

Indian Magazine Congress – Keynote on Monday, Sep 22, 4:30 pm

Topic Given: Mobile Platform: Optimising the Content Revenue Streams

[SLIDE 1]

Hello. I am Rajesh Jain, Managing Director of Netcore Solutions.

We as media owners are in the business of fulfilling wishes of both our subscribers and advertisers, and there is perhaps no better channel than the one that the mobile now offers to make dreams come true.

With over 300 million **magic lamps** in the hands of Indians – and going to 500 million in the next 2 years, the new media on mobiles beckons. We will have little choice but to embrace it – because our readers already have! The question really is: how can we do magic with mobiles? And that is what I am here to share with you today.

[PAUSE]

Indian media is growing leaps and bounds in India, but as we shall see, it does not take much time for eyeballs and advertising dollars to switch. Look at Internet advertising, which went from about \$1 billion to \$50 billion in 8 years. If someone had told you in 2000 that the Internet search box would see the creation of a company with \$25 billion in revenue – more than then top 10 US newspapers combined – and \$120 billion in market cap, it would have sounded almost impossible. So, things can change – and change quickly.

India has, for all practical purposes, missed the Internet boat. The Net has not become a utility in our lives because something else has. The mobile has become our lifeline. It is the way we connect, communicate, share and increasingly, surf. The audience is there on the mobile. And as you are so well aware, advertising dollars follow the audience. And the mobile is where the audience today is.

In the next 20 minutes, I want to take you on a journey through the magical world of mobiles, and present ideas you can greenlight in your organisations once you are back.

Let me start by telling you my own little story.

[SLIDE 2]

Over the past 16 years as an entrepreneur in the digital space, I have been involved in the creation of India's first Internet portals in IndiaWorld and now India's largest direct-to-consumer mobile media in Netcore.

Besides running Netcore with a seasoned management team, I have also made personal investments of over \$15 million in many companies to help put together the building blocks for tomorrow's digital world. These are companies, which I hope will build out the future first in India and then go global.

[SLIDE 3]

In the past two years, by using the power of SMS, Push and Permission, my company, Netcore Solutions, has built MyToday into India's only mobile media. To subscribe to any of our 50+ SMS channels – ranging from News to Cricket, from Health Tips to Beauty Tips, from Jokes to the best movies to watch on TV tonight – people just have to send a single SMS. It could not be easier.

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Here are some figures that will speak to how HUGE the potential is.

- Our free SMS subscription service, MyToday Dailies, has grown to 3.7 million subscribers in less than 2 years – all via word-of-mouth. We continue to add thousands of new subscribers daily.
- We send 12 million SMS everyday – accounting for 4% of India's SMS traffic.

The daily SMS we send has become a habit for MILLIONS of people. The right-of-way we have because of that habit we created can now be monetised in various ways: from ads to leads, from paid channels to transactions.

We recently had Nielsen survey over 2,000 subscribers of MyToday. Here are some amazing statistics. The average age of the subscriber base is 25 years. 75%

of the 3.7 million subscriber base is less than 30 years. Nearly 80% belong to SEC A and B.

75% of the subscribers read every SMS that they receive. For the vast majority, MyToday has become the primary source of receiving news and information.

40% of subscribers read all ads, and 30% of them have taken action on the ads that they have seen. No other medium comes close to generating awareness or response as SMS ads tagged to targeted content that subscribers want to read.

In the past one year, we have worked with over 120 advertisers in the past year who have run more than 200 campaigns to showcase what's possible and deliver results.

In short, MyToday has created Media on Mobile in India. We have created a successful model by focusing on building right-of-way to the mass market. We have done this via compelling mobile services that are free and go direct-to-consumer.

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We did this with a simple belief: that SMS Subscriptions will be to the Mobile what the Search Box was on the Internet.

So, what do we do next? How does this audience convert to money? This is where it gets interesting.

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The free SMS subscriptions are the foundation to building massive, direct-to-consumer reach. People love receiving SMSes if they have opted in for them. This creates the right-of-way, which can be monetised in multiple ways: from ads to leads, from transactions to paid channels.

Creating a prepaid model with consumers such that cash collection is independent of the mobile operator is the next step. This creates an equivalent to today's mobile operator – except that the focus is not on Voice, but on VAS.

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The final step in this phase is to build a feet-on-street sales force, which can create neighbourhood and niche communities, enable local advertising and drive location-based services and commerce.

How do things change in a 3G world? They become even better. SMS can continue to be the trigger for driving people to the mobile Internet. Rich Media, Richer Monetisation.

[PAUSE]

What I have outlined can be done in the business each one of you is in – quicker, and with potentially far bigger rewards. Before I show you how, let's ask ourselves why we should be interested?

[SLIDE 8]

If you just look at the attributes of the mobile, it is not difficult to see why there really is no competition with anything that has come before.

The mobile is with us all the time, always-on, always-available. It knows where we are. Our mobile number allows us to be uniquely targeted. Messages can be sent to us immediately. Mobiles also allow instant sharing – whether it is an SMS that we forward to our social circle, or richer media like a photo we click and send to family and friends.

The mobile is the fulcrum for the social lives of the young already. And in a short order of time, it now has become the largest distribution platform – eclipsing every other medium that has come before it.

It offers a variety of touchpoints – from SMS to MMS, from Voice to WAP, from games to videos. It also allows us to respond to the world around in multiple ways – we can send an SMS in response to an ad that we saw at the back of a bus, or make a phone call right away to get details of an attractive offer, or click on a link in the SMS we've just received to get more information.

This wholesomeness is what makes the mobile such an attractive marketing platform. But to realise its full potential, we will need to master a new lexicon.

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In essence, the mobile is about creating engagement and building relationships.

For each of us, it is about Me like no other accessory. It has as Mass a reach as you can get in India. It supports not just text not also multiple forms of Media – for many of us, it is our camera and personal radio station, and soon, it will become our very own multiplex. Also, the mobile is ideal for use in life's various Moments – those Free Moments when we are waiting or just bored, and those Now Moments when we need to find something fast.

The mobile is also the foundation for what I call the N3 Web – the incremental web that is the real-world around us. It is about the Now, the New and what is Near.

To be successful on the mobile, marketers will have to adhere to 3 Ps – making sure information is Pushed to people at the right time so they get it effortlessly – with their Permission, of course. The Information sent needs to be Personalised so it feels like it is something they've always wanted.

SMS will be the first and most important channel that will tower above all others in the relationship. Of course, people will Search – just like they do on the Internet, but their hunt is for Answers, not an array of links. In short, what they want is Simplicity – which makes the mobile and the brand relationship more meaningful.

[PAUSE]

So, now that we understand the power and potential of mobiles, what is that we can do? The two steps are well-known to you – building an Audience, and Monetising the subscriber base. Let's start by addressing each of these in the mobile context in the Indian setting.

To build an Audience, we need to make use of an idea I call Invertising.

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Invertising is invited advertising. The subscriber wants to know more about a product or a service and invites information related to it, thus creating a direct relationship with the brand or publisher.

So, advertising helps in acquiring new customers, while Invertising is about reducing the incremental cost of contact while engaging with them. Advertising will tell me when a new mall opens near my house, while Invertising can ensure that I know what's happening there every weekend – as an SMS that is delivered to me on Friday afternoons.

Invertising creates a hotline to each one of your subscribers – one where you can control the conversation, and which customers actually want! Invertising works because customers want to stay connected with the brands they like, the shops they visit, and the companies whose products they buy.

- Imagine the mobile handset company sending an SMS a day for the first 30 days after you buy a phone telling you about a new feature on the phone you just bought.
- Imagine your favourite bookstore telling you about the new titles that have come in and the special offers they have this weekend.
- Imagine the multiplex you visit telling you about the availability of tickets for the weekend's movies.
- Imagine the toy store providing weekly customised recommendations after you've SMSed in the gender and date of your birth of your kid.

Are there companies that do that already? Indeed!

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- **TimesNow** uses Invertising to pull in people to their TV channel when news

breaks – like when Abhinav Bindra won the Gold at the Olympics or when Benazir Bhutto was assassinated.

- **FabIndia** sends out multiple SMS every month to its subscriber base telling them about what's new.
- **Meri Saheli**, a women's magazine publisher, complements its print cycle with daily messages on a variety of topics to a subset of the subscriber base that has opted in.
- **Western Railway** is now publishing regular updates on its services and new trains and facilities they are coming up with.

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Invertising is built around PUSH and PERMISSION. The customer is in control and therefore happy to be given information that helps in their decisions.

There is no better channel to send this information than on SMS. There is no better way to do it than to give your customers the right to opt-in and opt-out. There is no better frequency than daily.

Imagine if you can take a significant portion of your customer base – the ones advertisers are already paying to reach -- and you build a daily relationship with them for just Rs 2 per subscriber per month.

Now that you have established the right-of-way, you can leverage this relationship in multiple ways – to the benefit of both the subscriber and the advertiser.

So, what would a daily relationship with a subscriber look like? After all, magazines are published with a much lesser frequency – weekly, fortnightly or monthly. What can you do daily on this channel of yours – and what would thrill your subscriber who is receiving an SMS daily from you? How does one create a win-win relationship?

[SLIDE 13-14-15]

I call this channel DailyDelite. And to show what is possible, I have taken an example of what Outlook Business, which is bi-weekly, can do. After you are convinced that such a service would indeed delight your subscriber base, we will discuss how to convert this relationship into money.

<Talk through: OUTLOOK BUSINESS SMS EXAMPLES>

See what's happening here? The humble, simple SMS has now become a habit in the subscriber's life. It becomes the window to what's happening, valuable tips and insights, and even some exclusive, tempting offers. The subscriber can choose to opt-out at any time with a single SMS – so there is no reason for the subscriber to keep receiving the SMS and not read them because an SMS interrupts life. (This accounts for the high open- and read-rate we experience in MyToday.)

Building the audience on SMS should not be difficult for you – after all, you have the magazine itself to promote this service!

And for advertisers, you are also delivering the same Target Group that your print publication does.

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So, getting the first revenue stream going on the mobile front again should not be difficult.

[SLIDE 17]

For an emerging medium, there is plenty of advertiser interest. These are some of the 120+ advertisers that we have had on MyToday in the past year.

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SMS Ads can be branding ads reinforcing the brand message, or click-to-action ads (where the action can be an SMS reply, a voice call or a click on a URL). Ads can also be sequenced to tell a continuing story over multiple days building customer curiosity.

In fact, you can also use mobile advertising to also promote the magazine itself as Outlook did on MyToday when it launched Outlook Profit earlier this year.

[SLIDE 19-20-21]

In an interesting ad format innovation, **HUL's Pureit** and **Colgate's MaxFresh** ran campaigns which invited people to subscribe to short SMS channels which reinforced the message they were communicating and increased the probability of purchase.

[PAUSE]

So, whether it is awareness (reaching millions) or generating responses (leads), I believe that there is no other medium which can have the same impact that SMS is going to have in the coming years in a mobile-centric market like India. The reason for this it generates response in the same channel as which the content is delivered.

Where it gets exciting is how the right-of-way created by the free advertising channels can now be extended into multiple revenue streams – depending on how ambitious you want to become.

[SLIDE 22]

We saw earlier through the Outlook Business DailyDelite examples how you can not only build a deeper relationship with your subscriber base – what I call the right-of-way – but also how you can create multiple monetization streams. Besides ads, you can drive Pull SMS revenue (from SMS sent to a premium short code), get people to a voice portal where you could sell ads, send out offers for related products like books and take a cut off the transactions that take place, and even send out targeted ads. You could also create paid channels so fulfill the desire amongst many of us to be “the first to know.” [ELABORATE on some of the REVENUE STREAMS: Pull, Paid Channels, Voice Portal access, etc.]

[PAUSE]

By creating a subscriber base in the world of text (the 2G world), you are also laying the foundation for migrating this subscriber base to the world of rich media when 3G becomes available. I believe that the wireless data explosion in India needs three pre-requisites: 3G, smartphones and flat-rate data from mobile operators. We should see this happening within the next two years.

[PAUSE]

There are many other uses of the mobile. You can use it for citizen journalism as CNN and IBN are doing. You can use it to get feedback or conduct opinion polls on stories. You can even create SMS groups within your organisation to accelerate the flow of information and drive conversation. The key is to get started with a clear objective and the rest of the landscape will come to light as you go along.

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What is needed is the Vision and Will to begin. The mobile is a medium that lends itself to creativity on how it can be used. It can morph into what we want it to become. As we have seen, there are many early initiatives that have already been taken. More importantly, the audience is there – waiting to be informed, entertained and delighted. Mobile as a Medium is ready to go mainstream.

My belief is that India can leapfrog into the Mobile Data Era – moving beyond just Voice. Between all of you, the reach is greater than what anyone else has in India. You can be at the vanguard of the mobile content revolution – and show the world that New Media does not necessarily mean the winners have to be New Media companies.

[SLIDE 24]

A copy of my keynote and this presentation is available NOW on my blog at <http://emergic.org>.

I want to now open it up for questions because I am sure you will have lots of them!