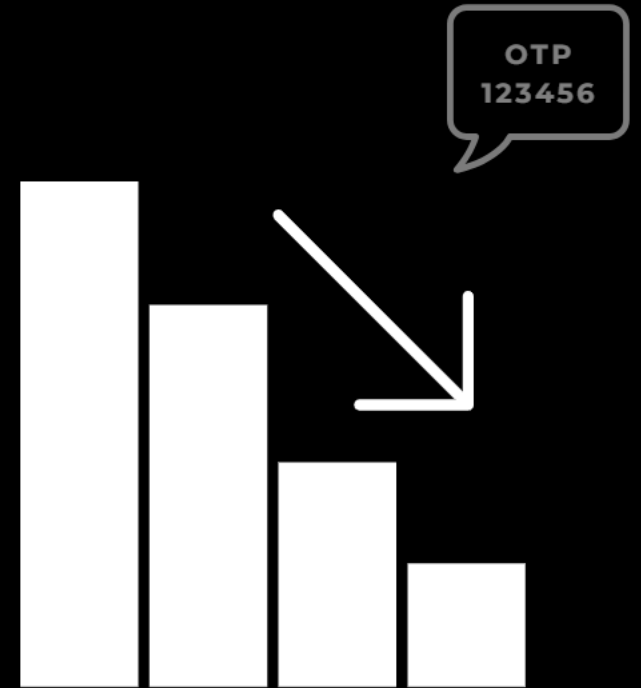
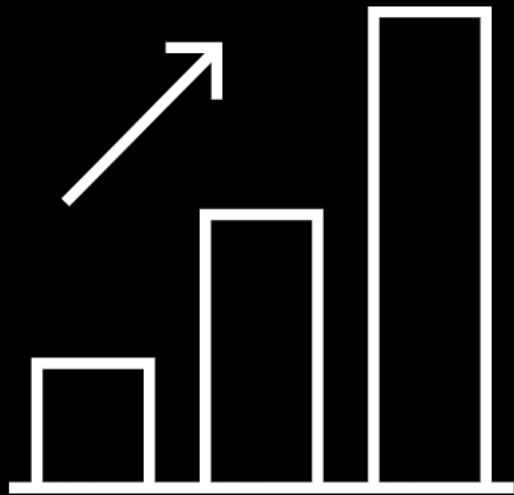


The rise and fall of OTP SMS



Nick Lane, chief messaging officer

About Mobilesquared

We are the world leaders in messaging intelligence.



We wrote the book on business messaging intelligence. **Literally.**

In 2010, our 'Conversational Advertising' report was the **first ever** produced on the emerging business messaging sector.

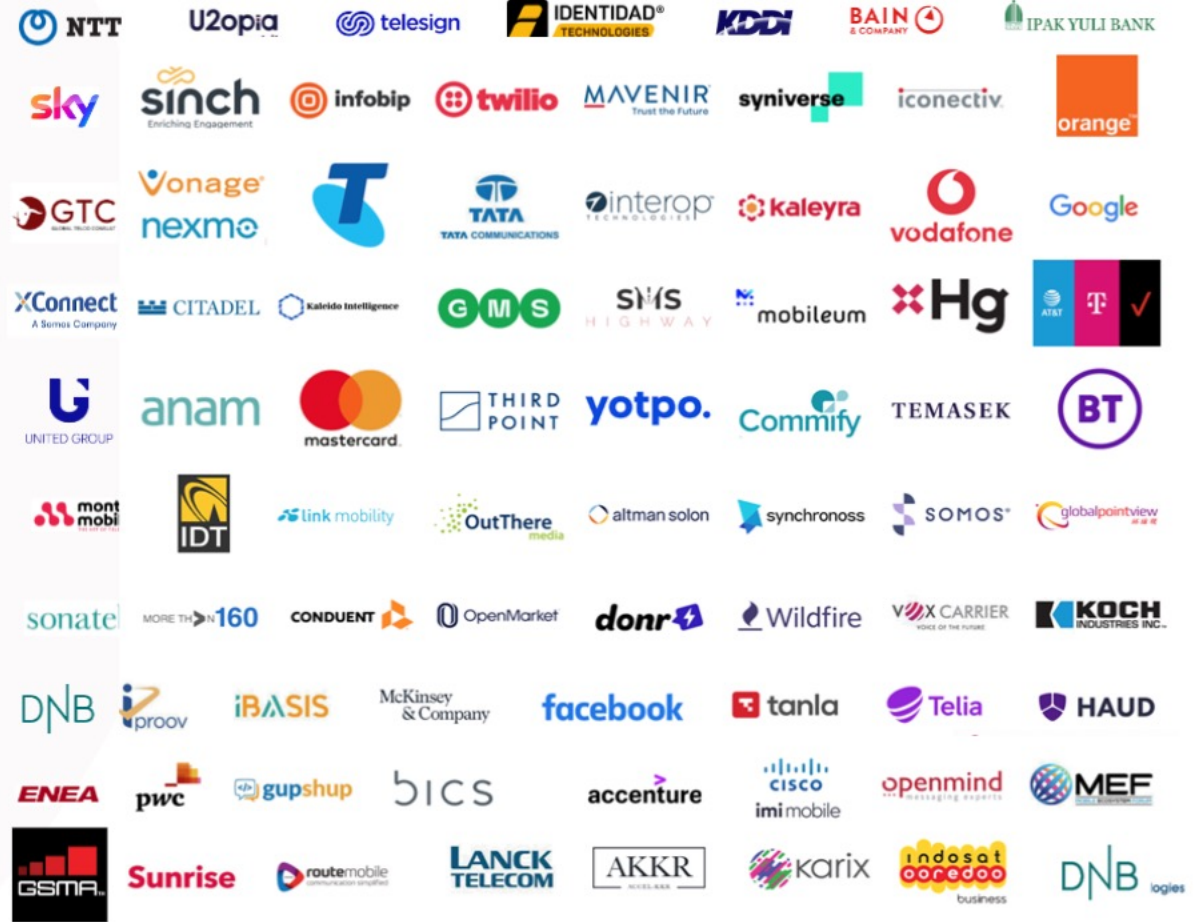
We've been **shaping** the conversation around messaging ever since.



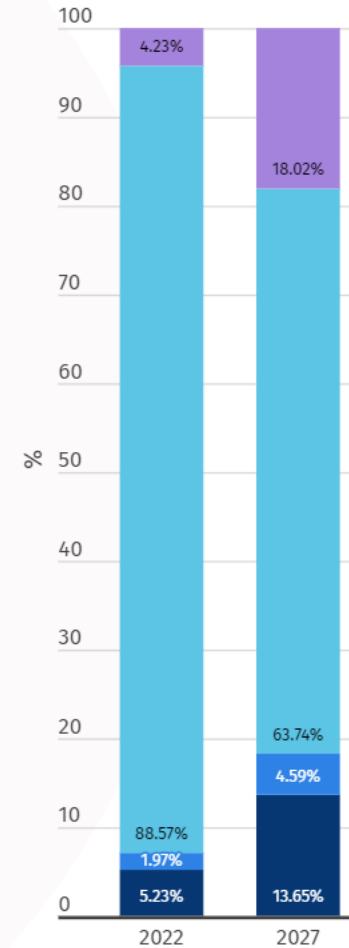
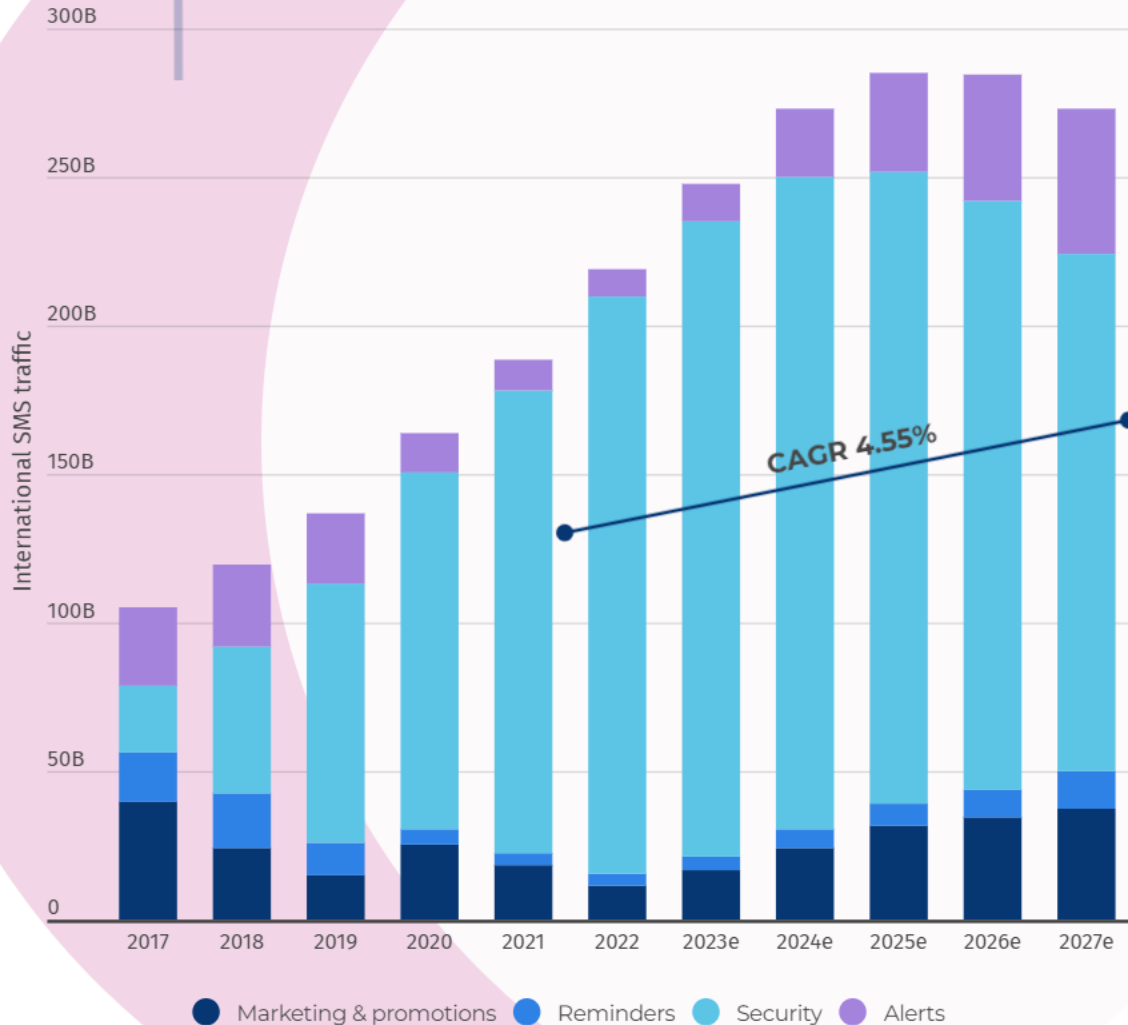
Our story in 160 characters...

Launched 2007. Wrote the first ever report on conversational messaging 2010. Launched the Messageverse 2021. Now world #1 in business messaging intelligence.

Clients include

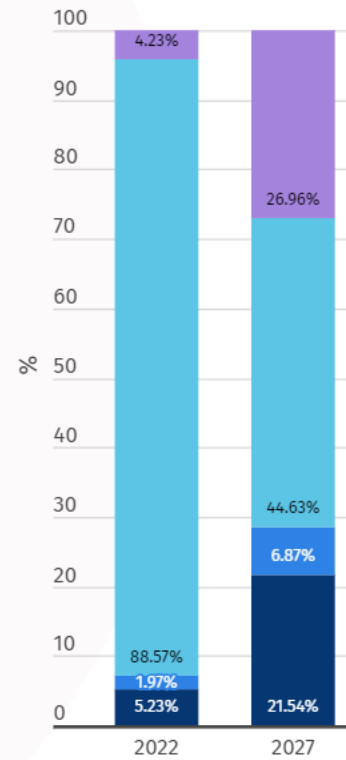
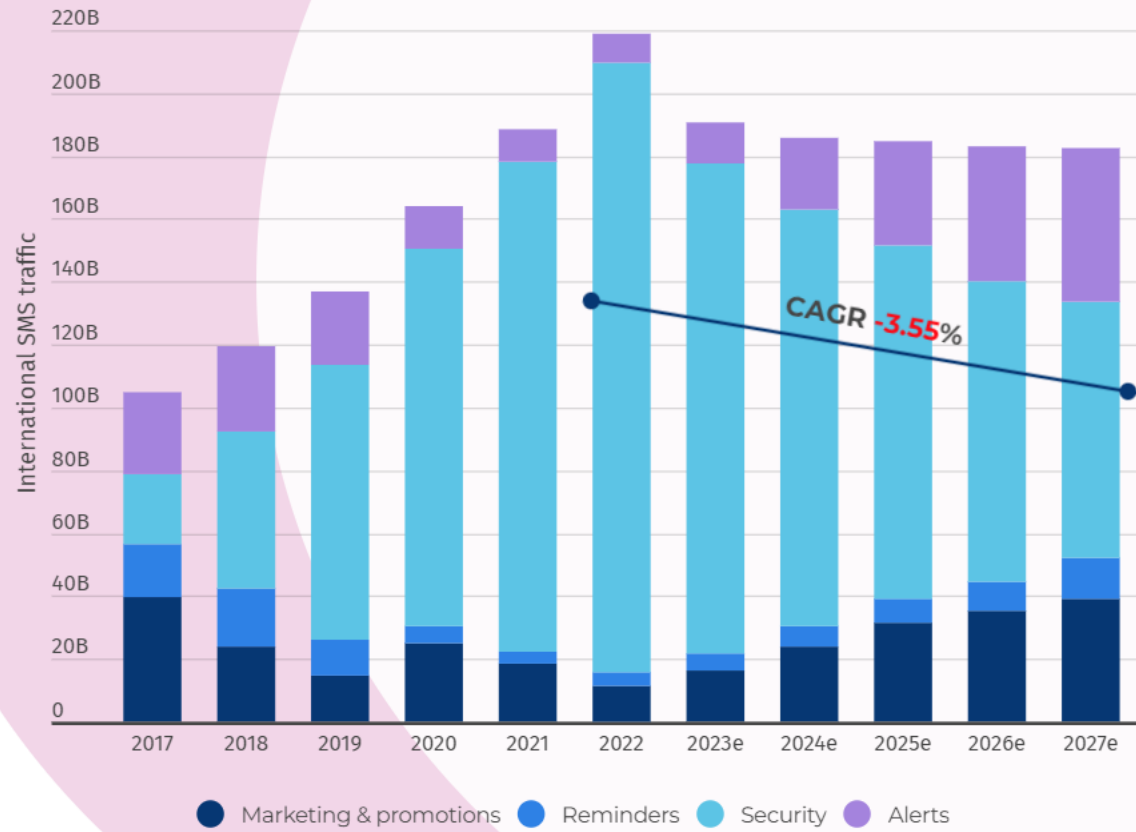


The rise of the SMS One-Time-Password



- OTP SMS traffic peaked in 2022, and had been projected (as of June 2023) to enjoy a steady decline as brands sought alternative channels and means to deliver mission-critical communications.
- OTP share of total international traffic to drop from 88.57% to 63.74% by 2027.
- International A2P SMS traffic projected to peak in 2025.
- CAGR 2022-2027 of 4.55%

The fall of the SMS One-Time-Password*

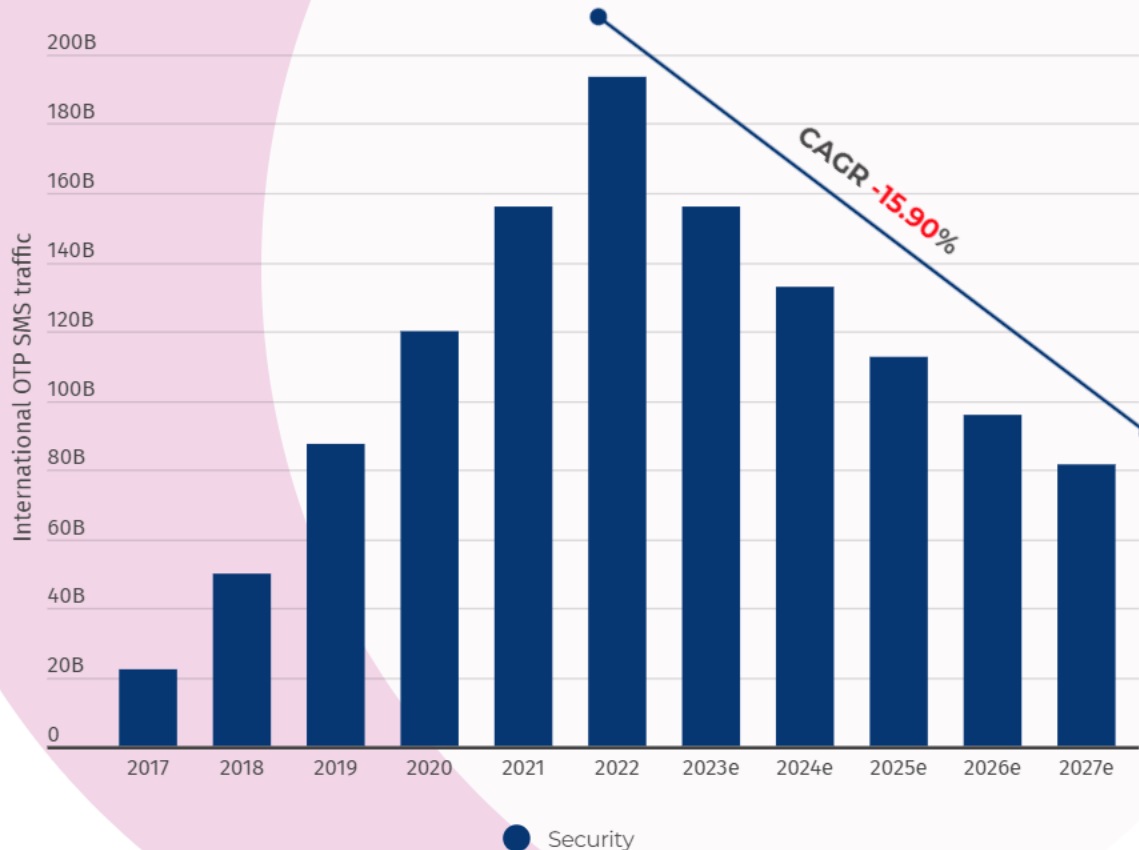


- OTP SMS traffic peaked in 2022, and now projected (as of Jan 2024) to fall sharply as brands seek alternative channels and means to deliver mission-critical communications.
- OTP share of total international traffic to drop from 88.57% to 44.63% by 2027.
- International A2P SMS traffic peaked in 2022.
- CAGR 2022-2027 of -3.55%

Source: Mobilesquared research, Jan 2024

*Based on Mobilesquared research up to Jan 2024. Data subject to change

The fall of the One-Time-Password*

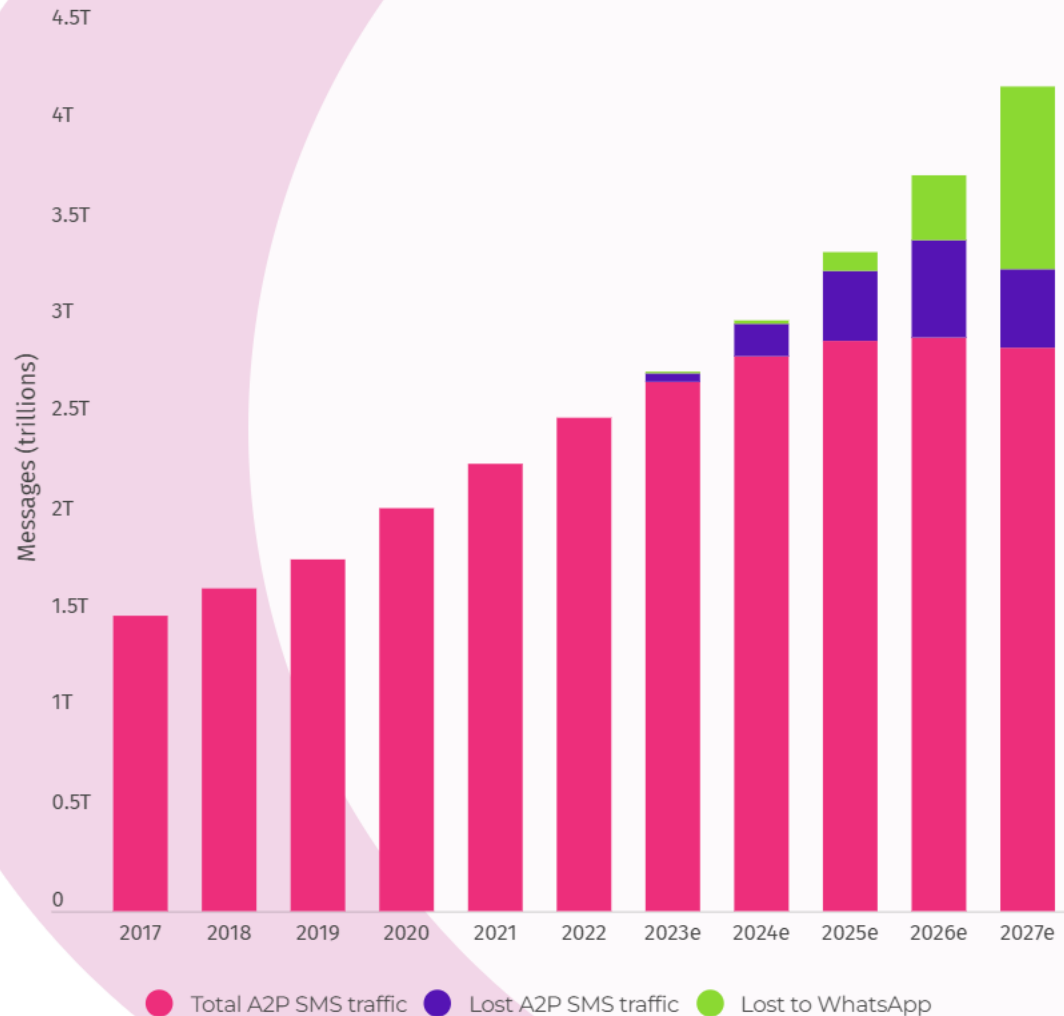


Source: Mobilesquared research, Jan 2024

- From an OTP SMS traffic peak in 2022, the total number of SMS OTP sent will drop by 102 billion by 2027.
- Based on the average cost per international A2P SMS (\$0.07076), that is a revenue drop of \$7.23 billion.
- CAGR 2022-2027 of **-15.90%**

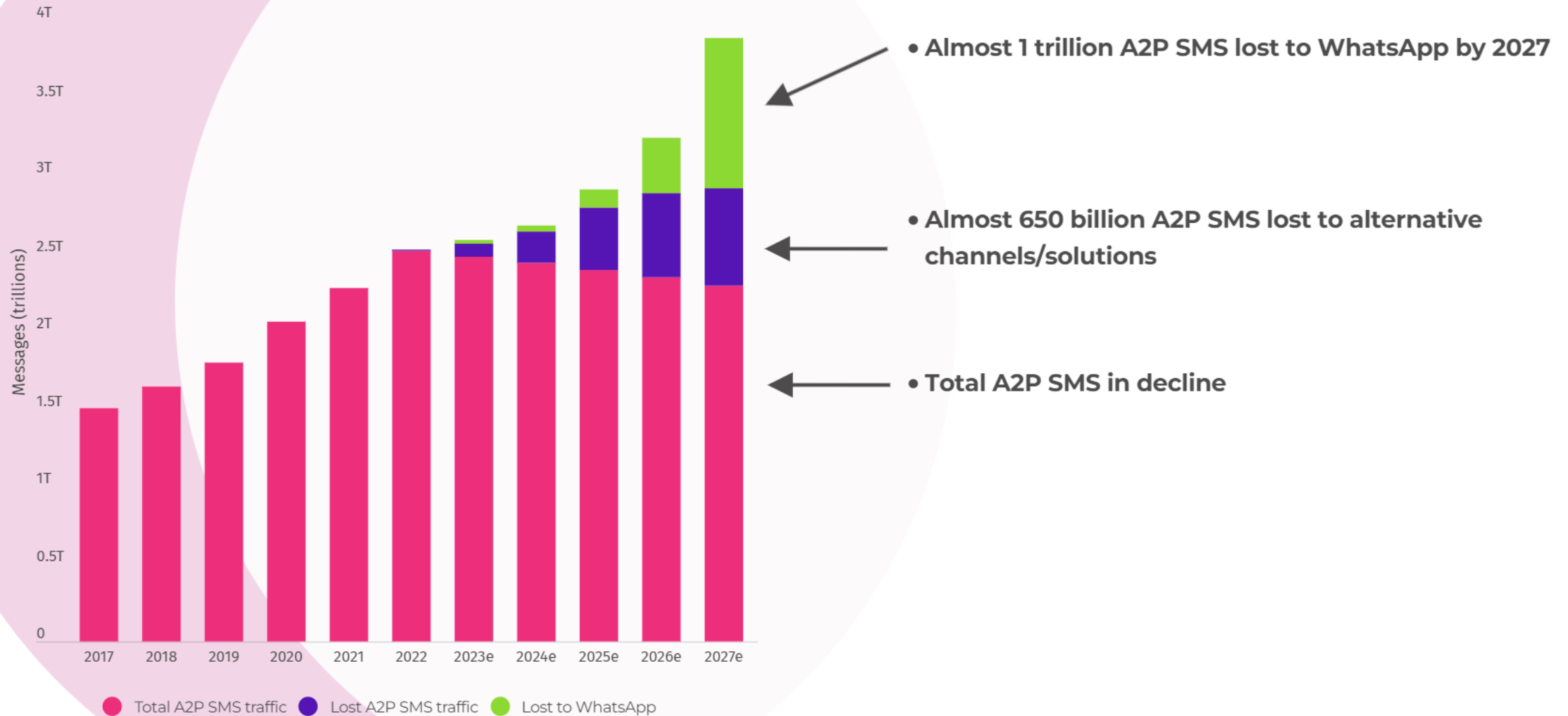
*Based on Mobilesquared research up to Jan 2024. Data subject to change

Lost A2P SMS traffic, June 2023 outlook



- Messaging traffic migrating to WhatsApp
- New "grey" routes emerging:
 - SMS offload to P2P WhatsApp
 - SMS offload to P2P RCS
 - SMS offload to flash calls (?)
- SMS attrition, traffic migrating to identity solutions.

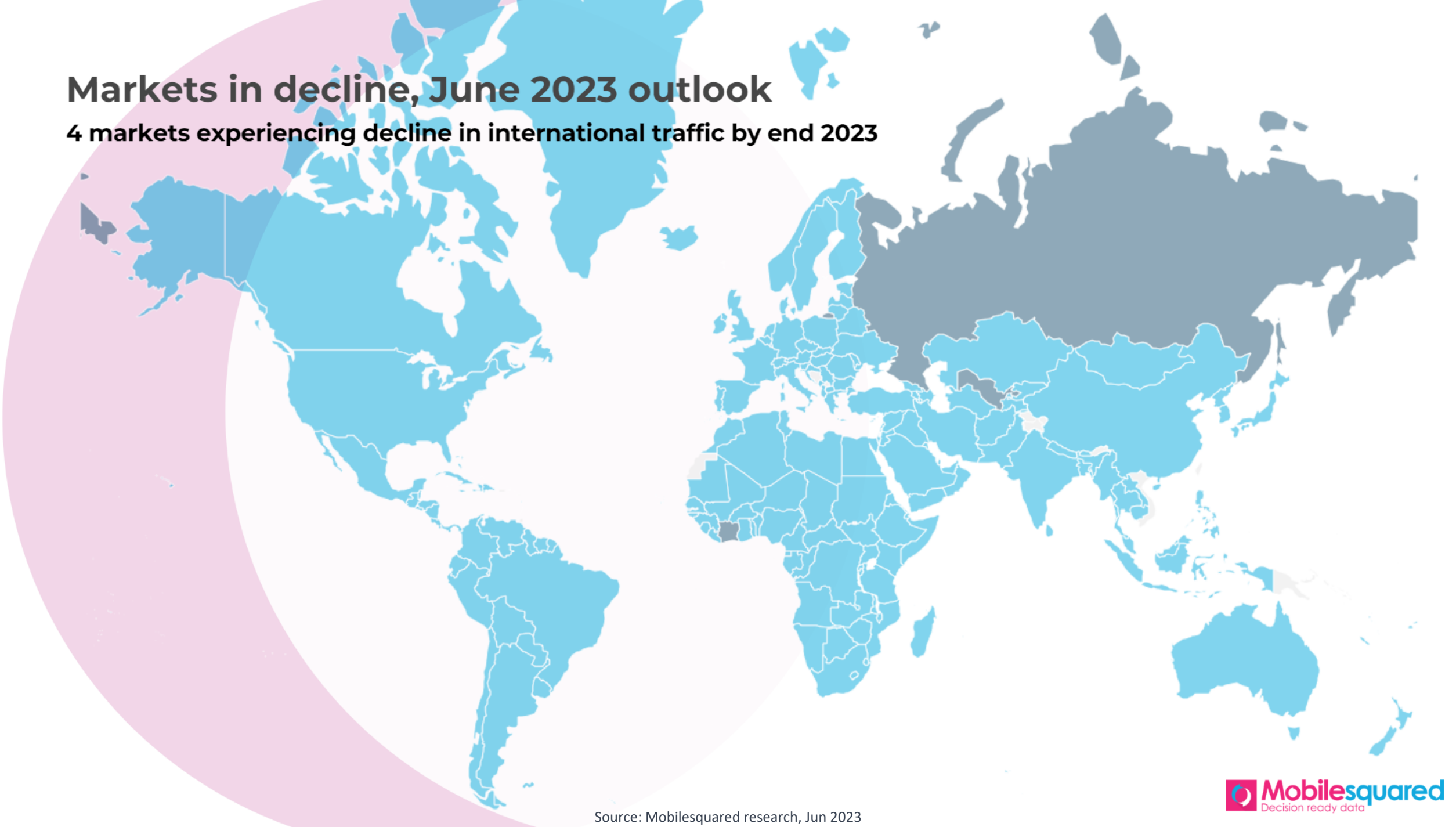
Lost A2P SMS traffic, revised 2023 outlook*



*Based on Mobilesquared research up to Jan 2024. Data subject to change

Markets in decline, June 2023 outlook

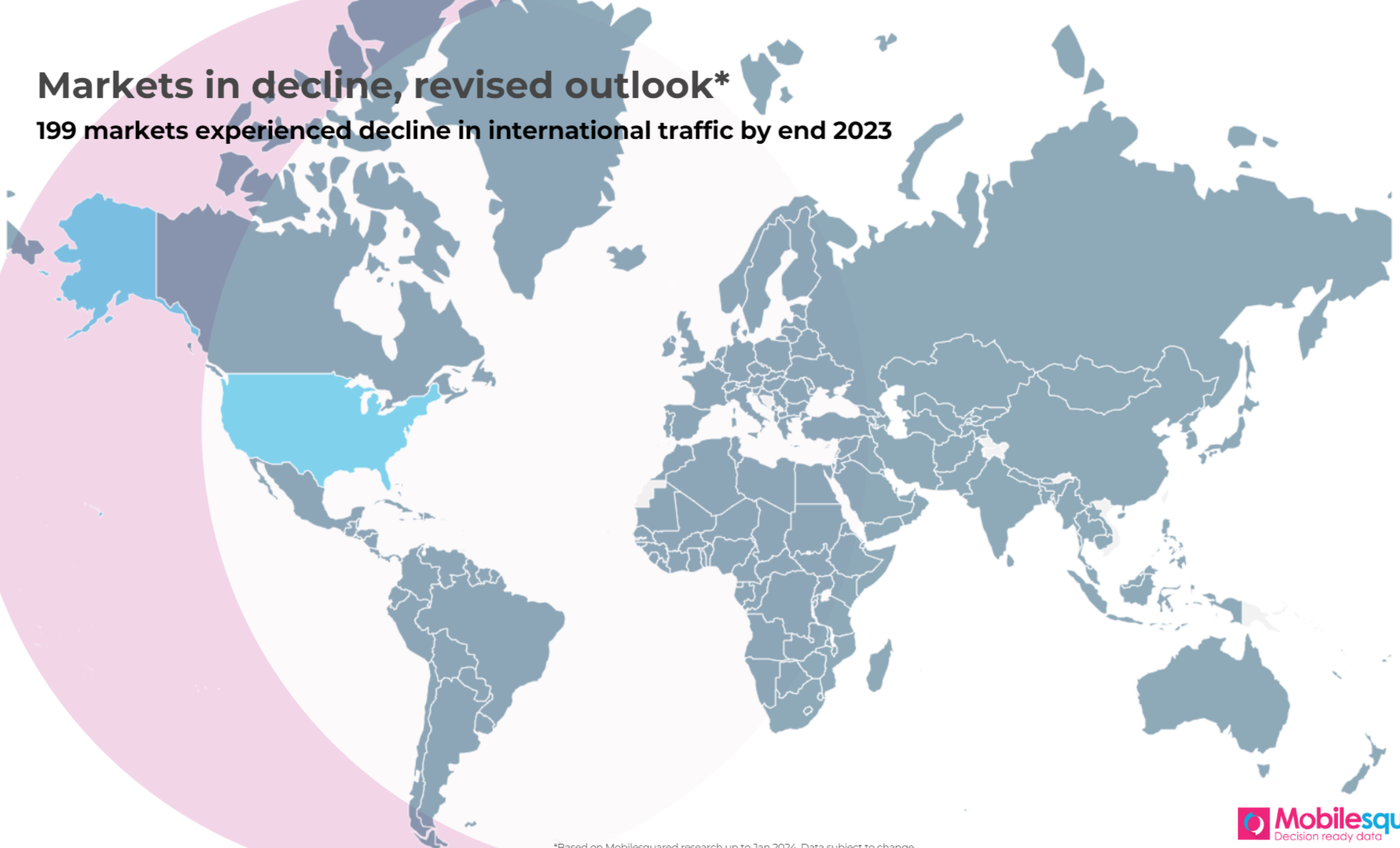
4 markets experiencing decline in international traffic by end 2023



Source: Mobilesquared research, Jun 2023

Markets in decline, revised outlook*

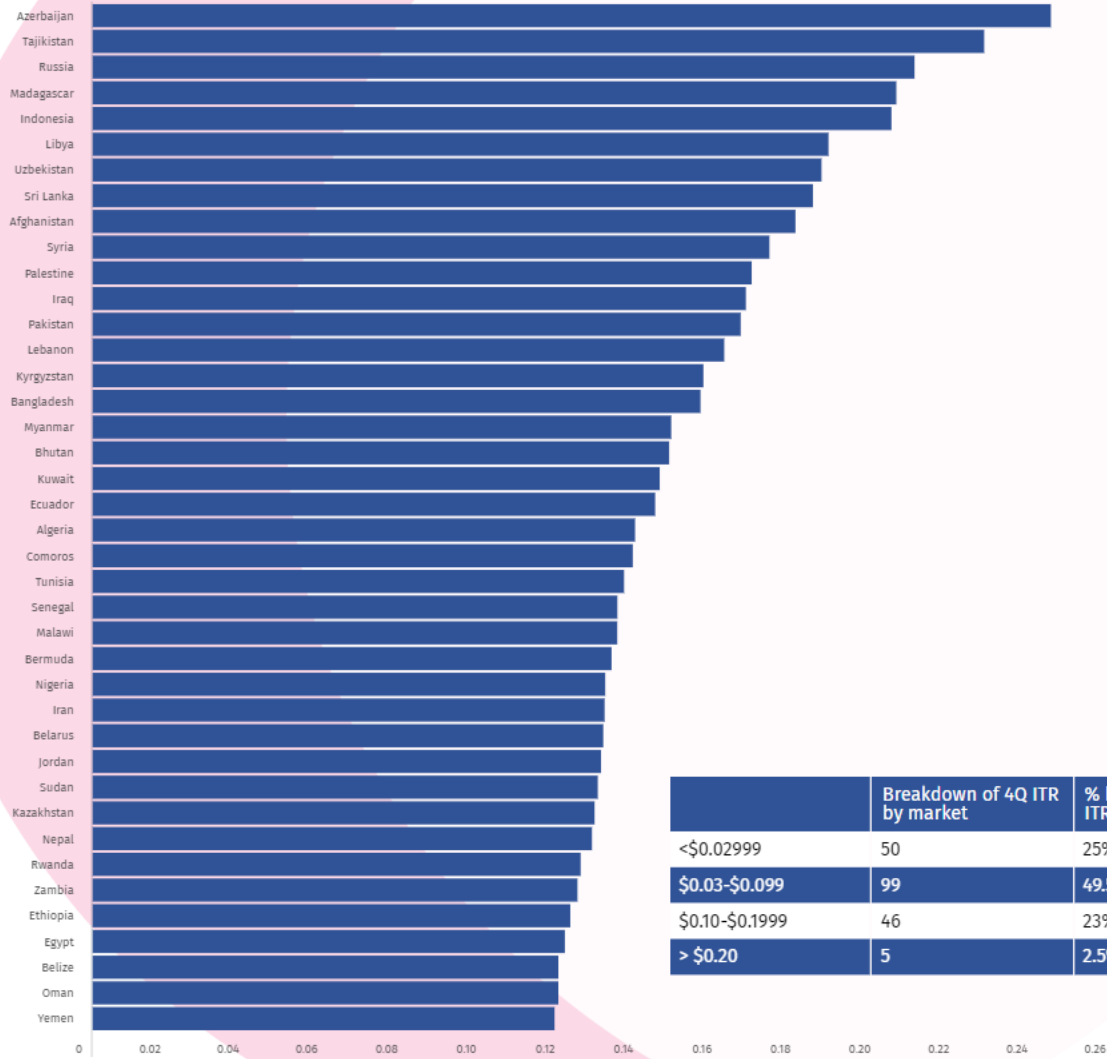
199 markets experienced decline in international traffic by end 2023



*Based on Mobilesquared research up to Jan 2024. Data subject to change

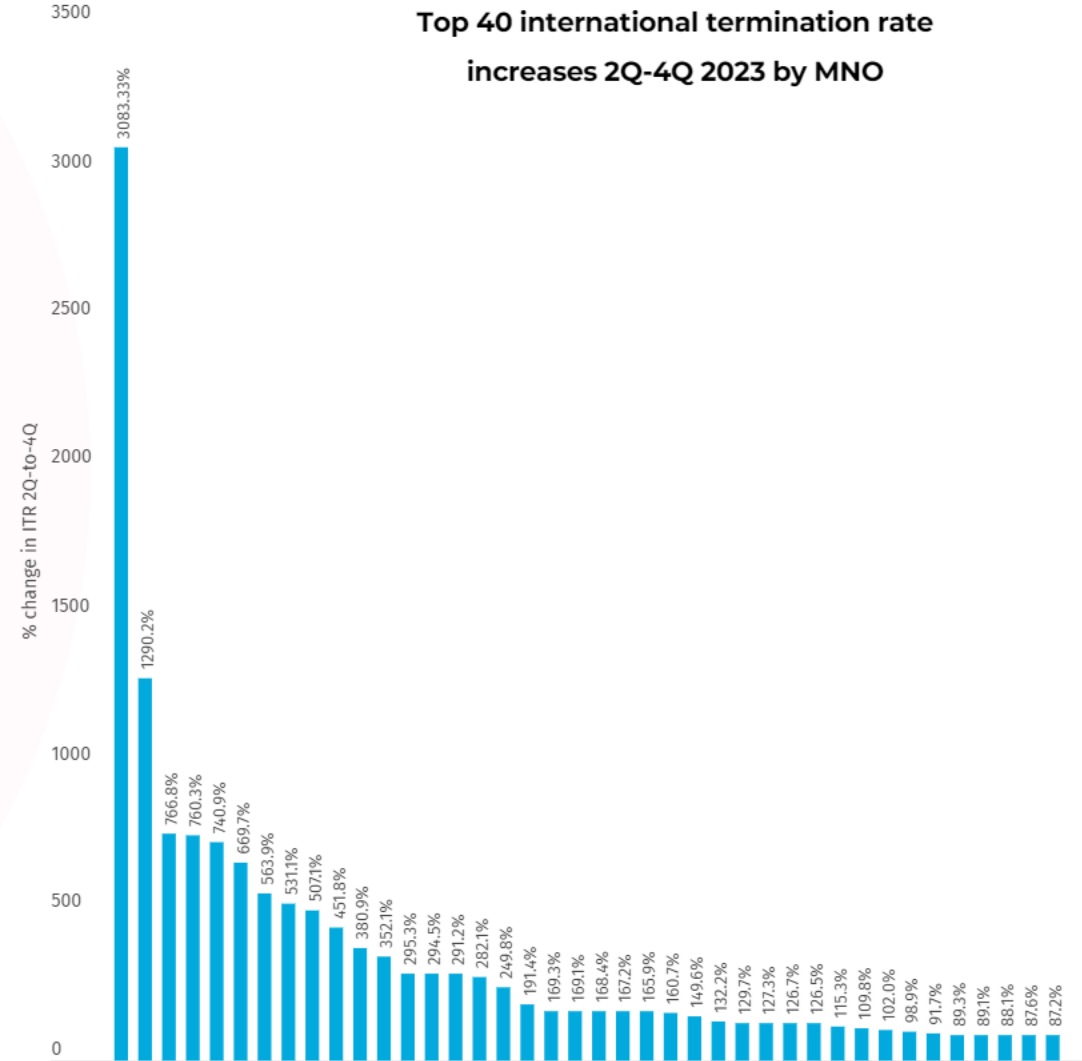
The root of the problem; pricing

Top 40 international termination rates by market

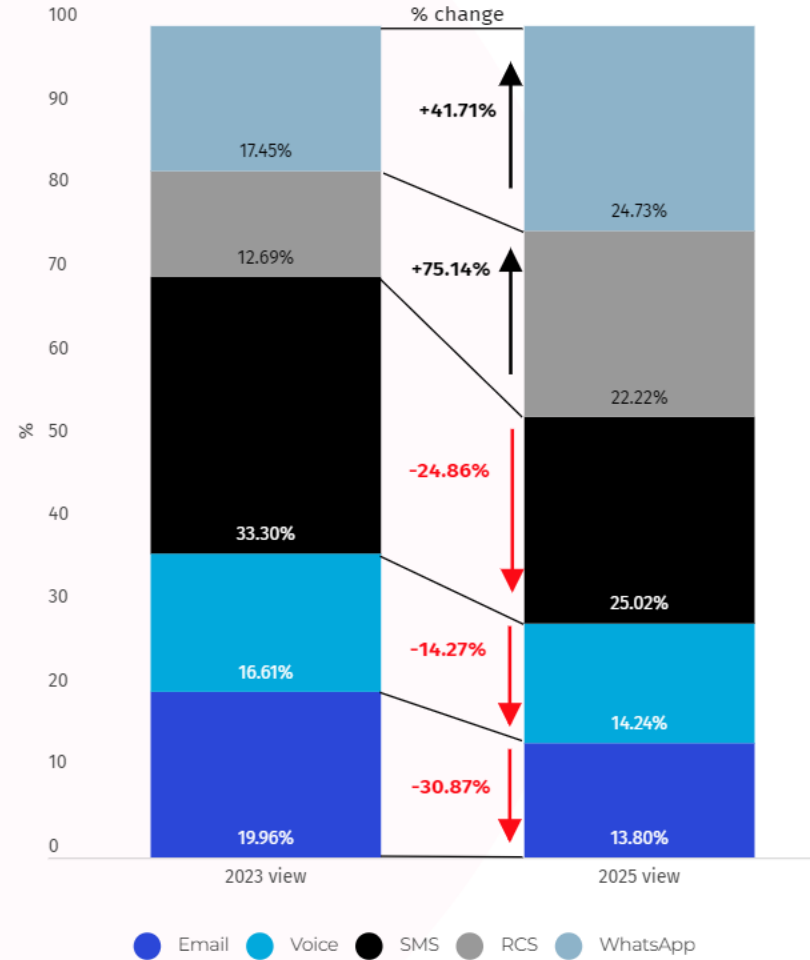


	Breakdown of 4Q ITR by market	% breakdown of 4Q ITRs by market
<\$0.02999	50	25%
\$0.03-\$0.099	99	49.5%
\$0.10-\$0.1999	46	23%
> \$0.20	5	2.5%

Top 40 international termination rate increases 2Q-4Q 2023 by MNO



It then comes down to trust



*Based on Mobilesquared research for XConnect, published Jan 2024.

nick@mobilesquared.co.uk