application-to-Person (A2P) services represent a major growth opportunity: "At present, A2P MMS represents only a small percentage of the total messages sent (under 5%)[2]."

Highly personalized content, such as blogs and email, can dramatically increase MMS traffic. According to Tarek Wahba from Orascom Telecom, "MMS services need to be re-launched by offering services that respond to the subscribers' needs like MMS to Email."

MMS services need to be re-launched by offering services...like MMS to Email

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1   Mobile Messaging Analyst
2   Smart Trust Mobile Trends

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Consumer Mobile Email can Increase MMS Usage

Consumer mobile email is ideally suited to increase MMS usage for several reasons:

Email is a viral experience

With picture messaging, the few photos that are actually sent to another user almost never generate further traffic. Emails are forwarded. Replies are sent. Action is taken. This generates additional MMS traffic. It's also possible to insert viral marketing messages in mobile originated emails (the simple marketing idea that fueled Hotmail's tremendous success).

Email usage is widespread

In the U.S., 56% of the population actively use email versus only 12% who use photo messaging[1].

More than 1.1 billion people use email worldwide[2]. Offering a familiar and popular service over MMS guarantees a large target customer base. It is much easier to provide access to a service that people already use than to market an entirely new service.

Consumers and mid-tier corporate users want mobile email

According to Strategy Analytics, 47% of consumers are interested in mobile email and 20-40% are willing to pay for it[3]. Yet, fewer than 1% of email users actively use mobile email. This suggests a significant growth opportunity.

Many carriers are starting to see the potential for mobile email to spark MMS usage. "The service [mobile email] could double the carrier's MMS traffic volumes", according to Charles d'Heureuse, Bluewin's chief technology officer, "email may yet be the salvation for MMS."

The Business Case for Consumer Mobile Email

Analysts expect the consumer email market to grow significantly in the next few years. Forrester estimates that their will be 38 million subscribers in the U.S. and 62.7 million in Western Europe by 2008. Revenues are expected to be $406 million in the U.S. and €1.85 billion in Western Europe. Based on data available for the U.S. Market, carriers could increase their ARPU by $0.48 by offering consumer mobile email as shown in Figure 2. Of course, the actual revenue generated will depend on how the service is deployed, but the business case for mobile email is very compelling.

Potential ARPU Increase for Consumer Mobile Email[4]

Estimated mobile email penetration	5%
Emails delivered to handset per month[4]	47
Mobile email reply rate[5]	10%
Total number of emails per user per month	51
Price per MMS (USD)[6]	$0.24
ARPU INCREASE	**$0.48**

Figure 2: Consumer Mobile Email Business Case (MMS-based) for a Typical North American Carrier

In the U.S., 56% of the population actively use email versus only 12% who use photo messaging

47% of consumers are interested in mobile email

Email may yet be the salvation for MMS

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1   eMarketer
2   Radicati Group
3   Mobile Messaging Analyst
4   Emails Delivered to handset per month = 155 emails/user/day * 1% delivered * 30 days (source: Radicati Group, Mobile Messaging Analyst)
5   Mobile Messaging Analyst
6   Informa Telecoms and Media

Consumer Mobile Email: Driving More Profit from your MMS Investment

MMS is an Ideal Delivery Mechanism for Consumer Mobile Email

MMS has several advantages that make it an appropriate delivery mechanism for consumer mobile email:

MMS has a large installed base

The key barriers to adoption of consumer mobile email are availability, ease-of-discovery, ease of use, and cost. Email solutions that are not available on the majority of standard handsets will have very low penetration rates. Surveys suggest 85-95% of consumers would not buy a new handset just for mobile email[1].

Most carriers currently depend on smartphones as their main mobile email solution. Since the penetration of smartphones is extremely low (as shown in Figure 3), carriers will limit their success if they rely on smartphones as their only email offering.

85-95% of consumers would not buy a new handset just for mobile email

Some carriers are offering Java clients on regular phones. Unfortunately, these clients are only available on a handful of phones. Usually, the user needs to download the client to their handset. But, as the Mobile Messaging Analysts says, "Users cannot be relied upon to download them (clients) themselves – the take-up rate is very low." Java client solutions are further hindered due to a lack of Java standardization on phones and interaction issues with the software embedded on the handset. Java clients are only feasible as a mass-market solution if they come embedded on mass-market handsets. And, with handset renewal rates as low as 30%, it could take several years before email clients are widely available. Many carriers are understandably wary of Java client solutions:

Figure 3: Smartphone Penetration by Country (Source M:Metrics)

"If you have to specify clients that are not already embedded in the handset as part of the standard product offering of manufacturers, your market reach is going to be limited."   -Sandy Ryrie, Head of Messaging, O2.

MMS clients are ubiquitous on 2.5G handsets and are already familiar to users. According to research from Ovum, 45% of handsets in Western Europe are MMS capable. Availability in the UK is even higher - a survey done by TNS shows 79% penetration. To put that in perspective, MMS-capable devices are 12 times more common than smartphones. If you want to deploy a mass-market email solution, MMS provides the largest potential user base.

Users cannot be relied upon to download clients themselves – the take-up rate is very low

MMS was designed for email

The MMS standards were built on top of existing email standards such as SMTP and MIME. Therefore, MMS is perfectly suited for delivery of email messages. This allows carriers to offer email without the need for an email-specific client. Important email features, like multimedia capabilities, come standard with MMS clients.

MMS infrastructure is already in place

By piggy-backing mobile email onto your existing MMS infrastructure, you can reduce the cost of deploying this service and dramatically cut your time to market.

MMS puts mobile operators in control

Email delivery over MMS puts mobile carriers in a more central role than any of the alternatives. This provides more control over the pricing, marketing, and delivery of the service. This also puts operators in a stronger negotiating position. Client-based solutions require a more delicate juggling act between mobile operators, client developers, handset vendors, and email providers.
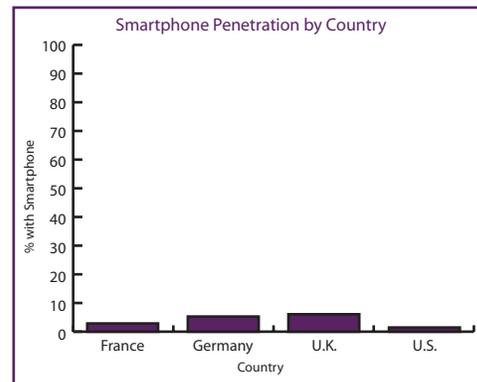
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1   Mobile Messaging Analyst

Consumer Mobile Email: The Prescription is Easy

Since mobile email can be offered on your existing MMS infrastructure, deploying the service is simple. All you need is an email gateway that allows the MMSc and third party email servers to communicate seamlessly, as shown in Figure 4.
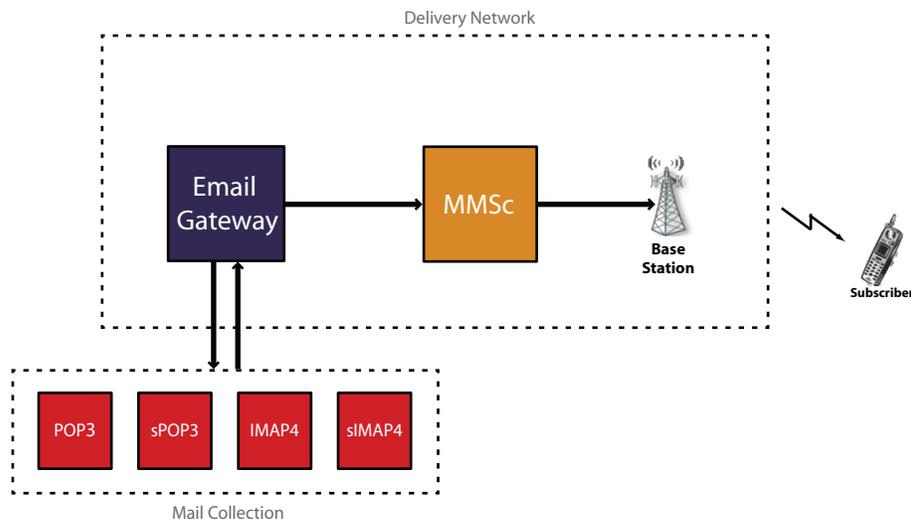
Delivery Network

Email Gateway → MMSc → Base Station ⋯ Subscriber

POP3 | sPOP3 | IMAP4 | sIMAP4

Mail Collection

Figure 4: Email to MMS Network Architecture

Both the MMSc and the email gateway use open Internet-based standards, making integration painless. With hosted gateways, it is even possible to offer the service without any up-front invesment.

Is Consumer Mobile Email Right for You?

If your MMS is unloved, under-used, or unprofitable, consumer mobile email might be right for you

If your MMS service is unloved, under-used, or unprofitable, consumer mobile email might be right for you. Consumer mobile email can be deployed using your existing MMSc, so you can now offer a revenue generating service on under-utilized infrastructure.

To find out more about how consumer mobile email can drive your MMS revenue, please email **mms_guide@mpathix.com** or phone **+1.416.849.4210 ext. 220**

About Mpathix Mobile Email

Mpathix Mobile Email allows wireless providers to quickly and profitably deploy mass-market email services. Designed for the average consumer, Mpathix Mobile Email works on standard mobile phones, so there is no need to purchase an expensive device. Messages are pushed directly to the handset as an MMS eliminating the need to download an email client.

About Mpathix

Mpathix Inc. is a pioneer in providing open system, carrier-grade telecom solutions to wireless service providers all over the world. Mpathix Inc. generates profits for wireless carriers by providing cost-effective voice services including mobile email, voicemail and unified messaging. Designed for wireless networks, the MX Platform is a "future proof" investment that easily integrates with all the latest technologies to meet the evolving network needs. Founded in 1997 and based in Toronto, Ontario, Mpathix serves over 7 million subscribers across networks in North America, the Caribbean and Asia. For more information, visit www.mpathix.com.