

The evolution of RCS business models



Nick Lane

Chief Insight Analyst, Mobilesquared
nick@mobilesquared.co.uk

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@Mobilesquared

About Mobilesquared

Leading analysts in Business Messaging

We provide definitive data and expert insight

We work with the leading mobile and tech companies across the mobile ecosystem, from regulators, mobile operators, service providers, brands, agencies, start-ups ... to understand mobile and engagement.

We do this through extensive research, deep analysis based on years of experience, and forecasting market opportunities based on actionable numbers.

Accurate data. No hype.

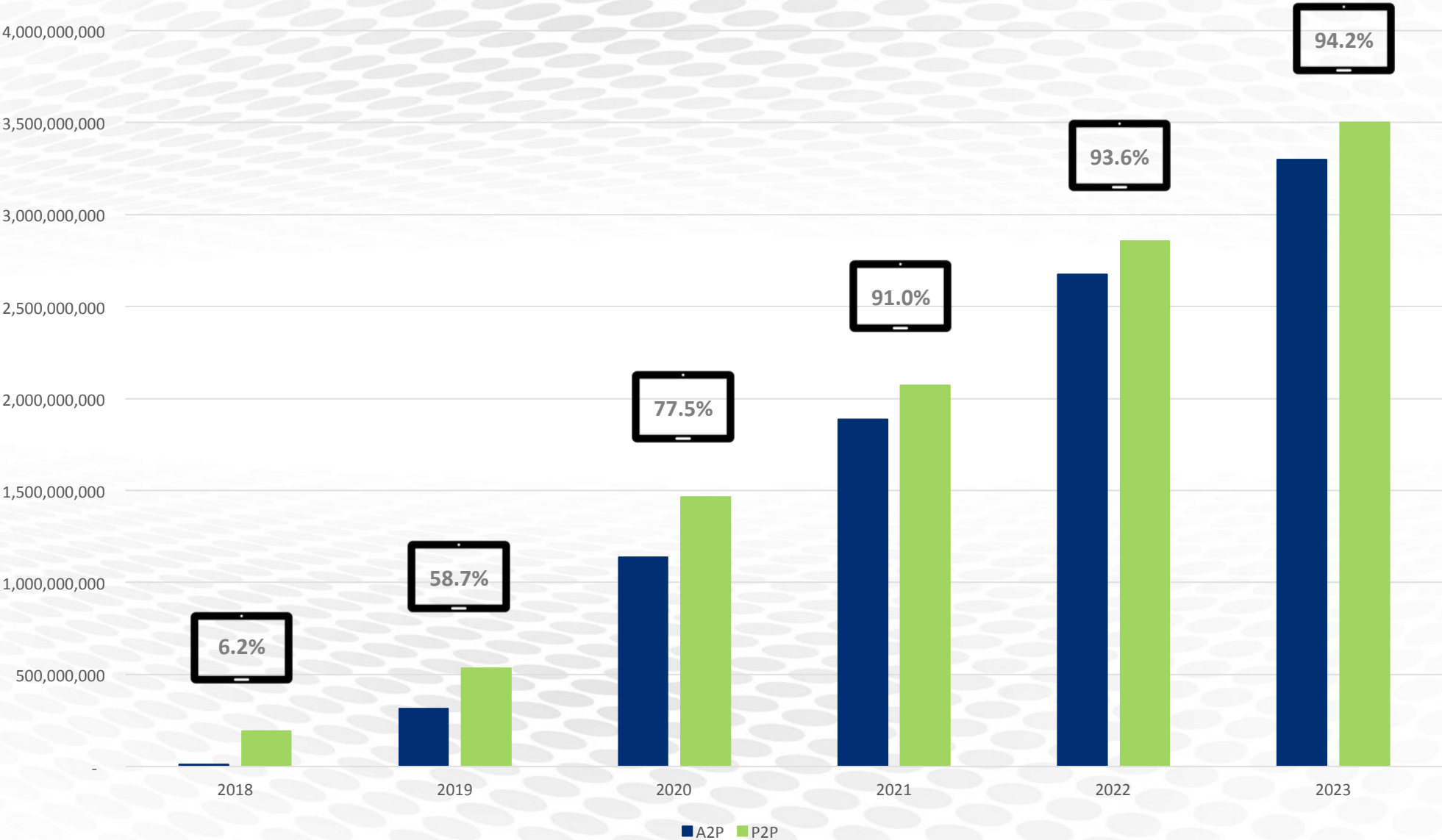


Mobilesquared update our RCS forecasts on a quarterly basis. These are based on on-going research, discussions and interviews with the RCS ecosystem. This presentation contains our latest forecasts, published June 2019. Our next update will be September 2019.



RCS to dominate rich messaging landscape, global

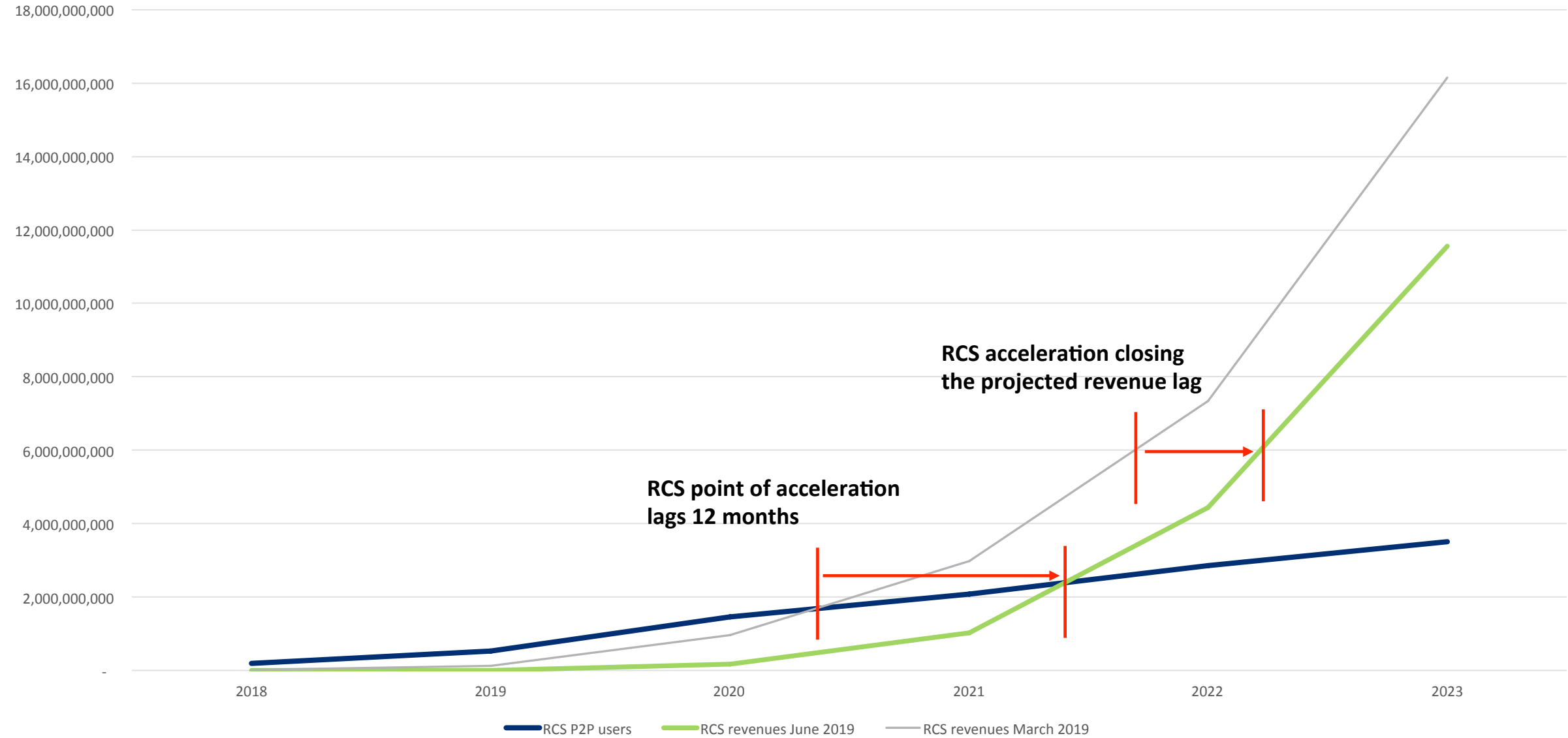
A2P USERS AS % OF TOTAL RCS USERS, 2018 - 2023



A2P users as %
of total RCS
users

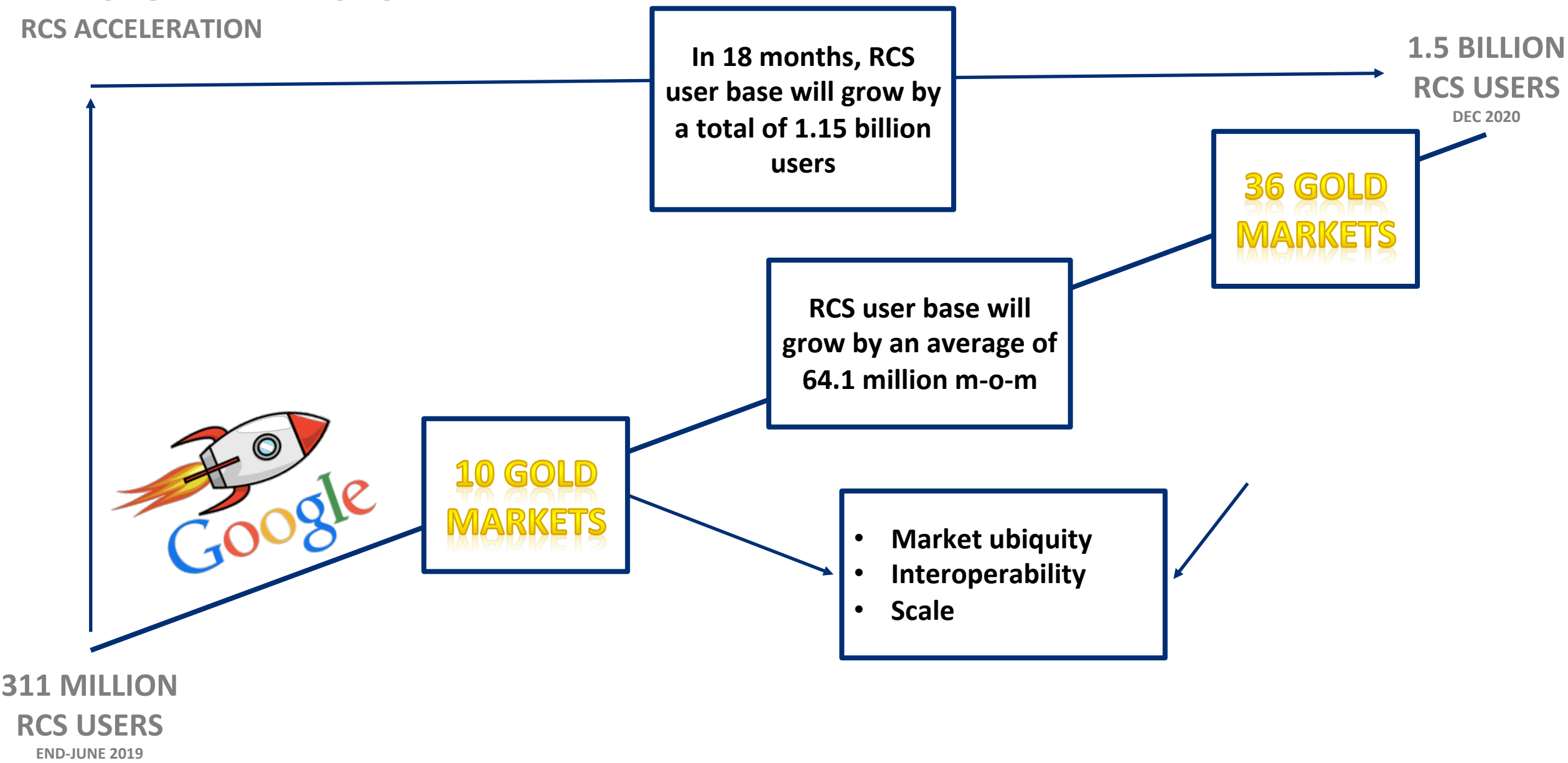
RCS users vs spend (US\$)

2 YEARS FROM THE HOCKEY STICK GROWTH



2H2019 – END 2020

RCS ACCELERATION



THE PATH TO RCS SUCCESS

THE BILLION X ECONOMY

SCALE

2020



- Scale is everything in the billion X economy.
- RCS achieves scale (1.5 billion) in 2020.

BRANDS

2021



- Brands now have scale, start to ramp up their investment in RCS.
- RCS migrates from experimental channel to mainstream.

REVENUES

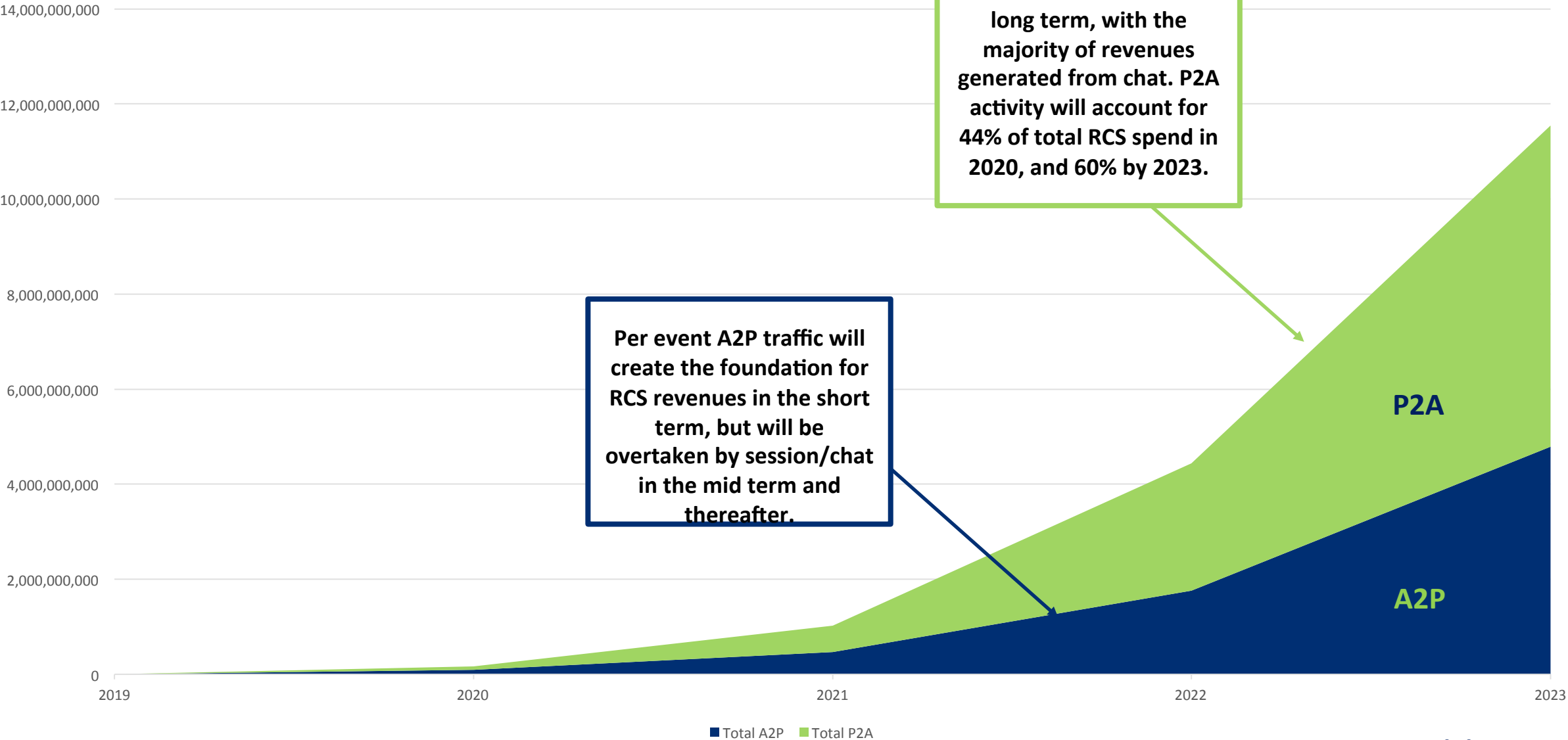
2022



- Brands increase spend.
- Exponential increase in brands using RCS.

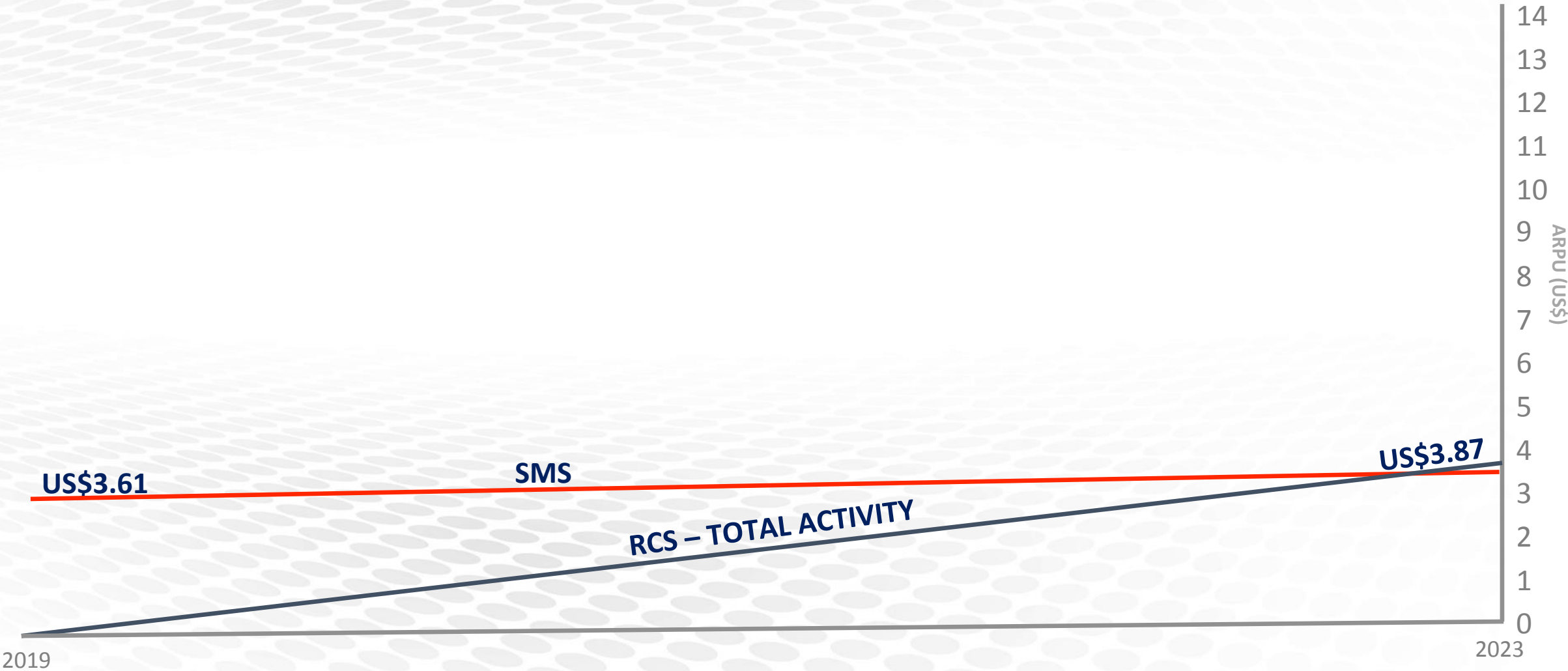
A2P vs P2A spend (US\$)

2 YEARS FROM THE HOCKEY STICK GROWTH



SMS / RCS ARPU comparison

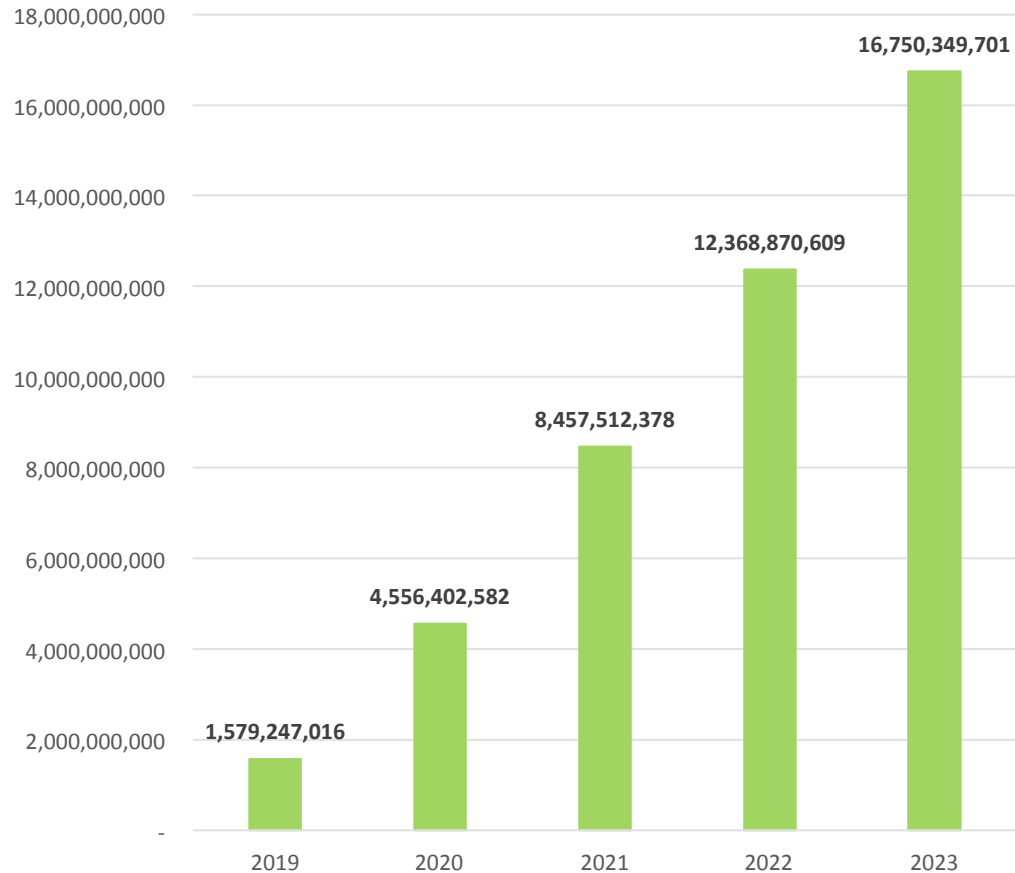
(Per annum)



Alternative business models #1

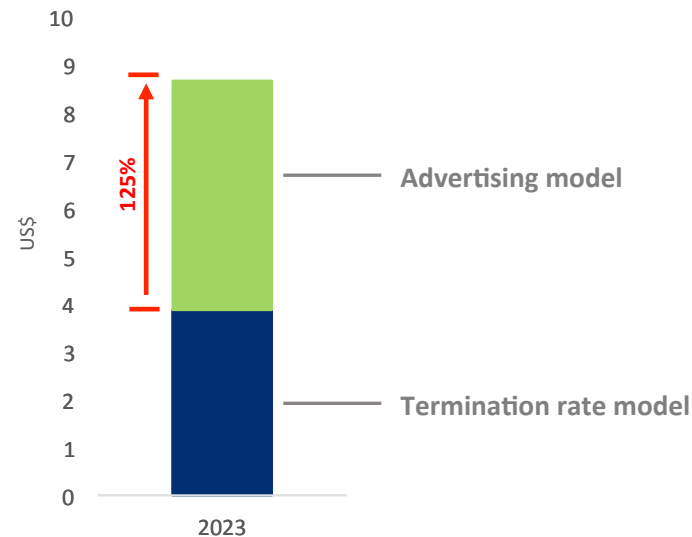
ADVERTISING – GENERATING REVENUES FROM A 3+ BILLION AUDIENCE (US\$)

Projected advertising spend on RCS



- Total global advertising expected to be worth US\$616 billion in 2019.
- Mobile advertising worth US\$165.7 billion in 2019.

ARPU



A 10% redistribution of mobile advertising spend onto RCS would potentially generate an ARPU uplift of 125%.

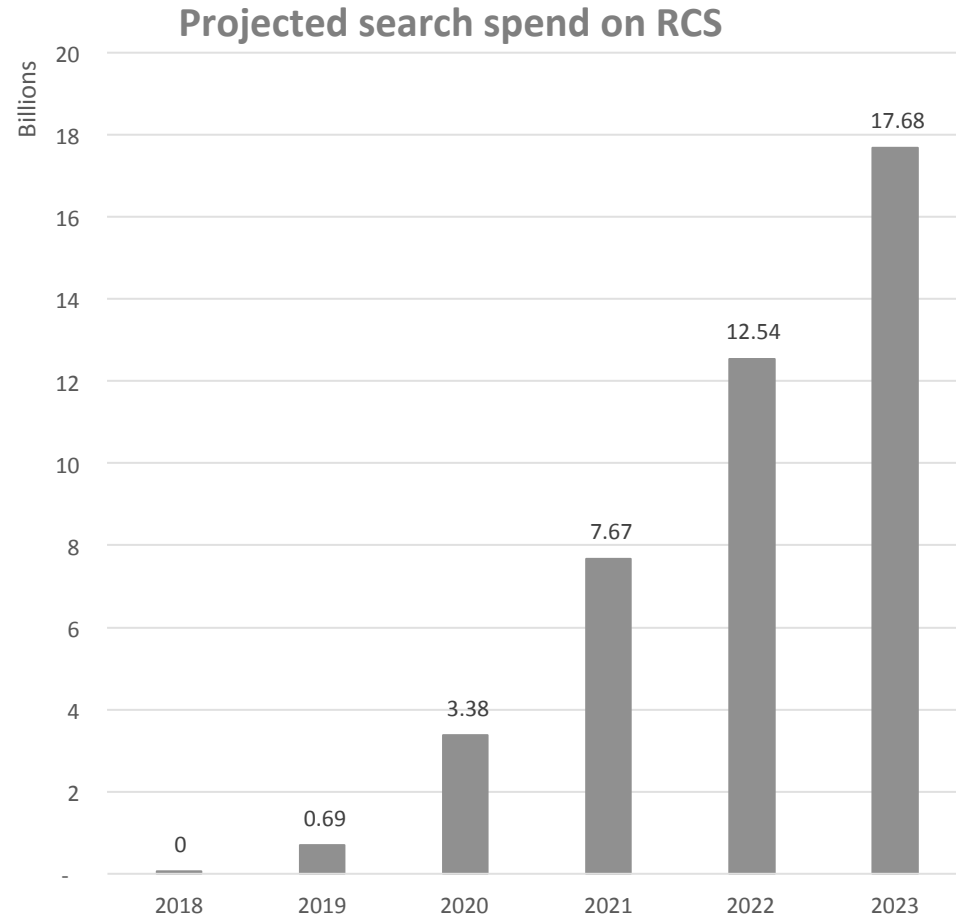
Advertising forecasts based on Kakao Talk's average ad spend per user (US\$4.13) applied to total P2P RCS users, with average ad spend per user increasing at 5% year-on-year.

Global advertising spend/mobile advertising spend source: WARC.

Nb Mobilesquared's actual forecasts on advertising & search will be published in 2H 2019.

Alternative business models #2

SEARCH
(US\$)

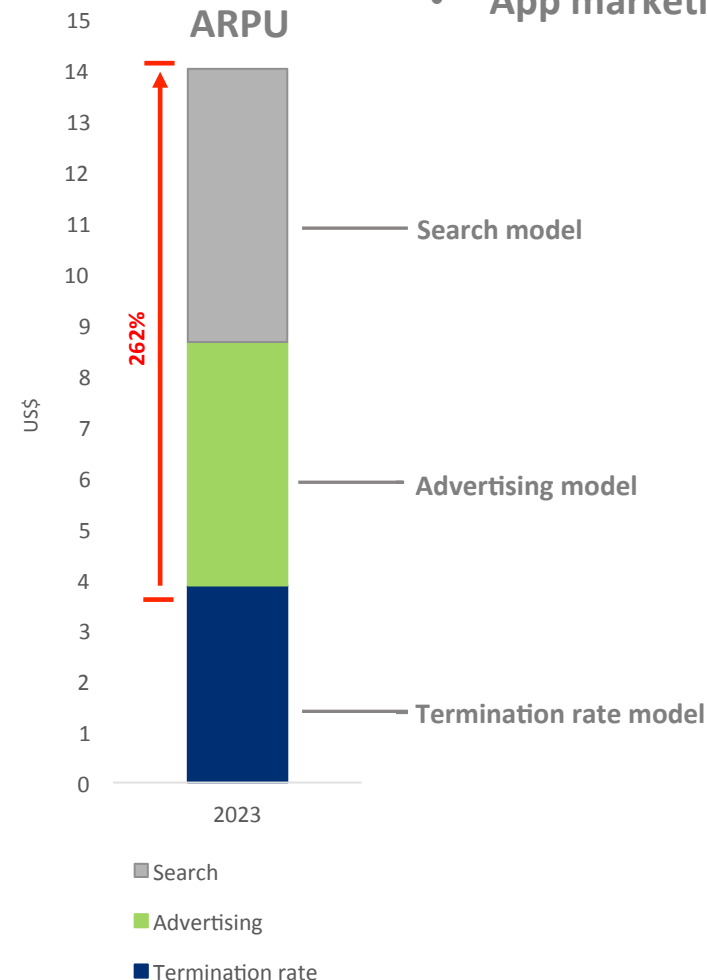


Search forecasts based on 5% of the total average spend on mobile search per user in the USA, applied to total RCS A2P user base.

Search forecasts source Zenith, app marketing forecasts source AppFlyer.

Nb Mobilesquared's actual forecasts on advertising & search will be published in 2H 2019.

- Total paid for search worth US\$109 billion
- App marketing/discovery spend US\$64.1 billion



A 10.2% redistribution of search/app marketing spend onto RCS could generate an ARPU uplift (compared to termination rate model only) of 139%.

Messaging + advertising + search = US\$45.6 billion RCS market opportunity!

Alternative business models #3

CUSTOMER CARE (US\$)

268,000,000,000 calls globally

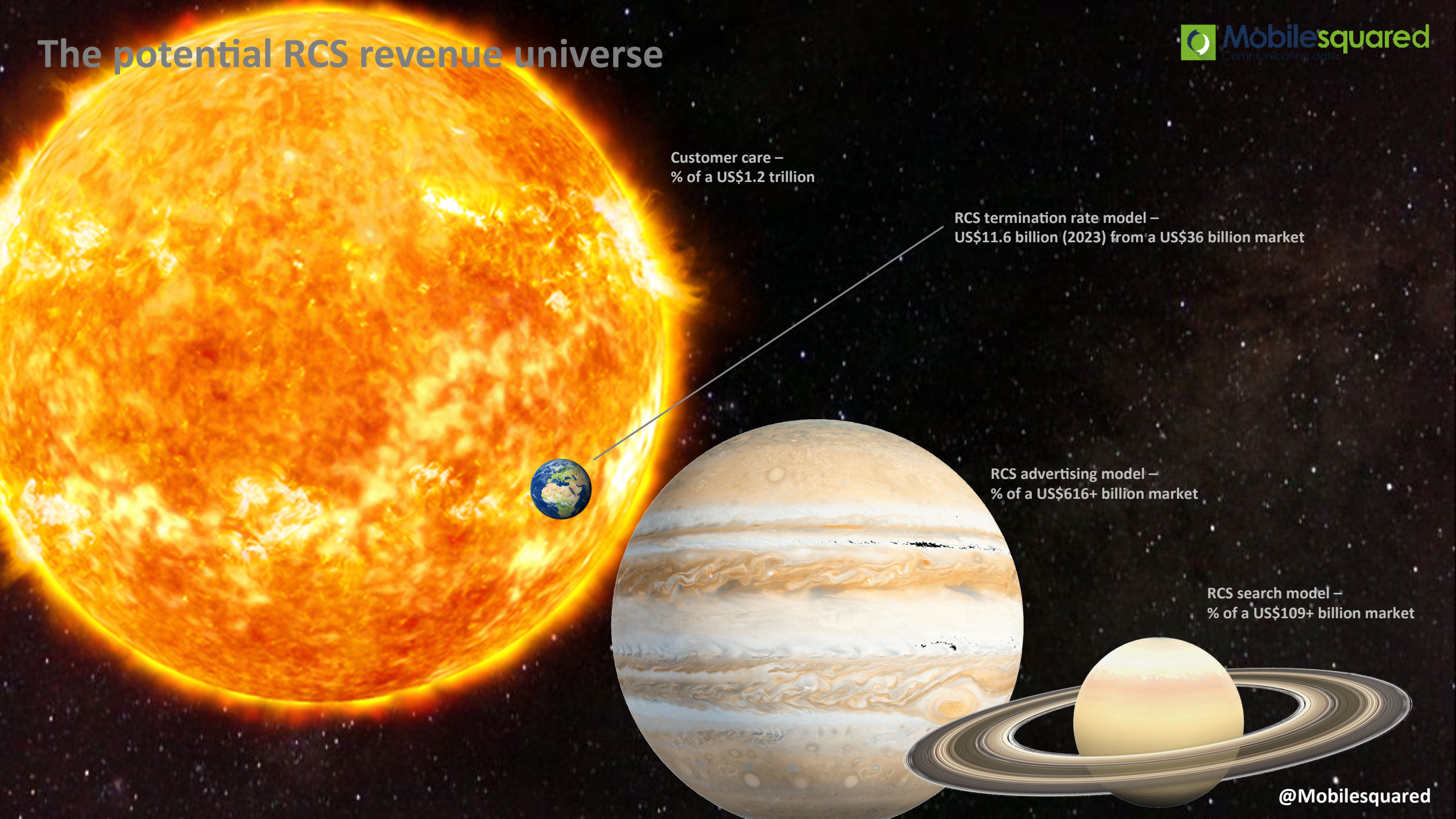
A 1% migration of customer care call spend (US\$12 billion) onto RCS would more than double the projected spend via termination rates/chat.

US\$1,200,000,000,000

to be spent globally on customer care calls in 2019

Average cost of a customer care call: US\$4.48

The potential RCS revenue universe



Customer care –
% of a US\$1.2 trillion

RCS termination rate model –
US\$11.6 billion (2023) from a US\$36 billion market

RCS advertising model –
% of a US\$616+ billion market

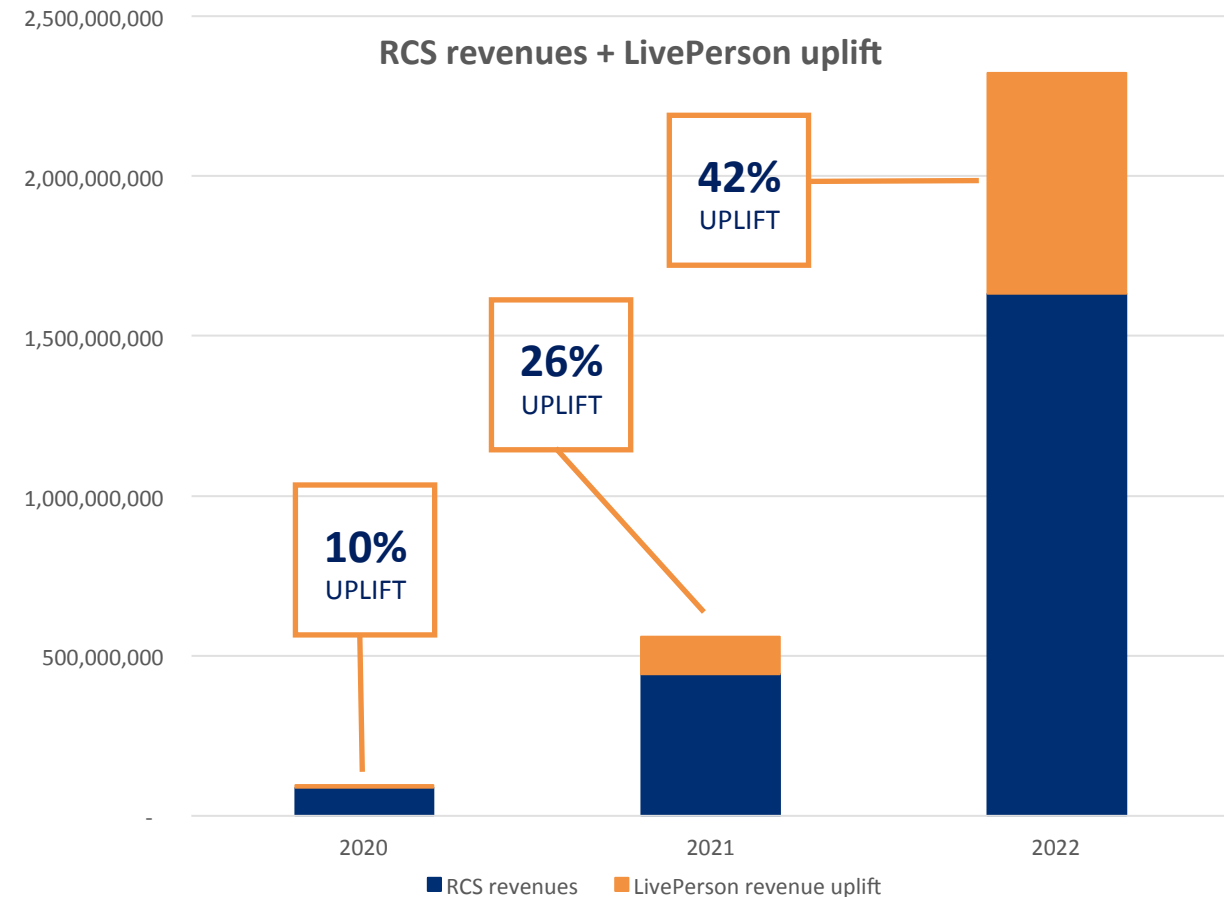
RCS search model –
% of a US\$109+ billion market

Alternative business models #3

CUSTOMER CARE (US\$)

- Impact of conversational commerce
- Applied a cost per conversation model to 47 markets
- Model based primarily on customer care evolving to promotion & marketing
- Revenues based on a 50:50 revenue share with mobile operators over RCS
- Forecasts based on conservative RCS user adoption + 50 brands in Y1, 200 brands Y2, 500 brands Y3.

Mobilesquared projects LivePerson's readymade RCS marketplace will generate revenues of US\$690.96 million for mobile operators by 2022.



Markets included: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, South Korea, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Romania, Russia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, Vietnam.

RCS total opportunity (US\$)



\$57.98 BILLION

Why make Mobilesquared your business messaging partner



RCS forecasts covering P2P/A2P launches, P2P/A2P users, Traffic, Income
Split by Mobile operator, Country, Region & OS.

Databook forecasts updated quarterly

Analyst Insight Reports quarterly

RCS MAU tracker (splitting out UP 1.0/UP2.0) for every live RCS market

Upcoming RCS research on impact of digital & search models on total income

We are business messaging specialists, and this is our publishing schedule for 2019:

- A2P SMS 3.0 (May)
- WhatsApp for Business (September)
- Apple's ABC (November)

CONTACT

databooks@mobilesquared.co.uk

+44 (0) 118 2149 777 / +44 (0) 7976 057 052

www.mobilesquared.co.uk/about-databooks/

