

CAN MOBILE OPERATORS STILL MAKE MONEY FROM MESSAGING THREE YEARS FROM NOW?





Nick Lane, chief messaging officer 25 April 2024



#### **About Mobilesquared**

We are the world leaders in messaging intelligence.



We wrote the book on business messaging intelligence. Literally.

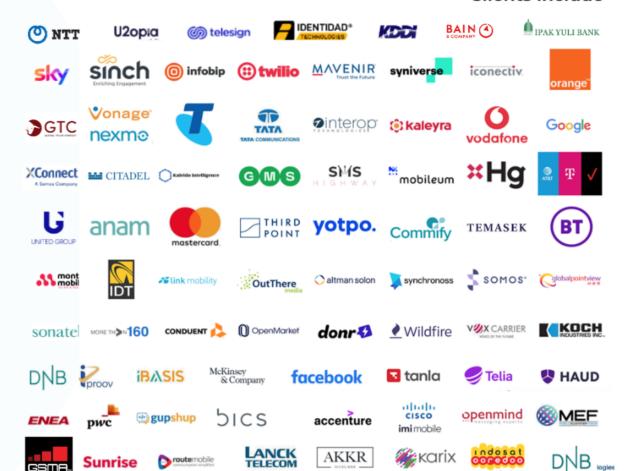
In 2010, our 'Conversational Advertising' report was the **first ever** produced on the emerging business messaging sector.

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





#### Question 1:

## What do you think the business messaging market will be worth by 2034?

- a). <\$50 billion
- b). \$50-\$100 billion
- c). \$100-\$200 billion
- d). \$200-\$300 billion
- e). >\$300 billion







# WHAT DOES THE LONG TERM BUSINESS MESSAGING OUTLOOK LOOK LIKE - UP TO 2034?

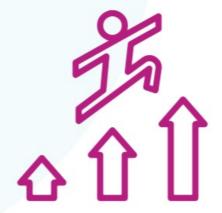


#### What do we believe in

We believe our industry is underachieving.

And underrated.

We want to change that.





#### Our 10-year vision

We believe the business messaging industry can be worth

\$200 billion

in just 10 years.



#### Why is messaging undervalued?

Mobile advertsing is worth >\$360 billion\*.

Mobile social media will be worth >\$250 billion\*\*.

Business messaging is worth \$36.74 billion in 2024.

Mobile social media ARPU

\$40.6

\$6.82

Mobile advertising

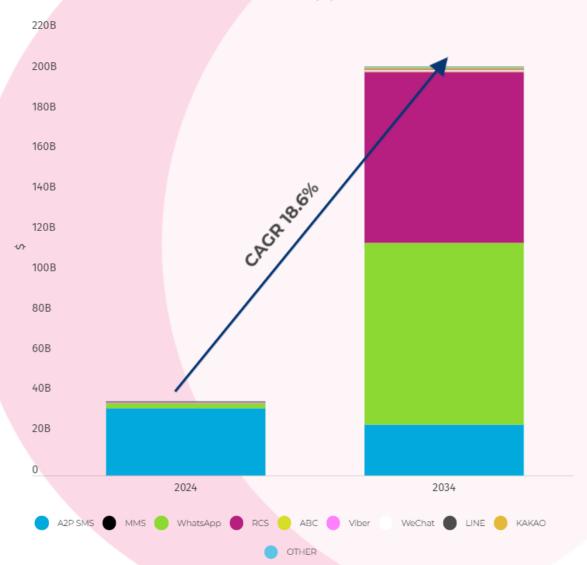
ARPU

\$70.5



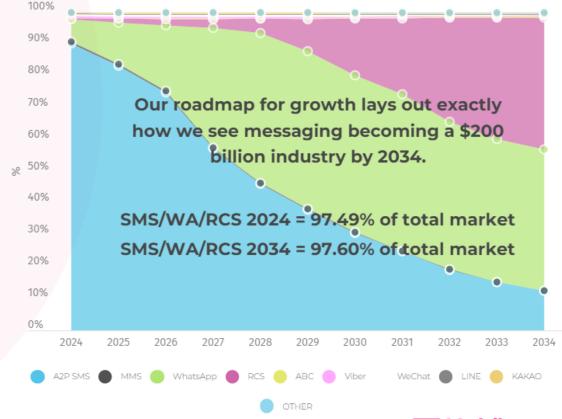
#### Breaking down the \$200 billion

3 core channels; SMS, WhatsApp & RCS



Business messaging worth \$36.7 billion in 2024

Susiness messaging worth \$200.1 billion in 2034





#### Question 2:

On average, what percentage of mobile operator revenues will come from business messaging in 2027?

- a). <1%
- b). 1%-2%
- c). 2%-3%
- d). 3%-4%
- e). 4%-5%
- f). >5%

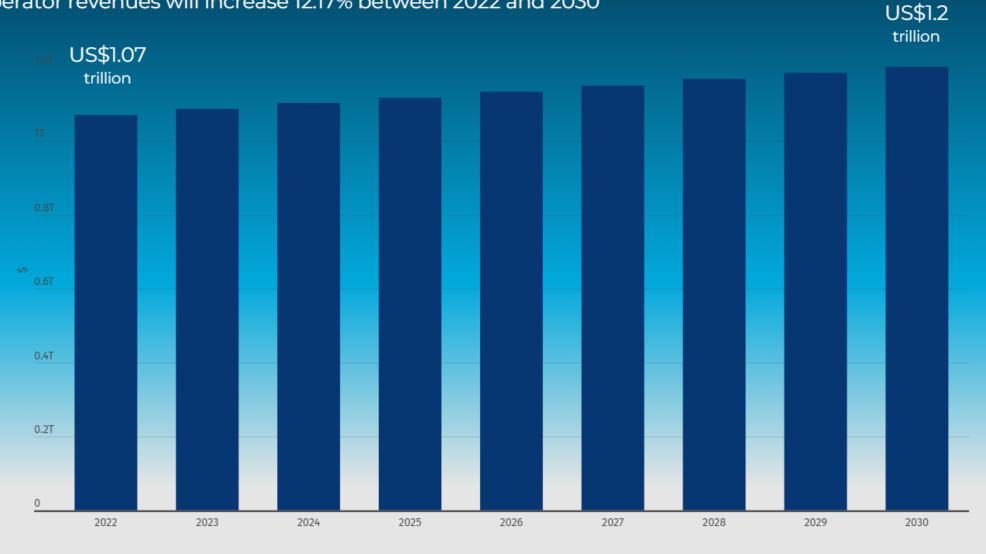






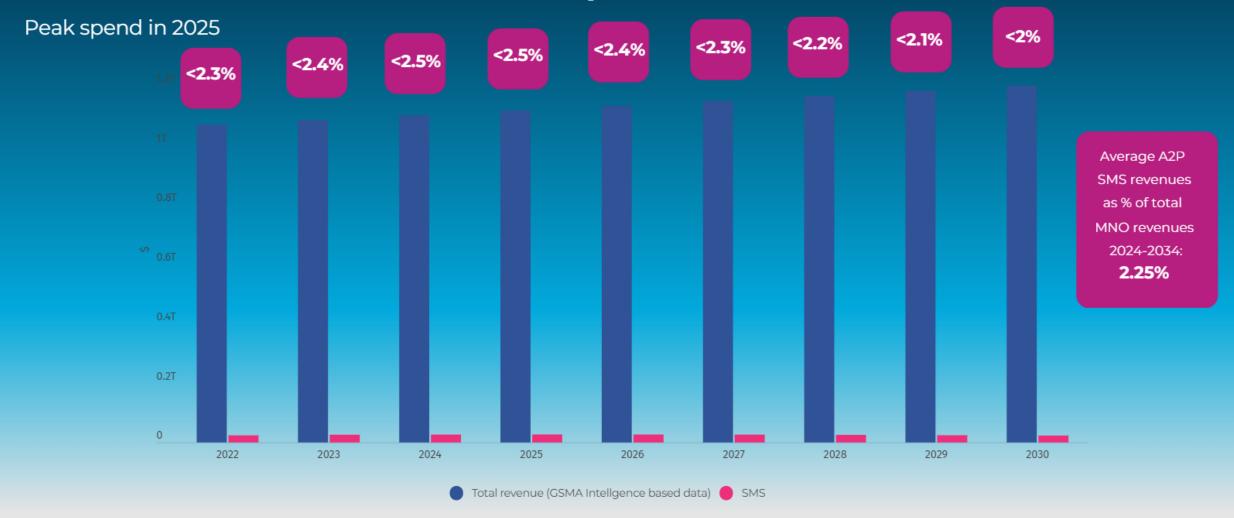
#### **Mobile operator revenues**

Mobile operator revenues will increase 12.17% between 2022 and 2030





#### A2P SMS revenues as % of mobile operator revenues





#### **Question 3:**

## Does RCS represent the long-term future of messaging revenues for mobile operators?

- a). Yes
- b). No
- c). Too soon to tell
- d). No idea
- e). Stick with A2P SMS only





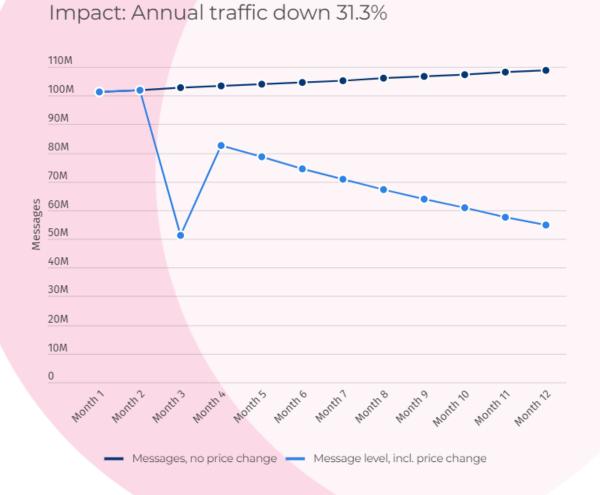


# CAN MOBILE OPERATORS MAKE MONEY FROM MESSAGING 3 YEARS FROM NOW?

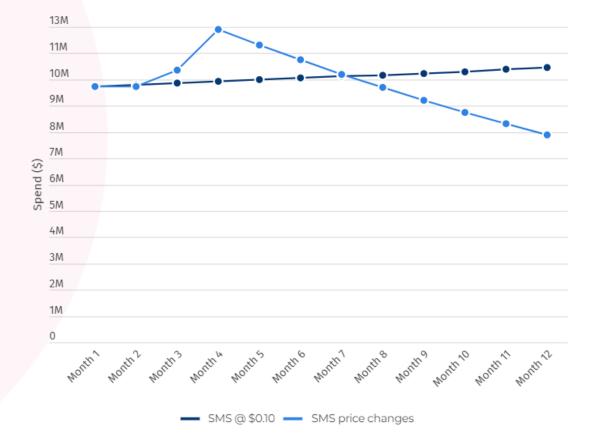


#### The impact of price increases on A2P SMS revenues: MNO model I

Price increase, introduced month 3, followed by price drop in month 4



Impact: Annual spend down 2.61%





#### Markets in decline, revised outlook\*

International traffic in decline (y-o-y) across 113 markets at the end of 2023

- Increase in international termination rates is having the opposite effect on the market.
- 2023 spend on international A2P SMS down approx. \$2.5 billion on market expectations.
- SMS industry losing \$6.5 million per day on international messaging.

#### **Question 4:**

With A2P SMS international traffic currently in decline, what are your expectations for AIT fraud in 2024?

- a). To increase
- b). To stay at the same level as 2023
- c). To decrease

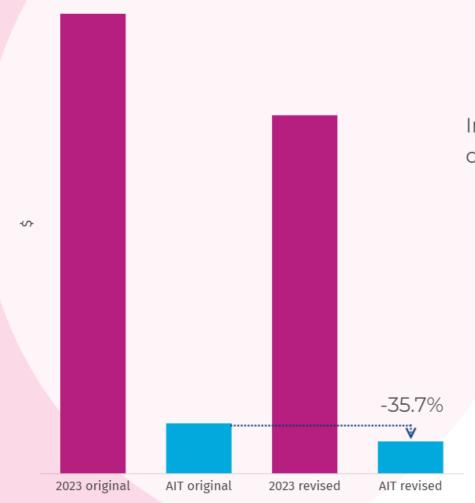






#### Impact of fraud on Hyperscalers' international activity

Impact of AIT diminishing



Impact of AIT on brand spend (international traffic only) in 2023 down 35.7% on original projection.



#### **Question 5:**

How can mobile operators protect their messaging revenues for the next 5 years?

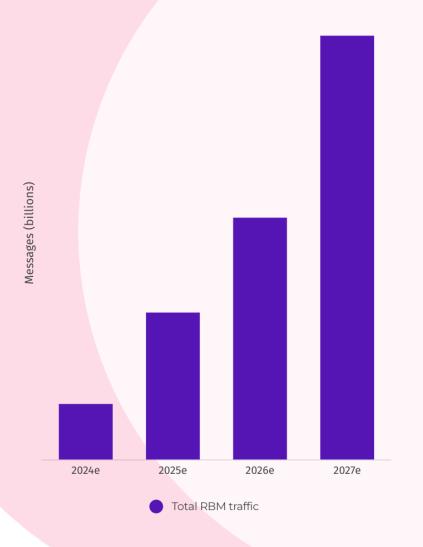
- a). Increase their SMS international rates
- b). Decrease their SMS international rates
- c). Improve enterprise sales strategy to grow customer base
- d). Launch RCS business messaging
- e). Become a CPaaS provider (reseller of WhatsApp)
- f). Increase their domestic SMS rates

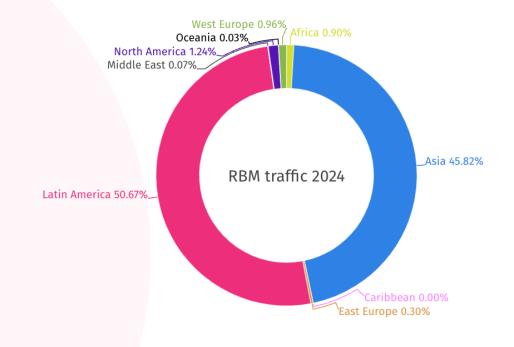






RCS starting to take off

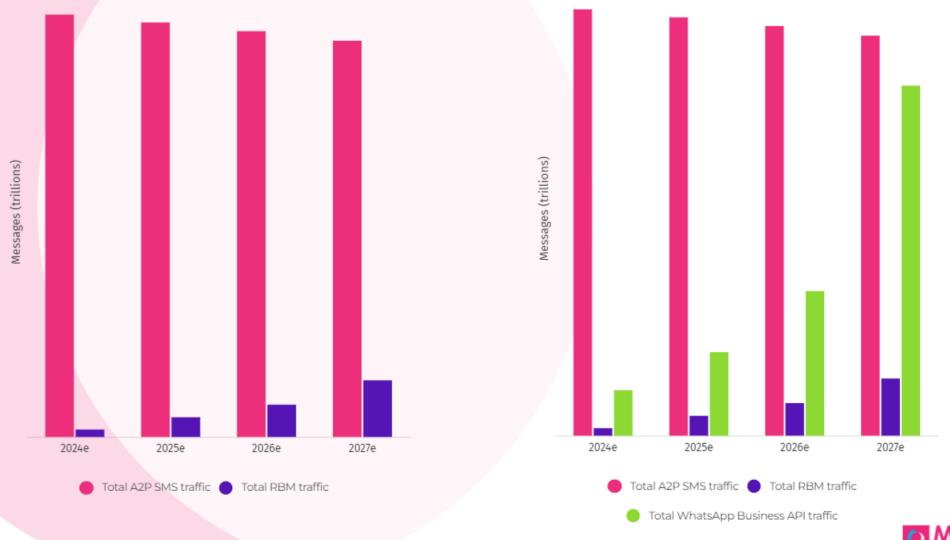




- Asia and Latin America to account for >96% of total RBM traffic in 2024.
- RCS business messaging traffic to grow 661.5% between 2024 and 2027.
- RBM traffic in North America to grow 2,220.9% between 2024 and 2027.



RCS reality check







- Total MNO business messaging revenue CAGR 0.6% between 2024 and 2027.
- SMS & MMS to experience negative CAGR.
- RCS CAGR >100%, albeit starting from a very low base.
- Early RCS revenues to replace drop in SMS spend.



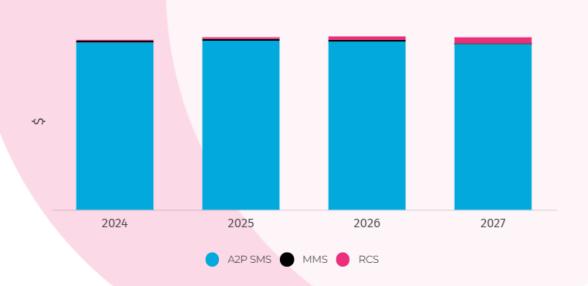
# CAN MOBILE OPERATORS MAKE MONEY FROM MESSAGING <u>10</u> YEARS FROM NOW?

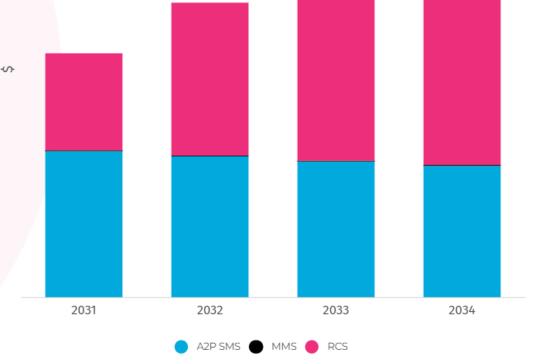


To maintain steady revenues from A2P SMS -- to offset the decline in international spending on A2P SMS -- domestic spend will require a CAGR of 2.4% between 2024-2034.

From 2032, mobile operators will generate more revenues from RCS business messaging than A2P SMS.

MNO business messaging CAGR 22.1% between 2031-2034.

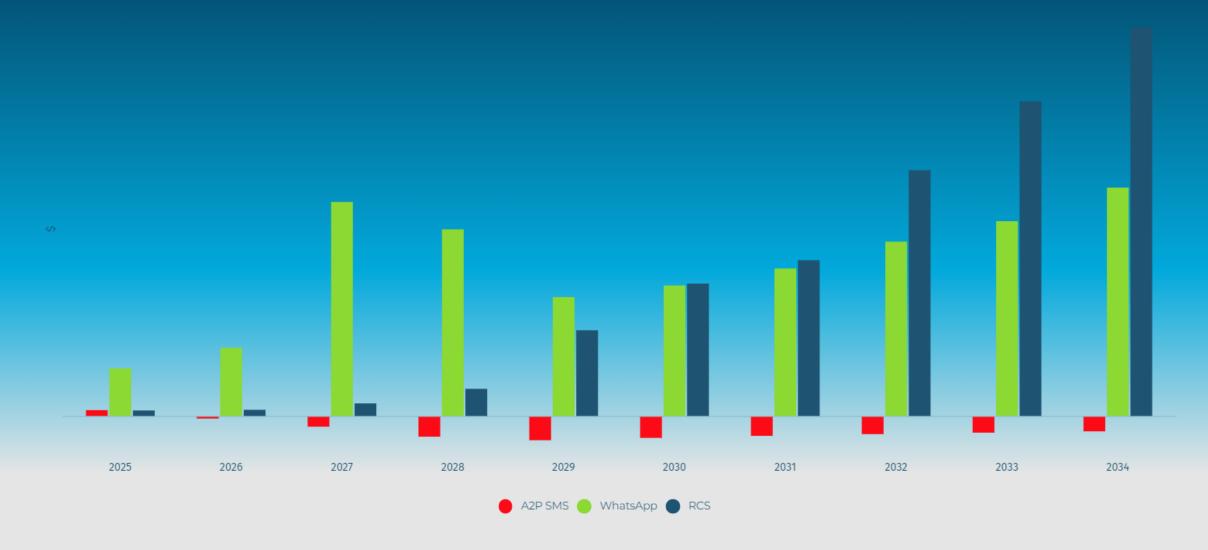






### Incremental increases in brand spend (\$) by channel, y-o-y

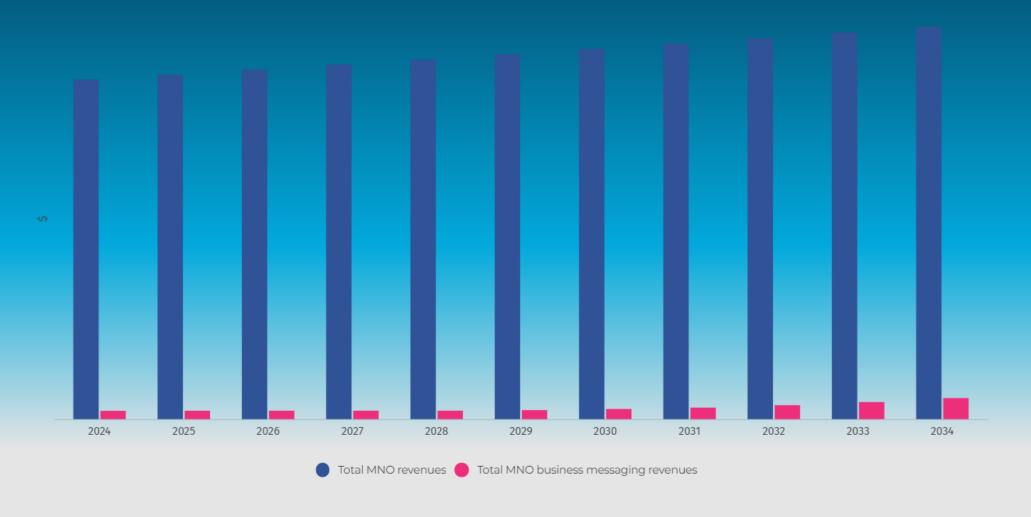
SMS in the negative, market in decline





#### Business messaging revenues as % of mobile operator revenues

Revenue growth as % of total spend from 2029



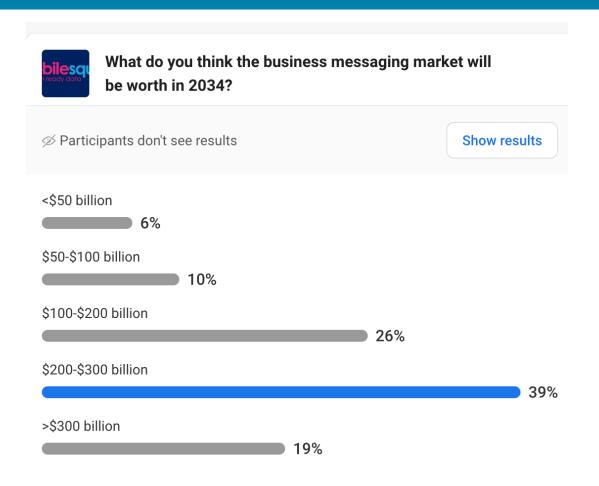
Average business messaging revenues as % of total MNO revenues 2024-2027: 2.25%

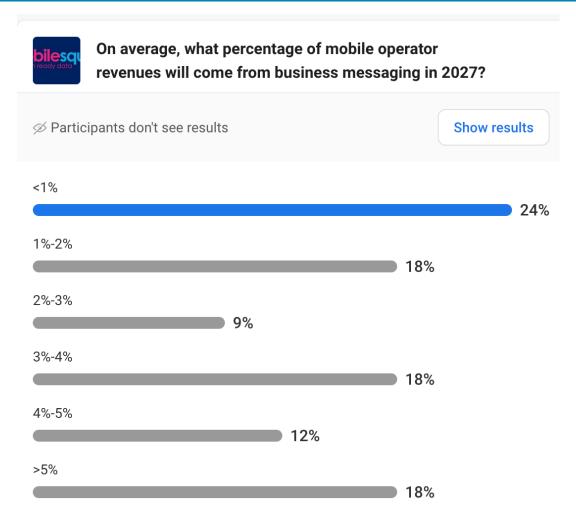
Average business messaging revenues as % of total MNO revenues 2028-2034:
3.44%



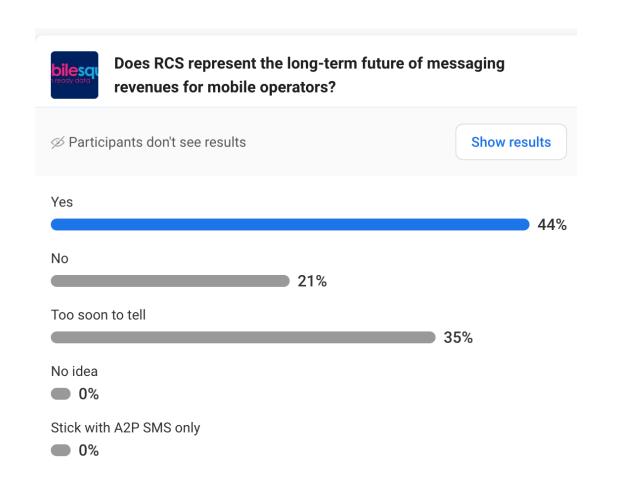


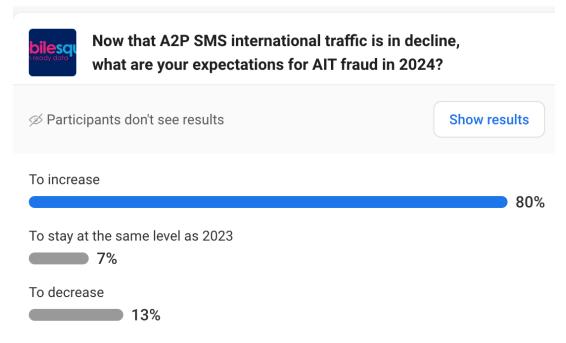


















#### Full slide deck available on mobilesquared.co.uk

nick@mobilesquared.co.uk

We're the people behind the most quoted stat in mobile marketing:

"90% of SMS are read within three minutes"

