

# MVAS to Rule Telecom in 2013

## Mobile Value Added Services will push telecom growth to the next level

In the backdrop of a rapid decline in voice tariffs, the telecom industry today is cashing in on Mobile Value Added Services (MVAS) to climb to the next level of growth.

With mobile penetration expected to go up to nearly 100% by 2015, along with the advent of 3G, MVAS revenue is likely to grow to approximately ₹48,000 crore in the next 3 years. So the industry is looking at various means to use MVAS as a growth driver, and simultaneously as a key differentiator.

Currently, India's MVAS industry is worth ₹12,200 crore and derives its revenues primarily from the top 5 to 6 segments such as game based applications, music downloads, SMS, etc. These segments contribute 80% of VAS revenues, while other services such as m-health, m-governance, m-education, and m-commerce constitute only 20-25% of VAS revenues, leaving large scope for growth.

It has been a great year for MVAS and similar growth, innovation and demand is expected in the coming year too. While traditional MVAS like Peer To Peer (P2P) SMS and Caller Ring Back Tones (CRBT) will continue to remain important contributors to the overall share, these trends would solidify with increasing deployment of 3G /4G services and the expected launch of BWA services.

Furthermore, the deeper penetration of mobile services in rural areas, focus on regional content, and the rollout of next generation technologies would contribute towards the overall growth of the telecom industry.

The number of 3G mobile subscribers is expected to grow at a CAGR of around 80% between 2011 and 2013 to around 55 mn by the end of the period. With the



rollout of the Long Term Evolution (LTE) services and the much-awaited NGN technologies, the Indian telecom industry is set for a second telecom revolution in the wireless space.

Analysts forecast that India's VAS market will grow to over \$10 bn in the coming year, spurred specifically by innovative solutions including those which facilitate social and financial inclusion.

Irrespective of the geographic boundaries, the opportunities presented by the VAS industry are vast with ample emphasis on innovation and customer centricity. M-commerce, social networking, video streaming, enterprise VAS, and location based services would be the game changers for the industry. A critical driver for this growth is the rapid change in the handset mix by the mobile phone users.

The industry is poised for an accelerated growth primarily due to increase in the mobile data traffic and the urge from the telcos to utilize the benefits of data analytics.

According to Trai, a third of the mobile users in India access data services, including the internet using their mobile

phones. In anticipation of this growth, Comviva helps the operator to manage, optimize, and monetize (MOM) the data explosion. According to the Cisco® Visual Networking Index (VNI) Global Mobile Data Traffic Forecast, by the year 2016 worldwide mobile data traffic will increase 18-fold to reach 130 exabytes.

The increased mobile data usage proliferation in India has led to the greater need for mobile data management. Meanwhile, operators and broadband providers experience three major challenges in the region—handling explosive data traffic growth cost-effectively, monetizing the mobile data opportunity and ensuring a positive user experience.

However, the profitability of telecom service provider's data operations depends on how they act in response to the explosive growth in mobile broadband traffic. Notwithstanding the fact that the mobile data market is on a steep growth trajectory, operators need to ready themselves now for even further growth.

**Arun Tanksali**

The author is the CTO of Comviva  
[vadmail@cybermedia.co.in](mailto:vadmail@cybermedia.co.in)