

VAS Implementation in Russia

Trends and Cases – growing ARPU and subscribers' loyalty

Telecom Design at a Glance

Telecom Design helps its customers to grow revenues and to enable new value added services delivery by developing and implementing innovative communication products and solutions.

Using top industrial communications platforms as a technology backbone, Telecom Design offers vertical business solutions for Telecom, Banking and Finance and Government sectors.

- Key market: Telecommunications (mobile; fixed line) 60% sales FY2006
- Established: 1999, Headquartered in St. Petersburg, Russia
- Key telco customers: Megafon, companies of “SviazInvest”, Rostelecom (MMT), Vimpelcom (Beeline), UralSviazInform

VAS market: what about voice services?

- Voice and messaging are the bulk of mobile revenues (user-generated, familiar and convenient);
- VAS revenues accounting for 15% in 2007(F):
 - market is almost saturated with basic personalization services;
 - no real growth is foreseen in SMS-based services;
 - demand for mobile TV is limited at the moment;
- Growth in Voice, WAP, GPRS-Internet, but no “killer app” (video calls?)

A Business Case for “Total Voice Mail”

- What is TVM? A call completion solution, combining naturally complement services: voice mail, “who called me?” and notifications
- Provided for free to all subscribers
- Evident revenue sources - recording\playback of voice messages and calling back
- TVM allows for 10% ARPU increase: 60-70% penetration level, up to 15% of active users (comparing to regular 5%)

A Takeaway

- Messaging will continue to be a ‘killer application’, but its form will change and evolve over time
- Careful revision of revenue sources could leverage the existing infrastructure and user experiences – a dramatic improve of ARPU along with subscribers loyalty
- Keep it simple. Wise investments secure the future revenues:
 - With its penetration level, TVM provides an ubiquitous platform for new VAS (e.g. voice messaging, podcasts)
 - TVM could be expanded to the FM convergent network

Thank You for Your Attention!

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