

Video, the catalyst for 3G success in India

by Arvind Rao, CEO and co-founder, OnMobile

Mobile operators in India, as in most countries, have had to invest heavily in 3G and they are counting on video revenues to generate the return on this investment. Within two years, 3G service revenues will account for 46 per cent of wireless service revenues. Given affordable 3G handsets and the availability of content, 3G will enable a video-driven revolution. This, in combination with attractive rate plans from operators, will drive the real success of 3G video in India.



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The mobile industry in India is in an exciting and challenging stage. We are at the cusp of a revolution that will dramatically change the way that Indians interact with one another and the catalyst for this shift is 3G. For a long time, 3G has held out the promise of a richer, more interactive mobile experience for consumers. Now that it's finally here, some questions are being raised about the viability of 3G services, the ability of operators to recover their huge investments in spectrum, and the willingness among users to pay for premium offerings. While these concerns may be valid, especially in a

price-sensitive market like India, 3G is sure to be a tremendous success here.

India is among the most mature markets for mobile value-added services (VAS). In a decade, we have transitioned from basic calls and texting services, to advanced VAS such as reverse ring back tones and 'social' address books. For ring back tones alone, consumption grew by 55 per cent in 2009 over the previous year. However, the biggest gap in value-added services has been video and multimedia. 2G and 2.5G cannot provide the bandwidth and speeds required for the

enhanced experience that mobile video enables. This will change with 3G, which is making high-quality video content on the mobile a reality.

According to the Federation of Indian Chambers of Commerce and Industry (FICCI), in India, the 3G subscriber base is expected to hit 90 million by 2013, accounting for 12 per cent of the overall wireless user base. By 2013, 3G service revenues are expected to generate US\$15.8 billion, accounting for a 46 per cent share of overall wireless service revenue. With 3G enabling faster and more robust

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mobile Internet and higher bandwidth for data, it is video that can make or break its deployment in India.

Once 3G gains steam, consumers will experience three significant benefits - on-demand access to content, higher speeds and a greater variety of multimedia content. For example, if you take movies, 3G will enable consumers to get movie updates much faster, and the content will definitely include video trailers and other rich content. With the VAS space in an exciting phase of growth, high-speed connectivity will bolster innovation by removing bandwidth constraints.

Most importantly, video services in India will function as a key differentiator for VAS players in the industry. With increasing commoditization of the value-added services sector and high investment made in 3G by operators, it is important for them to cut through the clutter by providing high-quality video services. As mentioned, delivery of high-quality video services will be a key differentiator in 3G VAS offerings. Additionally, the handset manufacturing industry is increasingly developing 3G compatible phones with large screens to support video services and ensure a rich user experience. Therefore, seamless streaming of video on mobile phones be available given the huge investments and development in the 3G VAS segment.

However, as expectations regarding video services are high, quality becomes very important. As such, integration of services like 3G video calling will need the support of appropriate circuit-switched technology to achieve best video quality over 3G networks. The gateway should be able to dynamically adjust the video bit rate and ensure high-quality output for video calls.

Additionally, with increasing mobile bandwidth, wider screen handsets, more bandwidth-efficient coding, power-efficient decoding and more efficient and improved quality transcoding technologies, VAS providers are working to enable easier, more cost-effective and higher quality delivery of entertainment video content to consumers.

Along with all this, service and content providers are increasingly launching multi-screen strategies with seamless access to content between screens. Multi-screen can connect four different categories of screens: TV, PC, notebooks and netbooks through mobile cellular networks and mobile handsets. In fact, through time shifting and place shifting technology consumers can even access content at a later time. For example, a consumer may access professional or user-generated content through a PC browser, mobile browser or from their TV screen (via a set-top box or media computer). Consumers may also side-load the content to their mobile device, notebook or netbook for later viewing. Using network digital video recorders, consumers may program the recording of their favourite shows by simple instruction via text messages, IVR (*interactive voice response*) calls, browser access, an application or remote control.

Furthermore, this convergence will also allow consumers to take control of their mobile experience. We will soon be able to control many of our household and personal electronic devices from any device. For example, we may decide to take our video phone call on the TV or watch movies on the mobile phone.

Mobile video is particularly relevant in the Indian context, as it will foster the next phase of growth for entertainment VAS in India, which continues to be the main growth sector in the market. With a growing number of mature mobile users, as well as availability of suitable technology and handsets, data services will likely lead future VAS usage. These services will largely be related to watching television over mobile phones, gaming, downloading videos on demand and creating personalized content (e.g. social networking, uploading photos/videos).

Although innovation in video technology, affordable 3G handsets and availability of content, will be key enablers of this revolution, a combination of attractive rate plans from operators will drive the real success of 3G video in India. While the jury

is out on the ability of operators to recover the huge investments they have made to provide 3G, we believe it will transform the mobile user experience in India and open up a whole new world of rich interactive applications and services. ●



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