



## RCS OVERVIEW

Fábio Moraes– GSMA October  
2018  
Future Networks Programme





RCS INDUSTRY MOMENTUM



## WHAT IS RCS BUSINESS MESSAGING?

RCS is an upgrade to SMS on a global scale

Universal Profile resolving legacy issues

Intrinsic advantages in business messaging

Enabling Messaging-as-a-Platform

### Advanced Rich Media

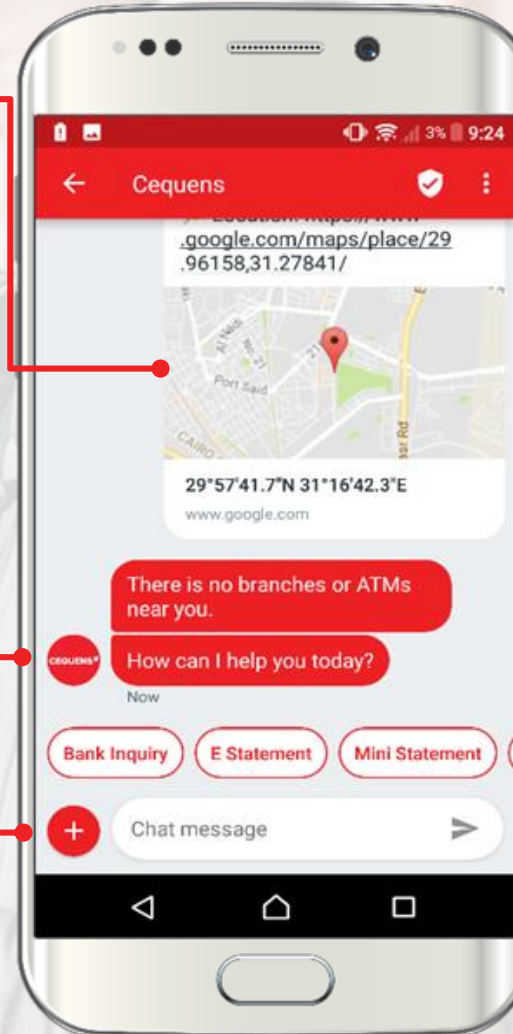
File Transfer, Location Sharing and Rich Cards

### Branding

Logo, Colors and Brand Identity

### Message Status

Read Receipt, Is Typing and Last Seen Online



### Verified Sender

Secured, Credible and Trusted

### Actions

Reply Buttons, Suggested Responses and Call-to-Actions

## GSMA UNIVERSAL PROFILE (UP)

A single, industry-agreed set of features and technical enablers developed to simplify the product development and global operator deployment of RCS

Key benefits of the Universal Profile:

- **Simplicity:**  
Common feature set and configuration
- **Consistency:**  
One common experience across all devices and operators worldwide
- **Efficiency:**  
Reduced time to market and interoperability testing
- **GSMA Accreditation:**  
Giving reassurance to mobile network operators and developers



## UNIVERSAL PROFILE COMMITMENTS

The GSMA ensures interoperability between RCS clients, networks and hubs.

53

OPERATORS



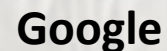
11

OEMs



2

OS PROVIDERS



## RCS GLOBAL ADOPTION

### RCS NETWORKS

**64**

Launched and announced  
RCS networks



### RCS SUBSCRIBERS

**174m**

Monthly Active Users  
of RCS services

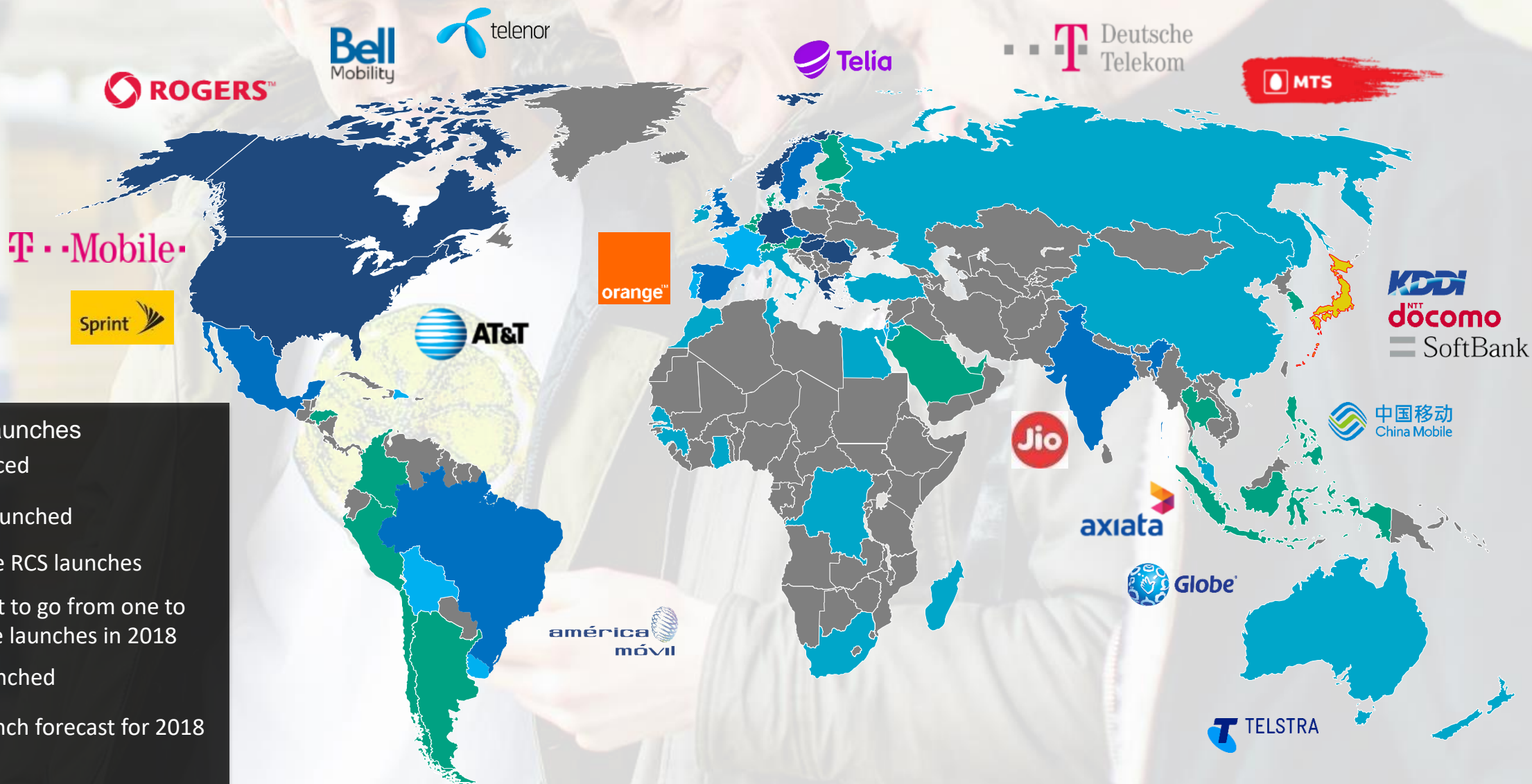


### ANDROID DEVICES RCS- CAPABLE

**1.4bn**



# 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

## HANDSET ADOPTION

- Most Android handset manufacturers are providing RCS as a native application
- The GSMA is working with the remaining manufacturers to migrate towards RCS



**SAMSUNG**

**SONY**



**ZTE**

**NOKIA**

**Lenovo**

**GENERAL MOBILE**

**alcatel**



## APPLE'S DEPLOYMENT OF RCS

- Apple Inc. represents under 15% of handset sales globally but up to 40% in some markets
- Recently, Apple has engaged in discussions with the GSMA and Operators about including RCS in iOS to:
  - Provide a better fall-back than SMS, when messaging non-iMessage devices (Apple to Apple would still use iMessage)
  - Improve the Apple-to-non-Apple messaging experience for its customers
  - Meet the needs of Operators in high-Apple-concentration markets deploying RCS
  - Prepare for the post-2G, post-SMS future
- Operators are putting pressure on Apple to launch RCS








RCS BUSINESS MESSAGING



SMS CONTINUES TO OUT-PERFORM ALL OTHER COMMUNICATIONS FOR CUSTOMER INTERACTION

		
<b>98% Open Rate</b>	<b>20% Open Rate</b>	<b>26% used only once</b>
<b>90 second response time</b>	<b>2% Response Rate</b>	<b>25% never used</b>

### Consumer message checking habits

I regularly check my phone for new SMS or instant messages throughout the day



- 68% Agree
- 19% Neutral
- 13% Disagree

Base: 2015

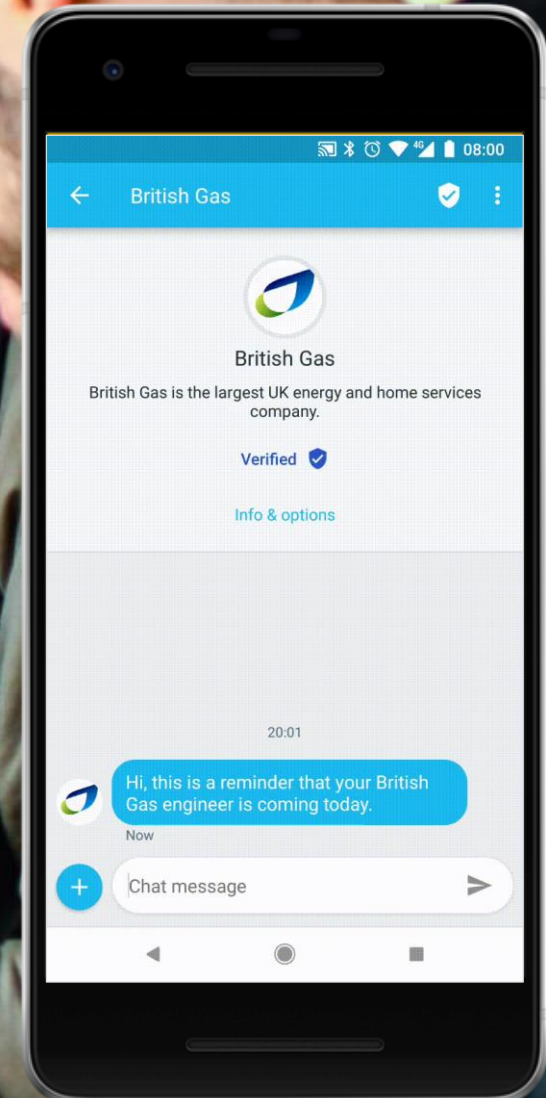
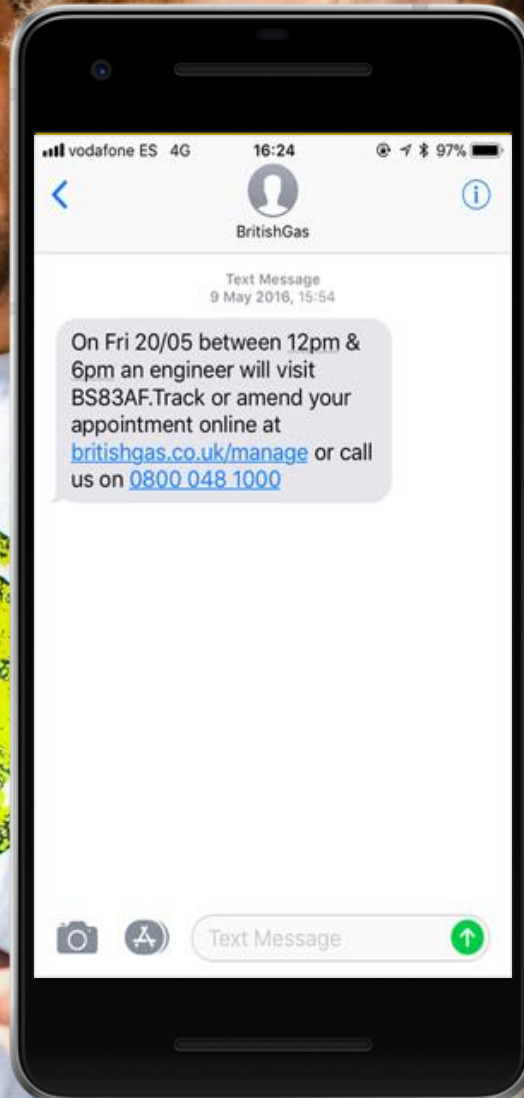
I often open an SMS or instant message as soon as it has been delivered to me



- 62% Agree
- 23% Neutral
- 15% Disagree

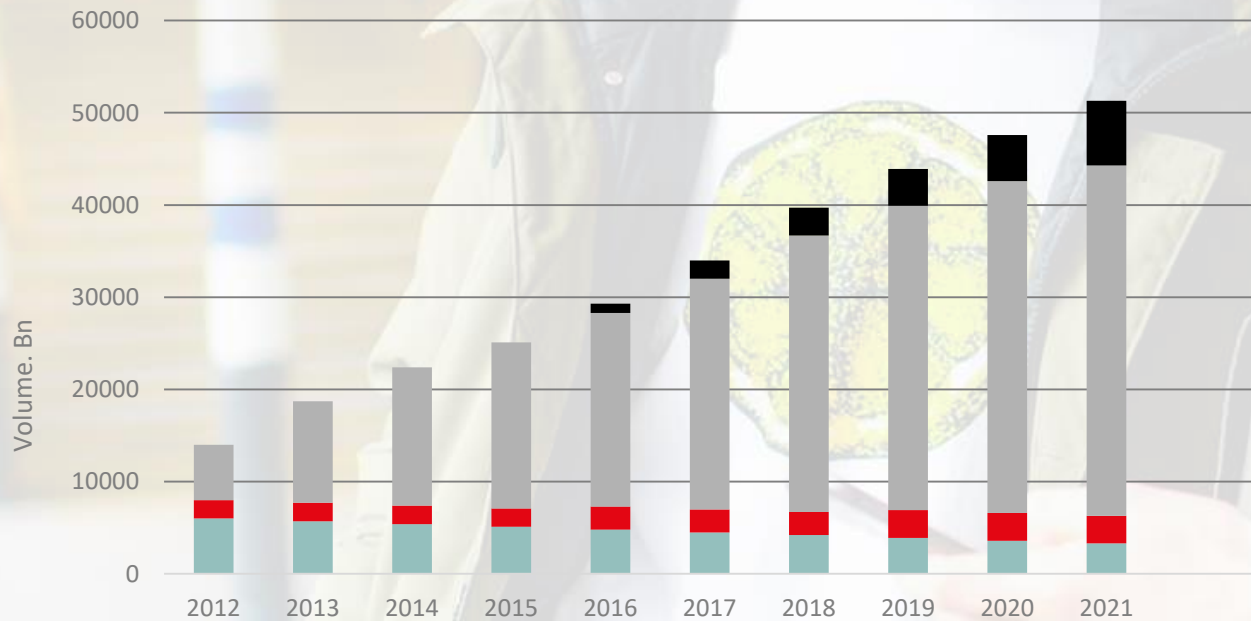
## WHAT IS RCS BUSINESS MESSAGING?

- The economic case for RCS is based on RCS Business Messaging.
  - RCS functionality
  - Sender brand
  - Sender verification
  - Read receipts
  - Rich Cards
  - Multi-media
  - Quick response buttons
- Ubiquity and high response-rate of SMS
- Preferred solution for business messaging

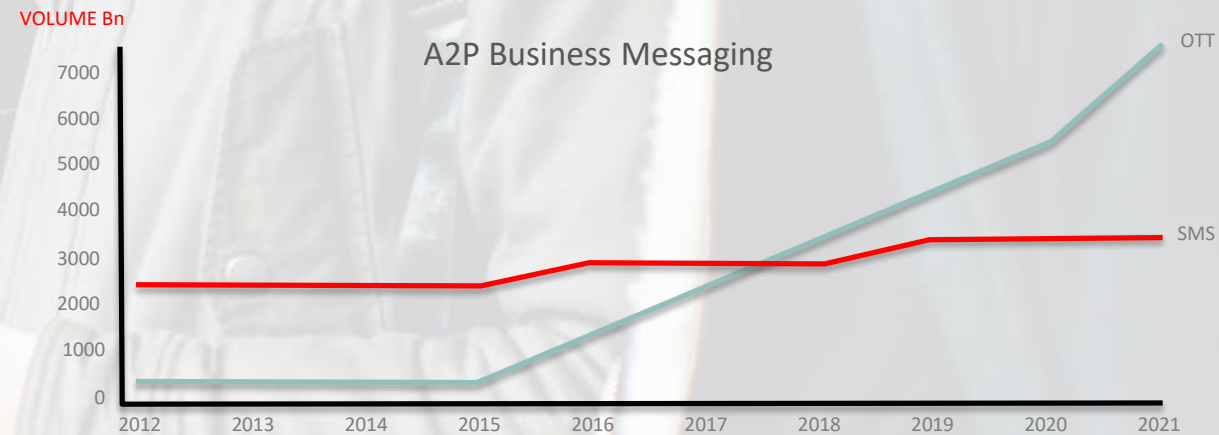


## RCS BUSINESS MESSAGING REVENUE

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




■ P2P SMS Messaging      ■ A2P SMS Messaging  
■ P2P OTT Messaging      ■ A2P OTT Messaging



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

RCS BUSINESS MESSAGING REVENUE

>\$60bn




SMS Business Messaging  
Today

Existing Revenue Opportunity

>\$90bn




SMS Business Messaging  
2021 Potential



Apps Replacement Potential

\$100bn\*\*



Chatbot Search Potential

\$50bn



Unified Comms Potential

Future Revenue Potential as Platform Evolves



Artificial Intelligence

Applications in:

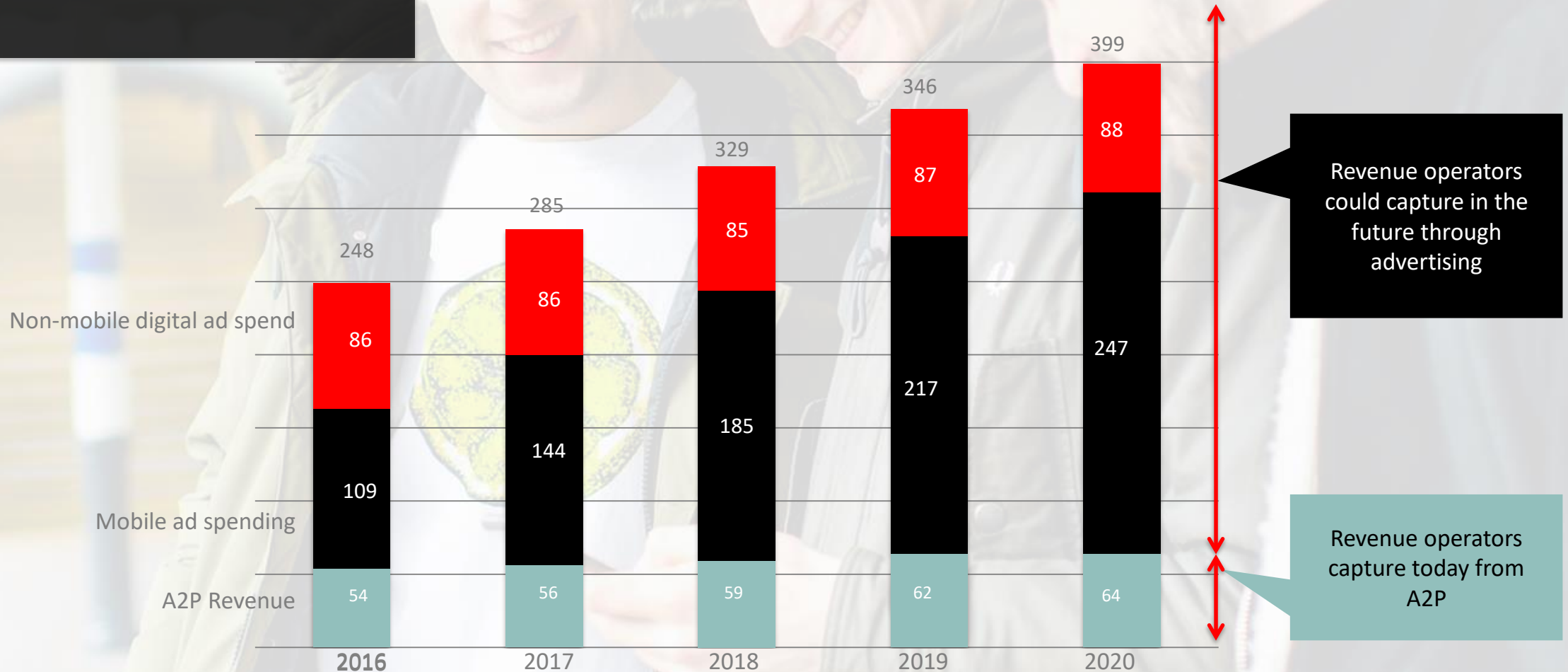
- Business
- Government
- Health
- Transport
- Enabling Internet of things

\* Estimated spend on app development across all stores

\*\* Estimated annual value of paid search 2017

## DIGITAL ADVERTISING REVENUE POTENTIAL FOR OPERATORS

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



Source: [http://strathcom.com/wp-content/uploads/2016/11/eMarketer\\_Worldwide\\_Ad\\_Spending-eMarketers\\_Updates\\_Estimates\\_and\\_Forecast\\_for\\_2015202/pdf](http://strathcom.com/wp-content/uploads/2016/11/eMarketer_Worldwide_Ad_Spending-eMarketers_Updates_Estimates_and_Forecast_for_2015202/pdf)

## CHARGING MODELS

### 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







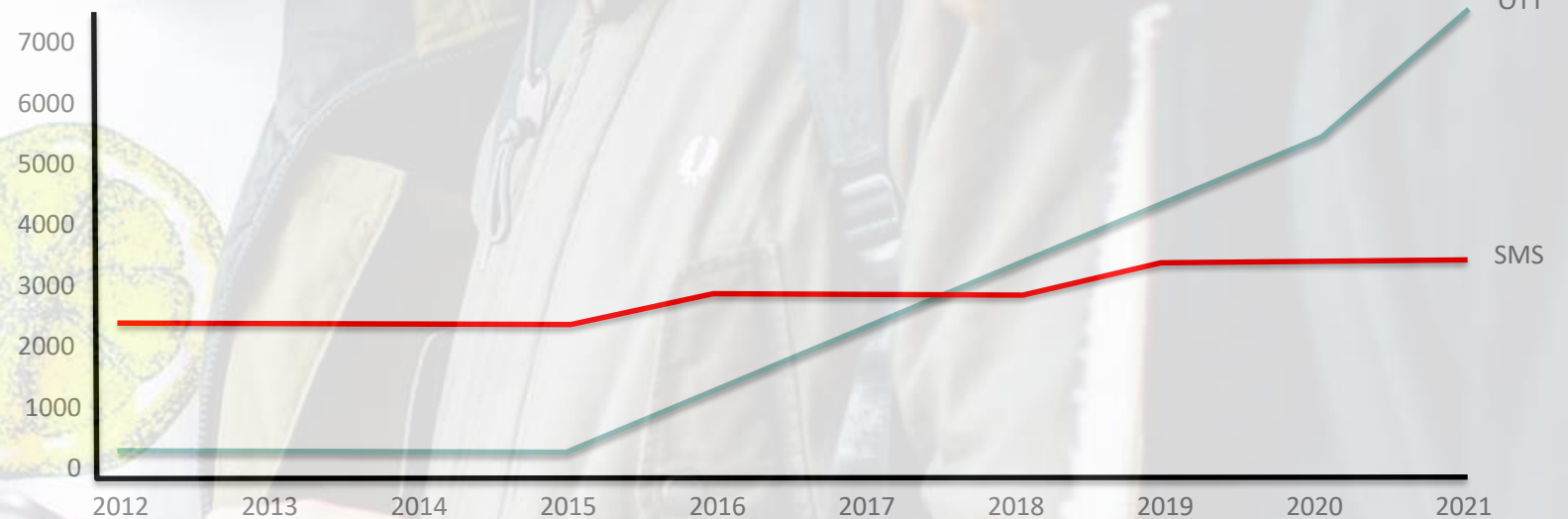
## RCS COMPETITOR ANALYSIS



## 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 VS OTT POSITIONING

### 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

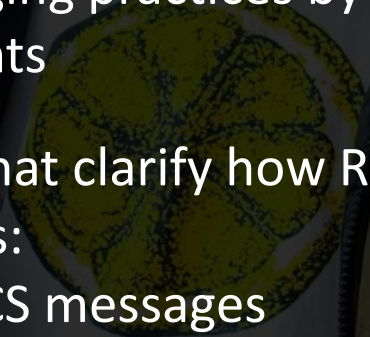
### Apple Business Chat



- 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

## 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](https://www.gsma.com/future-networks)





**Thank You!**

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