Why the opportunity for RCS is now

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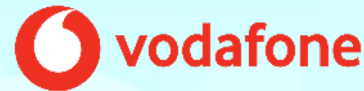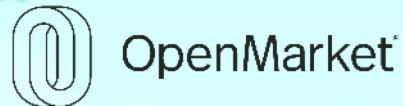
About Mobilesquared

Leading analysts in Business Messaging

Mobilesquared
Communicating data

We provide definitive data and expert insight

We work with the leading mobile and tech companies across the mobile ecosystem, from regulators, mobile operators, service providers, brands, agencies, start-ups ... to understand mobile and engagement.

We do this through extensive research, deep analysis based on years of experience, and forecasting market opportunities based on actionable numbers.
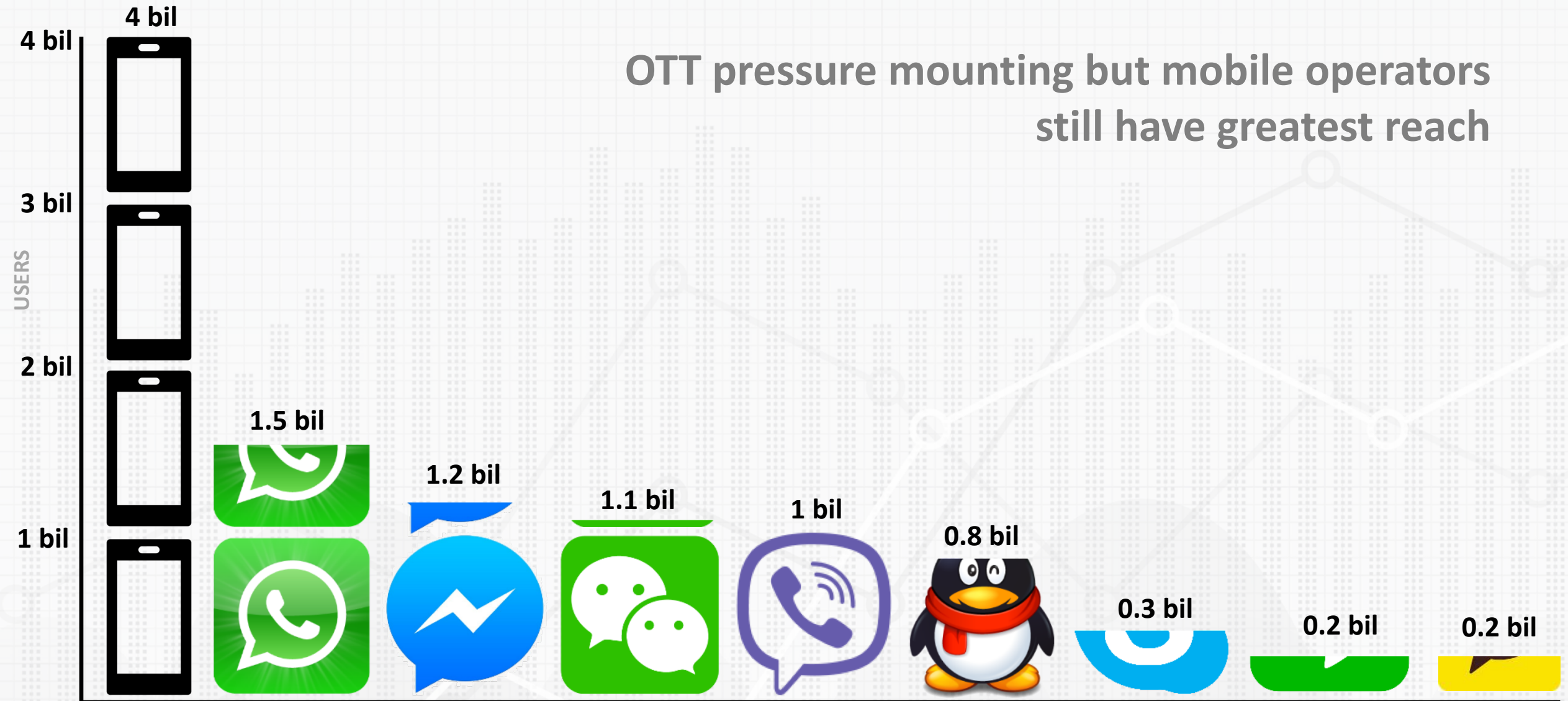
Accurate data. No hype.

realnetworks

telenor

Telefónica

MAVENIR

IMImobile

tyntec

MOBILEUM

link mobility
Mobilizing Your Business

vodafone

SoftBank

OpenMarket

adaptivemobile
SECURITY

3

SPARKLE

PSA
Phone-paid Services Authority

mastercard

TATA
COMMUNICATIONS

pwc

mGage
A Vivial Company

syniverse

CEQUENS

Mahindra
COMVIVA

Mobile operator messaging perspective

MESSAGING POTENTIAL JAN 2019

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USERS

4 bil

3 bil

2.8 bil

0.9 bil
RCS

0.7 bil

4 bil

3.5 bil

1 bil

ABC

RCS

ANDROID

SMARTPHONES

MOBILE OPERATOR MESSAGING

TOTAL DEVICES

MESSAGING POTENTIAL
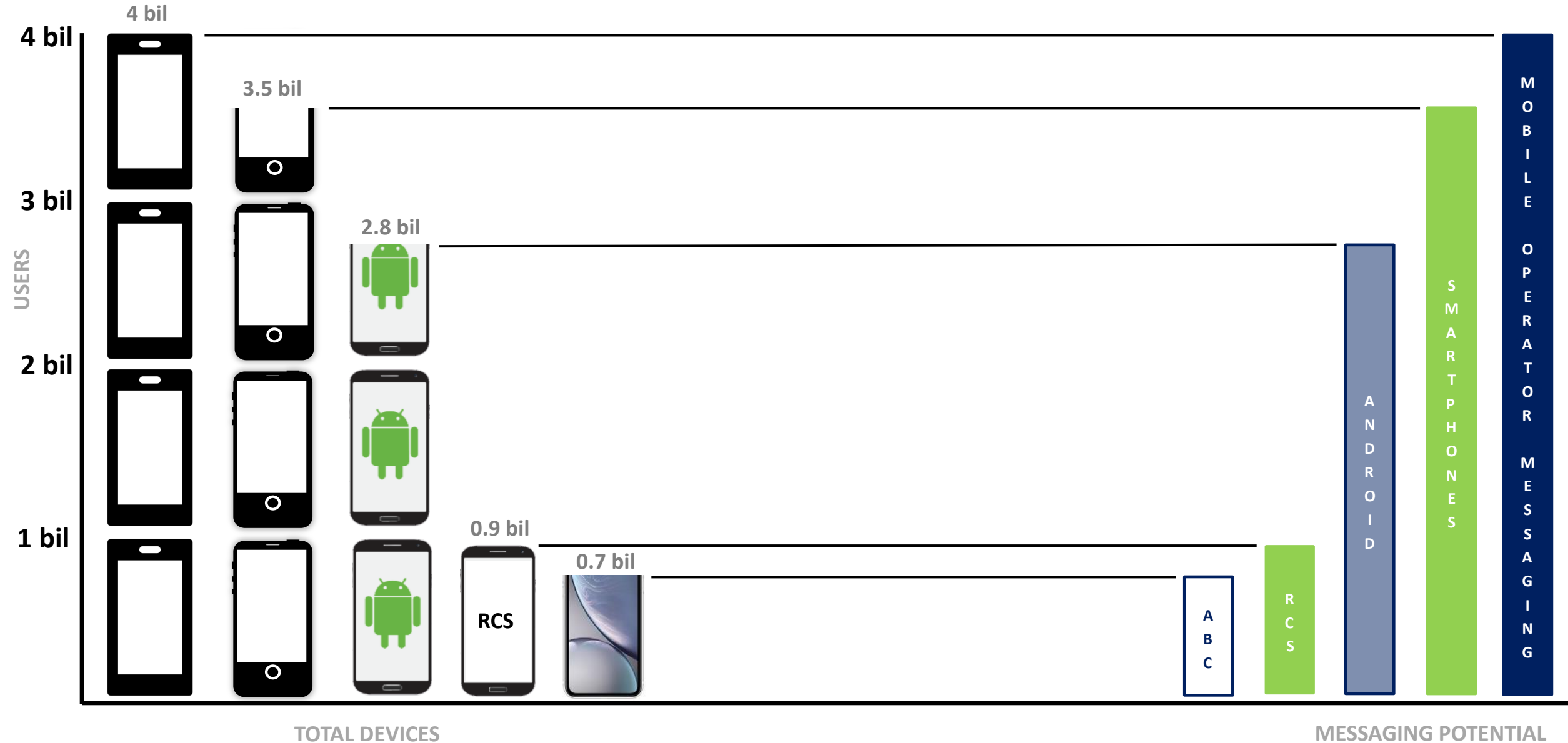
RCS to dominate rich business messaging landscape, global

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P2P USERS AS % OF TOTAL SMARTPHONES, 2018 - 2023

RCS becomes the biggest messaging channel
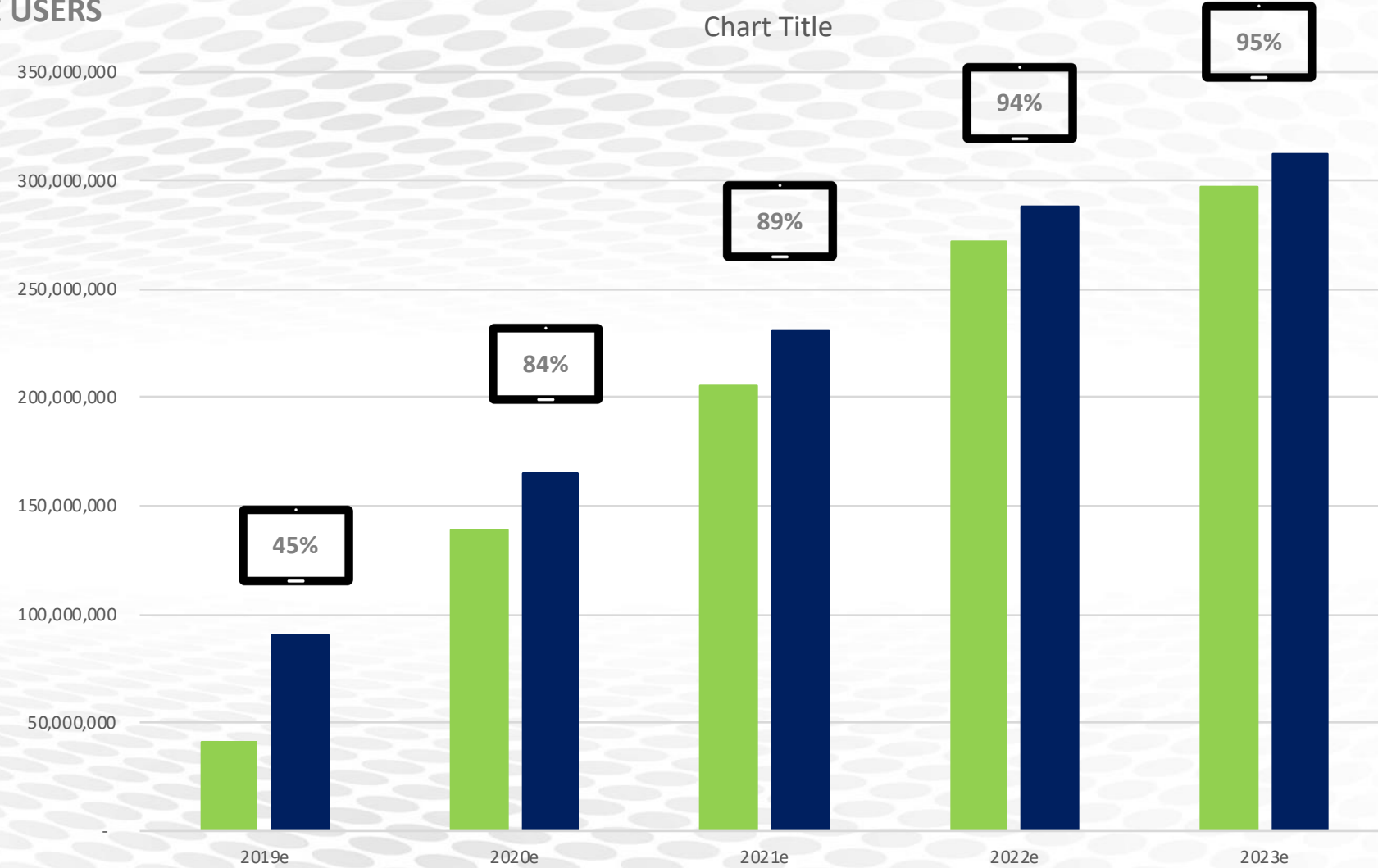
RCS now on a par with WhatsApp; bigger than Viber, WeChat & Messenger

RCS comparable with Tencent QQ

RCS comparable with Skype, LINE, Kakao Talk,

P2P

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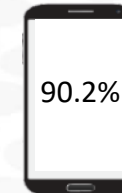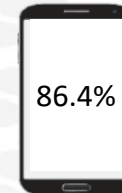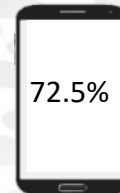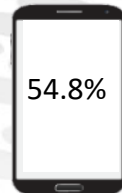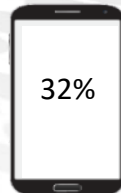
RCS A2P breakdown
NATIVE vs DOWNLOADABLES

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MaaP (A2P/UP2.0) launches as % of P2P RCS rollouts

The dominance of native

3,000,000,000

2,500,000,000

2,000,000,000

1,500,000,000

1,000,000,000

500,000,000

-

8.3%

40.2%

56.1%

76.8%

87.5%

94.2%

2018   2019   2020   2021   2022   2023

■ A2P native   ■ A2P download   — Total RCS A2P

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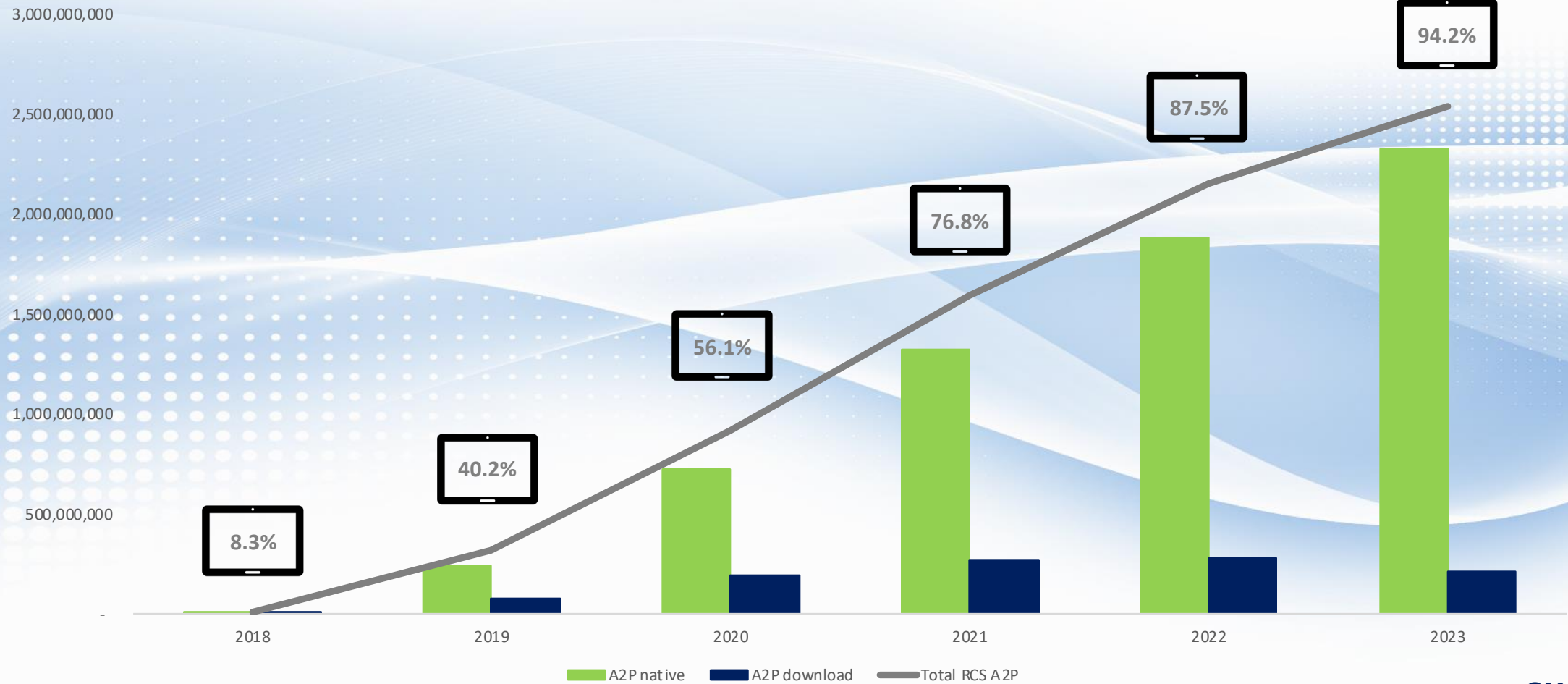
Business messaging spend (US$)

MESSAGING APPS END 2018, ARPU

US$17.02

Mobile operators dominate business messaging revenues

SMS ARPU
US$3.61

OTT ARPU ?
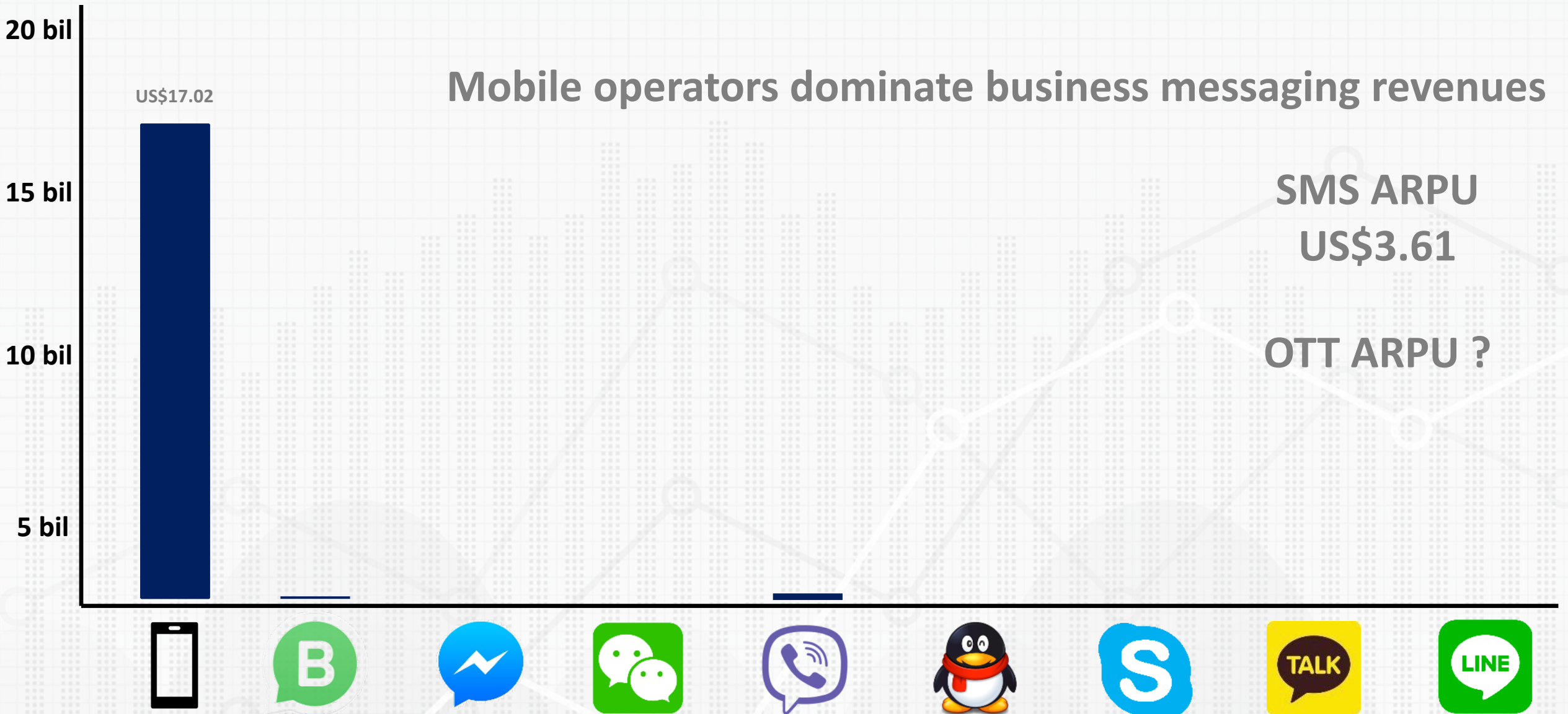
A world without RCS

Total A2P SMS SPEND (US$)

US$28.7

Billions

35

30

25

20

15

10

5

-

2018   2019   2020   2021   2022   2023

■ Total A2P SMS spend   □ Total

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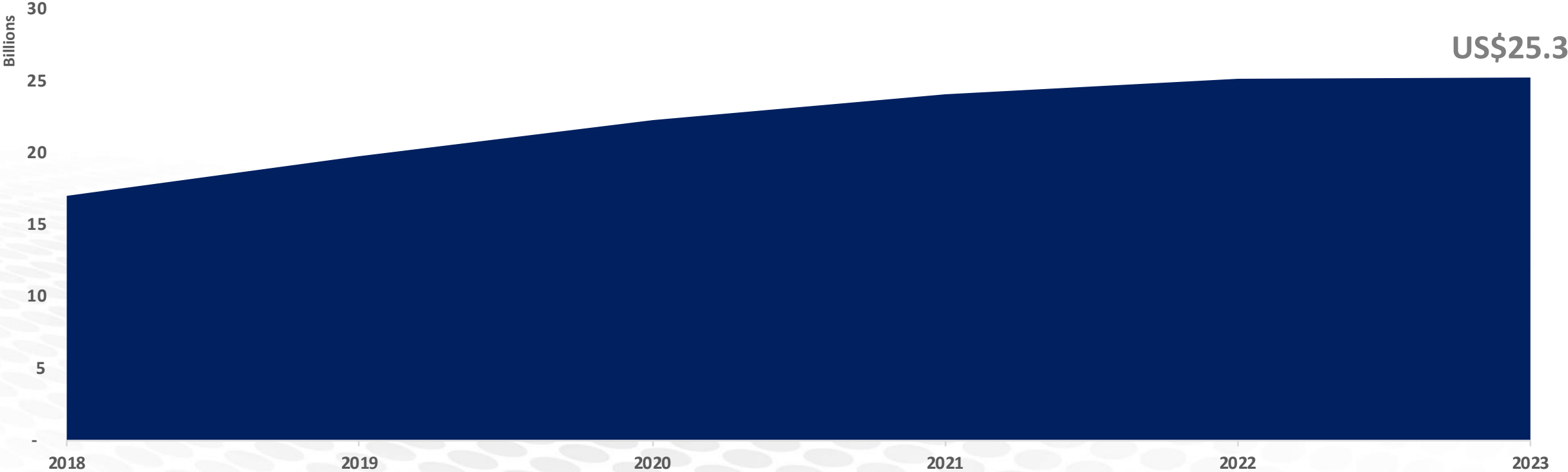
RCS messaging/chat traffic, Asia

A2P + P2A brand communications

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Average number of brand engagements per user per month

Total messages & chats

39.3

20.4

11.5

6.7

4

1,200,000,000,000					
1,000,000,000,000					
800,000,000,000					
600,000,000,000					
400,000,000,000					
200,000,000,000					
-					
2018	2019	2020	2021	2022	2023

■ Total Traffic   ■ Total Chats*
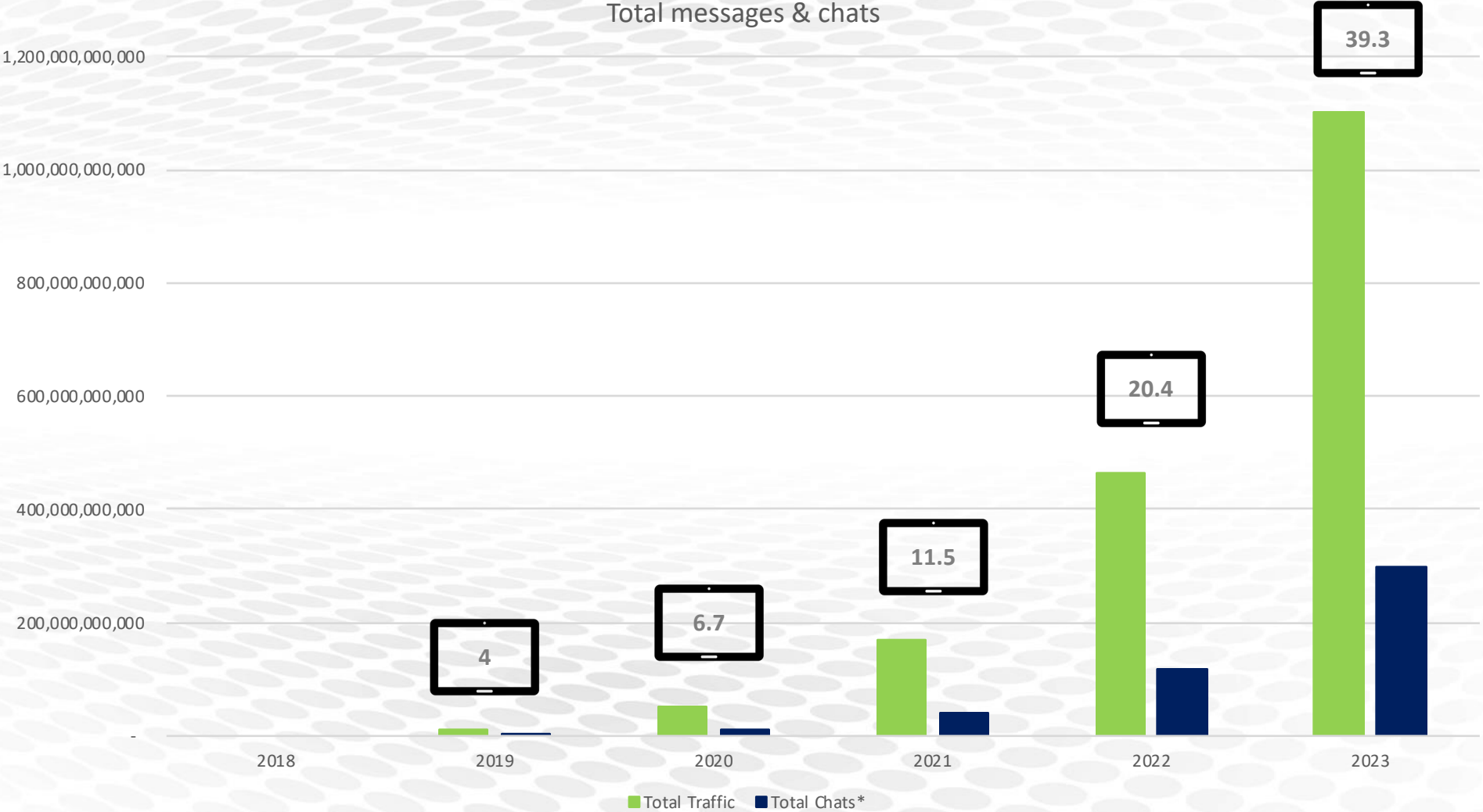
Business messaging spend ($), LatAm

SMS & RCS

Total business messaging spend $3.5 billion

RCS spend in LatAm to account for 12% of total global RCS spend in 2023

RCS will account for 56% of business messaging spend

Legend: A2P SMS (green), RCS (navy)

X-axis: 2019, 2020, 2021, 2022, 2023

Y-axis: -, 500,000,000, 1,000,000,000, 1,500,000,000, 2,000,000,000, 2,500,000,000, 3,000,000,000, 3,500,000,000, 4,000,000,000

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Evolving business models

In-network RCS model

Mobile operator + aggregator income

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Billions

No revenue share, mobile operator controlled ecosystem keeps
100%, with aggregator partner/s selling to brands/enterprise

45

40

35

30

25

20

15

10

5

-

2018   2019   2020   2021   2022   2023

Total A2P SMS spend   RCS

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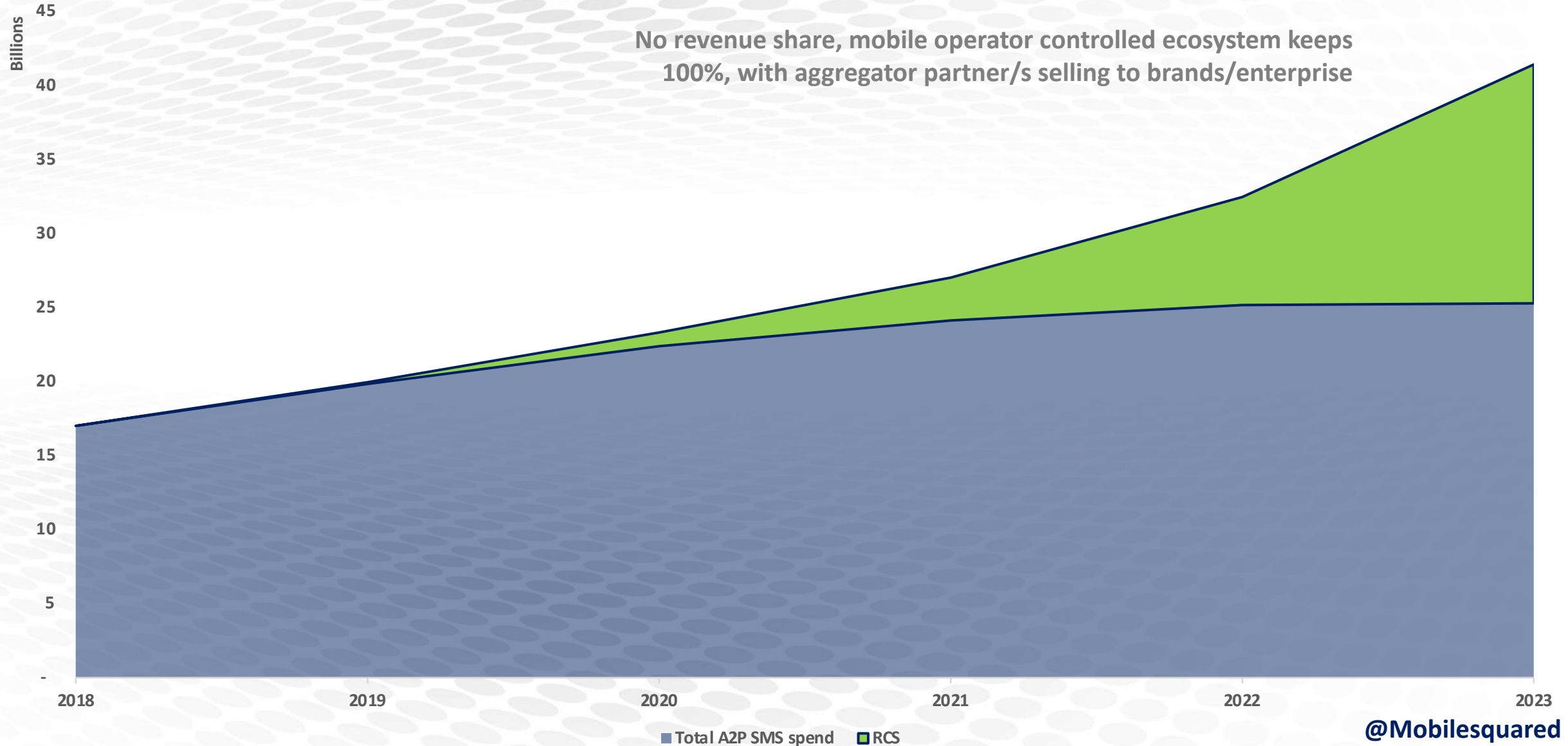
Cloud hosted partner RCS model
Mobile operator + aggregator + cloud host partner income

Mobilesquared
Communicating data

Billions

45

40

35

30

25

20

15

10

5

-

Revenue share based on cloud host partner receiving 40% of revenues from session/campaign based spend, with aggregator partner/s selling to brands/enterprise

2018   2019   2020   2021   2022   2023

■ Total A2P SMS spend   ■ RCS MNO share   ■ Cloud hosted partner

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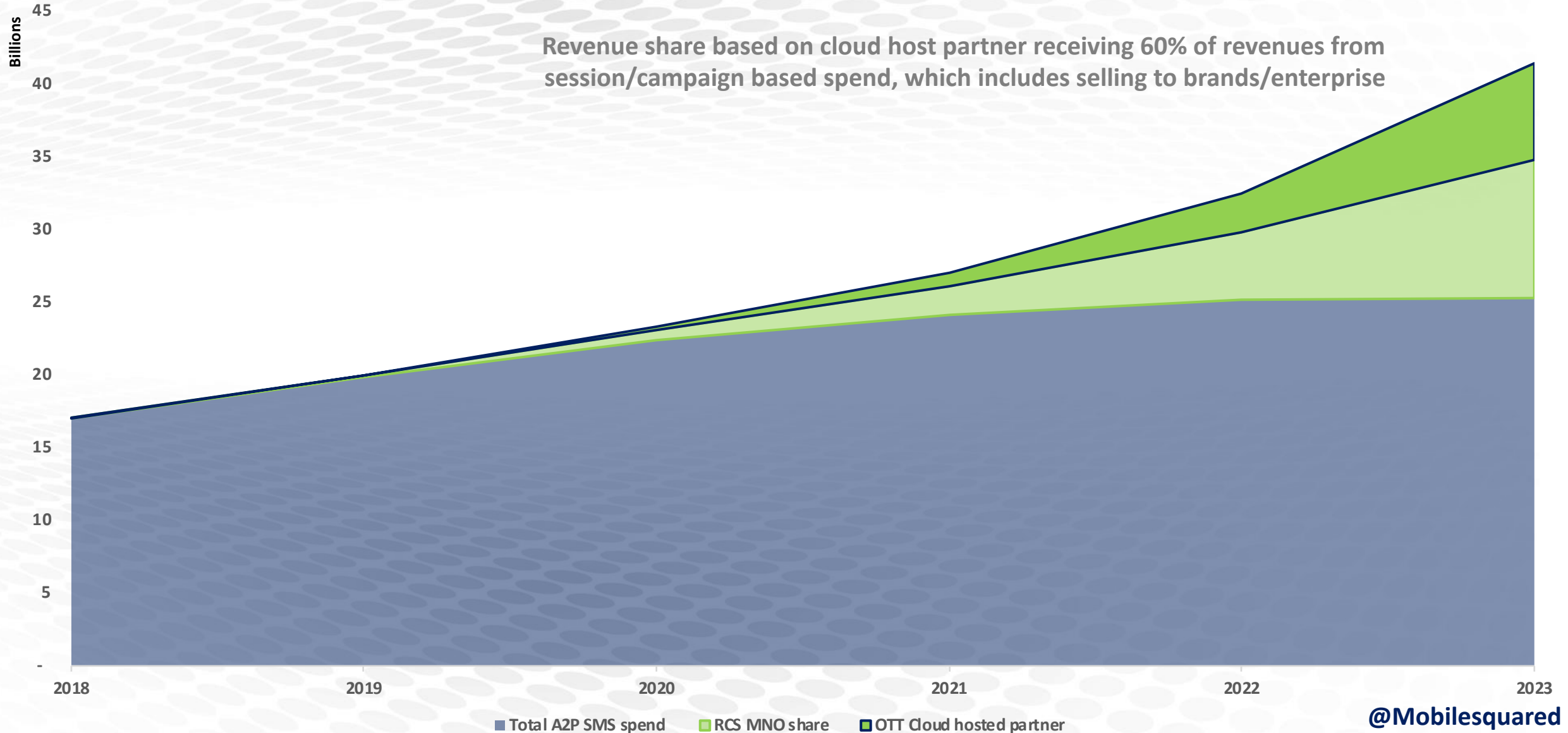
The latest snapshot

Mobile operator + aggregator income
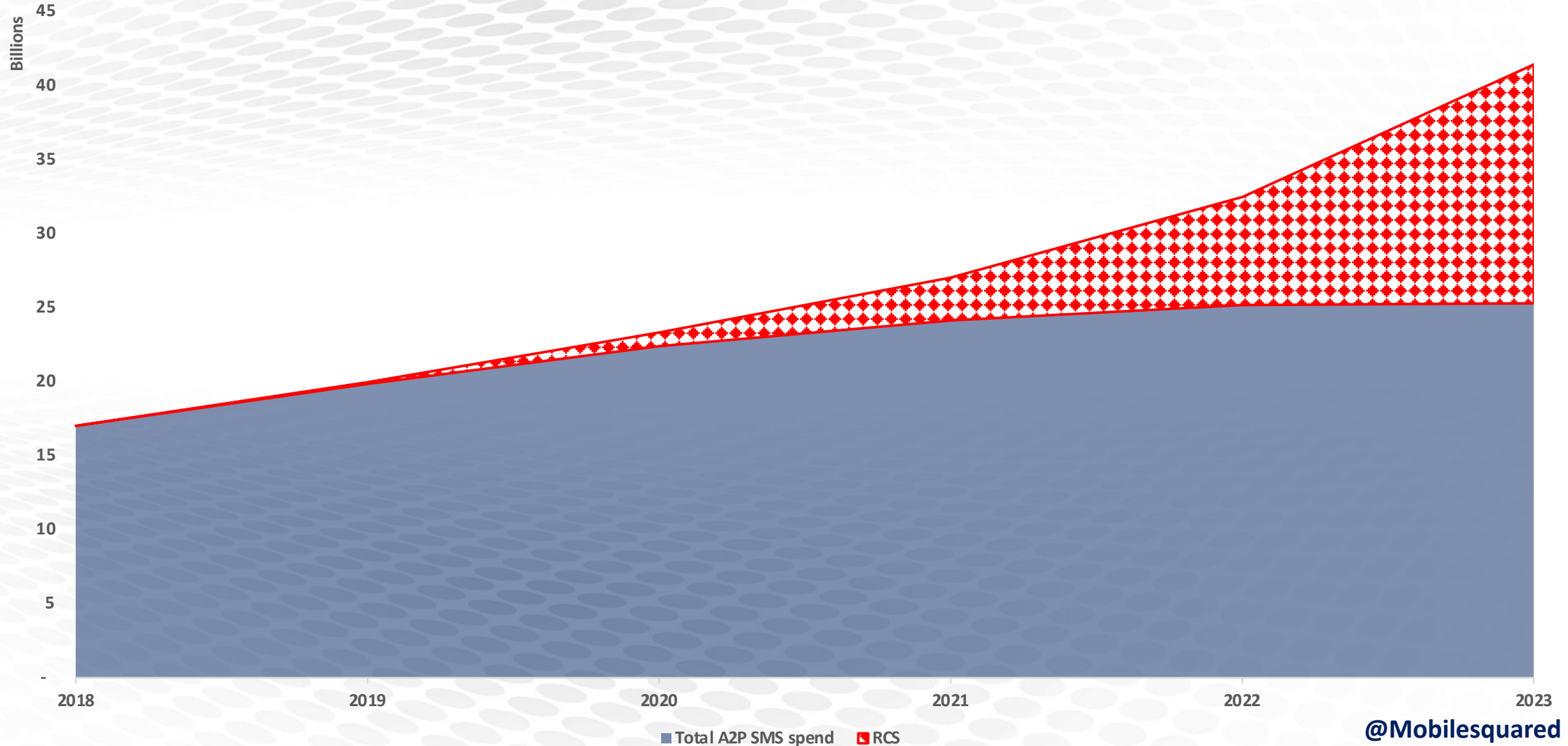
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Billions

45

40

35

30

25

20

15

10

5

-

2018   2019   2020   2021   2022   2023

■ Total A2P SMS spend   ■ RCS

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SMS / RCS ARPU comparison
(US$)

Billions

ARPU (US$)

US$6.42

US$4.91

US$3.61   SMS   US$3.60

RCS – TOTAL ACTIVITY

RCS – P2A ACTIVITY

US$0

45
40
35
30
25
20
15
10
5
-

6
5
4
3
2
1

2018   2019   2020   2021   2022   2023

■ Total A2P SMS spend   ■ RCS

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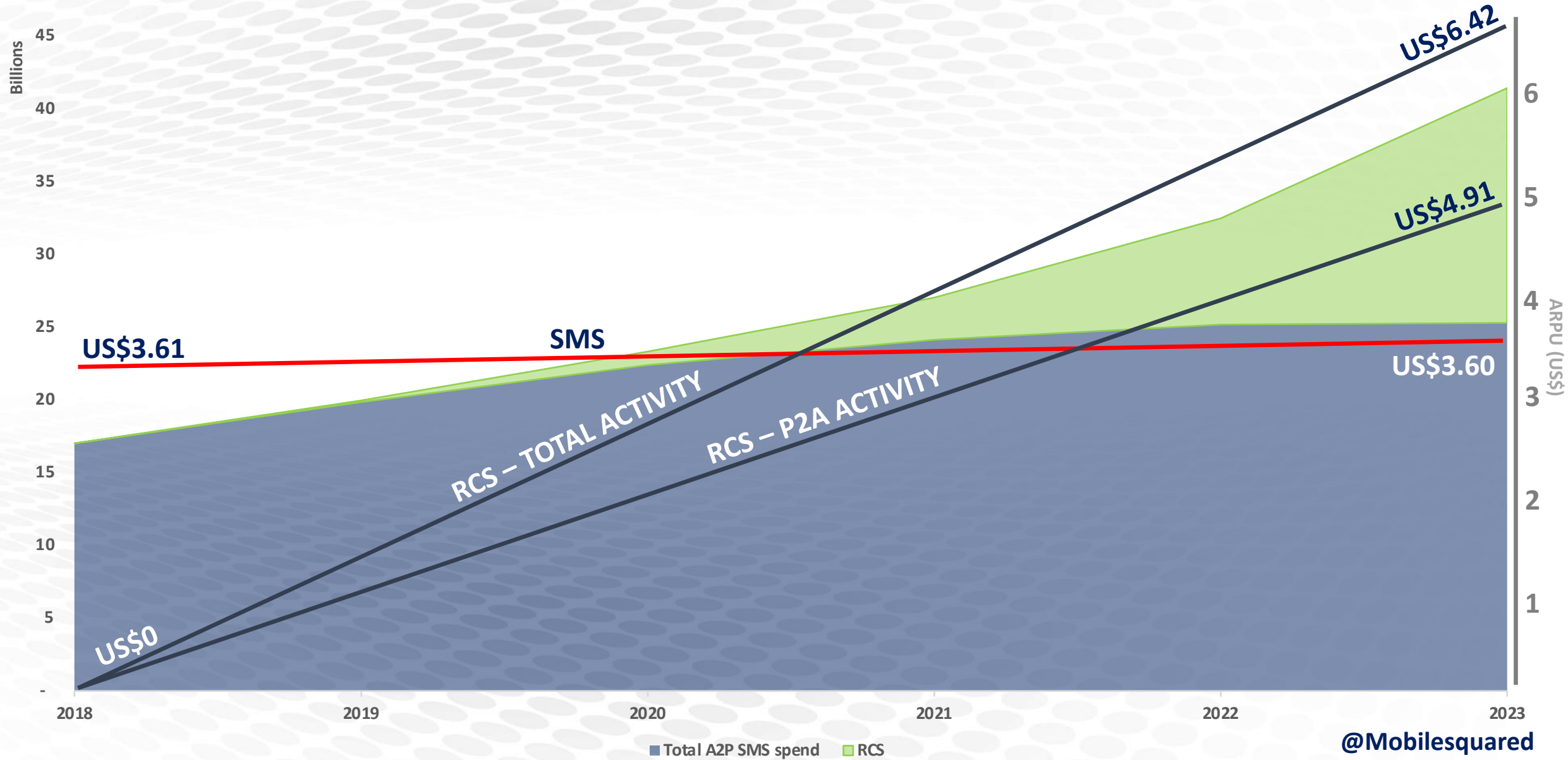
Alternative business models

ADVERTISING & SEARCH SCENARIOS (US$)

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Advertising

Billions

- 2018: 0.82 / 1.19 / 1.99
- 2019: 3.18 / 4.62 / 7.69
- 2020: 5.98 / 8.69 / 14.48
- 2021: 8.45 / 12.28 / 20.46
- 2022: 10.65 / 15.47 / 25.79
- 2023: 11.61 / 16.87 / 28.11

■ Scenario 1 ■ Scenario 2 ■ Scenario 3
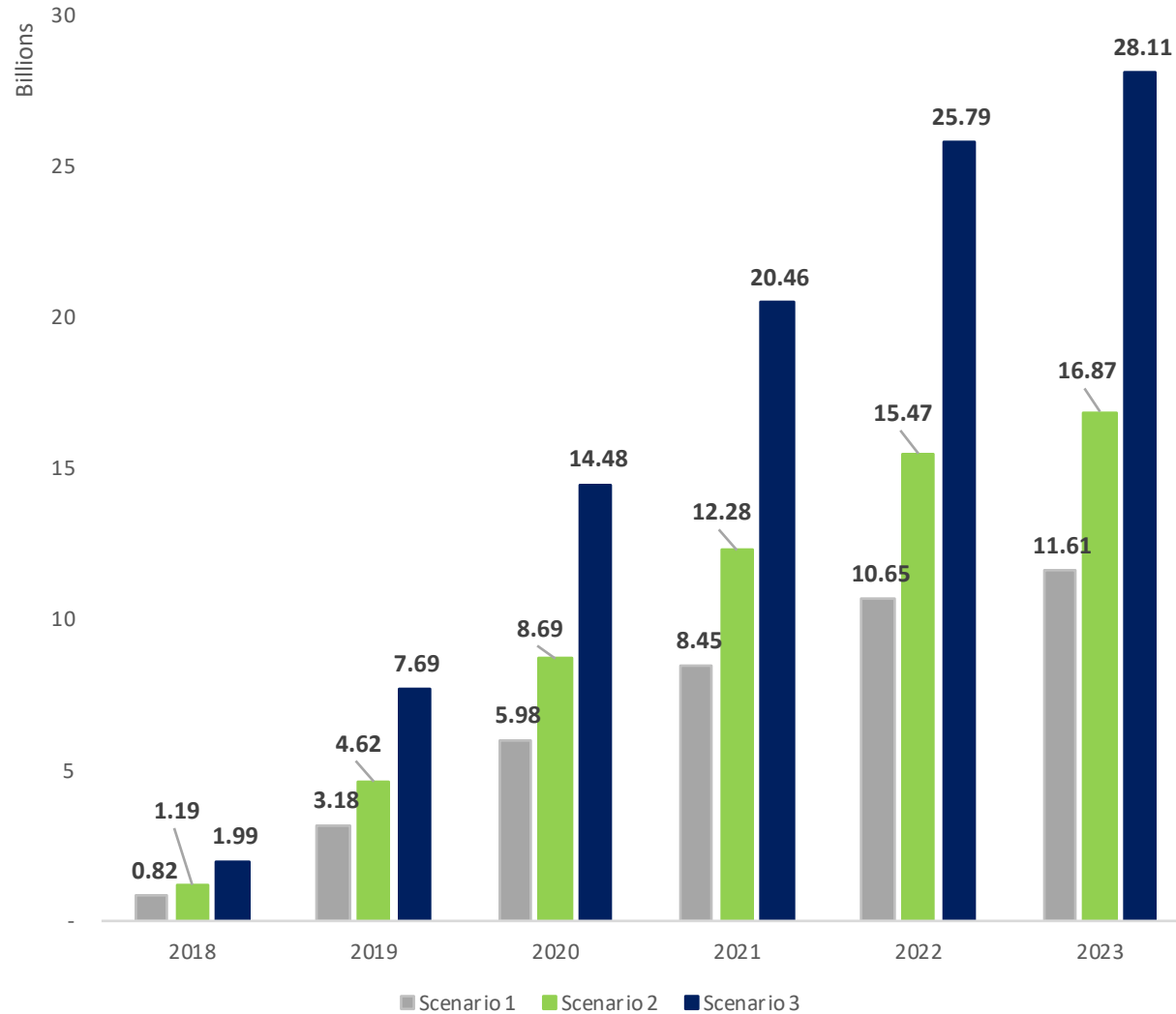
Forecasts based on:

Advertising
Scenario 1: Based on Kakao Talk's average ad spend per user (US$4.13) applied to total P2P RCS users. Scenario 2 & 3 based on average ad spend of US$6 & US$10 respectively.

Search
Based on 5% of the total average spend on mobile search per user in the USA, applied to total RCS A2P user base.

Search

Billions

- 2018: 0.04
- 2019: 1.3
- 2020: 3.9
- 2021: 6.7
- 2022: 9.1
- 2023: 10.7

Nb Mobilesquared's actual forecasts on advertising & search will be published in 2H 2019
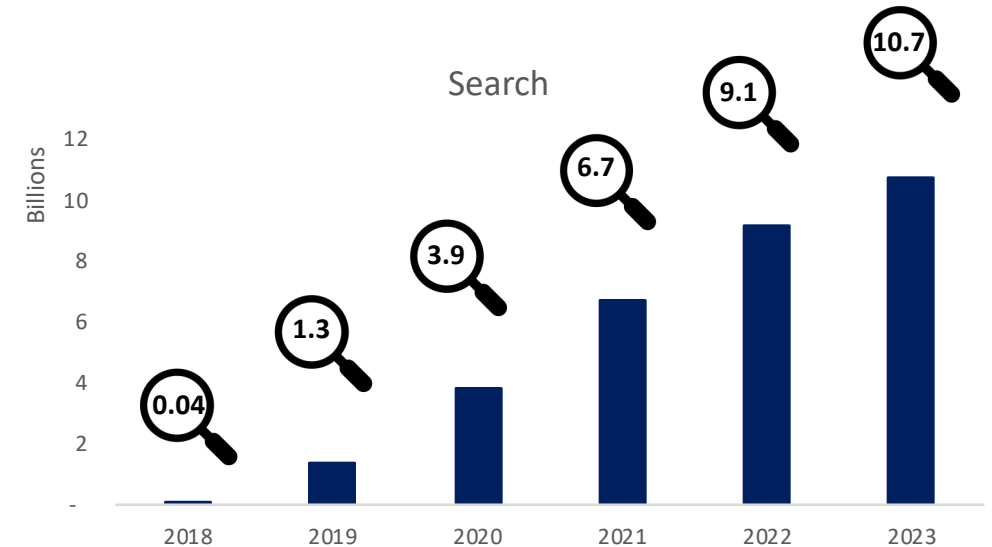
RCS engagement touchpoints, Asia
A2P / P2A ACTIVITY 2023, PER MONTH

CONSUMERS WILL ENGAGE WITH AT LEAST TWO BRANDS EVERY DAY BY 2023 VIA RCS

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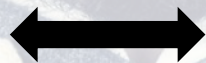
Threat of WhatsApp to mobile operators

THE JUGGERNAUT HAS DEPARTED

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Data to emphasise WhatsApp threat only!

Forecasts based on:
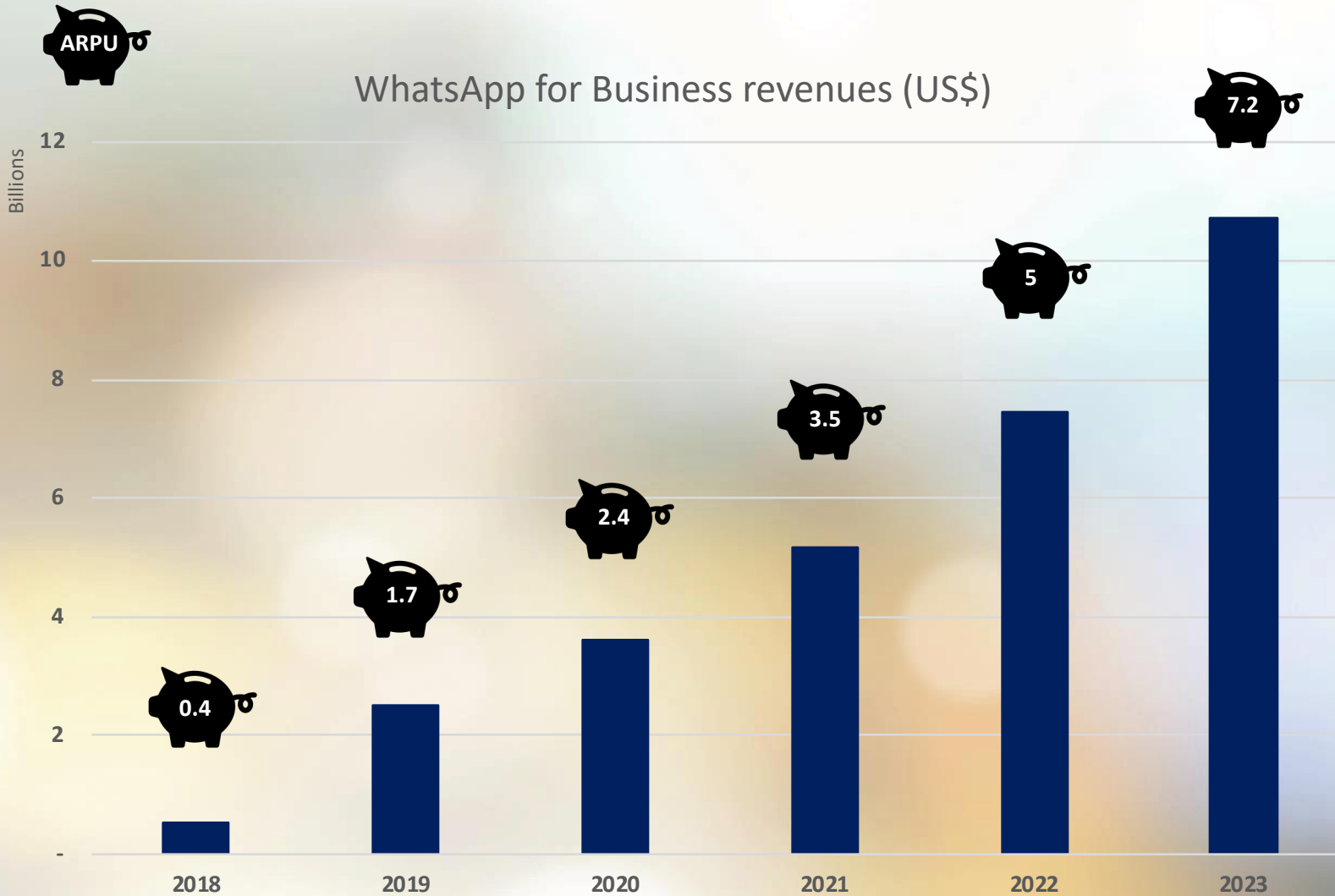
WhatsApp for Business revenues (US$)

3 million registered businesses (end 2018) growing at 20% year-on-year during forecast period

MaB (Monthly active Business) = 33% per year.

Average sized database of 2,500 year-on-year.

Avg message cost $0.03472, based on avg cost in launch markets, applied throughout.

In this scenario WhatsApp for Business will:

enjoy spend 18 times higher than RCS by the end of 2019.

Will generate a higher ARPU than SMS in 2021.

Cumulative spend of $30 billion on WhatsApp during forecast period.

ARPU

Billions

Year	Value
2018	0.4
2019	1.7
2020	2.4
2021	3.5
2022	5
2023	7.2

Nb Mobilesquared's actual forecasts on WhatsApp for Business will be published in September 2019

The real RCS opportunity
TIME TO DELIVER

Market worth £16.2 billion in 2023
(Based on messaging & chat)

Market potentially £38.5 billion in 2023*
(Based on messaging, chat, advertising (scenario 1) & search)

Mobilesquared's actual forecasts on advertising & search will be published in 2H 2019

Why make Mobilesquared your business messaging partner

Global RCS
Business Messaging Forecasts
by Operator, Country, Region & OS
(2018-2023)

November 2018

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www.mobilesquared.co.uk/about-databooks/

RCS forecasts covering P2P/A2P launches, P2P/A2P users, Traffic, Income

Split by Mobile operator, Country, Region & OS.

Databook forecasts updated quarterly

Analyst Insight Reports quarterly

RCS MAU tracker (splitting out UP 1.0/UP2.0) for every live RCS market

Upcoming RCS research on impact of digital & search models on total income

We are business messaging specialists, and this is our publishing schedule for 2019:
- A2P SMS 3.0 (May)
- WhatsApp for Business (September)
- Apple's ABC (November)