

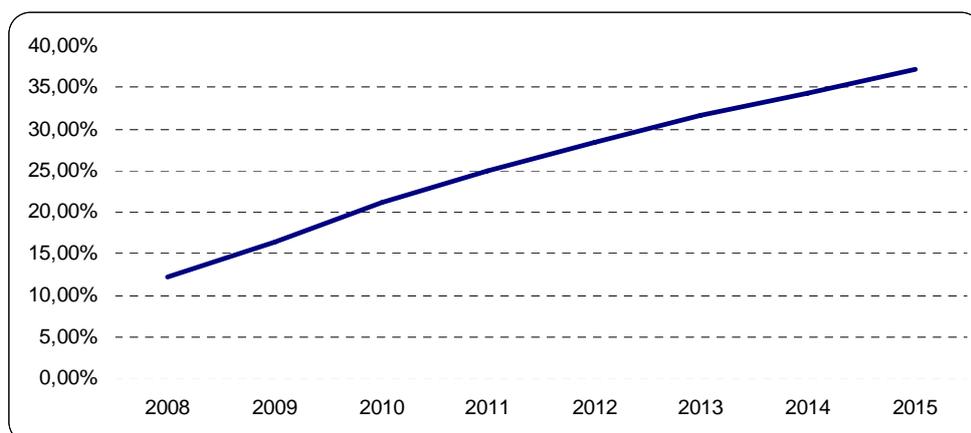
Mobile Internet

Shifting from access to services and contents

Montpellier, 25 January 2011 – **IDATE has just published its new report “Mobile Internet”. Mobile Internet is here and geared for growth. For 2015 the worldwide penetration rate of Mobile Internet will reach 37% - or 2.67 billion users - generating access revenues of 161 billion EUR. This report provides detailed information about market's structure, data & forecasts 2008-2015, player profiles and strategies. It also spotlights the current and upcoming trends and the different kinds of mobile Internet usages.**

“The mobile Internet has reached a stage where it is finally taking off in Western Europe and North America, where it is poised to follow the developments which have so far been seen in Japan for almost a full decade and, to a lesser extent, South Korea”, says Soichi Nakajima, senior consultant of IDATE’s Internet Business Unit.” Regarding mobile connectivity devices such as USB dongles, their value is in fact higher than that of mobile phones today and this trend is expected to continue. The ARPU for mobile connectivity devices, depending on the country and region, can be more than double that of smartphones. This trend is expected to continue, with sustained demand in particular of business users. This also means for operators, however, that these modems consume more traffic on a per subscription basis”.

Mobile Internet Penetration worldwide, 2008-2015



Source : IDATE

Smartphone and applications phenomena play their part in driving mobile Internet usage

Smartphone marketing goes mainstream

There are several factors which have enabled this ‘ready for take-off’ stage. Regarding the technological factors, the 3G networks are finally in place, allowing connection speeds and coverage rates which are satisfactory for the majority of users. There are handsets now too, mainly in the form of smartphones, which can make use of the network quality and are more suited to the mobile Internet experience with bigger screens, higher processing power and so on. Perhaps even more important have been the marketing factors. Even with the technologies in place, without efficient marketing these technologies would not be used, or rather not be known, to the majority of people. However, the phenomenon created originally by the Apple iPhone, and all other players who followed such as Google with their Android OS, Samsung with their Galaxy series and so on, have made sure that a wide majority of people are at least aware of the existence of smartphones and together with it applications.

Applications as a new point of entry to the mobile Internet... although not the prime

The introduction of application stores and the concept of applications on mobile phones have opened a new entry point to the mobile Internet. Surveys show that people who possess a smartphone are much more likely to access the mobile Internet (as well as all other multimedia activities), and in particular application usage is very high. However, overall, browsing is the preferred access method over applications to access the mobile Internet, with the exception of specific genres such as gaming and mapping. These genres have direct interactions with the users and are required instantaneously and they appear to be more popular with applications. Conversely, for more generic purposes, browsing seems to be the preferred option

To say mobile Internet properly, say “mobile connectivity devices” – as well as “smartphones”

Mobile connectivity devices are better value

Whilst the mobile market is currently seeing talk centred on smartphones and application stores, quietly going about their business in terms of the mobile Internet are the traditional forms of mobile Internet in the form of mobile connectivity devices, primarily USB dongles.

Ultimately, the mobile Internet experience is rather different between smartphones and USB dongles. Whereas the former is of the form ‘Internet on the mobile phone’, the latter is more in the form of ‘fixed Internet going mobile’. That is to say, USB modems are purely connectivity offerings, allowing laptops and netbooks to connect to the Internet anywhere (as long as there is mobile connectivity), and thus users can experience Internet use almost identical to their very familiar, fixed, environment. Whilst this form of the mobile Internet may be more for business users rather than the general public, it cannot be ignored. In terms of ARPU, IDATE estimates that mobile connectivity devices generate more than double that of smartphones, thus presenting a much higher value, although the number of their shipments are lower than 10% of mobile phones. This also means, however, that the traffic volume created for each modem is also higher, especially in light of the fact that the pricing for these modems is much lower compared to smartphones,

New mobile connectivity devices will not disrupt overall market, although embedded modems will overtake external ones in near future

With Apple introducing the iPad, Samsung following with the Galaxy Tab, and with many players also announcing their version of tablets to be introduced in the near future, the talk in 2010 has very often been around tablets and their expected rapid growth in the market. Public forecasts include 81 million tablet shipments in 2015, according to Juniper Research, and 46 million in 2014, so says IDC. However, IDATE believes that most of these will use WiFi for connectivity, and only a limited number will use the cellular connectivity on the go. As a result, the overall forecast for mobile connectivity device shipments will grow at a steady rate, with the growth rate steadily decreasing; this will not be heavily impacted by the current hype around tablets. As for MiFi devices, IDATE expects less impacts than tablets, and will again not influence the overall growth rate of mobile connectivity devices. The important thing to note about mobile connectivity device shipments is that the external and embedded breakdown will inverse. IDATE expects that by around 2013, the number of mobile connectivity devices shipped in the form of embedded modules will overtake the likes of USB dongles, mainly due to the reduced cost of embedding the modules and increased convenience for the users.

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About IDATE

Founded in 1977, IDATE is one of Europe's foremost market analysis and consulting firms, whose mission is to provide assistance in strategic decision-making for its clients in the Telecom, Internet and Media industries, through the following two areas of activity: **Consulting & Research** (an independent consultancy and publication of a catalogue of market reports) and the **DigiWorld Programme** (a member-supported annual programme: DigiWorld Club, DigiWorld Summit, DigiWorld Yearbook Communications & Strategies...).

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