



Espresso Instant Messaging – Carrier Edition: Revenue Models

A VIRTUALTHERE WHITEPAPER

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INTRODUCTION

Espresso Instant Messenger is an innovative approach to conventional instant messaging (IM). Integrating the best of both PC-based instant messaging and mobile messaging along with support for rich multimedia across multiple platforms, users enjoy a powerful communications environment for both business and personal use.

From the mobile network operator's point of view, a carrier branded instant messaging system brings direct and indirect benefits. Examples of direct benefits include increased average revenue per user (ARPU) through increased message traffic and usage fees. Indirect benefits include greater customer loyalty and reduced churn, greater brand value and a more solid competitive positioning. Taken together, it is clear that a carrier branded instant messaging service is an attractive value-added service offering.

The purpose of this document is to assist wireless network operators to understand the direct benefits and revenue models made possible through Carrier Branded Instant Messaging services.

TRADITIONAL REVENUE MODELS

Traditional revenue models for value-added services include the following:

Per message billing
Example: <ul style="list-style-type: none"> • \$0.20 per message sent
Bulk message billing
Example: <ul style="list-style-type: none"> • \$10 per month for up to 100 messages sent; \$0.15 per message for each subsequent message sent
Monthly flat-rate subscription packages
Example <ul style="list-style-type: none"> • \$30 per month for unlimited messages

Espresso IM – Carrier Edition's billing functions supports the above revenue models.

CREATIVE REVENUE MODELS

Depending on a particular operator's competitive environment, creative revenue models may include the following:

Variable rates
Example: <ul style="list-style-type: none"> • \$0.20 per message sent from 9 AM to 9 PM • \$0.10 per message sent from 9 PM to 9 AM
Bulk rates
Example: <ul style="list-style-type: none"> • \$50 for 500 messages sent



Packet-based rates

Example

- \$0.50 per kilobyte sent

Notes:

- (1) Average English language message length is 0.15 kilobytes which translates to \$0.075 per message sent)
- (2) Requires GPRS, 1xRTT, Mobitex or Datatac wireless data networks

Promotional rates

Example

- Complementary (free) service for two months upon account activation, or one-year wireless service contract extension

Espresso IM – Carrier Edition’s advanced billing functions support each of the above revenue models.

COMPLEMENTARY SERVICES

Mobile instant messaging services may be combined with specific value-added applications to increase usage and expand message volumes.

Examples of complementary IM-related services include:

- Dating services
- Fan clubs (sports stars, movie stars, etc.)
- Special interest groups

These services may be operated based on any of the above revenue models.

CONCLUSION

The Espresso IM – Carrier Edition platform features a highly configurable billing module that allows wireless network operators maximum flexibility to select a suitable revenue model. While we have attempted to summarize some of the possibilities above, many other possibilities exist.

By launching mobile instant messaging services based on the Espresso platform, wireless network operators can be confident that their messaging platform will be able to incorporate the flexibility required in a competitive business environment.

Please contact VirtualThere for further information on mobile instant messaging or to discuss successful customer-centric revenue models.

CONTACT INFORMATION

For further information please contact:

Emmy Choi
VP Business Development
VirtualThere Inc.

Phone: +1.416.944.2977
Fax: +1.416.944.3518
Email: echoi@virtualthere.com



VirtualThere Inc.

CORPORATE OVERVIEW

VirtualThere designs, develops and deploys a comprehensive family of value-added mobile applications, collectively called the Espresso products. VirtualThere's Espresso products enable wireless network operators and service providers to offer messaging services to their mobile customers. Solutions range from the core Espresso instant messaging platform on which carriers and service providers can develop unique customer-focused applications, to an immediately deployable service comprised of the core platform plus pre-packaged Espresso-ready applications, for the fastest time to market of compelling mobile messaging services.

VirtualThere's Technology Lab is focused on developing SMS applications, location based services, and advanced GPRS and third-generation (3G) wireless applications for mobile network operators.

VirtualThere Inc.
789 Don Mills Road, Suite 500
Toronto, Ontario
Canada M3C 1T5

Phone: +1.416.944.2977
Fax: +1.416.944.3518
Web: www.virtualthere.com