# The Gathering Storm

## How mobile operators make money in the new business messaging landscape

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sinch

# Sinch in a nutshell

## Key Highlights

The world's biggest business messaging provider

$480M annual revenue
32% y-o-y growth

+1000 enterprise clients
+80 operator clients

+30B paid-for messages/year
+250 direct operator connections

+600 employees
+20 countries

## History

Founded 2008 as CLX
IPO 2015 on Nasdaq in Stockholm, Sweden

Bootstrapped
Grown organically to $100M in seven years

9 acquisitions – 6 in last 3 years
4 product portfolio expansions
5 messaging market expansions

Rebranded 2019

## Products

**For Enterprises**
RCS, SMS, MMS, WhatsApp, Voice, Video, Personalized video, Conversation platform

**For Operators**
RCS as a Service
A2P SMS Monetization & Security
Network Infrastructure

Changing consumer expectations
redraw the rules for
customer engagement.


Post Toasties
Post Toasties
NATIONAL
GERMAN

high customer intimacy
limited inventory


Paper & Cleaning
Thousands of ROLLBACKS across the store.
Low Price

very large inventory
no personalization

Show results for

- Grocery & Gourmet Food
- Health, Household & Baby Care
- Home & Kitchen
- Beauty & Personal Care
- Baby
- Arts, Crafts & Sewing

Refine by

**Amazon Prime**

prime

**Eligible for Free Shipping**

Free Shipping by Amazon

**Pantry**

prime pantry

**Avg. Customer Review**

& Up
& Up
& Up
& Up


## Shop by Category

BREAKFAST | MEAL ESSENTIALS | SNACKS

BEVERAGES | HOUSEHOLD | PETS

**Whole Foods Market Meal Essentials**

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365 Everyday Value, Organic Refried Beans, Roasted Chili
(33)
$1.29 ($0.08/Ounce)

365 Everyday Value, Organic Taco Shells Yellow Corn, 5.5
(17)
$2.99 ($0.54/Ounce)

365 Everyday Value, Organic Penne Rigate, 16 oz
(22)
$1.49 ($0.09/Ounce)

Whole Foods Market, Organic Pipe Rigate, 16 oz
(5)
$1.99 ($0.12/Ounce)

365 Everyday Value, No Boil Lasagne, 16 oz
(11)
$2.49 ($0.16/Ounce)

Whole Foods Market, Organic Rigatoni, 16 oz
(8)
$1.99 ($0.12/Ounce)

365 Everyday Value, Organic Wide Egg Noodles, 16 oz
(34)
$2.29 ($0.14/Ounce)

365 Everyday Value, Organic Shells, 16 oz
(31)
$1.49 ($0.09/Ounce)

infinite range
offering tailored to me

Customers demand relevancy, personalization, and a cohesive customer journey.

# The new business messaging paradigm

From text to

## Rich media

Bring your message to life

From one-way to

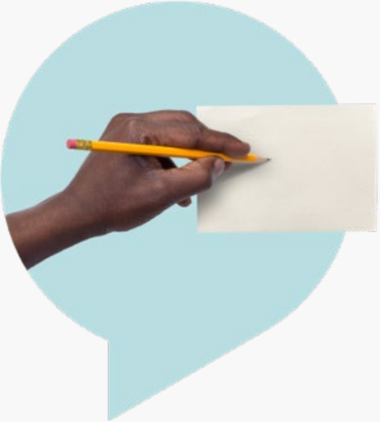
## Conversations

Turn your customer engagements into exciting dialogues

From generic content to

## Personalization

Build 1:1 connections with your customers



From SMS to

## Omnichannel

Create seamless customer experiences on any channel

# Customer journey perspective

## Mobile services for every step of the way

| | | | |
|---|---|---|---|
| STAGE | **Revenue generation** | **Service enablement** | **Customer care** |
| OBJECTIVE | • Add revenues<br>• Reduce churn | • Use CPaaS functionality as core component in own product<br>• Improve efficiency<br>• Reduce cost | • Handle customer support<br>• Improve customer experience<br>• Reduce contact center cost |
| EXAMPLE SERVICES | • Promotional SMS<br>• Contextual voice<br>• Personalized video to prevent bill shock | • One Time Passwords (OTP)<br>• Verification<br>Number masking<br>• Mobile boarding pass | • Blending voice & messaging<br>• WhatsApp instead of phone<br>• Bots and AI to handle requests without human intervention |

# The business messaging market – MNO perspective

**Business Clients**

Enterprises, ASPs, Aggregators

**New Entrants**

WhatsApp, FBM, WeChat, ABC, KakaoTalk, Line, Viber, Telegram, etc.

**Competition**

between Mobile Operators

**Substitutes**

Apps, Chat, Email, Push, Voice, Video, Web

**Suppliers**

Google, Sinch, Samsung, WIT, Mavenir, etc.

# Messaging is the channel of choice

**Voice and App traffic will move to Messaging**

### Native

No app download required nor can notifications be turned off

### Cost

Ease of automation with bots ensures lowest cost per contact

### User Experience

Consumers can engage when available, yet they’re reached instantly and timely

### Demography

Younger generation prefers messaging

# How businesses will engage their customers

## Which communication channel to choose?

**Customer experience per use case**

**ROI**

User base
Cost
Ease of use

**Consumer preference**

Trust
Existing behavior

# Choosing infrastructure provider

## Getting hitched

### A new vendor landscape

Limited and new set of providers (so far)
On-premise v Platform-as-a-Service

### The foundations of a happy relationship

Don’t give away too much future revenues
Time to market is important
Ensure partner follows the RCS standards
Find the golden mean

### Our approach

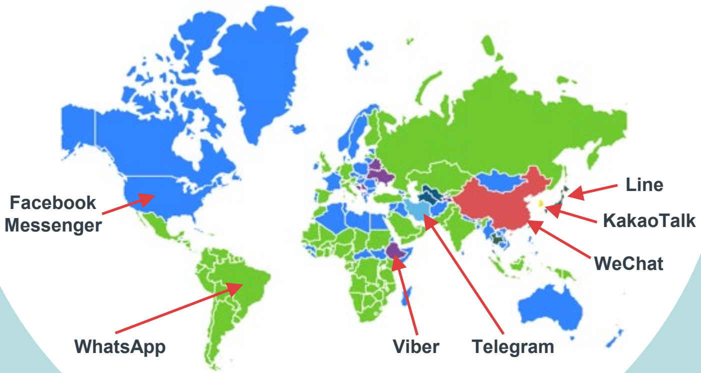
We are offering RCS Application Server + MaaP as a service
In partnership with WIT

# Inherent strengths of MNOs & OTTs

## Clash of the Titans

| MNOs / RCS | OTTs |
|---|---|
| Potential User Base | User Base now |
| Predictability | Multinational |
| Brand Neutrality | Centralized |
| Privacy | Fast |
| User behavior from A2P SMS | User behavior from P2P |

Most popular messaging apps per country




*In the SMS era OTTs won P2P globally and A2P in Japan*
*MNOs won A2P in the rest of world*

# Making RCS the winning business messaging channel

## Barbarians at the gate

### Time to Market – Get going!

User base, User base, User base
Trial and error

### Commercials – SMS as blueprint, expand from there

| | |
|---|---|
| Price Models: | Transaction and Session |
| Data Charging: | Include in price for the enterprise + fair use policy |
| Price Levels: | Reflect the value, don't repeat MMS |

### Features & Add-Ons – Get more!

Carrier billing
Directory is key for P2A
Directory is key for adds and search

### Process – Simple but robust

| | |
|---|---|
| Onboarding: | Leverage existing ecosystem |
| Verified Sender: | National collaboration |
| Interoperability: | Critical to drive user base and for group chat |
| Standards: | Ensure handset and system compatibility |

# Winning the future of messaging

## The recipe for operator success

### Get going! Build RCS user base! Now!

Single most important factor that you can impact

### Stand your ground when choosing suppliers

Ensure long term profits… but time to market is essential

### Balanced commercials optimize profitability

Reasonable price model adapted to rich and conversational nature of RCS

### Leverage existing ecosystem to make things work

Onboarding, sender verification, brand evangelism, cross channel/MNO

### Bolster your enterprise offering

For your direct-to-enterprise business you will need enhanced capabilities

# Thank you.

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