INDEPENDENT TECHNOLOGY RESEARCH

Sector Update

March 2009

Internet & Mobile Telecom

MOBILE COMMUNITIES ARE THE NEW MOBILE BROADBAND 'KILLER APPS'

Mobile Social Networking is Experiencing Rapid Growth

The new generation of handsets in combination with more affordable mobile data plans has led to explosive growth in mobile social networking activity across all major geographies. At this point in time, mobile social networking is the single most important driver for mobile broadband usage among consumers and often the only use of mobile broadband at all.

The Large Online Social Networks Will Maintain Lead Position, but a Number of new Players Have Emerged

Online social networks like Facebook and MySpace have significantly improved their mobile accessibility and today have a rapidly growing part of their member base accessing those networks through their mobile devices. However, a number of mobile-centric communities have emerged showing rapid growth in membership.

Emerging Markets are key Growth Opportunities

Given the low penetration rate of desktop computers, the first Internet experience for many people in emerging markets is through their mobile phones. With established online social networks not yet having spread widely in those markets, people will not have a pre-conceived bias as to which mobile community to join, putting mobile-centric social networks in a good position to acquire members.

Early Monetization Strategies Drive Revenue Generation

Monetization in the mobile community space tends to closely follow the models of the online counterparts and is mainly based on advertising and virtual goods. However, contrary to many web 2.0 businesses, most mobile-centric social networks have thought from the outset about monetization and are reaching real revenues much faster.

Operators Embracing Partnership With Social Networks to Drive Data Revenue and to Combat Churn

Many operators see mobile social networking as the next growth driver of consumer messaging and would like to gain additional revenue from data and messaging traffic. Operators are entering into partnerships with social networks as they can act as a major channel for user acquisition by providing easy and convenient on-deck access. In addition, operators are seeking to differentiate by offering mobile social network-related services to combat churn, introduce new data services to voice customers and increase the data usage of current data customers.

Frank Schmitt
Frank.schmitt@gpbullhound.com
London: +44 207 101 7573

Carl Bergholtz
carl.bergholtz@gpbullhound.com
London: +44 207 101 7560

WHAT ARE MOBILE COMMUNITIES?

While online social networks such as Facebook, MySpace or Bebo have taken the Internet by storm over the past years, mobile social networking (or a mobile community) was until recently a rare activity.

Mobile social networks can be identical with online social networks that are accessed via a mobile device instead of a computer. Examples of these include Facebook Mobile or MySpace Mobile.

However, a number of mobile communities are appearing in the market who are specifically developed to have a mobile device as their main access point. Examples of such mobile-centric communities are US-based MocoSpace, German-based Peperoni and itsmy.com, or Japanese Mobile Game Town and GREE.

Although most communities provide their members with a similar set of the cornerstones of the social networking experience (creation of profiles, uploading photos, sending messages, checking friends' statuses etc.), a mobile community can in fact be a number of things as it can span across multiple media types and differ in the amount and type of consumption and contribution that users engage in.

Very broadly, mobile-centric social networks come in two types: "Profile-centric" communities that are more focused on self-expression, flirting or chatting (Mocospace, Flirtomatic, aka-aki), and "content-centric" communities that are more focused on sharing of User Generated Content (UGC) or interactive gaming (itsmy.com, Peperoni, Mobango). However, as most communities try to combine both aspects, often no hard distinction can be made between both types.

Exhibit 01 – MocoSpace Mobile Community

Source: www.mocospace.com.

KEY DRIVERS OF MOBILE COMMUNITY USAGE

Evolving Handsets Provide Access

The evolution of mobile handsets has played a significant role in providing access to mobile communities for the mainstream user and has enabled mobile communities to offer feature rich services to mobile subscribers. Even if smartphones such as the iPhone and BlackBerry have proliferated and enabled efficient access to mobile social networks, they have not been as important as the mass market feature phones.

The reasons that feature phones have been more important for the development of mobile social networks is simple; a lot more people have them. In emerging markets, like India and other parts of Asia, feature phones are the main handset and the development of these phones has enabled mobile subscribers to use them as their main Internet access point.

Exhibit 02 – Mobile Handset Evolution is Important for Mobile Communities

Source: GP Bullhound.

Flat Data Plans Drive Usage

Mobile carriers are gradually changing their pricing plans from very opaque and complicated structures towards flat rate call and data charging and "all you can eat" pricing plans. In addition, mobile data charges in general have decreased which has led to an increase in mobile community users even among pre-paid subscribers. This change has been important as it removes a significant barrier to entry for consumers who previously where afraid of huge bills[1].

[1] According to the itsmy.com survey of December 2008, more than 90% of the company's user base would increase their usage of mobile Internet if they were offered reasonably priced flat rates, higher speed of network and faster phones with longer battery lives.

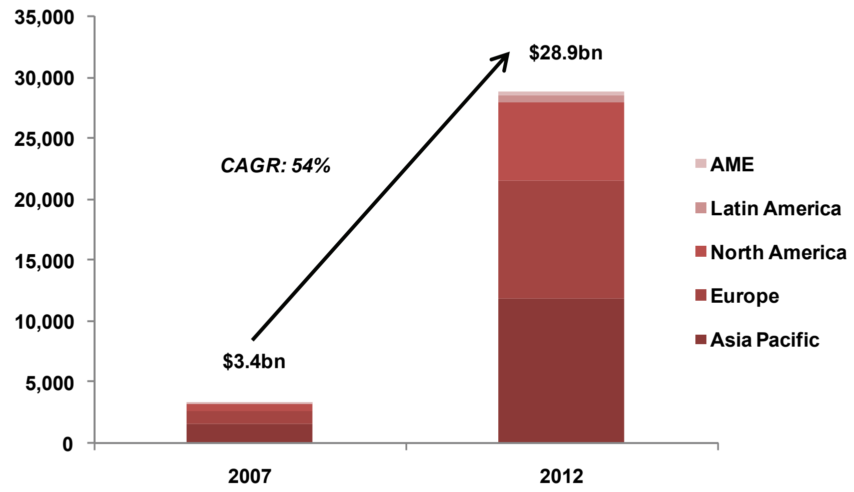
MARKET OPPORTUNITY

Early signs of user adoption, supported by numerous industry research sources, suggest that mobile social networking is set to follow the explosive growth of social networking on the web.

Rapidly Growing Mobile Social Network Ecosystem

Informa Telecoms & Media predicts (in its conservative case) revenues generated from the complete mobile community business chain to be $28.9 billion in 2012, up from $1.5bn in 2006 and $5.9 million in 2008. According to the same report, there were 50m users accessing mobile social networking at the end of 2007, representing circa 2.3% of the global mobile user population, a number that is forecast to grow to 12.5% by 2012.

Exhibit 03 – Mobile Social Networking Revenues ($ Millions)



Source: Informa Telecoms and Media, February 2008.

The Asia Pacific region has led early adoption and is expected to still be the largest region by revenue generation in 2012 (40%), which is similar to the pattern we have seen in many other non-voice mobiles services. Europe follows with approximately a third of all revenues while the US accounts for slightly more than 20%. All geographies are expected to grow substantially in the coming years with an average 2007-12 CAGR of approx. 54%.

Number of Users Expected to Grow Substantially

Looking at subscriber number on a global level, an eMarketer study estimates that approx. 82m people accessed social media via their mobile phones in 2007, a number that is expected to grow to more than 800m by 2012.

Exhibit 06 – Mobile Social Network Users Worldwide (# millions)

	2007	2008	2009	2010	2011	2012
Mobile Phone Subscribers	3,078	3,417	3,697	3,894	4,150	4,275
Mobile Internet Users	406	490	596	757	982	1,228
Mobile Social Network Users	82	147	243	369	554	803
Mobile Social Network Users % of Mobile Phone Subscribers	2.7%	4.3%	6.6%	9.5%	13.3%	18.8%

Source: eMarketer, April 2008.

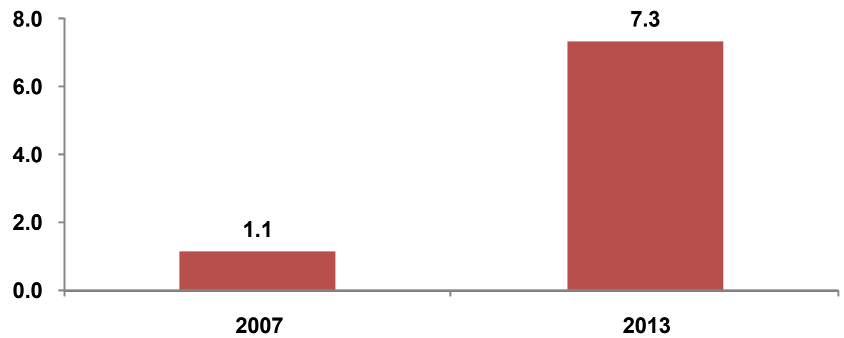
Comparing the expected number of global users in 2012 of 803m with the expected revenue generated of $28.9bn, the result would be about $3.00 monthly revenue per user. With Facebook and MySpace currently generating about $0.10-0.15 and $0.40-0.50 monthly revenues respectively, there seems to be still a long way to go. However, mobile monetization is still in its infancy and early indications from Japanese players, such as GREE (approx. $1.30-1.40 monthly revenue/user) or Mobile Game Town (approx. $1.60-1.70 monthly revenue/user) suggest significant growth potential similar to the development in web advertising.

Strong Growth Expected in Mobile UGC

Looking closer at the mobile social networking providers, Juniper Research sees ad-funded social networks providing the bulk of revenues in the mobile UGC space by 2013.

According to the report the total value of this market (which includes social networking, dating and personal content delivery (PCD) services) will rise from approximately US$1.1bn in 2007 to more than US$7.3bn in 2013, with social networking overtaking dating to become the largest revenue generating segment.

Exhibit 04 – Mobile User-Generated Content Market ($ Billions)

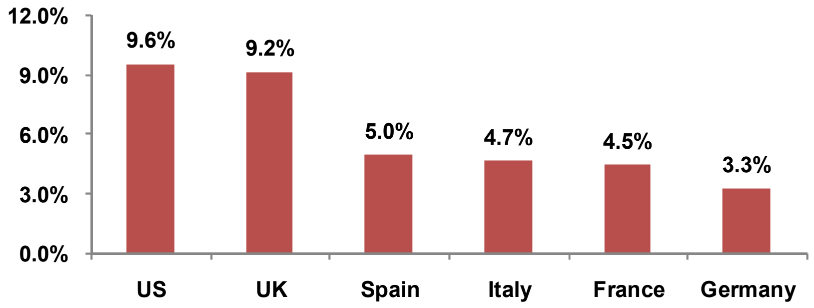


Source: Juniper Research, September 2008.

A recently published report by comScore shows that mobile social networking is a clear growth driver of the mobile Internet in Europe. With 12.1m users, mobile social networking is a rapidly-expanding category that grew 152% from November 2007 to November 2008. In November 2008, 34% of all surveyed mobile phone owners across the five largest Western European markets[2] used their mobile Internet only to access social media.

Exhibit 5 below shows an overview of the proportion of mobile subscribers that access mobile communities through their mobile handsets. Among the Western European markets, the United Kingdom has by far the highest penetration of mobile social networking to date, at 9% of all mobile phone users nearly three times as high as the level of Germany, where the activity is the least popular in Europe[3].

Exhibit 05 – Mobile Social Networking Users as Percent of all Mobile Phone Users



Source: Europe: comScore, January 2009, US: The Kelsey Group/ConStat, December 2008.

The discrepancy between the user adoption between the UK and US and the other European countries lies to a significant part in the proliferation of flat mobile data plans. In particular the UK has seen a number of operators offering such data plans to consumer whereas operators in Germany have been comparatively less active in this aspect.

[2] France, Germany, Italy, Spain and the U.K

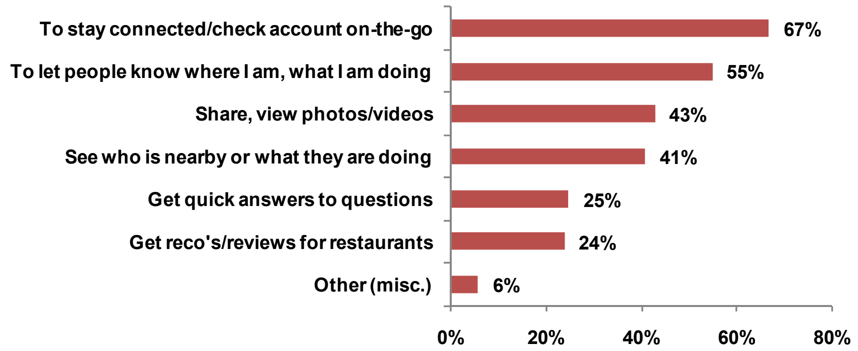
[3] The average penetration rate across the five countries is at approx. 5%. According to the Sunday Telegraph, mobile operator Orange alone has 640,000 UK customers that are using their mobiles to access social networking site every month, a 27% increase between June and October 2008.

MOBILE COMMUNITY USERS AND USAGE

Staying Connected With Friends is the Main Application

Opus/LMS conducted a usage survey in North America, finding out that staying connected with friends and being able to check their account on the go together with letting people know where they are and what they are doing were key areas of interest for mobile social networking, followed by sharing pictures or videos and being informed about the location and activities of their friends.

Exhibit 07 – Main Usage Reasons for Mobile Social Networks



Source: Opus/LMS, May 2008.

The Large Online Social Networks are Going Mobile…

While online social networks continue to focus their attention on further developing their Internet user experience and trying to find monetization opportunities large enough to justify their valuations, in particular larger social networks such as Facebook, MySpace or Bebo have worked on becoming more accessible to their users from their mobile handsets.

Opera Software, the Norwegian mobile browser company, released a report in January 2009 suggesting that the amount of individuals accessing mobile social networking sites had grown substantially during 2008. Exhibit 8 below lists the top ten mobile social networks that are accessed through an Opera Mini mobile web browser[4].

According to Opera, Facebook is the second most visited site by Opera Mini users (see Exhibit 8). Facebook is also the number 1 mobile website accessed in South Africa, number 2 in the UK, and number 3 in the US and Indonesia. Other popular social networks include Friendster and MySpace – second in the US behind Facebook, but eighth globally.

[4] It should be noted that there is a slight skew towards Russian sites due to the popularity of the browser in Russia. Even if there is a bias toward Russian site the numbers are telling, mobile social networks saw a massive increase in usage during 2008

Exhibit 08 – 2008 Top 10 Mobile Social Sites Accessed Through Opera Mini Browser

Web site	Growth rate in 2008 (users)
vkontakte.ru	909%
facebook.com	693%
friendster.com	670%
orkut.com	297%
odnoklassniki.ru	545%
peperonity.com	397%
hi5.com	373%
myspace.com	618%
mamba.ru	1056%
mocospace.com	835%

Source: Opera Software ASA, State of the Mobile Web December 2008.

- **Facebook** significantly improved mobile accessibility over the last two years and gained impressive user traction. At the World Economic Forum in Davos in January 2009, Facebook's CEO Mark Zuckerberg said the social network is being accessed by 25m mobile users per month, compared to 15m in November 2008 and 5m at the beginning of 2008.
- **MySpace** (subsidiary of News Corp) reported 400% annual growth of its mobile user base with now 20m of its 139m worldwide members – approx. 14% of the social networks total user base – accessing their profiles from their mobile phones. At the Mobile World Congress in Barcelona, MySpace CEO Chris DeWolfe predicted that up to half of its users are going to access it through their phones within the next four years.
- **Bebo** (subsidiary of AOL) has launched Bebo Open Mobile in February 2009, a global partnership program providing mobile operators with an Open Mobile Messaging toolkit and Open Mobile Development API to enable their users easy access to their social network and integrate all their social sites.

ABI Research reports that close to half of all social networking users have now visited destinations like MySpace and Facebook via a mobile device. 46% of social network members have visited their favorite sites on their phones, with more than half of them checking for comments and messages from their friends – about 45% have also posted status updates. ABI adds that among all mobile social networking users, nearly 70% have visited MySpace, with another 67% checking their Facebook accounts.

… But will Face Competition From Mobile Pure Breeds…

While these date points may lead to the conclusion that the large online social networks will also dominate the mobile community space, a number of mobile-centric communities have show strong signs of user traction over the last two years.

Globally both Peperoni and Mocospace are among the most visited sites accessed via a mobile phone according to the Opera statistics. While Peperoni is comparatively strong in South Africa and India, Mocospace is, with more than 5.5m subscribed users and more than 2bn page views per month, one of the largest social networks in the US.

Opera's numbers are also likely to exclude communities such as Italy-based Mobango with 4.4m members or Mobile GameTown (subsidiary of DeNA Co., Ltd.), Japan's most successful mobile social network site focused around a mobile avatar community with chat, social features, mobile games and user-generated story telling with more than 10m subscribers and 15bn monthly page views[5].

… And Potentially From Some Well-Known Faces

Mobile social networking has also attracted the traditional D2C mobile content distributors such as Zed, Buongiorno and Dada. Faced with a maturing core business they see the ability to generate new future revenue streams by leveraging their access to their existing user base.

Buongiorno recently introduced its community concept "Blinko", in which users can create profiles, chat, share pictures, photos and emoticons and send each other free text messages directly within the platform and integrate their friend lists from Microsoft Messenger, Yahoo, ICQ and Google Talk. Zed started its mobile community "Zed StatiOn" already in 2007 with similar instant messenger functionalities including Twitter and email inbox management.

Different Communities are Used for Different Things

One argument for the future success of mobile social networks in the US and Europe are certain differences of use of such communities.

In mobile communities, entertainment is the key to join, stay and participate. User activities are usually centered on short-term or spontaneous interactions, often with people you do not yet know. Hence, while for example Facebook still offers its mobile users only a limited set of functions, mobile-centric network providers have especially designed features and functions to support such use such as community games (Mobile Game Town), flirting (eg Flirtomatic), finding people in your vicinity (aka aki), music discovery and sharing (Shazam), or sharing pictures or short video clips shot with the mobile phone camera (Peperonity, itsmy.com).

[5] Mobile Industry Review, Jan 2009

Mobile-centric social networks tend to be more about finding new friends and quick information, which is slightly different to many online social networks where people connect predominantly with people they already know, either from previously in their life, or though meeting in the real world, and are seeking an easy and convenient way to stay in contact.

As mobile and online social networks partly offer similar services (profiles, messaging, picture/video uploads, etc) users will favor the most user friendly experience. Due to the optimization of mobile-centric social networks for mobile devices from the outset they can replicate – or even improve – the user experience of online social networks, which puts new players in a position to compete.

Emerging Markets are Key Geographies

One other important reason for the future success of social networks is the rapidly rising importance of emerging markets in the mobile sector. In most emerging markets social networks are more mobile-centric rather than desktop-centric due to the much lower penetration of desktop computers. As the first Internet experience for many users in emerging markets is on their mobile phone, many social networking users are essentially mobile-centric community users from the beginning, signing up to mobile-centric communities specially designed for mobile handsets.

With a fast growing mobile subscriber base of more than 300m, half of which are able to run Java, and a smart phone market of approximately 5m with a 23% CAGR by 2011[6], India is a case in point: While both Facebook and MySpace are active in India, neither social network has yet achieved significant penetration there[7]. Hence, many people will not have a pre-conceived bias as to which mobile community they would like to join, which puts mobile-centric social networks, such as Qeep (1m+ members) and RockeTalk (250,000+ members since start in September 2008) in a good position to acquire members.

[6] Economic Times, January 2009

[7] India is among the then countries with the lowest Facebook penetration

MOBILE COMMUNITY MONETIZATION

Generally, monetization in the mobile community space tends to closely follow the models of the online counterparts and is mainly based on advertising and the sale of virtual goods.

Advertising is the Base of Many Business Models

Advertising tended to be the bread and butter for many Web 2.0 companies, and a recent Juniper Research report expects advertising to account for nearly one-third of total revenues in the UGC space by 2012, and more than half of mobile social networking revenues.

Within the social networking space, MySpace's "Hypertarget" algorithmic user segmentation technology is probably the most successful monetization example. As MySpace's revenue depends almost entirely on advertising, the company recently announced that it will use its technology for the mobile offering as well.

Among the mobile-centric communities, Mocospace is one example of a US-focused social network that successfully generates most of its revenues from advertising, while BuzzCity, a Singapore-based operator of the 3.2m user-strong mobile social network mygamma.com, runs an AdMob-style mobile advertising platform delivering 7.5m banner ads in Q4 2008 to its own community as well as third party websites.

We even see indications that it could actually be easier for mobile communities than for their online counterparts to generate advertising revenue streams as all their community members are from the outset identifiable by their mobile number and provide information about their device and their location. Mobile community aka aki has made this concept the core of its proposition, where one of the key features is the ability to see and find people that are around you, in the immediate vicinity, in the same area of a city or around the region. Functionality like this could also offer advertisers the possibility of sending location-based targeted advertising.

Despite these success stories, it is still early days to call it a trend as other players in the sector have been less successful to do so. In essence, mobile advertising is still an educational process, not only for brands but also for media buying agencies as well as creative agencies. However, current CPM rates for mobile advertising are typically quite high, or at least higher than on the web, which should facilitate advertising based revenue streams for mobile social networks.

Virtual Goods Offer Attractive Revenue Opportunities

Given the early stage of the mobile advertising market, the current state of the economic climate, and the danger of antagonizing the user base by violating their perception of privacy (see Facebook's Beacon), many mobile social networks have focused on building a revenue stream around virtual goods and gifts.

This seems to work much better in mobile communities than for many online competitors: For example, German-based itsmy.com (2.5m members) claims to generate 80% of its revenues through the virtual goods and small interactive games it sells to its users and only 20% from advertising while dating-centric mobile community Flirtomatic famously sold 10,000 comedy breast “boob jobs” at Firtomatic.

Virtual goods seem to also work well in Japan where mobile community GREE (approx. 7m members) generates 70% of its revenues from virtual items (30% from advertising) while Mobile Game Town’s use of a virtual currency is already being adopted by US and European mobile-centric startups like Heysan, Itsmy and Flirtomatic.

Subscriptions/Premium Memberships Have had Limited Traction to Date

Subscription fee based models have been tried by some companies but have been found not to be very successful. With the proliferation of flat tariffs and of unlimited data plans, it is unlikely that any subscription model will be viable in the long run.

Also, since the value of any social network for each individual user increases with more community users, subscription fees have the negative side effect of decreasing user numbers which is of course negative for the community. As community providers want to be able provide advertisers with exposure to as large a targeted population as possible in order to maximize their rates, most business models have tended to migrate towards advertising rather than subscriptions based models.

In addition, the subscription model in the mobile space in general has been almost completely discredited in the past by the ringtone providers and has become widely unacceptable across all target demographics.

That being said, the offering of certain premium features on top of a free basic offering may work to a certain extent. Buongiorno’s Blinko community plans to monetize some premium content and to share data revenue with operators.

Mobile Communities: Monetize Faster Than Online

Mobile social networks are slower to build and smaller in aggregate user numbers than their online counterparts, however they are reaching real revenues much faster, as examples like Flirtomatic, Itsmy.com, Mocospace or Mobile Game Town demonstrate.

Itsmy.com and Flirtomatic exemplify this: Itsmy.com’s active users – defined as those who log in more than two times a month – generate an average £15 ($21) per year, while heavy users – defined as those who log in at least 30 times a month – generate average revenues of £50 ($71) per year, while Flirtomatic experienced 400% growth in revenue in 2008, mainly in its core markets UK, US and Germany.

However, Japan is setting the benchmark for US and European mobile community providers: GREE reported revenues of $33m and profits of $11m in the year to June 2008. However, in Q3 2008 alone, the company revenues grew to $22m with profits of $15.6m – from a user base of approx. 7m. Competitor Mobile GameTown has been able to generate $200m in revenues in 2008 from a user base of 10m (Mobile Industry Review, Jan 2009).

OPERATORS LOOKING TO GET A SLICE OF THE OPPORTUNITY

A number of years later than expected, the recent Mobile World Congress has shown that the telecoms industry is now finally trying to bring together the network speed and capacity and the gadgets to make capturing and sharing pictures or video on the go easy enough for mainstream users. According to a study from Direct2Mobile conducted on behalf of Airwide Solutions approx. 75% of mobile operators say they plan to invest in mobile social networking and mobile applications over the next 12 months.

Operators Trying to Gain From Data and Messaging Traffic

With the introduction of flat rate data plans, many operators see mobile social networking as the next growth driver of both Person-to-Person and Application-to-Person consumer messaging. Naturally, they would like to capitalize on the success of this and ensure that SMS is the primary way for exchanging messages and delivering status updates on both mobile and fixed-Internet social networking sites.

Increasing User Awareness of the Mobile Internet Likely to Drive Them Off-Deck

As mobile subscribers are getting increasingly conscious of the mobile Internet as a value proposition they are also steadily becoming more aware of different services and differences in user friendliness. While this consumer awareness will be a driver in its own right of mobile community services, mobile social networks will likely follow the same free browser-based access model of today’s online social networks such as Facebook and MySpace. Such models pose a challenge for mobile operators by limiting their revenue potential to a charge for data traffic.

Partnerships Between Operators and Social Networks to Provide Additional Revenue Opportunities for Both

While operators do have an interest in keeping their users on-deck and in their walled gardens, research conducted by Flirtomatic shows that over 70% of social network users would refuse to join a mobile social network created by an operator. On the other hand, off-deck attempts by start-ups such as itsmy.com have demonstrated to be successful.

However, operators can be highly beneficial to the growth of a mobile social network as they can act as the main acquisition channel for mobile communities by providing easy and convenient on-deck access. This is of particular importance in emerging markets such as India where mobile data plans often only include the operators’ walled gardens.

An example of such a partnership is Orange which offers its subscribers data plans with unlimited access to sites such as Facebook and MySpace, but charges for other data use separately. As such it is no surprise that for example MySpace has entered into partnerships and revenue sharing agreements with 30 operators.

Operators Seeking Service Differentiation to Combat Churn

A number of operators have also started to aggregate mobile communities and offer their own branded services to increase user stickiness and combat churn. Vodafone has launched an application called MyCommunities – developed and provided by Dublin-based Newbay – embedded on a number of handsets that offers users the possibility to upload photos and videos directly from their mobile phones to a number of social networks through a single interface.

On top of this, operators have begun to offers their subscribers additional features such as

- **Social address books** – an application that will be embedded into mobile phones providing users access contacts from different social networks though one single interface.
- **One click photo send** – allowing users to quickly and efficiently upload pictures to their social networks instead of first having to download them onto a computer and then upload them onto a social network.
- **Third party application stores** – As many of the popular applications on the social networking websites are not available with the mobile versions many carriers are planning to offer applications that will run locally on handsets but will “live” in the cloud.

Opportunity to Introduce Data to Voice Customers and Increase Usage of Current Data Customers

A recent end-user survey conducted by ABI Research showed that users of mobile social networks are likely to consume two or three times more digital mobile content (pictures, music, videos and games) than their peers.

As those users also spend more time on mobile phones than any other demographic, they represent a highly attractive demographic for operators to introduce additional services beyond social networking to increase their non-voice ARPU.

CONCLUSIONS

Developments in mobile handsets and more affordable mobile data plans have led to an explosive growth in mobile social networking activity across all major geographies.

Social networking is taking the mobile Internet out of the early adopter demographic into the mainstream and is becoming a killer application – often being the first, and only, mobile internet application used by mobile subscribers.

While online social networks like Facebook and MySpace have significantly improved their mobile accessibility and have millions of members using their mobile to access their profiles, the more instantaneous and often improvised nature of the mobile experience is benefitting the growth of a new set of mobile-centric communities.

These trends are further accelerated by emerging markets, most notably India, as the first Internet experience for many people in emerging markets is through their mobile phone. With established online social networks not yet having spread widely in those markets, people will not have a pre-conceived bias as to which mobile community to join, putting mobile-centric social networks in a good position to acquire members.

Monetization in the mobile community space tends to closely follow the models of the online counterparts and is mainly based on advertising and the sale of virtual goods; however the relative importance of these two revenue streams varies strongly between individual communities.

In addition, mobile-centric social networks have the potential to offer highly targeted advertising as members are identifiable by their mobile phone numbers. In addition, mobile-centric communities can offer advertisers the ability to launch location-based advertising. As most mobile-centric social networks have thought from the outset about monetization they are often reaching real revenues much faster than their online counterparts have.

Many operators see mobile social networking as the next growth driver of consumer messaging and would like to gain additional revenue from data and messaging traffic. They have started to enter into partnerships with social networks as they can act as a major channel for user acquisition by providing easy and convenient on-deck access, which is of particular importance for mobile communicates in emerging markets.

In addition, operators are seeking to differentiate themselves by offering mobile social network-related services to combat churn, introduce new data services to voice customers and increase the data usage of current data customers.

SELECTED COMPANY PROFILES

Mobile Social Networks

Company	Description
brightkite	No Sleep Media LLC, operates as a Web-based software company. Offers location-based social networking solutions, which provide notifications relating to the traffic and social plans of friends and families. The company serves users in the United Kingdom, the United States, Australia, and France.
blinko	Blinko is a mobile social network that is operated by Buongiorno. The community allows users to stay connected with their friends by sending unlimited free SMS on the Blinko network, posting photos and text, as well as various entertainment services. The parent company is listed in Milan, Italy.
BuzzCity	BuzzCity develops and provides wireless communities and consumer services in the United States. It provides advertising, merchant, and publisher programs to mobile phone users and advertisers. The company also operates wireless community myGamma, a mobile advertising network.
itsmy.com	Itsmy.com is a mobile community run by the company GoFresh GmbH. The mobile community runs off-deck and is operator independent and has more than 2m registered mobile users. The community offers free homepages, personal mobile TV broadcasting and location based services.
KickApps	Provides a platform that hosts, manages, and delivers media and community applications for media companies and businesses. The platform features various applications, including social networking, user-generated content, online video, and viral widgets that are integrated with media and community management applications
mig33	Project Goth, Inc, known as Mig33, is a mobile social network. The company offers VoIP calls, chat and instant messaging, email, text messaging, photo sharing, and social networking services for mobile phone users. Project Goth, Inc. was founded in 2003 and is based in Burlingame, California.
Mobango	Mobango, Ltd. is a mobile community operator. It enables cell phone users to publish, convert, and share with friends various kinds of user generated content, including videos, true tones, polyphonics, images, photos, wallpapers, and software via the Web and mobile devices.
MobaMingle	MobaMingle is a mobile social networking community. The services that are offered are free and enable users to share mobile digital media content, blog, find friends, etc. The community is owned by DeNA Global, the U.S. subsidiary of DeNA Co., Ltd., a Japanese mobile Internet company.
MocoSpace	MocoSpace is a mobile Internet community that enables people to make friends and stay connected through their mobile handsets. Mocospace is owned and run by JNJ Mobile, a company founded in 2005. In March 2008 MocoSpace surpassed 2m registered users and reached one billion monthly page views.
Peperoni	Peperonity.com is a mobile community which is run by Peperoni Mobile & Internet Software GmbH, a service provider for mobile and electronic businesses. Peperonity.com enables users to chat, share pictures and videos, stay connected with friends, etc. Peperoni is based in Hagen, Germany.
PICA	PICA is a China focused mobile social netwotrk operated by MMIM Technologies, Ltd. The company provides mobile multimedia instant messaging and information services, a a mobile-phone-based tool for individual and company users for chatting, communications, and entertainment.
Qeep	Qeep is a mobile social network that is operated by BLUE LION mobile GmbH. The company develops software applications for mobile phones and the mobile Internet. The focus is on mobile messaging, photo-blogging, multi-player gaming, and mobile social networking services.
RockeTalk	RockeTalk, Inc. designs, develops, and deploys mobile community messaging services. The company allows users to meet people, send and receive instant messages, upload and download content, etc. The company is based in San Diego, CA, USA with an additional office in New Delhi, India.
Shazam	Shazam Entertainment Ltd provides mobile music discovery services. It offers music recognition technology that enables consumers to experience and share music with others across mobile devices and Internet. The company is has raised $18.9m to date.
ShoZu	ShoZu, Ltd. Lets mobiles users connect with their online social networks, personal blogs, photo storage sites, etc. from their mobile phone. The company's technology enables consumers to upload and download photos, video, music, etc. to and from their mobile phones without having to interrupt calls.
TagTag.com	TagTag.com is a mobile community that enables users to create their own mobile pages. The pages can include photos, blogs, chat rooms, a guestbook, etc. The community is operated by Inetis Ltd. And has over 1m members. The company is based in Celje, Slovenia.
trutap	Trutap offers instant messaging, group text and photo messaging, mobile blogging, mobile communities, etc. It also offers hosting, provisioning, and support services to mobile networks and mobile virtual network operator partners. The company is based in Cambridge, UK.
ZedStatiOn	ZedStation is a service that enables the users to be able to access all their email and IM accounts together in one place. The service is available on mobiles and PC free of charge. The service is operated by Zed Group, a mobile and web entertainment and marketing company, based in Madrid, Spain.

Location Based Services

Company	Description
aka-aki (the discovery of a lifetime)	aka-aki networks GmbH is a mobile social networking company that enables users to discover and connect with other members primarily in Germany. The company offers an application that is downloaded onto users' mobile phones. Once a user has been identified, information about mutual friends and interests are shared.
Friendstribe.com (Connect Your Dots)	Friendstribe is mobile social network focusing on the United states. The network enables users to choose, for example, if they want to communicate with people within a one mile radius or with people within a 100 mile radius. Friendstribe.com was developed by Luxinteract, Inc, based in New York, USA.
Google Latitude	Google Latitude is a recently launched service from Google. The service allows users to see friends and what they are doing, and quickly connect with SMS, instant message or through a phone call. The service is available on both mobile phones and on PCs.
gypsii	GyPSii is a mobile community that connects people and content to places and networks. The service lets users capture, edit and share user generated content. Also, users are able to locate and map friends and places, as well as share maps with others. GyPSii is a part of Geosentric Oyj, based in Salo, Finland.
loopt	Loopt offers a social mapping service. The service shows users where friends are located and what they are doing via detailed, interactive maps on their mobile phones. The service also helps users connect and plan their lives by navigating them to places, people and events.

Dating

Company	Description
FLIRTOMATIC	Flirtomatic is a mobile Internet site that enables users to send and receive flirty messages, chat live, search various profiles, add photos and videos, and rate favourites. The service is operated by Handmade Mobile Entertainment Limited and is based in London, UK.
funkysexycool	Funkysexycool is a mobile intetrnet dating site that enables users find, interact and meet new friends. The service lets users browse profiles, message members, find matches, share interests, rate pictures, etc. The service is operated by Mobinow, a New York, USA, based mobile content solution provider .

Platforms

Company	Description
INTERCASTING CORP	Intercasting Corp. is a mobile social networking company that provides carrier-grade mobile blogging and social networking applications. The company's main offering is ANTHEM, a mobile social networking platform that brings social networks, mobile content and advertising networks together into one offering. The company operates the mobile community Rabble.
colibria	Colibria offers mobile instant messaging and presence-enabled solutions to operators and service providers, and MVNOs. Among the solutions provided by Colibria are community instant messaging, convergence messaging and presence solutions and mobile Internet community instant messaging. The company is based in Lysaker, Norway.
newbay	NewBay Software Ltd. offers digital solutions to operators. The company enables subscribers to create, store, view and share user content. Also, NewBay provides the LifeCache product suite that enables operators to deliver integrated rich media services such as photo and video albums and blogs.

Upcoming Sector Conferences

THE SECOND ANNIAL MOBILE WEB 2.0 SUMMIT

3rd & 4th June 2009, Central London.

Over 200 participants are expected to attend and GP Bullhound will be participating in a plenary panel discussion on the morning of 4th June 2009 which will be tackling dealing with the investors view of the ecosystem and specifically the question: is Mobile Web 2.0 the next growth opportunity?

For more information contact: Mr Matthew Dawes, Project Manager, Osney Media – 020 7336 4600, matthew_dawes@osneymedia.com or visit the website: www.mobilewebsummit.com

SECTOR VALUATIONS

Private Placements

Announce Date	Target	Investors	Total Transaction Value ($mm)	Target Business Description
17-Feb-09	Conveneer AB	Industrifonden	4.1	Offers fixed-mobile convergence and mobile communities solutions
10-Dec-08	Mobicious Inc.	North Bridge Venture Partners; Carmel Ventures	5.0	Provides mobile content and services on the Internet and mobile Web
25-Nov-08	KickApps Corporation	North Atlantic Capital; Prism VentureWorks; SoftBank Capital; Spark Capital	14.0	Hosts, manages, and delivers media and community applications for media companies and businesses
08-Oct-08	Trilibis, Inc.	Altos Ventures; ATA Ventures	5.7	Provides mobile community applications and enabling technologies
07-Oct-08	Webaroo Technology	Charles River Ventures; Helion Venture Partners	11.1	Provides online mobile group SMS/messaging services
10-Sep-08	Wubud Limited	Undisclosed investors	0.3	Operates a mobile social network that reveals location and presence of friends and venues on a map
28-Aug-08	Buzzcity Pte Ltd	Naspers Ltd.	10.0	Develops and provides wireless communities and consumer services
15-Jul-08	Maeglin Software	Innovacom; CDC Innovation	1.2	Engages in the development and marketing of peer-to-peer mobile social network
11-Jul-08	aka-aki networks GmbH	Creathor Venture GmbH	NA	Operates as a mobile social networking site that enables users to discover and connect with members
09-Jul-08	Qiro GmbH	IBB Beteiligungsgesellschaft; High-Tech Gründerfonds; BBAF Business Angels	NA	Provides automatic localization based mobile community and information services
26-Jun-08	Miyowa SAS	Crédit Agricole Private Equity; TechFund Capital	7.9	Offers mobile instant messaging and entertainment for communities
31-Mar-08	Mobango Ltd.	Doughty Hanson & Co. Technology Ventures; Innogest SGR	5.7	Operates as a mobile community that enables cell phone users to publish and share content
29-Jan-08	ShoZu Ltd.	Atlas Venture; Crescendo Venture; TTP Venture Managers; SEB Venture Capital	12.0	Provides mobile social media services to connect mobile consumers with their online social networks, etc
28-Jan-08	Project Goth, Inc.	Accel Partners; Redpoint Ventures; Technology Venture Partners; Doll Capital	13.5	Operates as a mobile social network
27-Jan-08	JNJ Mobile, Inc.	General Catalyst Partners; Pilot Group, LLC	4.0	Operates as a mobile social community, runs the mobile community Mocospace
06-Jan-08	MMIM Technologies Ltd. (Pica)	BlueRun Ventures; CrossLink Capital, Inc.; IDG Technology Venture Investment	10.0	Provides mobile multimedia instant messaging and information services in China
01-Jan-08	kiboo SA	Angel Investors	1.5	Develops, builds, and markets mobile communities in Belgium and France
19-Dec-07	aka-aki networks GmbH	Creathor Venture GmbH	NA	Operates as a mobile social networking site that enables users to discover and connect with members
17-Dec-07	NewBay Software Ltd	Balderton Capital; Fidelity Ventures	9.3	provides digital solutions to operators such as mobile picture/video albums, etc.
12-Nov-07	Maeglin Software	Innovacom; CapDecisif; CDC Innovation	NA	Engages in the development and marketing of peer-to-peer mobile social network
17-Oct-07	Treemo	JK&B Capital	2.6	Operates as an online and mobile community
27-Aug-07	JNJ Mobile, Inc.	General Catalyst Partners; Pilot Group, LLC	3.0	Operates as a mobile social community, runs the mobile community Mocospace
13-Aug-07	KickApps Corporation	Prism VentureWorks; SoftBank Capital; Spark Capital	11.0	Hosts, manages, and delivers media and community applications for media companies and businesses
01-Jul-07	Conveneer AB	TeknoSeed AB	0.3	Offers fixed-mobile convergence and mobile communities solutions
20-Jun-07	Qiro GmbH	IBB Beteiligungsgesellschaft; High-Tech Gründerfonds	NA	Provides automatic localization based mobile community and information services
19-Jul-07	Loopt, Inc.	New Enterprise Associates; Sequoia Capital	12.0	Provides a way for friends to connect, share, and explore in the mobile environment
15-Jul-07	Handmade Mobile Entertainment Ltd.	Doughty Hanson & Co. Technology Ventures; Seraphim Capital	4.0	Operates Flirtomatic, a mobile Internet dating site
15-Jul-07	Rocketalk, Inc.	EDF Ventures; iSherpa Capital, LLC; Mission Ventures	7.1	Operates a mobile community and deploys mobile messaging services for mobile phones
05-Jun-07	IceBreaker, Inc.	Lightspeed Venture; Frazier Technology Ventures	7.2	Provides mobile social networking software and services
05-Jun-07	BLUE LION mobile GmbH	Bertelsmann Digital Media Investments	NA	Develops software applications for mobile phones and the mobile Internet
28-May-07	Mobicious Inc.	North Bridge Venture Partners; Carmel Ventures	4.0	Provides mobile content and services on the Internet and mobile Web
10-May-07	Mobiluck S.A.	Big Bang Ventures	NA	Develops and operates mobile interactive services
07-May-07	InterCasting Corp.	Venrock; Masthead Venture Partners; Avalon Ventures	12.0	A mobile social networking company, provides carrier-grade mobile applications
07-May-07	Project Goth, Inc.	Accel Partners; Redpoint Ventures; Technology Venture Partners.; BESEN	10.0	Operates as a mobile social network
01-Apr-07	Maeglin Software	Angel Investors	NA	Engages in the development and marketing of peer-to-peer mobile social network
05-Feb-07	Colibria AS	Verdane Capital; Northzone Ventures; Ferd Venture	12.9	Colibria AS provides mobile IM and presence-enabled solutions to a number of service providers
16-Jan-07	IceBreaker, Inc.	Lightspeed Venture Partners	NA	Provides mobile social networking software and services
10-Jan-07	Conveneer AB	TeknoSeed AB	NA	Offers fixed-mobile convergence and mobile communities solutions
09-Jan-07	Mobango Ltd.	Doughty Hanson & Co. Technology Ventures	2.6	Operates as a mobile community that enables cell phone users to publish and share content

Source : GP Bullhound, Capital IQ

M&A Activity

Announce Date	Target	Buyers	Implied Enterprise Value($m)	Target Business Description
30-Sep-08	OZ Communications Inc.	Nokia Corp.	NA	Provides consumer mobile messaging solutions
04-Aug-08	WebMessenger, Inc.	CallWave Inc.	9.0	Provides mobile instant messaging products
03-Jul-08	Plutolife AS	Jumbuck Entertainment Pty Ltd.	4.1	Provides mobile community social networking and user generated mobile entertainment services
16-May-08	ZYB Technologies ApS	Vodafone	49.1	Backs up and synchronizes the contact information, calendar events, pictures, etc on phone to the Internet
02-Apr-08	g8wave Holdings, Inc., Substantially All Assets	Bradley M. Mindich	0.6	Provides wireless interactive content technologies and services to mobile subscribers, media partners, etc
30-Sep-07	AIRMEDIA, Inc.	Time Warner Inc.	NA	Designs and develops software applications for mobile phones that build communities of the mobile users in gaming, social networking, etc
10-Jul-07	ACL Wireless Limited	MIH Web Private Limited India	41.0	Offers solutions, such as community and messaging services, etc.
23-Mar-07	iconmobile GmbH	WPP plc	NA	Provides mobile solutions in Europe, Australia, Asia, and the United States
25-Oct-06	MOABC	PacificNet, Inc.	NA	Provides mobile social networking, mobile entertainment, and mobile Internet portal services in China

Source : GP Bullhound, Capital IQ

Selected Listed Companies

	Market Cap	EV	EV/Revenue Multiple		EV/EBITDA Multiple		EBITDA Margin	
Company Name	**($m)**	**($m)**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
Netease.com Inc.	2,301	1,530	3.4x	3.0x	5.1x	4.8x	66.7%	63.3%
Dena Co. Ltd.	1,377	1,181	3.2x	2.7x	7.0x	6.8x	46.7%	40.1%
Gree Inc.	1,066	960	12.4x	6.4x	23.2x	11.5x	53.4%	55.4%
Mixi, Inc.	622	517	4.2x	3.1x	11.0x	9.4x	38.0%	32.8%
Meetic	338	333	2.0x	1.6x	20.2x	7.6x	9.9%	21.2%
DADA SpA	113	155	0.7x	0.6x	4.3x	4.1x	16.3%	15.5%
Buongiorno SpA	74	183	0.4x	0.4x	4.1x	4.0x	9.8%	9.9%
Source : GP Bullhound, Capital IQ		**Mean**	**3.8x**	**2.6x**	**10.7x**	**6.9x**	**34.4%**	**34.1%**
26-Feb-09		**Median**	**3.2x**	**2.7x**	**7.0x**	**6.8x**	**38.0%**	**32.8%**

Analyst Profiles

GP Bullhound is a research centric investment bank headquarted in London with offices in San Francisco.

Frank Schmitt – Frank joined GP Bullhound in 2007. He previously worked as a corporate financier for UBS Investment Bank in their technology group. Prior to UBS, Frank worked at Arma Partners, an M&A house focused on the European TMT market. Frank graduated from the Johann Wolfgang Goethe University in Frankfurt with a Master's Degree in Business Administration.

Carl Bergholtz– Prior to joining GP Bullhound, Carl worked as an analyst at Jefferies International covering the TMT and clean technology sectors. While there he worked on a number of M&A and capital markets transactions. Carl graduated from the Stockholm School of Economics with a Masters Degree in International Economics and Business.

GP Bullhound Ltd, 52 Jermyn Street, London, SW1X 6LX
http://www.gpbullhound.com, info@gpbullhound.com, +44 20 7101 7560