

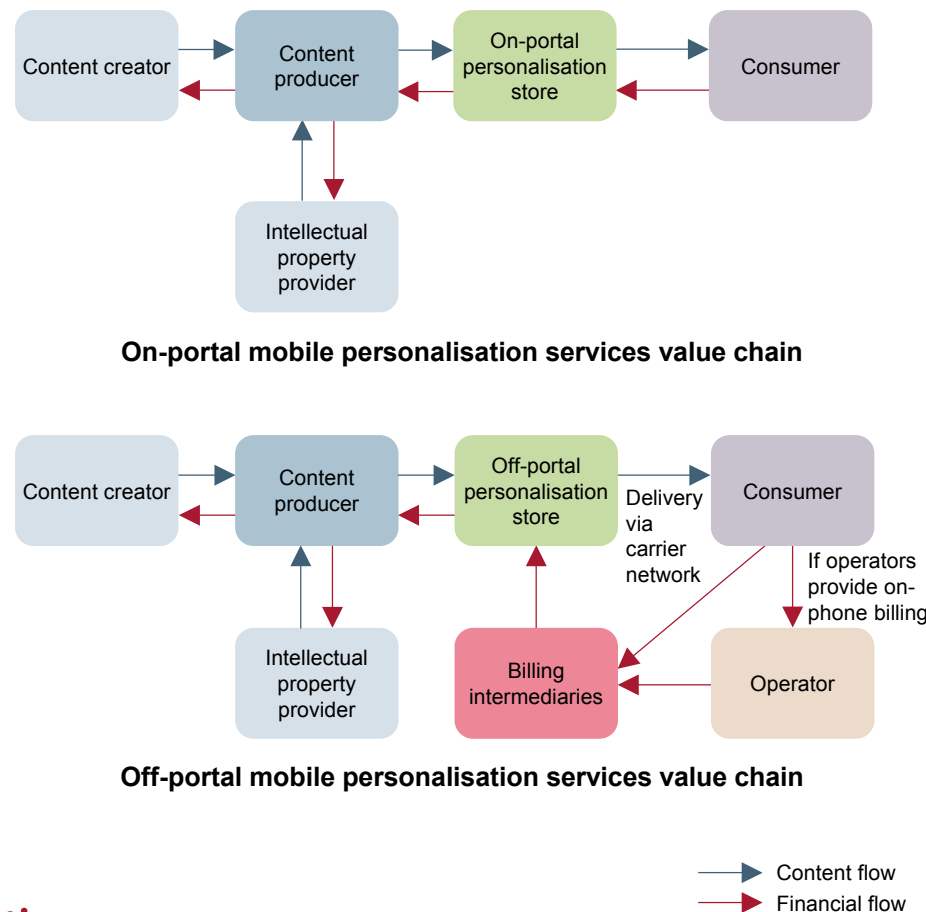
HSPA deployments, which enable faster access to MME services, are advancing rapidly in Western Europe

- The rapid deployment of HSPA networks in Western Europe is enabling faster access to MME services.
 - Most mobile network operators in Western Europe launched commercial HSDPA services in 2006. HSDPA can provide download speeds of up to 14.4Mbit/s.
 - Operators are also considering trials of HSPA+, which can offer download speeds of up to 28Mbit/s.
- UMTS/HSPA-enabled multimedia handsets, which enable users to exploit the potential of the enhanced network technology, are becoming more widely available.
 - UMTS handset users accounted for the majority of net additions for the first time in 2007, and accounted for 20% of total mobile subscribers in Western Europe at the end of that year.
 - According to the GSA, 637 HSPA-enabled devices had been launched commercially by March 2008.²
- UMTS/HSPA's market development is having a positive effect on the user experience of MME services.
 - Users are starting to adopt mobile broadband services. Definitive statistics are scarce, but interviews with operators and manufacturers suggest that UMTS/HSPA-enabled USB sticks (which are also known as 'dongles') are selling well in the UK market. Anecdotal evidence suggests that dongles account for about 90% of non-messaging data revenue for some Western European operators.
 - HSDPA networks provide much faster access to the Internet. Access to mobile portals via a GPRS network can take 30–40 seconds, while an HSDPA network provides access in less than 10 seconds.

² Global mobile Suppliers Association (Sawbridgeworth, UK, 2008), *GSA Survey Confirms 637 HSPA Devices Launched and 150% Annual Growth*. Available at http://www.gsacom.com/news/gsa_244.

Off-portal provision of personalisation services is more widespread than off-portal provision of other services

Figure 2: The on-portal and off-portal mobile personalisation services value chains in Western Europe [Source: Analysys Mason, 2008]



- Operators tend to offer a wide range of ringtones and graphics via their portals.
- Off-portal provision of personalisation content is much more widespread than off-portal provision of other MME services because of the market’s maturity and the relative simplicity of delivering basic personalisation content to the end user. In most cases, personalisation content is purchased and delivered via premium-rate SMS messages.
- Several off-portal content aggregators (such as Jamster) have been very successful in the personalisation market.
- Operators have maintained a significant role in the off-portal market by offering on-phone billing services, which enable them to retain about 20% of content revenue. If consumers opt for non-phone billing mechanisms (such as credit card payments), operators will only obtain traffic revenue from the transactions.

Mobile social networking service providers are exploring a variety of revenue models

Table 13: Revenue models for mobile social networking services [Source: Analysys Mason, 2008]

Revenue model	Description and comments	Examples
Advertising-funded	<ul style="list-style-type: none"> • Advertisers pay social networking sites by buying their advertising inventories. • Social networking services depend more heavily on advertising funding than other MME services, but they are unlikely to attract sufficient advertising revenue in the short term because their user bases continue to be small. 	YouTube introduced rich-media adverts on its videos (on the bottom 20% of the video image) in August 2007.
Subscription-based	<ul style="list-style-type: none"> • Subscribers pay a monthly subscription to access social networking sites. • This revenue model is common, but its viability is questionable because users are accustomed to free online social networking services. 	MySpace users pay GBP1.50 (EUR1.96) per month to access MySpace via Vodafone's live! portal.
UGC initiative	<ul style="list-style-type: none"> • Users generate original content and bear the cost of uploading it to social networking sites, but take a percentage of revenue if their content is sold. • This model can be very sustainable because it provides an incentive for end users, but content charges must remain low to stimulate downloads. 	For Hutchison 3G's SeeMeTV, content creators receive 10% of content revenue for their video clips.
Transaction-based	<ul style="list-style-type: none"> • Social networking sites sell digital goods promoted by 'viral' marketing. • Cyworld proved to be hugely successful in South Korea, but the content will have to be appealing enough to encourage purchases. 	SK Telecom's Cyworld uses viral marketing to encourage its subscribers to purchase digital goods such as ringtones and virtual furniture.