

Mobile India Ten Predictions for 2009

MADANMOHAN RAO

Despite the global economic downturn, India's economy in 2009 will grow at 7% (though that is less than the 9% rate of the previous years) - and the media and mobile sector will be major growth areas, according to industry analysts.

They were speaking at the annual Indus Entrepreneurship Summit (www.TiEsummit.org), one of India's best annual events for the world of innovation and startups. Held in Bangalore this past December, it drew speakers and attendees from dozens of countries, debating everything from new media and government regulations to mentoring and venture capital dynamics.

Here is what's in store for India's mobile sector:

1. Mobile subscriber growth will continue at current rates (6-8 million new users per month), and 80% of this growth will be in rural India and smaller towns. "The growth will happen more along the highways of rural India than in the hallways of urban India," said Mohit Bhatnagar, operating partner, Sequoia Capital India.

The mobile channel will be a

key multiplier for economic activities, and will be felt even more so in rural areas, according to Rakesh Singh, COO, Spice Communication. Pricing will be an important consideration: the comparable pricing point for a mobile phone in rural areas is the cost of a bicycle. Mobile entertainment is also the only form of media entertainment in many rural areas, which are out of reach of FM radio station coverage.

Tipping points along India's mobile journey have been the operator move to allow free incoming calls; India's voice usage by subscribers is higher than in many other countries. Mobile voice services can open access to knowledgeable people which is very important for subscribers in remote rural areas, said Mouli Raman, CTO and Co-founder, OnMobile.

2. Many Indian IT and services company have focused on the export market, but the domestic mobile market itself has huge opportunities on offer. "We were spun off from Infosys to focus on the mobile market and initially targeted global customers - but after 2002 we concentrated on the domestic mobile market," said Mouli Raman of OnMobile, which now has all

Indian mobile operators as its customers.

The company offers everything from interactive voice services to integrated marketing, and after its success in India it is now expanding its focus to the rest of the Asia-Pacific market as well.

3. Mobile content will be a strong draw (especially entertainment like Bollywood and cricket), but content providers will have to work hard to find workable business models. Hence the real action will be in mobile applications.

Rahul Pandey, CEO, Mobile18, said his company has made significant progress with SMS and mobile Internet content from their media properties IBN Live, MoneyControl and CricketNext, with a mix of infotainment and transactional services.

For many users, their mobile phone is the only computing device they will ever have, hence the importance of mobile applications, Raman observed. An important lesson is that these services have to be very easy to use, to ensure rapid adoption and viral marketing effects. Mobile search is becoming important, starting off with music and expanding to other areas.

"Ten years ago, we bet on SMS, and sold our company Unimobile to Verisign. Mobile Internet is the next wave."

Serial entrepreneur Rajesh Reddy, Co-Founder & CEO, July Systems

4. New growth will favour incumbent operators, and not the new operators who have been awarded licenses to offer mobile services. The new operators will find the going to be very tough, Bhatnagar predicts.

5. 3G services have been launched in India, but will not gain much traction in 2009 other than voice services. "Boring but efficient voice, and perhaps Internet browsing, will be the draw in 2009," says Bhatnagar.

6. The combination of interactive medium, more gateways and feasible monetisation models will make the mobile Internet a ripe medium in India. "Ten years ago, we bet on SMS, and sold our company Unimobile to Verisign. Mobile Internet is the next wave," said serial entrepreneur Rajesh Reddy, Co-Founder & CEO, July Systems.

This will open up a whole market with its entirely new experience, he predicted. The combination of simplified experiences, local language services and mass market growth is key for success, and the pieces are falling into place.

7. The time for mobile advertising and mobile payment services has come, though the business models will need hard work to elicit success. Mobile ads will help make mobile content free, said Reddy. Mobile advertising through voice, SMS and other data channels will exceed the Web ad market in three years.

8. The "green factor" will become a major consideration, as operators struggle with the inadequate power infrastructure in rural areas. Designs with efficient base stations and less power will be a premium.

9. Mobile location and navigational services will do well, given India's chaotic road networks and addressing system.

Yahoo has worked on services that enable navigation by landmarks rather than navigation by street names, given the fact that most Indian streets do not have name boards, joked Chintan Mehta, Director India Incubation "Cellar" Yahoo!

TV 18, parent company of Mobile 18, has acquired a controlling stake in Infomedia India, a publisher of business directories, said Pandey. IndiaCom Directories, another major publisher of print and online business information, has also formed tie-ups with Google for locator services.

10. Mobile number portability was much touted recently, but will not implemented for at least a few more years.

Other trends to watch in India's wireless industry are mobile utility services in verticals like healthcare and education, and the growth of WiMax. In sum, the mobile growth in India will continue to be a success story in the Asia Pacific markets.

Madanmohan Rao is the editor of "The Asia-Pacific Internet Handbook" and can be reached at madan@techsparks.com

The Internet to the 21st century is what electricity was to the 20th

R. SIVAKUMAR

Internet is the gateway to individual as well as National knowledge, entertainment, services, well-being, opportunity and ultimately socio-economic growth. Further, pervasive broadband is imperative to effective Internet access, given the overall evolution of the web and its contents.

As India makes significant economic strides, the Internet is fast emerging as a defining step in education, communication, business and entertainment. The Internet usage in India is growing at a rapid pace. The future is here, yet unevenly distributed. The paradox is that we make up one-fifth of the world's population but only a fraction of the people are connected to the Internet. Only when we provide access to the shepherd in Nagaland or the truck driver in Rajasthan will it be a turning point in human experience. I would like to bring forth a brief overview on how the Broadband acceleration drives economic growth and can be a game changer.

Impact of broadband on Indian economy: Broadband has the potential to deliver \$180 billion output growth over 10 years, i.e., \$18 billion per year. Currently, the over-

all growth potential in National Output (Present Value of estimated additional growth in the 2010 - 2020 period) due to ubiquitous broadband deployment in India is approximately USD 90 billion. This includes:

- >> The Labour productivity improvement of existing workforce at approximately USD 49 billion.
- >> Output growth due to e-literacy programs in secondary schools at approximately USD 14 billion.
- >> Output growth due to e-education in vocational / higher secondary schools at approximately USD 27 billion.

National Employment Opportunity Creation by 2020

Through increase in employment of rural youth and improvement in labour participation of urban women through tele-working and distributed computing, there will be 59 million full time equivalents (approx. 68 million peo-

Broadband could boost economies in much the same way as railways and highways did in previous eras

ple including part-time teleworkers)

Broadband as a new Industry by 2020

Based on various estimation, Broadband will grow to a \$25 billion industry and create 68 million additional jobs.

Education

Improved accessibility, flexibility and quality of education can be made available for all 100% connected villages through virtual primary, secondary, adult literacy and distance education programmes through the village kiosks.

Health

Real time professional medical attention / care can be made available for all, as every village broadband kiosk can act as a tele-medicine center

Governance and citizen empowerment

Real time interface between every citizen and the relevant Government agency can be a reality: a virtual single window service can now be made available to citizens.

In short, broadband could boost economies in much the same way as railways and highways did in previous eras.