Wireless Internet 2.0

Prepared for:

IDATE

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Ingredients for success in wireless data

- More mobile phone than PC and email users in the world
  - Soon, more 3G phones than televisions sold every year
- Wireless data networks available everywhere
  - 2 Billion users with access to GPRS if not more
- Devices capable of delivering good consumer experience
  - OS, processors, screen technologies capable of delivering multimedia
- Platforms and applications that work
  - Venture-backed mobile software community mature
- Content that consumers want
  - TV, Games, Chat, Sex…
- Content providers hungry for mobile revenue
  - Mobile recognised as a primary distribution channel

"Wireless Internet 2.0" will take shape in 2007

Wireless Internet 1.0

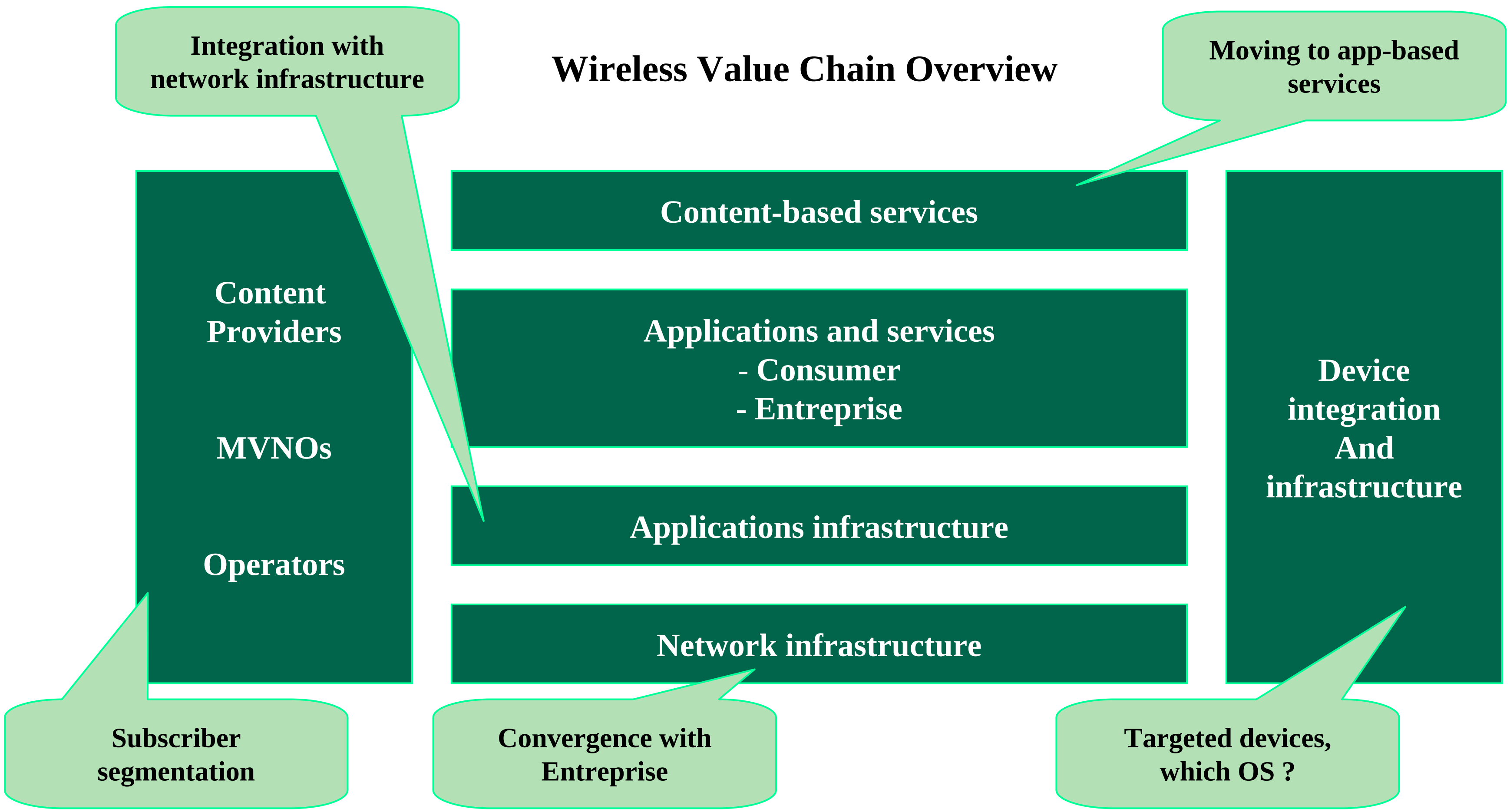
- Limited channels for content distribution (SMS and WAP) / applications re-inventing the wheel
- Portal-based approach to content
- Walled garden approach as a subscale replication of the internet
- No advertising-based models
- Operator controlled value chain

2006 to 2008

Wireless Internet 2.0

- Mobile as an additional channel for existing applications and communities
- Improved content consumption performance and ergonomics with client-server architectures
- Segmentation of subscribers: pricing, applications, advertising devices
- Direct marketing, not advertising models
- Content provider leveraged value chain
- Integration with Mobile Entreprise

Fast transition to Wireless Internet 2.0 impacts on all parts of the wireless value chain, in all geographies



Mobile advertising is one the most promising components of Wireless Internet 2.0 but has hurdles to overcome

Brands

Content owners

Marketing agencies

- Mobile advertising revenues are set to grow exponentially between 2006 and 2010
  - Market sizing predictions range from $10Bn to $11Bn in 2010, from today's $750m to $1Bn
- Mobile advertising ecosystem is still in early stages of formation
  - Mobile search and location based mobile search perceived as winning business models, replicating on line success and appealing to carriers, but not proven yet
  - Traditional mobile marketing businesses keep their current lead via traditional channels (SMS, WAP)
- Transition from service discovery to mobile advertising: marketing of non-mobile content still limited
  - No open access for advertisers to mobile distribution within the current operator controlled content distribution environment
  - Complexity of mobile content value chain and delivery mechanisms still requires significant hand holding for non-mobile specialists
- Short term success of Mobile advertising hinges on openness and simplicity
  - Open internet model adoption by carriers, development of media buying and content creation infrastructures, affordable and ubiquitous client server technology as well as anti-spaming control are required

Wireless Internet 2.0 is driving hyperactive M&A and sustained investment in the mobile value chain

- Steady flow of M&A in wireless data value chain since 2005
  - Content delivery and content aggregation in particular
  - Deal pipeline full, with no sign of weakness
  - Valuations remain strong as quality targets become scarce
  - Emergence of new global buyers and consolidators (Media, content creation leaders, Internet search leaders)

- Pace of venture investments into wireless data value chain not slowing down

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