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What Will Make Mobile Internet Explode?

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As recently as four years ago in India, Internet cafés were the most common means of access to Internet. Wire-line broadband penetration was limited to major metros and the numbers were in the range of 7-8 million connections. The first change occurred in 2009 when Aircel introduced Pocket Internet in the market for easy access to Internet through mobile phones. The number of users who access Internet on mobiles has grown from less than 1 million users in 2009 to 195 million in 2013. During the same time span, broadband has reached only about 24 million users and major service providers have not expanded the footprint. Given the infrastructure limitations in India, Internet in India would be served primarily through mobile if we need to reach masses. While 195 million mobile Internet users might look like a huge number, it represents only 12 percent penetration and the real potential is at least 400 million users in the next five years. This is possible only if the right ecosystem is created. There are a few major areas of the ecosystem that requires further development to unleash the potential in India:

- Infrastructure, connectivity, and delivery system
- Devices – Internet enabled devices at the right prices
- Content – appropriate, relevant, and timely content in vernacular
- Consumer related – behavioral change and consumer education

Infrastructure. The government and private players are putting in huge investments in infrastructure. The primary requirement for a good Internet network is the backhaul. The government has initiated the National Optic Fibre Network (NOFN) that will cover 250,000 *gram panchayats* with an estimated cost of ₹20,000 crore.

Additionally, private mobile operators and service providers have been investing ₹66,000 crore annually in CapEx over the last five years toward spectrum, infrastructure, network deployment, and others. This will enable the deployment and expansion of faster serving technologies - 3G, 4G, and beyond, along with the necessary backbone. All these efforts are expected to take the Indian mobile infrastructure, over a period of five to seven years, to the level where highly developed markets like Korea and Japan were in 2009. A high speed network always provides a better experience to end-users, increasing their consumption. Initial data from 2G and 3G network show that monthly consumption by 3G users is four to five times more than that of 2G users.

Devices. The biggest challenge facing adoption of Mobile Internet is the right mix of devices in the ecosystem. Out of the 759 million mobile users in India, only 64 million have a smartphone or tablet or any high speed access device like dongles or routers. This is a limiting factor in adoption and growth of mobile Internet. The experience, and hence the usage by the customer improves with better quality devices with certain screen sizes. Various studies across markets show that on an average a smartphone user shows six times more data consumption than a feature phone user. However, out of the 210 million devices that were expected to be shipped in 2013, only 44 million were smartphones. The situation is expected to change over the next three to five years with about 300 million smartphones entering the ecosystem. In addition, more affordable handsets with high-end features will be made available for end consumers in the future.

Content and services. Internet consumption globally started off with plain text message, moved to email and low-end browsing. Then came video streaming and now it is moving on to real-time applications like VoIP and live streaming. Text-based content had limitations due to diversity of language and low literacy levels in the country. Availability of video content will break down that barrier. The first 200 million Internet users are easy to reach as there are no language barriers, and international services/content based on English will suffice. However, for majority of India to adopt Internet, the same has to accommodate users from different socio-economic classes. At present, the top eight metros and towns with a population of more than 500,000 contribute to about 80 percent of the users, so language content on the Internet will be the key.

Behavior change and consumer education. While talking came very naturally to us and not much education was needed to grow voice telephony, mobile Internet will need some education as consumers need to understand what all they can do. Mobile internet can completely revolutionize how we live our lives today but it will take time for consumers to accept it. People now have started exploring mobile Internet beyond social and entertainment needs. The ecosystem of device, content, and infrastructure providers have to work together as partners to help create simple plans for consumers to take the mobile Internet explosion to stratospheric levels. ■