

The Mobile Advertising Opportunity

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Session Overview

- Mobile market is highly competitive, driven by advances in network technologies and massive increases in subscriber numbers
- Competition has compelled mobile service providers to look for new revenue streams
- Mobile advertising is emerging as one of the key revenue generating opportunities
- Mobile advertising has seen exceptional growth in recent years, and can be expected to continue growing as users come to rely on mobile devices as their primary communications platform
- This session will cover:
 - The mobile marketing opportunity and challenges
 - The technologies that enable mobile advertising
 - Successful strategies and growth projections

The Changing Face of Media Advertising

“No longer will there be a single medium for what we now think of as television advertising. Service providers will create a multiple screen approach, utilizing the versatility of ad-insertion technology to help strengthen brand presence for advertisers across television, the internet and mobile communications.” –Yankee Group, 2007

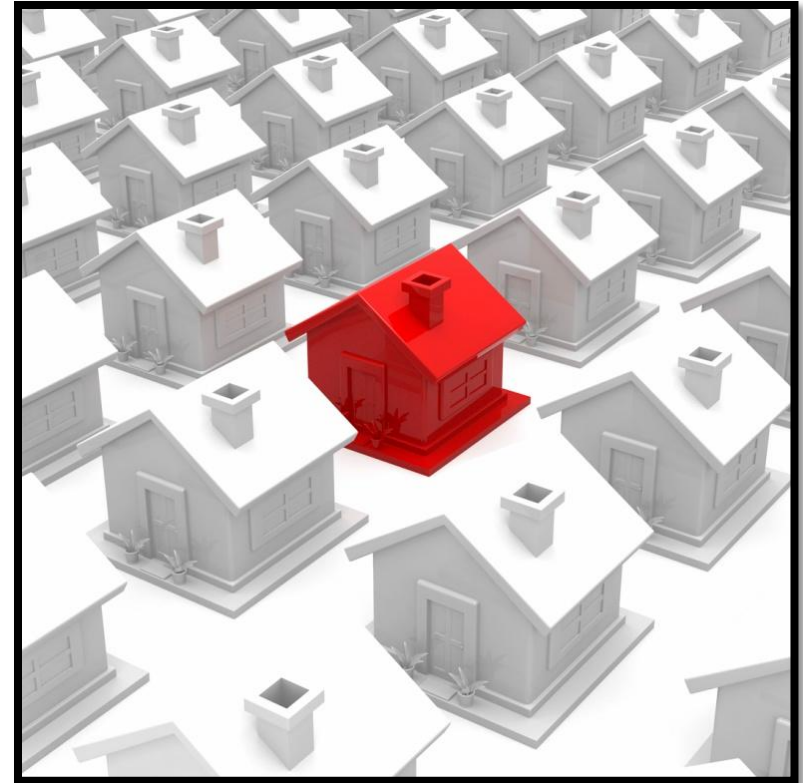
	Then...	Now...
Media Types	<ul style="list-style-type: none"> • Handful of TV Channels • No Internet or mobile 	<ul style="list-style-type: none"> • 500 TV channels • Multimedia Internet and mobile experience
Media Consumption	<ul style="list-style-type: none"> • Limited daily TV consumption • Single-tasking • Stationary viewing 	<ul style="list-style-type: none"> • Fragmentation – 21 hours of daily consumption across many media formats • Multi-tasking • Time- and place-shifting
Valuing Time	Sampling the audience during specific time periods	Measuring the audience second-by-second
Campaigns	Single-screen (TV) with 30-60 second spots	Multi-mode across dozens of devices and content formats
Targeting	Mass-market advertising	Targeted advertising; location-based

ROI

Time

Opportunities for Mobile Advertising

1. Addressability of direct mail
2. Granular, real-time measurements
3. Evolved ad formats
 - Interactive ads
 - Long form ads
4. Advertising collides with the “long tail” phenomenon
 - Both a challenge and an opportunity for marketing to consumers of “niche” content

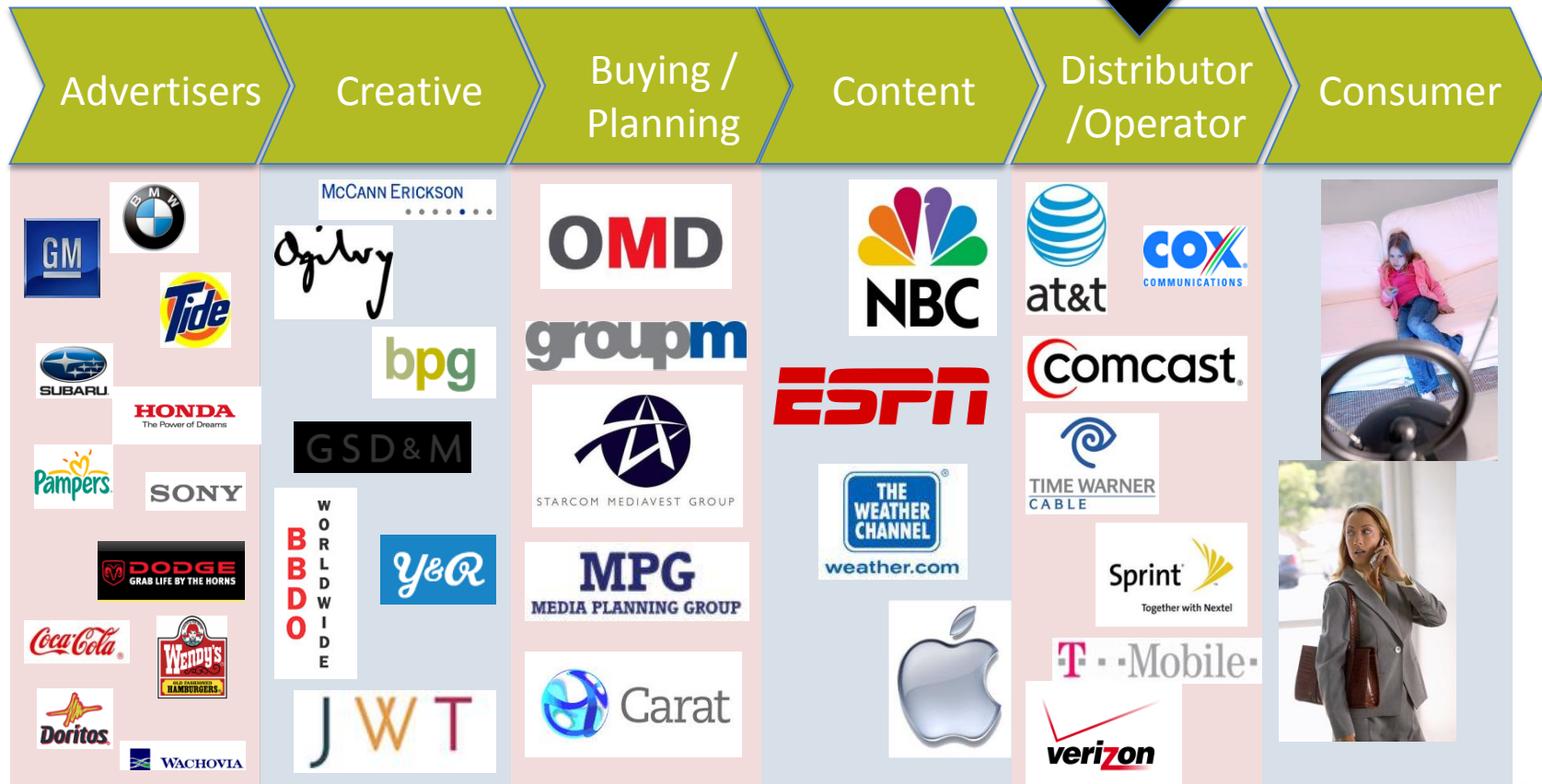


Current State of the Value Chain

Segment	Current Situation
Communications Service Providers	<ul style="list-style-type: none"> • Competition beyond segment boundaries • Core service commoditization • Ad revenue flat lining; fixed and mobile Internet stealing share from TV • Time- and place-shifting are changing the advertising model
Advertisers/Buyers	<ul style="list-style-type: none"> • Audience fragmentation • Spend ROI and measurement • Complexity in targeting and promotion
Publishers/Networks	<ul style="list-style-type: none"> • Audience fragmentation • Non-Internet ad revenue flat lining
Consumers	<ul style="list-style-type: none"> • Media and ad overload and irrelevance • Generic content and services • Customer experience is not favorable

Service Providers Enable Advanced Advertising

Delivering value without disrupting
the existing value chain



Summary of Market Opportunities

- The advertising ecosystem embraces new technology and evolves
 - Sophisticated infrastructure for profiling, ad insertion, interactivity and measurement
- Deliver addressable, interactive advertisements that can be measured and valued based on actual viewership
- Service Providers are the ONLY segment of the value chain equipped to provide this set of capabilities
 - Their share of the advertising dollar can be expected grow
- This is the emerging “Advanced Advertising” category

Advertising Industry Challenges

- The Internet began exploiting inefficiencies in traditional media markets, and that has led to a disruption of established advertising models
- Advertisers need to be much smarter about how they engage their target audiences
- Pushing intelligence to the edge of the network can enable a level of personalized service delivery that puts the subscriber/user in control of their mobile experience
- This would have a profound effect on how subscribers interact with the content and entertainment providers as well as advertisers
- The electronic media market comprises three distinct entities:
 - Television
 - Internet
 - Mobile

Although there may be some overlap among the three, today's media buyers generally perceive these as separate "silos"

Advanced Advertising – Key Considerations

Addressable Ads on Mobile Phones

- Incentive for ads on mobile phones is a discounted mobile service
- Mobile users say that they would be interested in ads for products they purchase regularly and ads for local businesses
- People who are open to addressable ads on TV are more interested in receiving mobile ads
- However, there are key cultural and national differences in attitudes towards mobile addressable advertising. For example:
 - Most US mobile users prefer not to receive addressable ads on their mobile devices
 - On the other hand, most UK subscribers express interest in mobile addressable advertising

Privacy and Personally Identifiable Information (PII)

- This is a key challenge for addressable advertising
- People do not have a high level of confidence that PII is stored securely
- This lack of trust extends from health and financial companies to government
- Information has to be managed and stored based on strict privacy protection practices

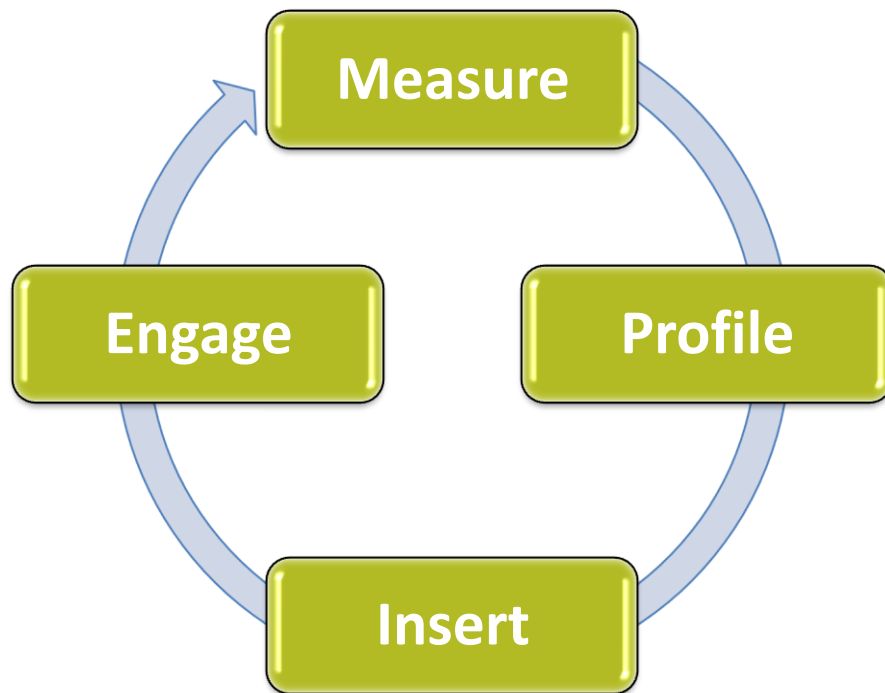
Attitudes and Perceptions

- People are open to advertising that is relevant to their interests and needs
- Relevant ads result in less burden on the user to filter out the “noise”
- ***Indications are that user perceptions can be shaped and changed***

Managing Privacy

- Communications service providers can use audience measurement information to enable addressable advertising
 - Users explicitly opt-in to addressable advertising initiatives
 - Measurement data must be “anonymized” and stored securely
 - Data is only shared with advertisers in aggregate for campaign analysis
- Meeting consumer privacy expectations
 - Ads are not the problem; Irrelevant ads are.
 - Most consumers would not mind ads if they are relevant, timely and entertaining
 - Most consumers would allow use of PII to deliver relevant ads given the following caveats:
 - No matter what, you will see ads. Only question is, are they tailored for you?
 - Your personal data will be vigorously protected and never shared
 - Information is shared with advertisers in aggregate to help them deliver relevant ads in the first place, but they will never know anything specific to you
- Mobile devices are perceived as “more personal” than the TV or PC

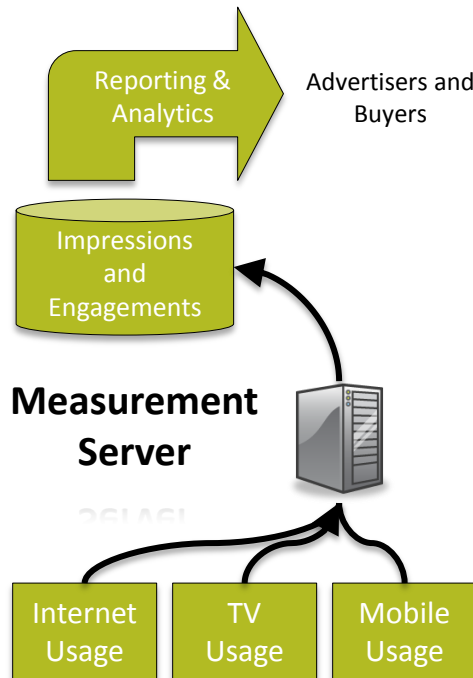
Interoperable Technology Solutions



- Tightly integrated applications to create complete solution
- Measurement data is key to profiling
- Profiling is the key to addressable ad insertion
 - Moves beyond basic demographics and program context
- All solutions are transactional
 - Real-time request-response messaging
 - High scalability, high availability
 - Complex data correlation and business decisions

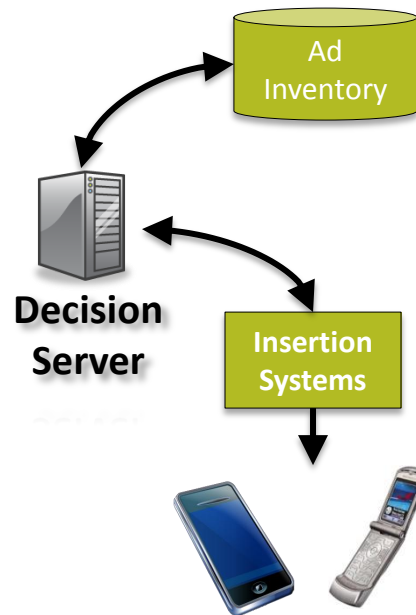
Overview of Technology Solutions

Measurement



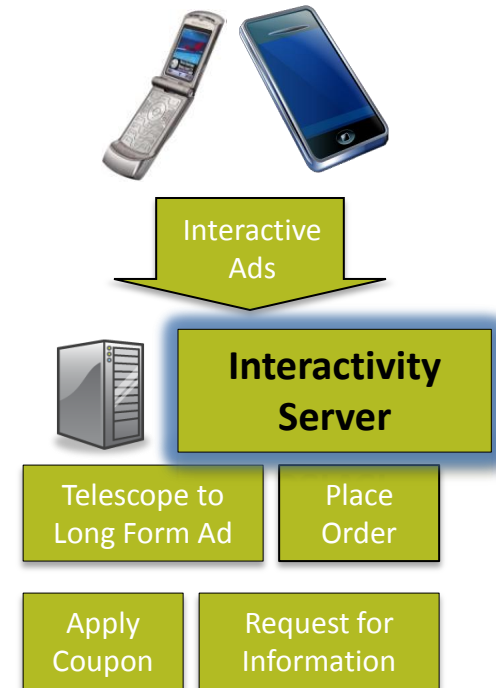
Real-time tracking of impressions and engagement married with profile data

Addressability



Real-time ad insertion decisions by matching household/user profiles with ad inventory

Interactivity



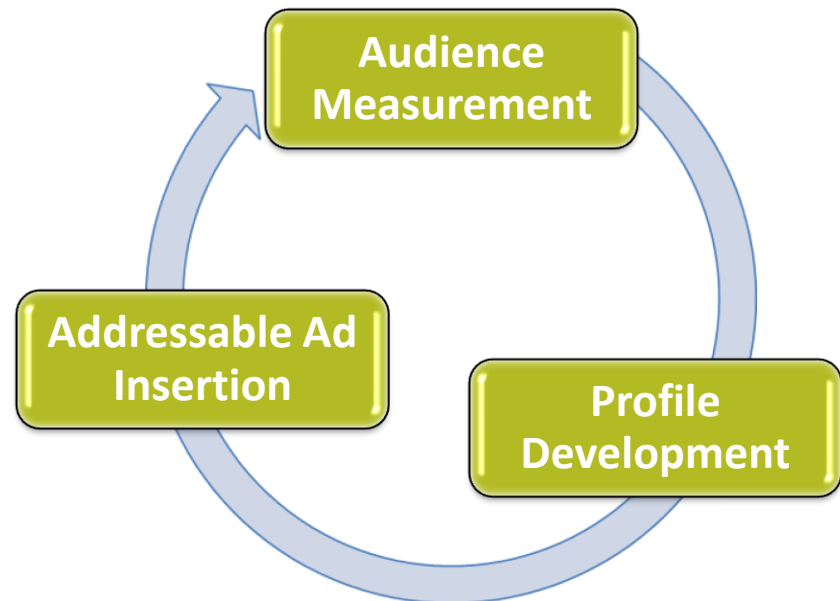
Request for information (RFI), telescoping, and commerce, through interactive ads

Limitations of Traditional Measurement

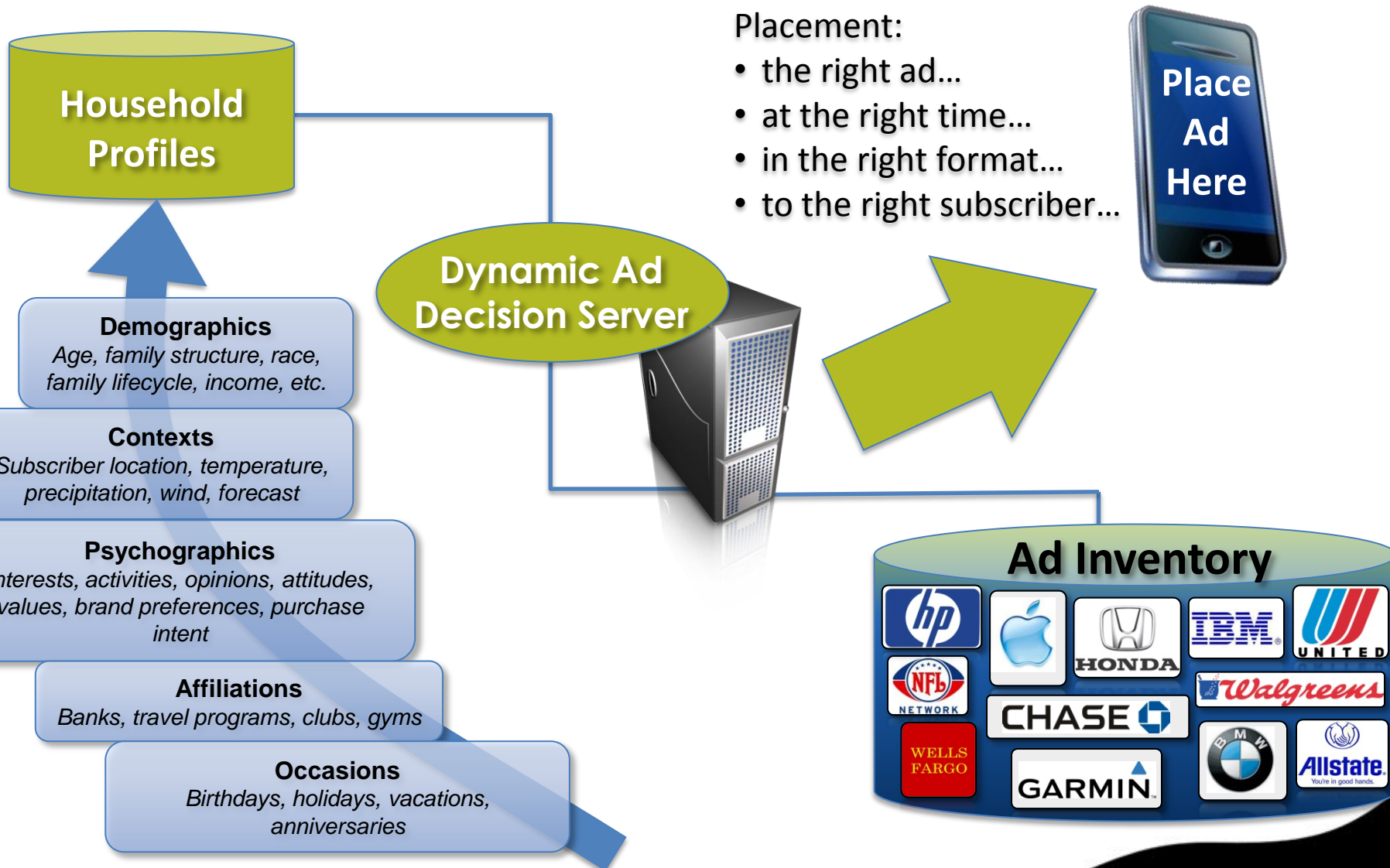
- Traditional TV viewing measurements are based on viewer “panels”
- “Panel data” has inherent quality and accuracy issues
- Data lacks subscriber profile correlation
- Data not incorporated in subscriber profiling to improve ad personalization
- Fails to tap into intrinsic value of latent service provider assets

Accurate Measurement is Key

- Accurate and timely Audience Measurement is key to audience analytics, inventory analytics and audience profiling
- Analytics and profiling are key to addressable ad insertion
- In turn, ad insertion (and engagement) metrics are fed into measurements



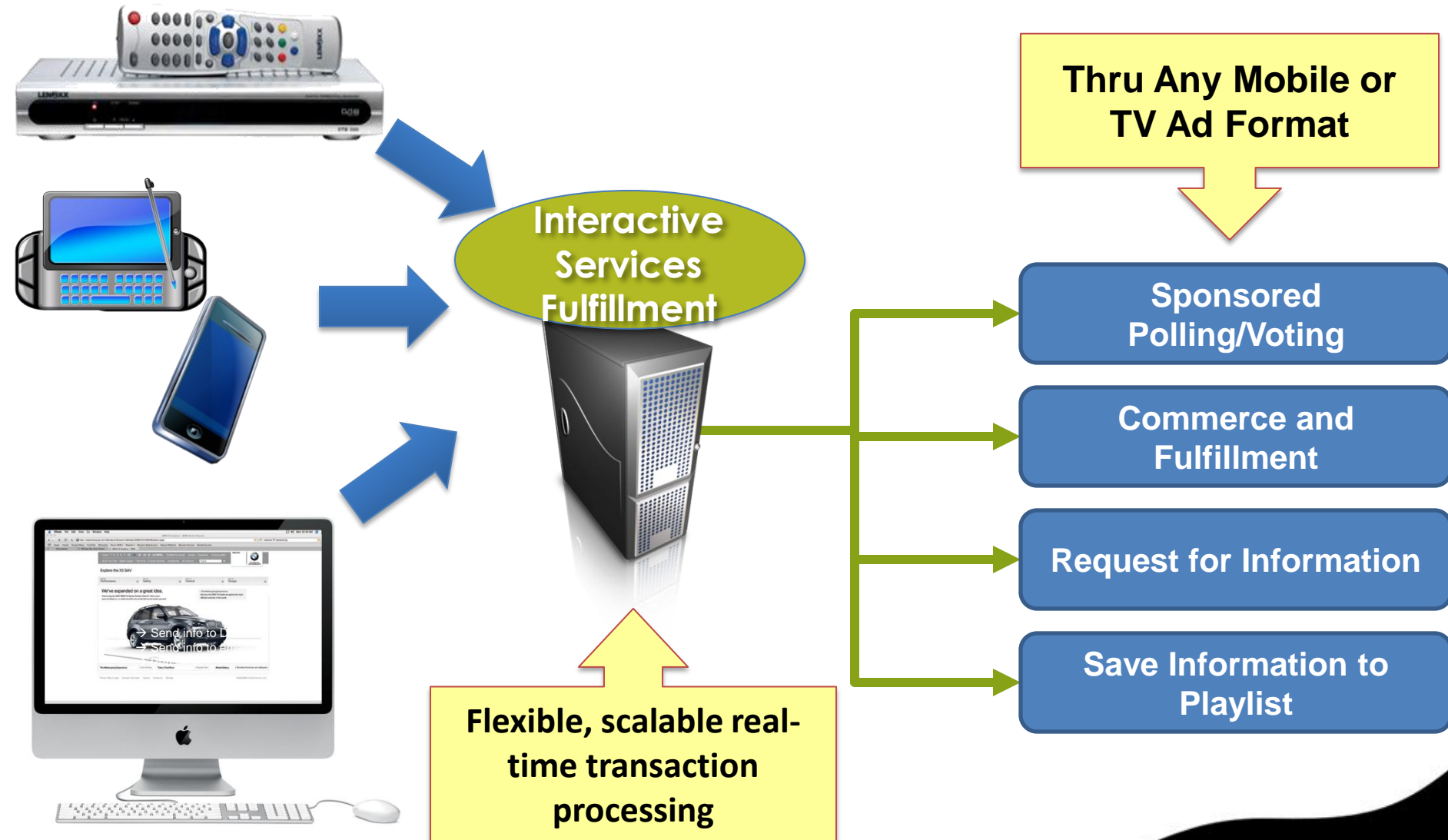
Dynamic Ad Insertion Decisions



What is the Ad Decision Server?

- The Ad Decision Server is a rules-based decision engine that:
 - Determines how advertising content is combined with entertainment and other programming assets
 - Supports – in real-time – both simple decisions, such as placing specific ad content in a specific program, and more complex decisions based on subscriber data, 3rd party demographic data, etc.
- The Ad Decision Server interfaces with external Campaign Managers to facilitate the definition, control, modification, and deployment of business rules for advertising placement
- The Ad Decision Server uses, in real-time, contractual information, subscriber segmentation, program context, and campaign-specific targeting rules together with defined business logic in order to match placement opportunity requests with the appropriate advertising assets
- The Ad Decision Server delivers dynamic ad placement decisions in response to requests from ad insertion systems

Interactive Applications and Ads



Multi-Screen Viewing is Climbing

Overall Usage Numbers (Monthly users in 000's) (U.S.)	2Q 2008	1Q 2009	2Q2009
Watching TV in the home	281,746	284,574	284,396
Watching Time-shifted TV	62,240	79,533 28%	82,297 3%
Watching Video on Internet	119,164	131,102 10%	133,962 2%
Mobile Subs Watching Video on Mobile Device	9,004	13,419 50%	15,267 14%

SOURCE: Nielsen Co., Summer 2009

Summary

- Addressability is an important element for the evolving mobile advertising industry
- Successful strategies are based on:
 - Accurate and timely measurement of content and ad consumption
 - Privacy protections for measurement data
 - Dynamic ad decisions resulting in increased relevance of ads to users' interests
 - Interactivity and user engagement

THANK YOU