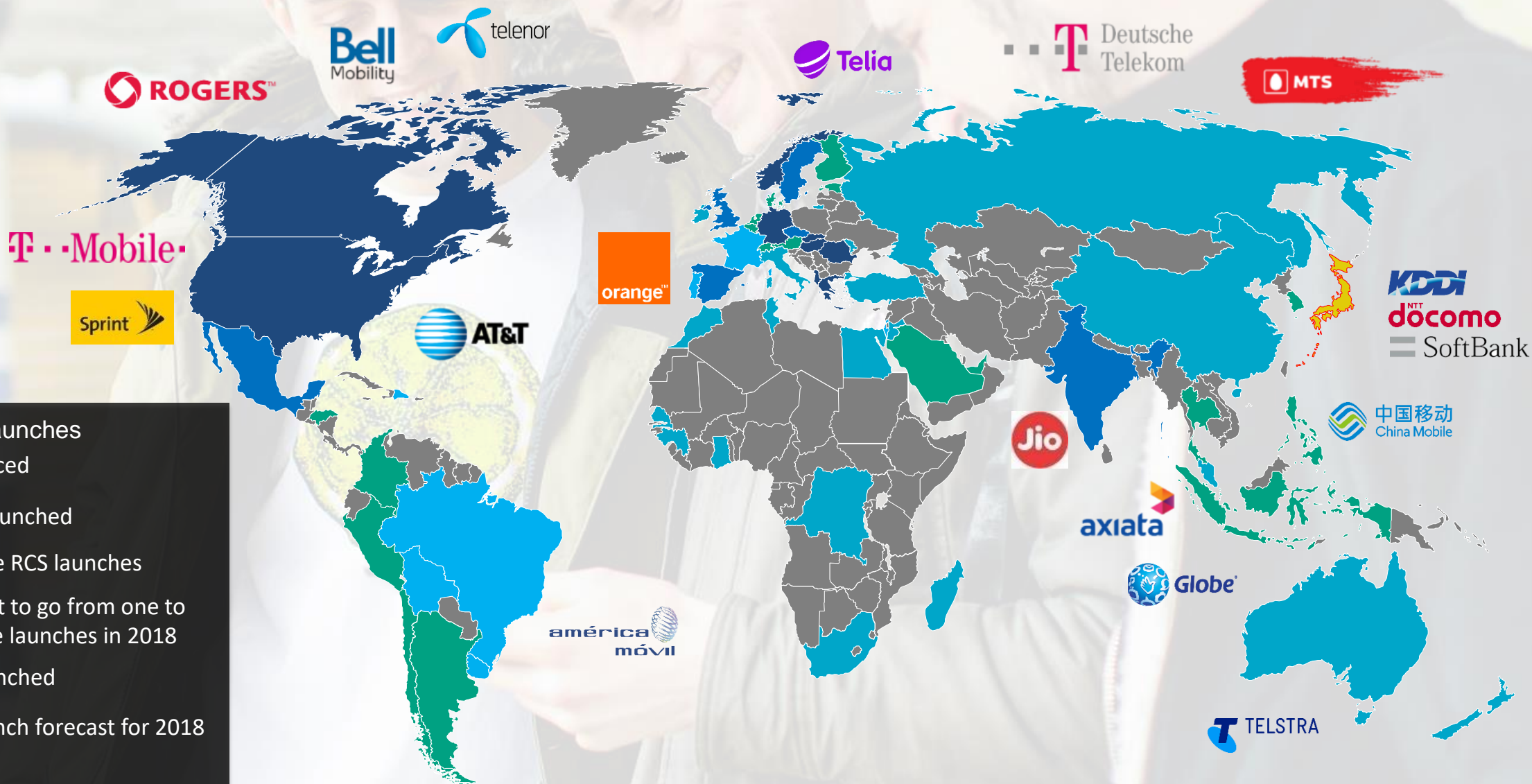**RCS THE GLOBAL PERSPECTIVE**
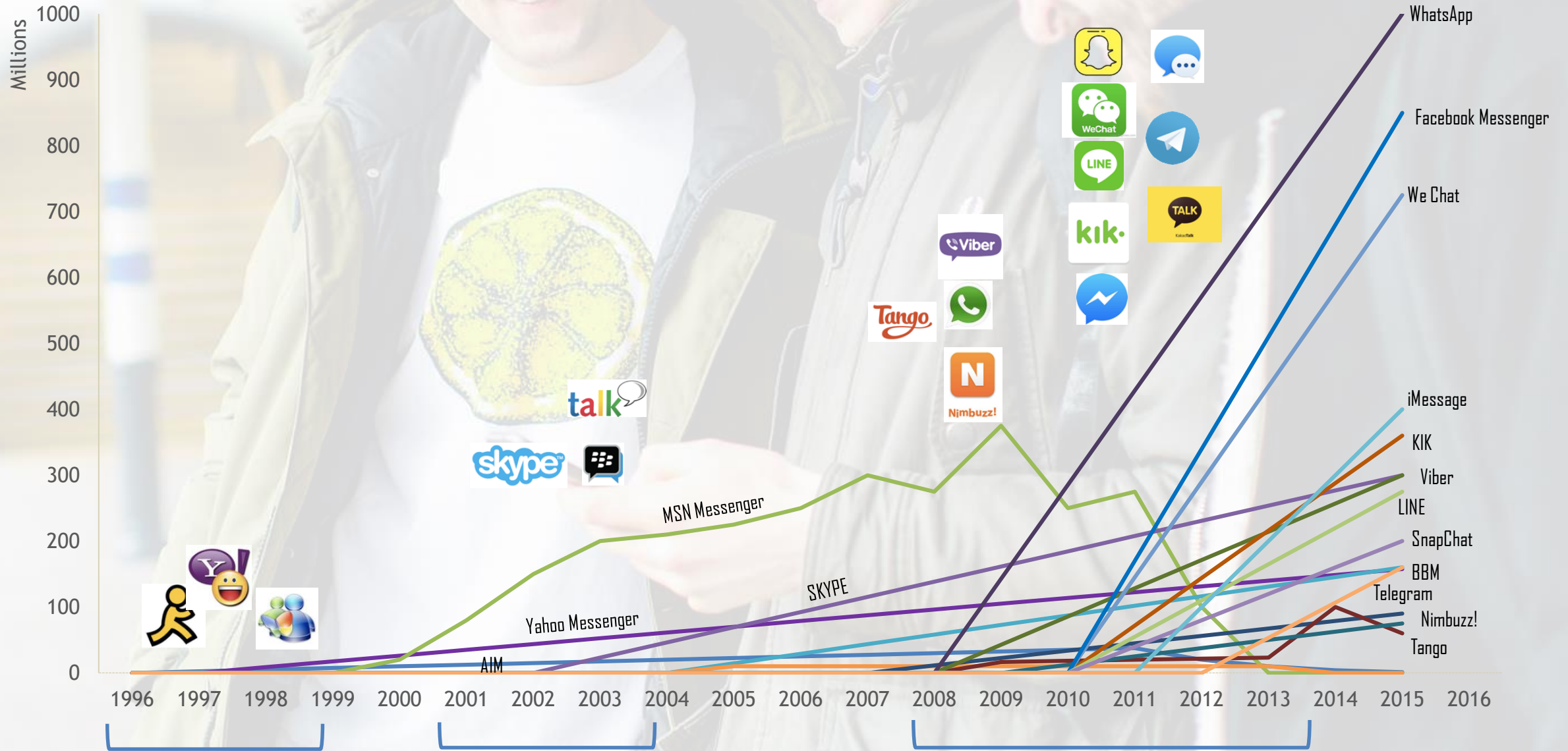
DAVID O'BYRNE, PROGRAMME DIRECTOR - GSMA

RCS LAUNCH STATUS

60 RCS Launches
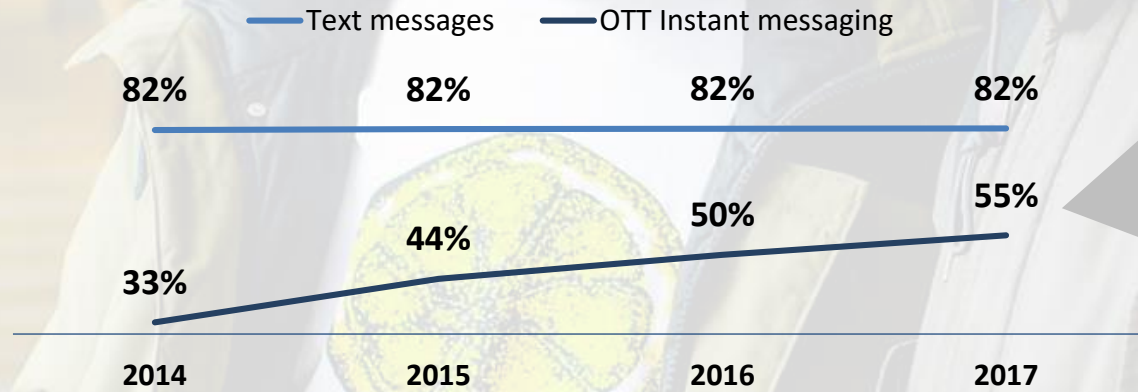90 Announced

- 100% launched
- Multiple RCS launches
- Forecast to go from one to multiple launches in 2018
- RCS launched
- RCS launch forecast for 2018

Mobile Messaging Has Reach!

The US in Unique
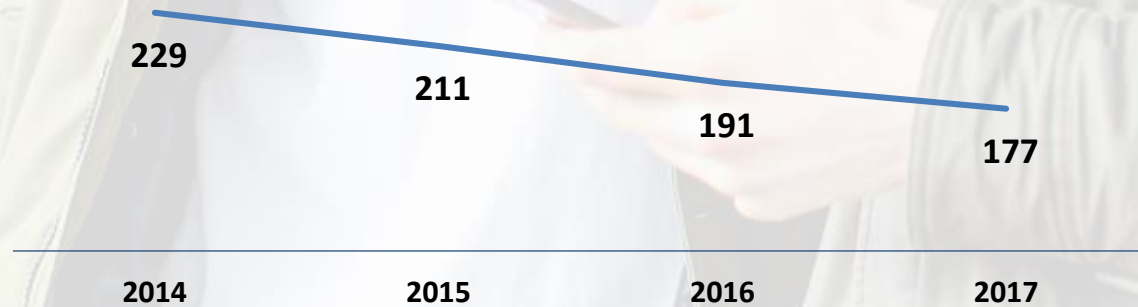
Monthly active users as % of wireless phone users[1], USA
(%)

—— Text messages   —— OTT Instant messaging

82%	82%	82%	82%
			55%
	44%	50%	
33%			
2014	2015	2016	2017

Number of SMS[2] sent per month per wireless phone user[1], USA
(#)

229	211	191	177
2014	2015	2016	2017

Penetration of IM per country, 2017

89%	88%	84%	73%	66%	58%	55%
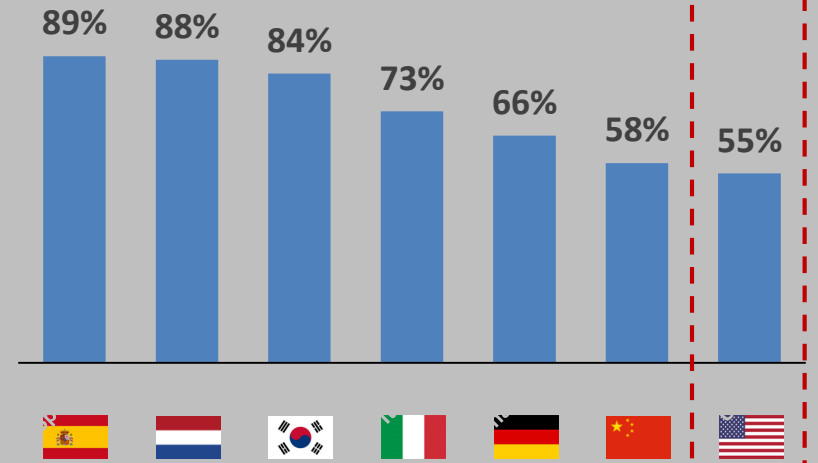
US Sees Higher Usage of SMS/MMS vs Other Countries

Number of SMS sent per month per subscriber, 2017
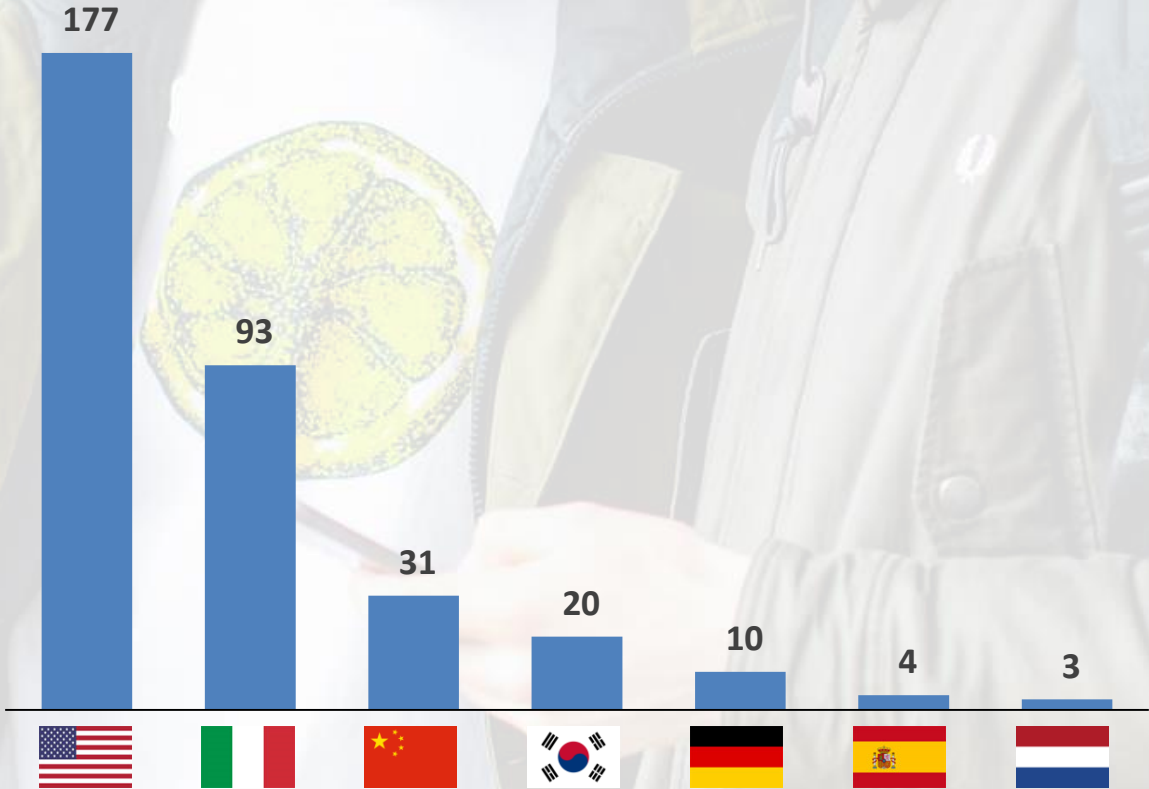
🇺🇸	🇮🇹	🇨🇳	🇰🇷	🇩🇪	🇪🇸	🇳🇱
177	93	31	20	10	4	3

RCS BUSINESS MESSAGING REVENUE

To protect and grow messaging revenue: Operators need to deploy RCS and move from Messaging to Messaging as a Platform

Volume. Bn

- P2P SMS Messaging
- A2P SMS Messaging
- P2P OTT Messaging
- A2P OTT Messaging

*Sources: GSMAi, Portio research, company press releases, industry estimates. No estimations for OTT A2P before 2016

VOLUME Bn

A2P Business Messaging

OTT

SMS
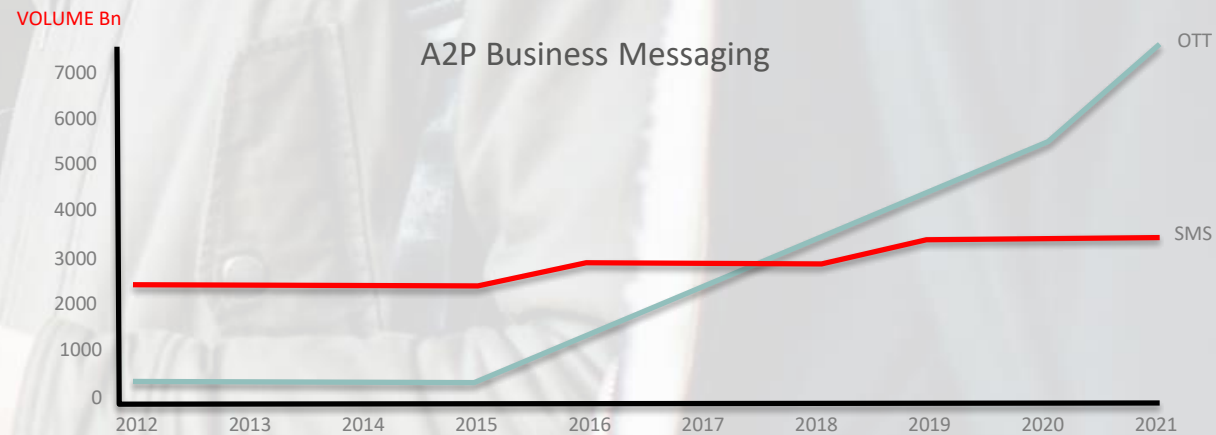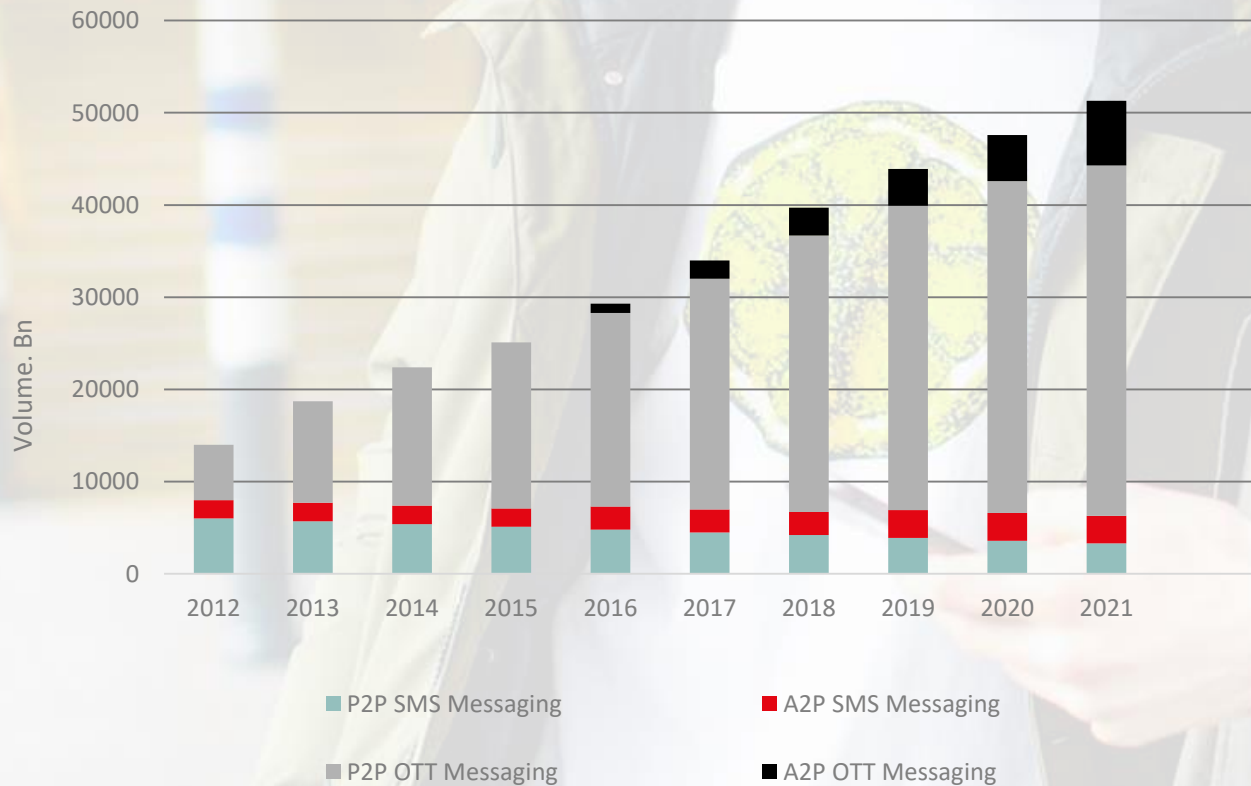
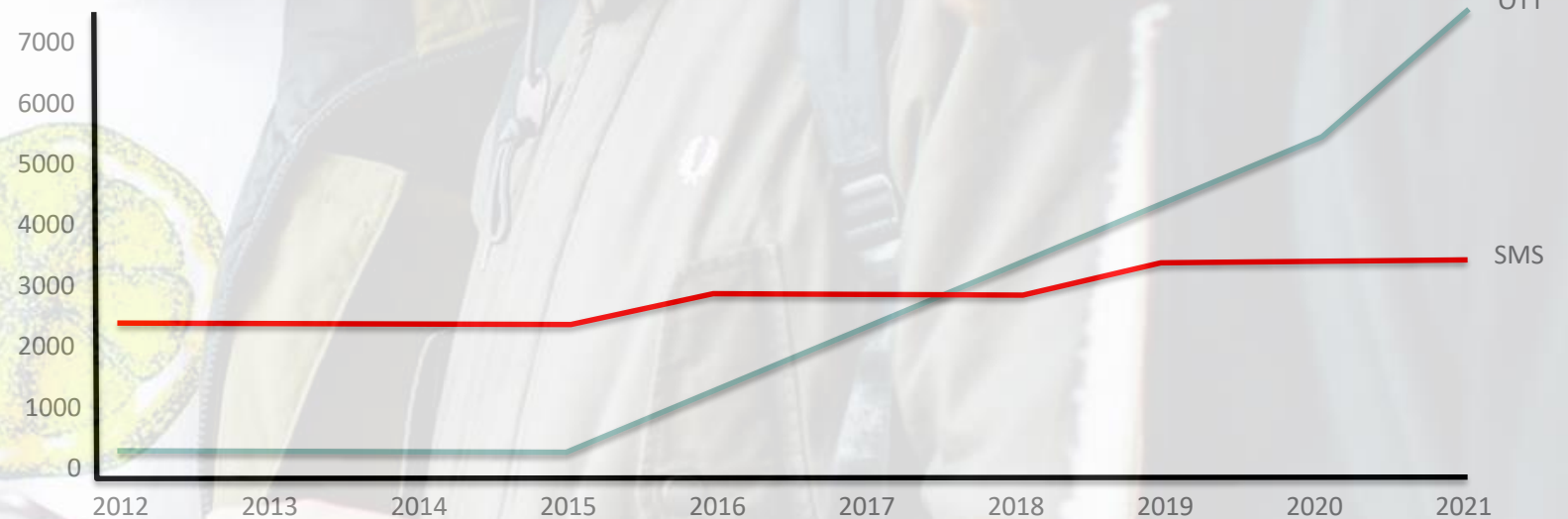- A2P SMS is still growing (~5% CAGR) to reach $74bn by 2021
- OTT apps do not yet rival SMS for penetration or trust

EXPANSION OF OTT PLAYERS BUSINESS MESSAGING SOLUTIONS

- **Aggressive expansion in Business Messaging (A2P) from OTT players**

- Apple, WhatsApp and Facebook have all launched business messaging, with forecasts indicating the volume of OTT business messages already exceeds that of business SMS (Portio Research).

- OTT messaging providers are aggressively targeting digital marketing revenue, monetising their scale and reach, already surpassing premium SMS Business messaging traffic volumes, capturing the attention of Brand investment.

VOLUME Bn

RCS Business Messaging

- Evolution from SMS A2P with rich content
- Massive potential reach & SMS fallback
- Trusted MNO channel
- Business pays to send to end users
- P2A chatbot support
- Independent & open

WhatsApp

- Allow businesses to reach opted-in users
- Customer service and notifications
- WhatsApp Business app for SMEs
- WhatsApp Enterprise API for larger businesses
- Pricing now published

Facebook Messenger

- Chatbot platform
- Primarily P2A initiated
- Businesses can pay FB to market to FB users
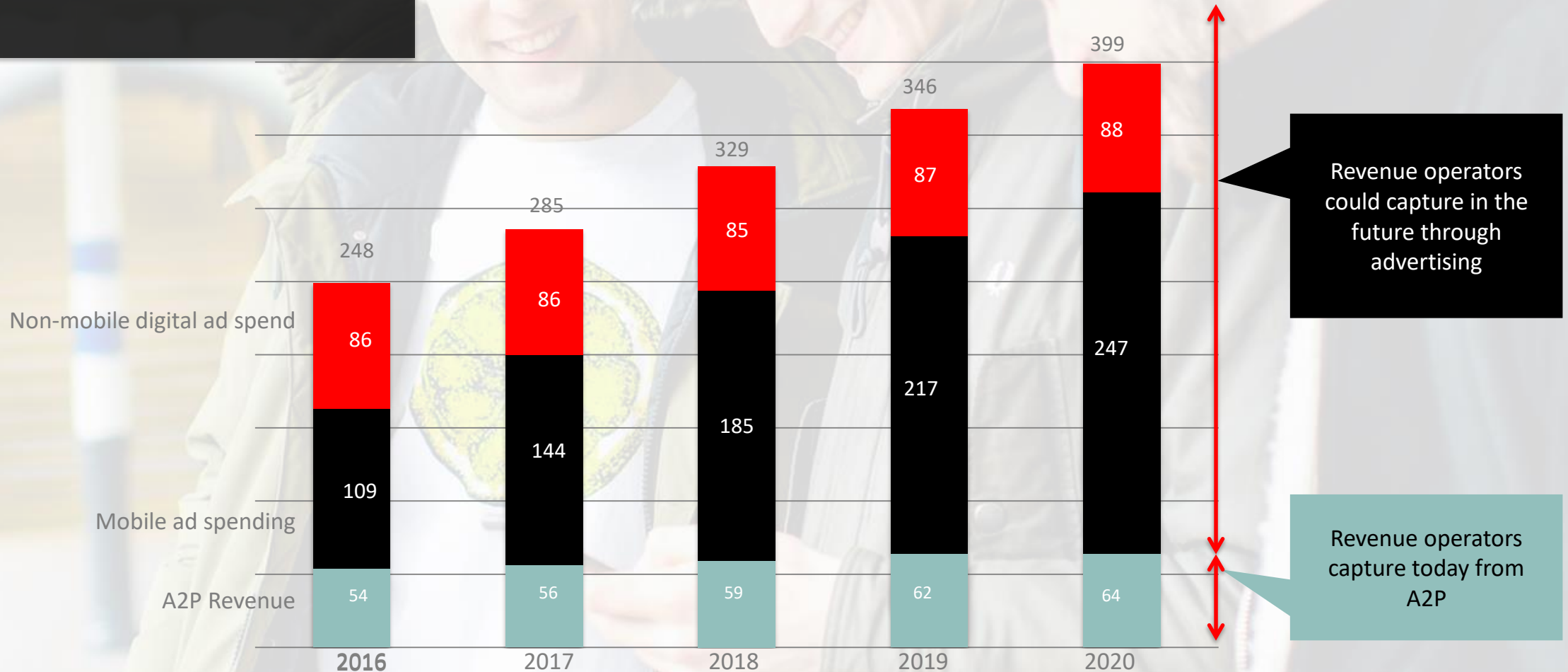- Free to send messages

Apple Business Chat

- Opens up iMessage for users to engage brands
- Prime use case is Customer Service
- User always in control
- Deep integration to iOS for great UX

DIGITAL ADVERTISING REVENUE POTENTIAL FOR OPERATORS

Proxy size of the addressable digital advertising market for operators ($b)

Non-mobile digital ad spend

Mobile ad spending

A2P Revenue

Revenue operators could capture in the future through advertising

Revenue operators capture today from A2P

	2016	2017	2018	2019	2020
Total	248	285	329	346	399
Non-mobile (red)	86	86	85	87	88
Mobile (black)	109	144	185	217	247
A2P Revenue	54	56	59	62	64

Code of Conduct

David O'Byrne – GSMA
October2018
Future Networks Programme

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Per event

- Replicating existing SMS model

Initial launches using this model – this emulates the current A2P SMS model

Session based

- Time based (5m, 1d, 1w, etc) or series
- of messages (i.e. 10 messages = 1 session)
- Discount scheme?

Based on feedback from initial launches session(s) will be defined

Access based

- Flat fee for unlimited messages to the base or
- Access to base + charge per unique user

Other models may be deployed depending on demand

Revenue share

- Outside scope of interconnect likely to be fulfilled through commercial arrangements

RCS BUSINESS MESSAGING: RECOMMENDED GOOD PRACTICES

- The RCS Business Messaging: Recommended Good Practices (formerly known as MaaP Code of Conduct) is a key enabler for the scale up and adoption of RCS Business Messaging Services

- Promotes the adoption of consistent RCS and RCS Business Messaging practices by all ecosystem participants

- Details 9 Principles that clarify how RCS will handle issues such as:
    - Unsolicited A2P RCS messages
    - Combating spam, fraud and grey routes
    - Customer complaints
    - Data privacy

- Publication on GSMA.com/future networks