

The OTT challenge

Implications for the MNO business

April 2013



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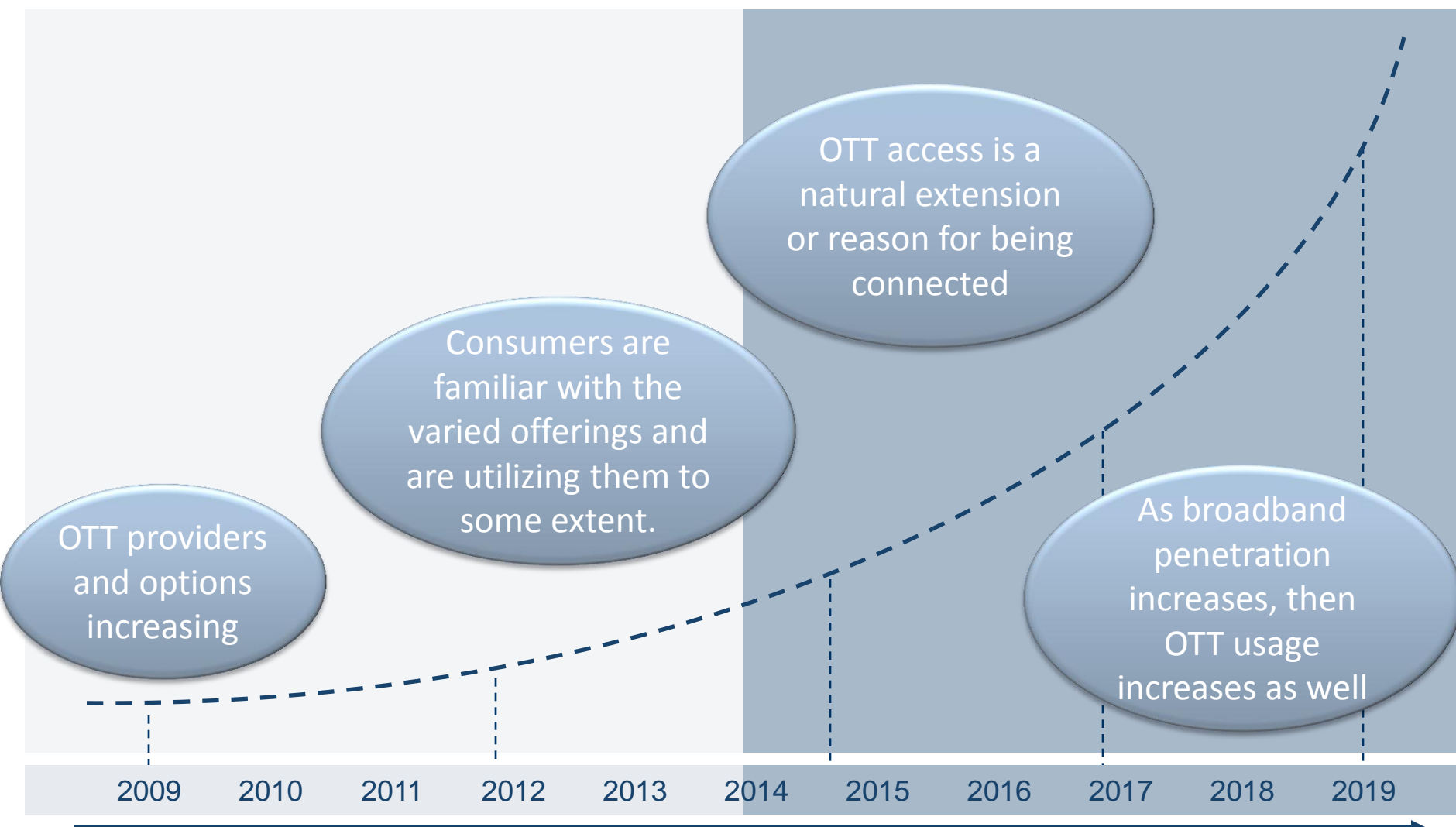
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Introduction – OTTs vs Telecom carriers



Is the over-the-top (OTT) service market additive to the consumer communication market or is it an alternative to conventional telecom services?

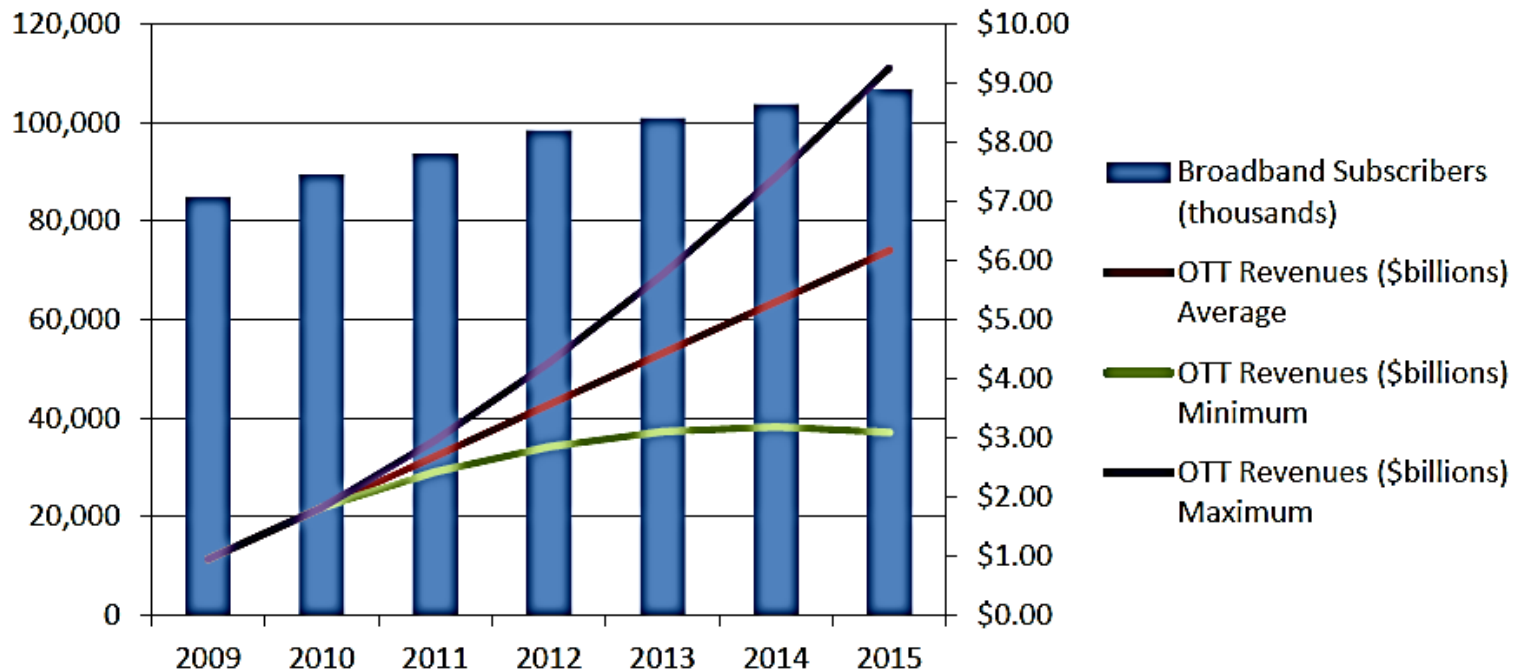
OTT on the rise



Source: Frost & Sullivan.





























































OTT on the rise

OTT Revenues vs Broadband Penetration



. Source: Frost & Sullivan analysis.

Video OTT vs Voice OTT

Provider	Description	URL	Voice	Video	Data	Wireless
	Streaming Video	http://www.amazon.com/Instant-Video/				
	Streaming Video	http://www.clicker.com/				
	Streaming Video	http://freetubetv.net/				
	OTT Services, Browsers, OS's	http://www.google.com/				
	Streaming Video	http://www.hulu.com/				
	OTT Voice	http://www.magicjack.com/				
	Streaming Video	http://www.netflix.com				
	OTT Voice	http://www.ooma.com/				
	OTT Voice	http://www.skype.com/				
	Streaming Video	http://www.veoh.com/				
	OTT Voice	http://www.vonage.com/				
	Streaming Video	http://wwitv.com/				

Selected OTT players



. Source: Frost & Sullivan analysis.

SOME OTT EXAMPLES – IT players



The primary virtue of Google Voice is that it combines multiple conventional and OTT phone lines for a unified communications experience. For example, Google Voice applications are available for a variety of smartphones, allowing the user to place and receive calls from one number, which can be the mobile number. Additionally, with the video calling capability, Google Voice allows users to make OTT video calls, providing additional functionality not available on a conventional phone.



SOME OTT EXAMPLES - IT players



Skype more or less defined the market for free OTT voice and two way video service. Introduced in 2003, it rapidly gained a following, especially among college students, who adopted it as a free alternative to long distance. In 2011, it was acquired by Microsoft for \$8.5 billion, which is now rapidly integrating Skype into its cloud-based service offerings

Source: Frost & Sullivan analysis.

SOME OTT EXAMPLES - Alternative players



Originally based on a USB device inserted into a home computer, local and long distance calls are carried over the Internet for the price of \$29.95 for the USB device and \$29.95 for each year of service. This made magicJack an extremely inexpensive way to make telephone calls; and it even came with a conventional telephone number. In 2011, Ymax introduced the magicJack Plus, a much upgraded device that could operate independently of the home computer. At a price point of \$70, it was more expensive, but it also came with a year of free phone service

Source: Frost & Sullivan analysis.

SOME OTT EXAMPLES - Alternative players



The archetype of the social messaging threat for MNOS. WhatsApp has seen its levels of penetration increase very importantly in the region. As smartphone adoption and mobile broadband penetration increases social messaging threat gains momentum and other smaller players could add to the impact in MNOs SMS revenues.

SOME OTT EXAMPLES - Manufacturers



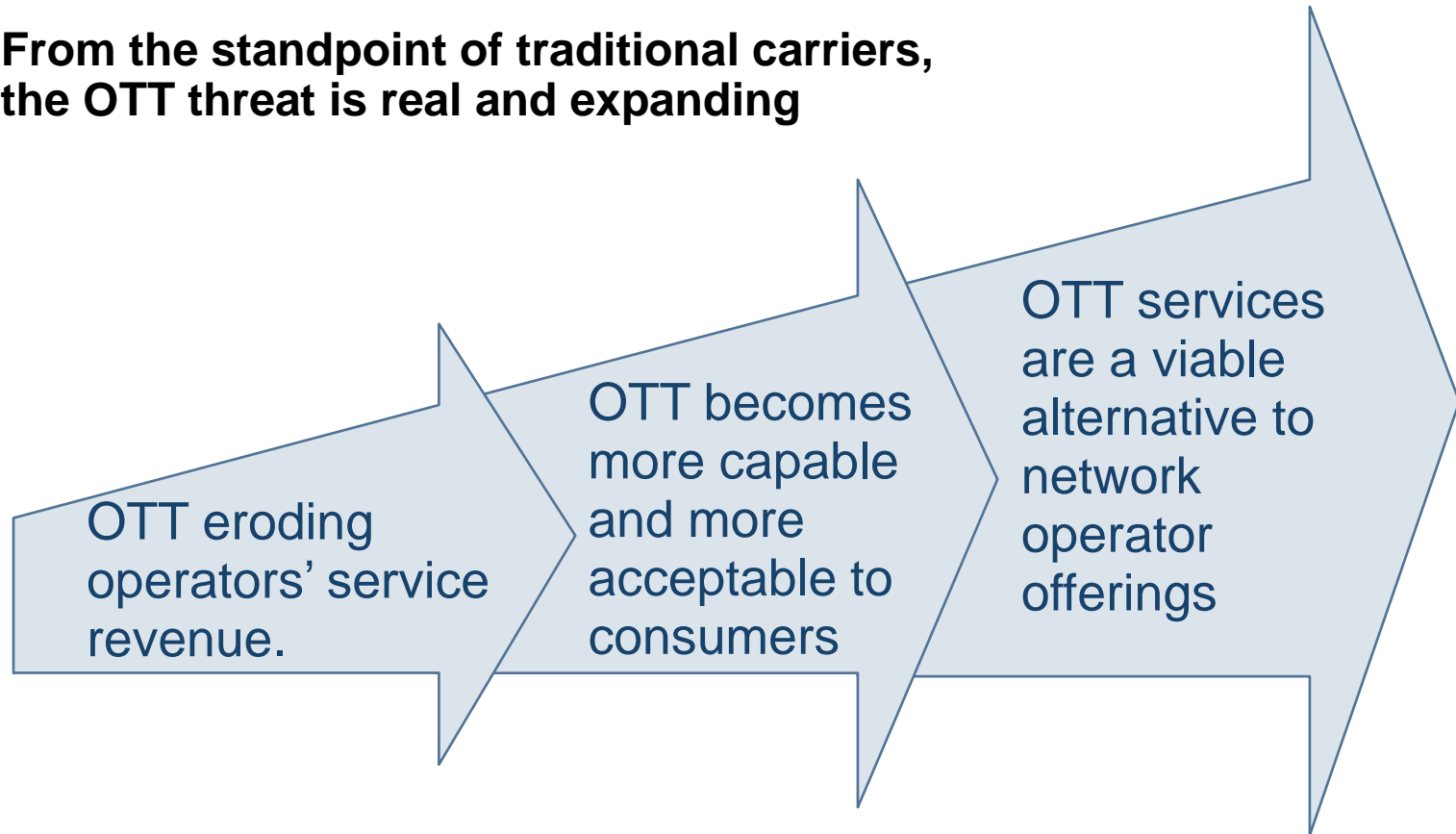
BlackBerry's BBM Voice allows to switch BBM conversations from text to a call and speak to BBM contacts anywhere and for free over Wi-Fi.

Apple's iMessage allows free messaging free over Wi-Fi between iPhone, iPad, iPod touch or Mac.

Samsung's chatON includes further features such as S pen to draw messages, global news etc.

Implications for MNOs

From the standpoint of traditional carriers, the OTT threat is real and expanding



What are MNOs to do?

Take OTT seriously

Evolve own offerings to leverage the OTT component

Leverage existing assets such as network infra, customer data/big data (e.g. authentication, billing, location, etc.)

Seize the public policy debate by advocating equal regulatory treatment for all service providers

Address both service quality and utility

**The OTT
Challenge**

THANK YOU!

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