

For Your Information.....

Publication : The Economic Times

Page No: 04

Edition : New Delhi

Date: May 13, 2008

Cell makers may ad revenue via VAS

Looking at opening new avenues as margins fall

Writankar Mukherjee
KOLKATA

AT A time when the average selling price (ASP) of mobile phones is globally falling quarter-on-quarter, handset makers are planning to open new revenue streams in India. This is primarily by tapping advertising revenue through services or by tying up with VAS players to rollout unique applications that might attract advertisers.

For starters, Nokia expects to garner significant advertising revenue in India out of its soon-to-be-launched internet services platform 'Ovi'. Similarly, the UK-based mobile media innovation firm Affle is in talks with handset vendors to develop advertising revenues out of applications in India. Even VAS players like Bharti Telesoft is eyeing the opportunity.

Nokia India MD (mobile phones) D Shivakumar feels there is immense potential for driving advertisement revenue from mobile services revolving around health, agriculture and banking. However, the company at the moment will focus on music, gaming and entertainment services through Ovi.

"Advertising will be one of the channels to drive revenues out of Ovi since Indian consumers till now have largely grown up on a diet of free services. The scope for advertisers to funnel information through

the mobile screen is huge since mobile phone penetration is far more than TV in India," Mr Shivakumar told ET.

Adds Motorola India director (marketing-mobile devices) Lloyd Mathias: "Handset vendors are looking at ways to drive incremental revenues since margins are getting squeezed. We are talking with Affle to launch handsets which will have pre-installed applications like SMS 2.0, but there are no plans to drive revenues out of VAS now."



NICE ONE: Quite a model

Affle's SMS 2.0 technology replaces the normal SMS screen of phone with new-age features such as colour, emotives and signature. But there is an ad message at the bottom and a full-screen ad while SMS is being sent. It has initiated talks with handset vendors to bundle SMS 2.0 in India.

"SMS 2.0 is free for users and allows advertisers to release targeted message interactively. Nearly 40 advertisers have signed up for this application currently available with Airtel. We are also looking at other applications such as social networking and internet search integrated with phone's SMS application," said Affle's executive director (South Asia) Anuj Kumar. VAS firm Bharti Telesoft, part of Bharti Enterprise, has developed a prototype around instant messaging solution and music to drive such revenues.