



The future of mobile Internet: service challenges and operator positioning

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Key Messages

Mobile Internet usage is improving with the arrival of flat-rate data tariffs, phones better equipped to support browsing and rich content, and operators adopting a more open market model. These are all positive developments but the issue going forward is how the mobile Internet business model will evolve. Will it go the way of the fixed Internet and be dominated by advertising and free services, with operators reduced to providers of commoditised access? In this report we provide a guide on how to get the service and advertising revenue balance right and a view of how operator positioning will evolve as a consequence.

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- What has changed?

Mobile broadband improves the user experience

Growth in device types better able to support mobile Internet services

A shift in consumer usage behaviour

Mobile Internet access allows operators to broaden the content offering and facilitates access to niche and long tail content

- From closed portal to open mobile Internet

The changing role of the operator

- Evolution of the mobile Internet business model

- Lessons from the fixed Internet

- Will mobile Internet follow the same business model as the fixed Internet?

- Operators do not have to be dumb pipes – unless they are stupid

- Commodity mobile broadband ISPs?

The operator as intelligent facilitator

Industry comment: Valista

- Core B2B enabling services

Billing: operator bargaining power currently high but under threat

Revenue leakage is still a problem

Location, presence and subscriber data: operators have high bargaining power

Wholesale data: mobile operator bargaining power high

Industry view: MBlox

Groove, SonyBMG and Vodafone pave the way for a new model?

Other: quality of service

- Life after access: where will mobile Internet service revenue growth come from?

Communications services are core

Utility-type services have potential

Look at ways to enable m-commerce

The content service crunch

- Balancing the paid-for versus advertising-supported service mix
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 - Mass market, free
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