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Telecom Talk



'VAS services will act as a key revenue driver as well as a differentiator for any telecom service provider'

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Indian market is getting ready for high speed networks. How the VAS domain will change and what new things will come?

With the telecom industry witnessing a paradigm shift, we are seeing data emerge as the next big thing. Mobile data users in India crossed 150 mn in 2012-13. In fact, while earlier data revenue as percentage of telecom revenue used to increase by 1% point yearly, beginning 2013, the industry is seeing a 1% increase every quarter. With this trend continuing, we will end at around 180-200 Mn mobile Internet users in India and a revenue contribution of 8% which will reach 14% by end of 2014 suggesting the increasing need for high speed data networks.

We believe that VAS services will act as a key revenue driver as well as a differentiator for any telecom service provider. We see urban cities driving Data Value Added Services (Data VAS) as they are the early adopters of Data and Smartphones while rural cities continuing to adopt Non-Data VAS products. Urban subscribers are maturing and upgrading from Non-Data VAS to Data VAS and hence, instead of witnessing shrinking of value added services, we are in fact seeing a faster momentum in adoption of Data services.

How is Aircel getting ready for the future VAS trends?

With the growing dependency on data, for Aircel, our Data-VAS segment has been doing extremely well. In fact we have doubled our Data VAS revenues in 6 months which is unprecedented. Overall, the data VAS segment has been doing its bit to generate revenues and has emerged as one of the fastest growing revenue segments for Aircel. Aircel has been introducing new products and services centered around data over the past 3-4 years. We started off with Pocket Internet which was accepted very well by the masses. There is a massive demand for content consumption on mobile but much of content still With the launch of 3G we

introduced the 3G smart PI with an aim to make 3G affordable. We then introduced 3G Mornings for our customers to come and experience 3G on our network. 2013 onwards we are seeing a rise in first time internet users or category entrants. We have been launching products such as PI 24 that are specifically targeted towards their monthly needs. We also gave our prepaid customers access to Wikipedia free of cost. In the future as well, we will continue to delight our subscribers with user friendly, innovative and value for money VAS services with a focus on driving data usage.

How much is VAS contributing today in revenues and how much do you think it will increase with the availability of big bandwidth pipes?

The rapid growth of VAS and Data is expected to contribute an important share in the revenue stream of the telecom industry. At Aircel, we have taken note on the shifting subscriber usage pattern and have devised many products and services especially in our Data-VAS segment. Last year at Aircel, music and games continued to grow at a very strong rate. Games alone contributed to 25% of the data VAS consumption in 2012, followed closely by videos and music at 22% and 20% respectively. Having said that, we believe that VAS services will act as a key revenue driver as well as a differentiator for any telecom service provider.

Data uptake in the recent times has been encouraging and we are confident that in time, applications requiring high bandwidth such as video streaming or live chats will be an integral source of revenue for us.

It is no more an operator driven market as there is competition from others especially OTT players. How do you co-op with them?

Today Telecom extends itself beyond just traditional voice or SMS service offerings. Mobile internet is steadily growing as a key

revenue generator and improved data offerings by operators has led to surge in the free text apps and Internet calls from OTT and messaging players. Indian telecom operators are cognizant of and have adapted to this shift. They are increasingly co-bundling free messengers and content services to push data usage. In fact, Aircel has taken the leap by tying up with one such OTT player last year. Today, Aircel is growing at 65% on data consumption; our data revenue has doubled in CY 2012 over 2011. We need to find a way to leverage the OTT market. If we do revenue share with OTT players, then our ability to develop infrastructure will be better.

Earlier we had users now we have Smart users. How this affects VAS domain and how do you move along with the ever changing user habits?

The VAS market in India is currently valued at over US\$ 5 Billion and is expected to reach \$ US 6 Billion before the end of this year. Aircel has taken note of the fact that the users are shifting from using SMS based services to internet based services. Also, we are gradually witnessing the user need of utility services in addition to entertainment services. Changes such as sharing of rich content like videos and photographs, watching movies online etc. are instrumental in the uptake of data usage that we are witnessing today. Basis these changing subscriber usage patterns and to meet the demands and requirements of our users spread across all target segments, Aircel has been constantly launching innovative and value for money products and services. Going forward, we shall keep this momentum going.

Indian market is a mix of old-new, rich-poor, urban-rural, low speed-high speed. How do you balance service offerings to get maximum returns?

Aircel has always designed value for money and innovative products and services keeping the needs and requirements of our target audience in mind. We cater to a diverse set of customers and therefore bring to the market an array of offerings for them to choose from. In the recent times, we have brought to the market products meant for specific type of users. For instance, our Pocket Internet 24, which offers internet at effectively less than Re. 1 per day, is targeted at the first time internet users. Similarly, 3G Mornings where we offered free 3G data to our users from 6 to 9 AM was meant for those users who wanted to try high data speed. We have also launched various products targeted at the student community such as the "Fuccha" pack in Delhi. This goes on to show that we have been readily customizing our products and services for our subscribers.

"m-? : redefining MVAS", with what you would like to replace "?"?

m-everything.