OMA World 2007

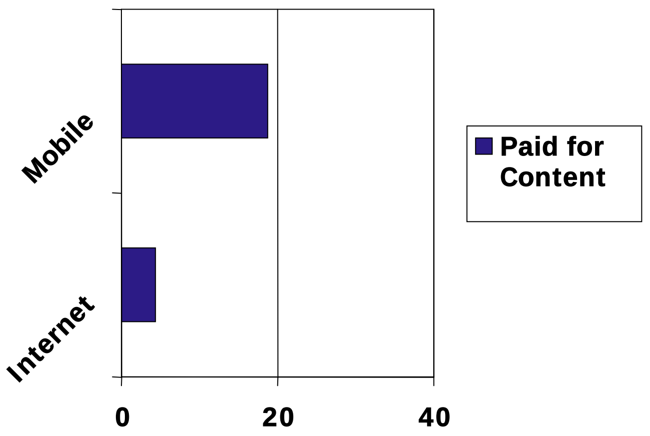
London

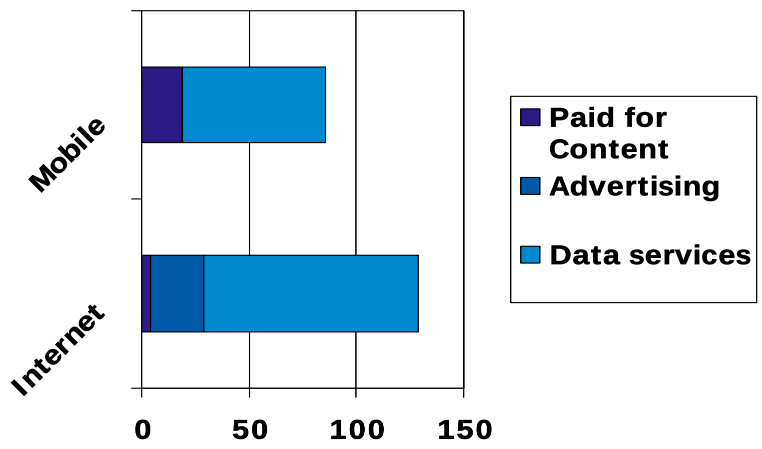
Dec 12th 2007

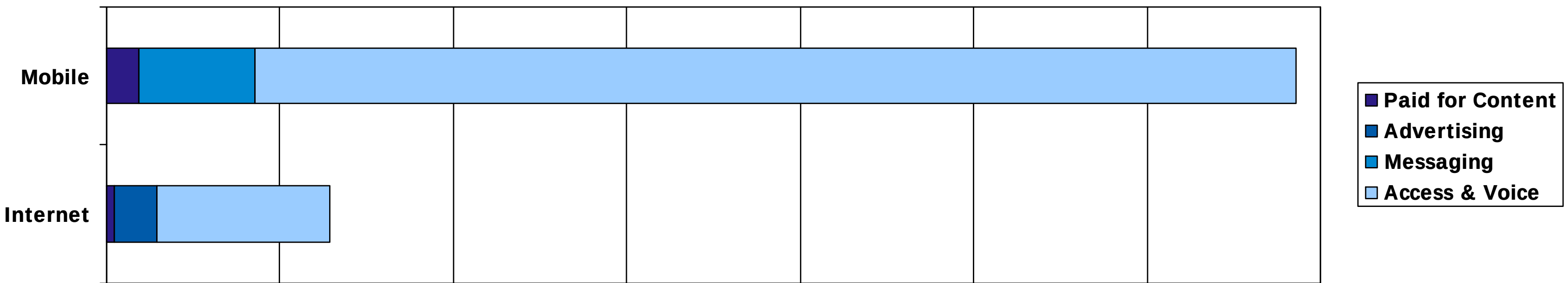
Patrick Parodi Chairman MEF

The Global Voice of Mobile Entertainment

Mobile Content is Bigger than Internet Content







Sources: Informa,Zenith Optimedia, Point-Topic, TIA, Economist, Pyramid Research

Mobile Entertainment – a $25B industry

Mobile **Music** is 40% of the Digital Music business

Mobile **Games** is a $3B industry

Mobile **Video** is now available in most major markets over many bearers and many handsets

User Generated Content - Still driven by communication and personalization (there are more SMS's sent on a given day in the UK than Google searches are performed worldwide)

Mobile is the sole source of entertainment in many **emerging markets**

Mobile Entertainment is **100% user paid**

Who We Are

MEF exists to represent the interests of its global membership across the $25 Billion mobile entertainment value chain.

Our goals are to build awareness, create business development opportunities and facilitate the development of commercial guidelines and best practices to promote a healthy and profitable industry.

To government and media, globally and locally

MEF currently has 150 member companies around the globe, chapters in Europe, Asia and the Americas, and a secretariat in both London and Los Angeles.

Some of our members today…

To see our up-to-the-minute member list visit http://www.m-e-f.org

Full Members

MEF Initiatives and Policy

MEF Initiatives bring together mobile entertainment leaders to collectively progress industry opportunities, track trends and tackle industry challenges

Partnership Agreement signed with OMA in 2002

In the past years, MEF initiatives have:

- Launched the first official UK & German ringtone charts
- Advised regulators on topics such as mobile content online and Launched a MEF subscription services code of conduct
- Supported the launch of OMA mobile DRM

Regulatory Policy

European Commission

- Signed EU directiveon child safety and mobile phone services
- Responded to DCMS/Gambling Commission review of prize competition services
- Developed a plain-speaking guide to the AVMS directory for mobile content industry

UK

- Launched a Framework for P-TV services
- Responsed to Payphone Plus consultation on Codes of Practice/funding arrangements/sanctions and governance
- Byron

USA

- Launched a Participation-TV Code for consultation in the US
- Launched consultation on Content Sales Reporting in order to develop Best Practice guidelines

ASIA

- Responded to consultation on the future regulation of Mobile-TV in Hong Kong

Several of MEF's Latest Initiatives

Subscription Services & Participation TV - Helped set guidelines in order to protect the industry

AVMS: established a strong lobbying arm to address the much-debated mobile impact of the EU TV Without Frontiers Directive

Content Sales Reporting: addresses the need to establish best practices in reporting content sales, their associated metadata and consumer activity.

Search & Discovery Initiative: defines best practices and benchmarks Mobile Entertainment search for improving content revenues

Quality of Experience (QoE): defines best practices and benchmarks QoS for improving the customer experience

Ad-Funded Mobile Entertainment: (AFME) aims to further the development of advertising as a mobile entertainment revenue stream through co-operation between all interested parties. This includes active engagement with the advertising industry

Key Drivers for Mobile Entertainment….

- New business models
- Advances in technology and user experience
- Growth in new markets
- Self-regulation

…also create challenges

- Confusion and hype around business models
- Advanced technology needs to drive user experience and consumer adoption
- Appreciation of local differences
- Self-regulation avoids government imposed rules

Driver 1: New Business Models…

- Ad-funded mobile entertainment (AFME)
- Subscription services
- Mobile search
- Mobile internet

…bring new entrants to the mobile space

- Ad agencies
- ISPs
- Social networking sites

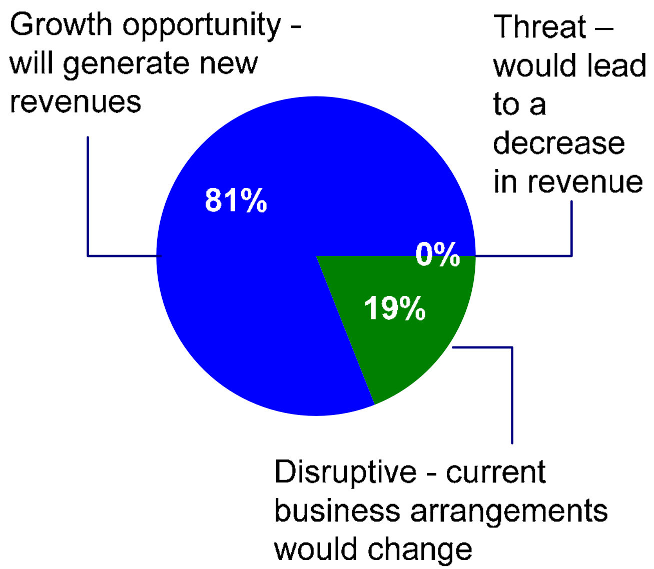
Ad-Funded Mobile Entertainment (AFME)

Customers profiles	TV / Radio Proxy targeting by channel, programme and time of day	Internet Context targeting through search	Print Group targeting demography based	Mobile Individually targeted and frequency managed
Age	✓	✓	✓	✓
Gender	?	?	✓	✓
Place	✓	✓	✓	✓
Spend	?	?	?	✓
Interes	✓	✓	✓	✓

Mobile provides the most targeted and accountable advertising medium with the greatest advertising ROI

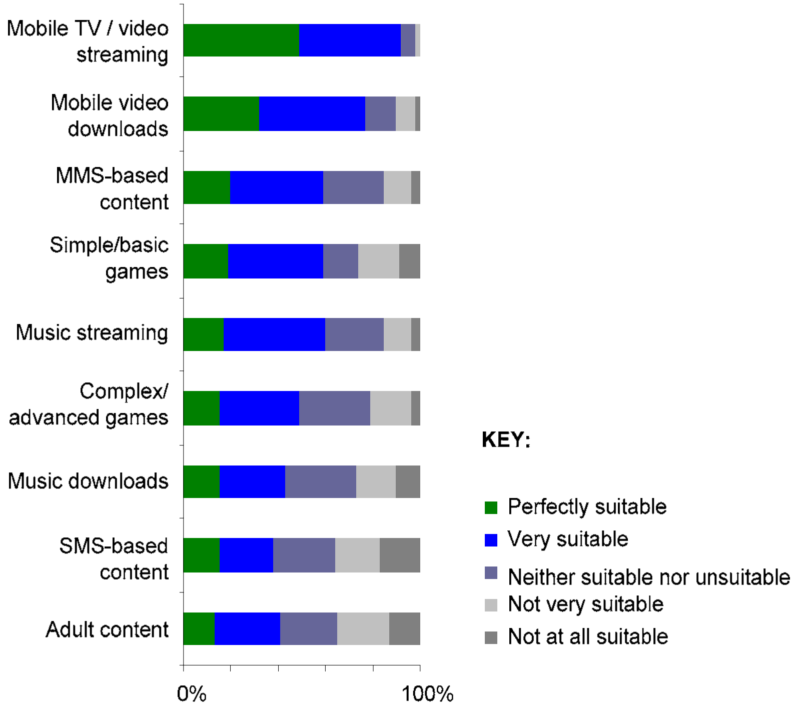
AFME Survey Results

What is your view of the potential impact of advertising on the mobile entertainment industry?



Base: 48 mobile content industry leaders

How suitable do you think each content type is for an advertising-funded model?



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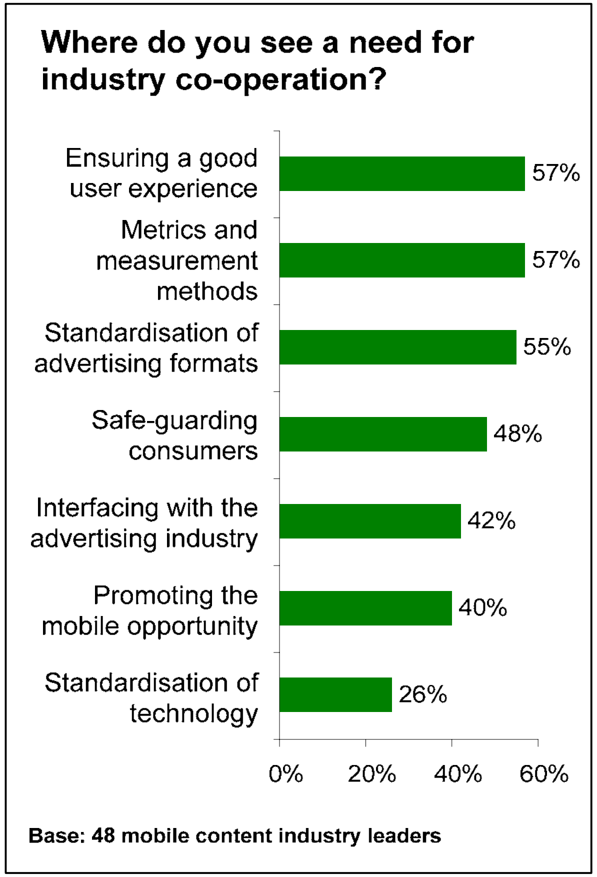
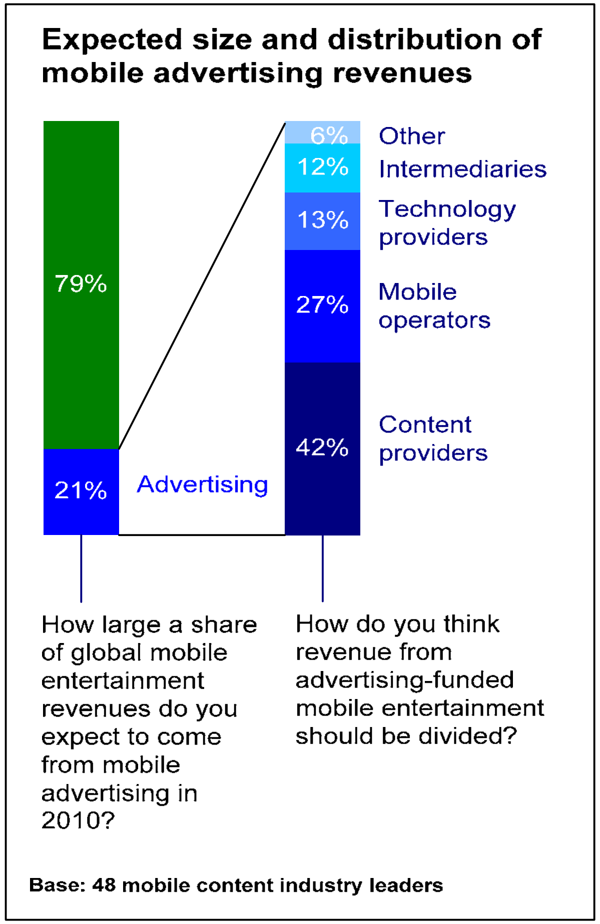
AFME Survey Results





AFME: Challenges to Mobile Advertising

- Function
  - What's the business case for mobile advertising?
- Fragmentation
  - Large audiences from small properties
- Feedback
  - Publishers and advertisers need metrics
- Format
  - Emotion from a 2" screen?
- Fearsome data charges
  - Consumers won't pay for their ads

•Sources: Andrew Bud, MEF Vice Chair: slides 9 -13

The Future of AFME

- Solving the 5Fs will unleash the ad-funded industry
- It will deliver consumer and marketing value…
- …but not revolutionise the industry
- Mobile’s business model is already distinct from the Internet…
- …and will remain so!

Driver 2: Advances in Technology & Consumer Experience

- Proliferation of feature rich 3G Phones and faster networks
- i-Phone
- Google's impending launch of the Android platform
- Should drive better user experience and consumer adoption rates
- Only 35% of mobile content can be found in 12 or less click-thus from the starting point
- If users can't discover content, they will get frustrated
- Transparency of pricing and resulting bill shock is still a problem in many markets

QoE

Three fundamental quality metrics were studied:

- content availability
- content performance
- service conformance

Survey: 3,000 consumers questioned in the UK and US on full cross section of mobile entertainment including ring-tones, mobile TV, mobile video clips, mobile information services, mobile chat, wallpapers, logos, full track music downloads and mobile games

Additional countries being assessed will include France, Germany, Italy, Romania, Spain and Singapore.

QoE - Initial findings – US & UK

ONLY 26% of UK and US mobile entertainment users are currently happy with their services

Over 80% of consumers are aware of the different types of mobile entertainment available

For UK consumers, **cost** is a key factor, but **value** is even more significant

Transparency of pricing is extremely important

The highest current satisfaction rates are for Mobile **TV** in the American market (37%) and **music** downloads in the UK (32%)

Driver 3: Growth in new markets

Each market comes with its own opportunities & challenges due to differing:

- Rules and regulations
- Cultures
- Perceptions of VAS
- Amounts of disposable income
- Technologies – 2.5G vs 3G
- Levels of broadband internet adoption

Driver 4: Self Regulation - helps the industry to grow

Consumer Trust – the key asset worldwide

- Increasing competition from “free”
- Delivering a good value service
- Transparency and satisfaction
  - Refund levels
  - Data pricing
- Trust
  - Lessons from Participation TV
  - Compliance along the value chain

Collaboration between MEF & OMA

To reach 100 million consumers:

- 90 years for landline telephone
- 21 years for color televisions
- 17 years for wireless

MEF wants to see the Mobile Entertainment industry reach $100 Billion by 2010

This can only happen with close collaboration with the technical standard side of the wireless business: OMA!

Thank You !

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