



Making Consumer Mobile Email Work

*Today's messaging environment
and how you can leverage it*

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I. The Email Arena in Numbers

Fixed-line email is as big as we thought

While it is common knowledge that email is the most popular internet-related service, a recent market study¹ provides insight into the degree of that popularity.

According to the study, there are 1.45 billion email boxes worldwide that handle up to 175 billion messages *daily*. Based on a global population estimate of 6.6 billion, that is almost 27 emails a day *for every person on earth*. The bad news is that up to 16 or 60% of those 27 messages are not from Mom, Dad, or the office; they come from spammers. However, the fact that one in five people on earth has an email inbox is amazing.

Also illuminating is the fact that consumer email represents up to 53% of all email traffic. Even assuming that consumers may have more than one account, while enterprise users generally have only one, this confirms that the consumer email market is an excellent revenue opportunity – something that many ISPs and providers alike have already figured.

Mobile email growing fast

We knew that fixed-line email was big; but what about mobile email?

As worldwide mobile data revenues break \$72 billion this year and are projected to reach \$163 billion by 2011², it is clear that subscribers are becoming more tech-savvy and comfortable using data applications on their mobile devices. But which data application tops the list of subscriber usage? In most studies, mobile email is significantly ahead of other services in popularity.

There is also a growing interest by mobile customers not yet using mobile email. One survey showed that over 21% of US subscribers are interested in receiving email on their mobile device³. Another survey⁴ places that number closer to 60% in some European segments.

Such overwhelming interest from potential subscribers, and the significant number of subscribers already using mobile email today – despite technological and usability obstacles to adoption (see below) - confirms what providers already knew. Mobile email is here to stay.

But, the question remains - how to best profit from this potential?

II. Enterprise Mobile Email – a Commodity?

Until today, providers have successfully concentrated their mobile email marketing efforts on the enterprise segment. However, now that the enterprise mobile email market is gaining traction, providers are reconsidering where to focus scarce marketing resources.

With over 13.5 million enterprise mobile email inboxes in 2006 (more than double the total in 2005), mobile inboxes still represent a mere 1.5% of existing enterprise inboxes. Taking into account over 6 million Blackberry devices were sold, and that smart phones accounted for only 10% of handset shipments in the first half of 2006⁵, it is clear that there is still room for significant growth in the enterprise segment.

However, it is also clear that the enterprise market is firmly entrenched on the radar of most providers and saturated with solutions and packages. Enterprise mobile email is not yet the commodity that voice has become but it has definitely moved into the mainstream in developed markets.

What is the lesson for providers? Maybe it's time to refocus efforts on the relatively untouched consumer segment.

III. Consumer Mobile Email - Untapped Potential

Analysts estimate that by 2011, consumer mobile email will account for 30% of the mobile email market.⁶ If there are a total of 2.4 billion mobile subscribers worldwide, 60% of whom may be interested in mobile email (see above), then the 30% translates to roughly *43.2 million potential customers for consumer mobile email worldwide*. Clearly, a segment this size cannot be ignored.

What is driving demand among these 43 million potential mobile email users? Market research (and common sense) point to a number of drivers which account for the surge of interest by consumers in mobile email; some are less obvious than others:

Consumer data habits

Revenues from consumer mobile data services are expected to top \$163 billion by 2011. Increasingly, average subscribers are being exposed to and using mobile data services like SMS, MMS and web. As adoption of data services grows, email adoption will naturally follow.

Impending slowing of SMS revenues

Analysts project a slowing of SMS revenues, rising only to \$82 billion in 2011 from \$64 billion currently⁷. The reasons for this include increased competition leading to lower prices, and limited SMS message sizes. As SMS revenues go down, mobile providers are likely to turn to other sources of consumer messaging revenue and email is first on the list.

Growth of mobile enterprise email

As discussed above, mobile enterprise email is growing rapidly. Consumers used to sending and receiving email on work handhelds are more likely to demand the service on their personal devices, becoming advocates for this service to friends and family. Also, as operators see more and more mobile email revenues from corporate clients, they will be motivated to see that revenue from consumer mobile email grow too.

Emerging standards supported on mass market devices

As more and more devices support emerging data synchronization standards like SyncML, LEMONADE, and P-IMAP, consumers purchasing these handsets are one step closer to adopting mobile email services. By way of example, it is estimated that the number of handsets shipped today with SyncML preinstalled already tops 75%⁸.

Mobilization of existing email accounts

Major web mail providers like Google (Gmail), Yahoo, and Hotmail continue to drive consumers toward mobile email adoption by offering streamlined mobile access to IMAP accounts, SMS notifications of incoming email, or downloadable email clients for mobile devices.

IV. Challenges to Growth

With so many reasons to grow, coupled with the obvious market potential, why has consumer mobile email not yet taken off? There are a number of key barriers to adoption and penetration, and there are also some highly-viable remedies:

1. PROBLEM: Complex setup and configuration

Unlike mobile enterprise email users, consumers have no IT department to setup and support mobile email. Email accounts today require changes to handset settings that average users are not willing and/or able to handle. Solutions that rely on Over the Air (OTA) configuration, or require free calls to a support center, or a visit to provider customer service locations will significantly hinder mass adoption.

REMEDY: Universal, out-of-the-box email support

There are a number of solutions that providers could pre-install and pre-configure. Experience with providers worldwide has shown that when an email solution is there, users will use it.

So whether providers choose email to SMS, email to MMS, email via WAP or via J2ME client to best reach the largest number of subscribers, the ideal solution would involve the user being able to access their email in the interface most comfortable for them.

2. PROBLEM: Poor user experience

Problematic user interfaces for existing mobile email clients, poor performance compared to PC-based email for users accustomed to broadband access speed, and lack of QWERTY keyboards on many handsets are some of the many issues hindering adoption of mobile email by consumers.

REMEDY: No compromise on usability

With today's technology, there is no reason to compromise on usability. Even with handset screen size impediments, slower data transfer rates, and lack of QWERTY keyboards on most devices, if providers can make a computer that grandma can use, they can offer a mobile email client that she can handle.

Realistic solutions are on hand. Understanding that for consumers, email is not yet a sufficient incentive to upgrade handsets, providers need to make a strategic decision to adopt only highly-usable solutions that work on *any existing handset*, 2.5G and up.

Consumer mobile email solutions should be for dummies. Features like one-click access to inboxes, one-click replies or forwards to email, SMS or MMS, should be available. Offline access to popular web mail account inboxes is another key feature, as well as support for popular attachments in any format, on any handset.

3. PROBLEM: Complex pricing models

Today's email pricing models are either based on data used (the most prevalent), a flat rate, bundle pricing, or per-message charge. Consumers are less likely to adopt unclear packages with open-ended pricing models, for fear of high and unexpected expenses. Existing data packages are structured for less cost-conscious and more "savvy" segments like enterprises. Consumer confusion over complex pricing schemes is a known barrier of entry for mobile data services and a real stumbling block for email adoption.

REMEDY: Pricing models that Mom can understand

To make pricing understandable and accessible for consumers, providers should adopt either a flat rate model, which is familiar from the fixed line Internet provider experience, or a bundle package, which would simply include a fixed number of emails per month. These strategies have already proven themselves in a number of providers worldwide, including SFR (France), Orange UK, and Hutchison 3.⁹

As a rule, consumer mobile email pricing strategy should reflect four guiding principles:

- **Cost predictability and control** – clearly predefined charges significantly increases service take-up
- **Simplicity** - it is better to price a clear unit that the customer can understand (like per message), than to price less tangible units (like KB of data)
- **No registration fee** - activation of service should be free, as registration fees are a major barrier for service take-up
- **Cross-service consistency** – to avoid confusion, sending an MMS/SMS-based email should be charged like sending a MMS or SMS

4. PROBLEM: If you build it, they might not come

Creating the technical infrastructure to provide easy-to-use mobile email and creating basic usage packages are important but not sufficient to guarantee revenues or ROI. What if you build it - but nobody comes to play?

REMEDY: Market to segments

As with any new service, to reach a critical mass of adopters, providers need to carefully and intelligently define their target segments.

In more traditional marketing terms - to sell more mobile email, providers need to sell the right flavor, in the right package, to the right person. To effectively market to an over-marketed subscriber base that is nonetheless thirsty for this service, operators should precisely target tailored service packages to numerous niches, garnering the critical mass of sales by conquering the market niche-by-niche.

V. Conclusion - Turning Potential into Revenue

Demand by consumers for mobile email is unquestionably on the rise. The primary barriers to adoption are surmountable especially since they are neither cultural nor technical.

It is clear that a strong and growing culture of mobile telephony exists alongside an established culture of fixed line email. However, the provider initiatives that will harness consumer interest, spark their imagination, and sooth their fears about costs, are missing.

In light of market research findings and practical experience worldwide, it seems clear that the overriding key to capturing consumer mobile email market-share is to *make mobile email consumer friendly*.

The trick will be to address known barriers to adoption head-on. Savvy providers will tailor consumer packages to specific consumer segments, create simple and clear pricing models, and specifically target mobile (for the mass market) email solutions that can be used with ease on any handset.

What AOL did for fixed-line Internet access, providers should aspire to do for mobile email. Only by making mobile email accessible to the largest possible group of customers can providers truly make mobile email work. By choosing proven, viable mobile email solutions that are built for the consumer market from the ground up, adopting clear pricing models, and marketing to clearly-defined niches can providers ensure that consumer mobile email lives up to its revenue potential.

¹ "Mobile Consumer Email" – copyright 2006, Visiongain

² Ibid – see note 1

³ Critical Path, as quoted in "Mobile Consumer Email" – copyright 2006, Visiongain

⁴ Yankee Group – copyright 2005

⁵ Ibid – see note 1

⁶ Ibid – see note 1

⁷ Ibid – see note 1

⁸ Ibid – see note 1

⁹ Ibid – see note 1