

Next messaging

Every day people send billions of text messages. It's a huge business. So wouldn't it make sense to enhance messages with rich media? **Tim Green** talks to the companies that think so...

As much as we love mobile content here at ME, we have to admit that when it comes to data services, messaging still rules. In 2008 Informa said 3.5 trillion SMS messages were sent globally, generating \$89 billion. And even MMS – perceived to be the sickly sibling of SMS – is expected to generate \$31 billion in 2009.

Impressive numbers. But all is not rosy in messaging. Although new subscribers in emerging markets are driving overall numbers up – and commercial use of SMS keeps rising – there's a downwards pressure on revenue-per-message-sent thanks to price competition and bundles in mature regions. To compound this, SMS finally has some competition from instant messaging within social media sites and VoIP clients.

Aram Krol, director of product marketing (messaging) at Acision, says operators are addressing this: "Yes, volumes are rising, but revenue per message isn't. This is why operators are now looking at new markets – from enterprise messaging to ads to fixed-mobile convergence, personalisation and rich media."

It's in the latter area that some of the most intriguing ideas are being explored, with some innovative companies trying to breathe new life into the space. Actually, they've been trying for years, but only now is the market starting to pick up.

An indication of this came when Fun Text was acquired by MobiSpine last month. Fun Text has been hammering away at its 'emotional messaging' concept for years, teaming with operators and handset firms to



give consumers the option to super-power their messages with avatars, greetings, backgrounds and so on. It's had limited success, but now with MobiSpine's support (and that of strategic partner Acision), it's hopeful of breaking into the mainstream.

The company admits that the main barrier to enhanced messaging is the need to download the app. When the client is pre-loaded into the handset, volumes soar, as Fun Text has found from its trial with 3UK. James Pycok, director of business development at Fun Text, says: "You can't expect people to download and install a client, but we know that when it's pre-loaded people will use it. And the merger with MobiSpine will help us scale."

Fun Text's close competitor Sharpcards has been through the same pain. It started life selling e-greetings and soon realised mobile would be a more natural home for its offerings. This led to a spell on operator decks. But this was never the right setting, says CEO Will Walsh: "Decks are for content, not messaging. So we did okay because we had lots of licensed partners and we were selling wallpapers. But we always felt that there could be a huge market for mobile greetings. After all, there's no education process needed – everyone gets it. You've just got to get the app in people's hands."

Sharpcards is now trialling with Orange on selected Sony Ericsson

phones, with a T-Mobile/Samsung combo and various 3 Sweden and Telenor devices. It's seen dramatic results. "Ten per cent of people click on the enhanced messaging option, and of them, 25 per cent send a message. That's huge," says Walsh.

Of course, operators can decide how to price these messages, but whether charging a premium or using them as a catalyst for more messaging activity, everybody wins. And this includes the brands (Sharpcards works with Disney, Purple Ronnie and all the usual suspects) that can attach their IP to a valued and non-intrusive form of communication.

This form of enhanced messaging may also be helping operators to



Main pic: Messaging is evolving

Right – top to bottom:
Acision's Aram Krol;
Comverse's Gabriel Racah;
Sharpcards' Will Walsh



monetise – rather than compete against – social networks. In February, for example, Fun Text launched a platform to enable users to send content from within Facebook to mobiles using MMS. This simultaneously gives operators a branded presence on the service, and a chance to monetise some of the billion items exchanged a week by its users.

Elsewhere, operators are seeking to embrace IM rather than fight against it. They're working with companies like Miyowa to pre-load IM clients that integrate into the native address book. Miyowa now has 25 operator partners worldwide. Meanwhile, the firms formerly identified with ringtones and other D2C standbys –

Zed, Buongiorno – are experimenting with multi-purpose clients that let users share content, chat and message for a monthly subscription.

But the most significant development in the space may be the GSMA's Rich Communication Suite – an initiative to standardise enhanced messaging standards (see box). Major infrastructure firms like Comverse, Tekelec and Movius are working with the GSMA on this, creating platforms that let operators add their own layers of differentiation. Gabriel Racah, Comverse's director of messaging marketing, says: "The ubiquity and access of SMS is not easy to replicate, so operators have a real advantage providing they can make it richer."

Speaking Zlang

For the millions who can't read – and the many who can but prefer emoticons – Israeli company Zlango has developed an intriguing new means of communicating by mobile. Zlango's system uses 'universal' symbols to replace speech – and it claims to have over one million users in 12 countries.



GSMA's Suite deal

If you accept that interoperability and a pre-loaded client are the essential pre-requisites of a successful enhanced messaging system, then there's only one body capable of pushing them through. Step forward the GSM Association.

It's been developing the Rich Communication Suite (RCS) specifications for years, working with over 60 operators, OEMs and tech companies to 'unleash' the user's phone book in one click, and enable the sharing of rich content, buddy lists, presence capability (that includes taglines and status) and more.

RCS is a clear attempt to wrest back some initiative from IM and social media messaging. "RCS bases everything around the



phone book," says the GSMA's Graham Trickey. "While there is a lot of interest in communities and social networking, our own personal community is hidden away in our address book."

RCS is already being implemented in South Korea by all three operators, and trials are underway in many other territories.

Motion's Bubbling over

For all the obsession with rich media, voice reigns supreme across the world's mobile networks. This might explain why Bubble Motion keeps raising VC funds (\$30m in four rounds to date). Bubble Motion makes it possible to send voice clips as a message, thereby opening the market for non-literate users and an intriguing option for brands.

The firm claims its platform has sent over one billion messages to date. According to the firm's CEO Clayton, there are three main user groups. "First are the teens and tweens, then there are young

adults and finally the older groups who are uncertain how to use text messaging, but understand this." He explains that some users have also created a trend for sending saucy voice clips, inevitably termed Bubble Sex.

Although the company's biggest market by miles is India, Clayton is confident the viral effect of Bubble Motion will see it proliferate. He says: "Messages can be received by users on any network, but you can't reply without the client – and this invariably leads to a demand from new users."