

MAKE IT EASY FOR ME

3 WAYS OPERATORS CAN USE PERSONALIZATION TO GIVE CUSTOMERS WHAT THEY WANT ON THE MOBILE INTERNET

A WHITE PAPER FROM XIAM TECHNOLOGIES LTD



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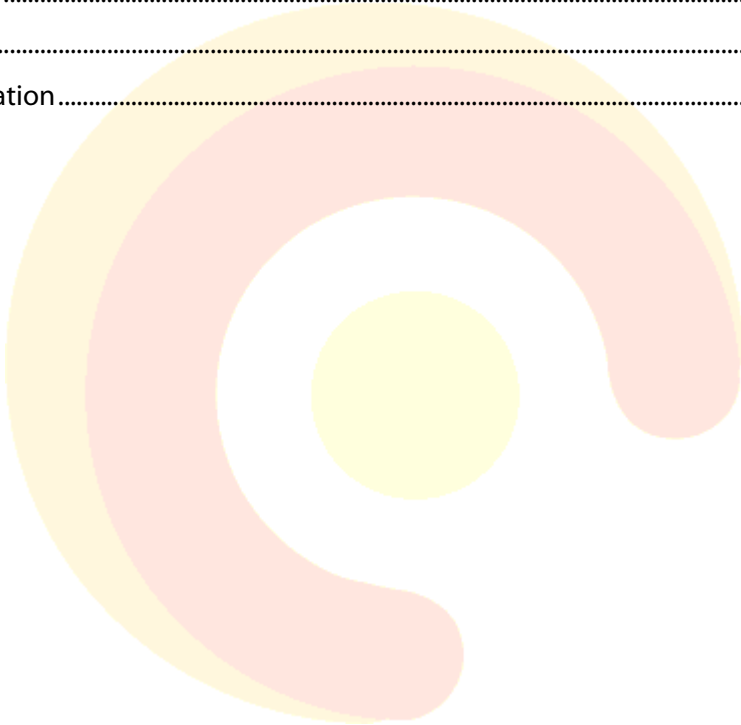
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Main Messages

- Users accustomed to the desktop Internet experience find it difficult to locate relevant, interesting content on the phone.
- Operators who can offer preference-based content have an enormous opportunity to develop loyalty and boost conversion rates.
- Personalization and recommendation technology combines browsing history, demographics, paid transactions and expression of likes to build a customer profile for consistently making compelling mobile services.

Summary

Most wireless subscribers want to access the mobile Internet and use it easily. How can operators satisfy them?

Operators have built portals and offered popular games, news stories and interesting content, but there's more to satisfying customers than simply throwing more titles at them. Open Internet browsing gives users a sense of freedom, but search on a mobile device is not as easy or gratifying as on the desktop. New channels have started springing up for apps, music and content, taking eyeballs (and revenue) away from operators' offerings.

Personalization and recommendations are the new tools for mobile services. When operators make it easy to navigate meaningful content in a portal without the need to search the mobile Internet for it, subscribers stay longer, become more loyal, spend more money and tell more of their friends. They evolve from subscribers into customers.

This paper describes the business case for personalization and recommendations. It explores their role in the customer relationship, the factors compelling operators to implement them and the benefits of offering them. Marketing managers and product managers responsible for delivering content and growing audiences can use this paper to discover new ways of making the mobile Internet easy for users through personalization and recommendations.

Search and Phones Don't Mix Well

With mobile data services, the genie is out of the bottle. Mobile customers want to reproduce the rich, personalized desktop world on their phones. Unfortunately, the mobile world is different from the Web on a desktop.

On the desktop, browsing is a lean-forward, research-mode activity. With their eyes on a large monitor and their fingers on a full keyboard and mouse, people will take the time needed to search for desirable content on the Web and follow it from one site to another.

In the mobile world, browsing is a sit-back, make-it-easy-on-me activity, because finding desirable content on a mobile data service requires more work. Constraints on screen size, keypads and text entry methods mean that input is less easy, and browsing for a title down the stovepipe of an operator catalog is more cumbersome.

What Mobile Data Customers Say¹

- The most important features to 63% of respondents when they chose their current phone were “the ability to use the mobile Internet” and “Ease of Use.”
- 40% of respondents report they do not find it easy to find content.
- Survey respondents spend an average of 118 minutes per week accessing content on their mobile phone

Operators: Look Over Your Shoulder

As if this competitive advantage and extremely profitable opportunity did not suffice to get operators thinking, there are three other market forces that may scare them.

[1] Someone else owns data on their customers. Content providers and aggregators can give an operator recommendations, what's-hot lists and the corresponding content, but these providers retain all of the understanding about how content gets hot and who wants it. Operators should have their hands on the intelligence-gathering mechanism behind these recommendations so that they can understand their customers better, connect the dots among user intelligence from different services and use this information to keep sharpening their recommendations. It is also valuable in cross-pollinating campaigns and marketing efforts across different channels and content silos in the portal.

¹ Source for statistics cited in this paper: Qualcomm, Inc., Blind Primary Research conducted by TNS in July-Aug 2009. Respondents were drawn from a population of 2666 mobile phone owners in the UK and US age 16 and over evenly divided between males and females who use mobile data services (web browsing, download music/games/apps, GPS, mobile TV) at least monthly. The data collected can be projected to the entire population of wireless users in the US and UK that browse the mobile web at least weekly. Given the sample sizes, results in total (across the 2 countries) are accurate within a $\pm 4.9\%$ error range.

1. Turn Subscribers into Customers

[2] There are new kids on the block, and they are not operators. Ovi by Nokia, Apple's iTunes Store and Android Market, among others, represent the efforts of OEMs to get into the act of providing content and a mobile experience. A trusted billing relationship already exists between operators and subscribers, but these OEMs are wedging themselves in to build loyalty to the device instead.

[3] Irrelevant content is worse than no content at all. The pool of available content is vast, and operators cannot afford to place unqualified content in front of their customers for fear of turning them off. There are limits to the way in which mobile customers can set their own preferences, so operators need a profile-based model to avoid promoting irrelevant content. The key to taking advantage of these opportunities and dealing with these threats is personalization and discovery technology, which builds a customer profile for consistently serving up relevant content. There are three ways operators can use personalization and discovery technology to give customers just what they want.

Where Mobile Data Customers Go

- More than two-thirds of respondents use search engines to access content and applications
- 58% directly enter website/URL addresses in the phone
- 41% go to their wireless service provider's portal
- 33% go directly to the portal or home page of their mobile phone manufacturer
- 28% click on links sent by family, friends and associates

1. Turn Subscribers into Customers

In the same way that personalizing a house turns it into a home, personalizing the relationship with subscribers and making mobile services easy turns them into customers. The list of mobile data services grows with each leap in technology: news, entertainment, directories, banking, TV, mobile wallet, concierge, personal assistance, social networking and location-based services. As attractive as they are to mobile customers, they are worthless to an operator if customers cannot find them, so building a profile and delivering content based on it helps aim these new services at the audience most likely to pay for them. People are more likely to buy based on recommendations. What better recommendation to provide than one based on their own preferences? Recommending content, sites and offers is a big opportunity to deepen the operator-customer relationship.

OEMs have shown themselves to be adept at providing an experience on a device. The new challenge for operators is to create great experiences across a broad range of devices in a whole portfolio that they are providing to their customers.

The operators have the tremendous advantage of a relationship of trust with their subscribers. They have a lot of information about their subscribers, so with the right permissions, subscribers are willing to allow them to use that information to personalize the services for an enriching mobile experience.

2. Keep Content Relevant

Operators have typically offered all their users the same content on their portals without taking into account each subscriber's tastes and preferences. To provide a satisfying, personalized mobile experience, operators must move beyond static account information to build a repository of dynamic data about who customers are, where they go, and how they live.

2. Keep Content Relevant

Personalizing the content is what keeps it relevant, meaningful and well focused. It's the operator's chance to pour the huge array of offerings through the filter of customer-specific preferences and deliver to the mobile device only those recommendations, titles and offers of interest to the individual customer. The profile is an important tool in demonstrating the operator's level of engagement with customers by minimizing the chance of useless, irrelevant content landing on their phones.

How Mobile Data Customers Discover Content

- On average 27% of attempts to find content by data users end in failure
- 63% of respondents say they would spend more time accessing online information or purchase more content if the process of finding personalised content were easier
- 48% would be interested in getting customized mobile content recommendations (25% would be very interested)

3. Get Niche Content to the Right Customers

Finally, personalization helps operators build better relationships with content providers and aggregators by getting their apps, stories and services in front of highly qualified prospects. For example, app developers know that they have scant hope of monetization when the operator has so little useful information about its customers.. Worse yet, if the app has to struggle for visibility, undistinguished among the hundreds of other apps, then the developer needs to invest heavily in marketing to attract buyers.

With profiles and personalization, even the niche content that does not make it to the top ten or top hundred in the deck has a better chance of finding an audience. Customers get the content they want without an exhaustive search, the content provider makes the sale without running big campaigns, and the operator builds brand loyalty by connecting buyer and seller.

What Xiam Does for Operators

Xiam is a platform for giving mobile customers what they want by inferring it from a profile built around their preferences. By personalizing the customer's experience on the phone, Xiam:

- Delivers a better user experience. This makes it easy for customers to discover the content they want.

- Builds brand loyalty. Customers grow to trust operators who make it easy for them to find relevant, meaningful content.
- Deepens the customer relationship. Operators can follow individual customer behavior, making stronger, more useful recommendations as the profile evolves.
- Becomes a marketing system and campaign platform for targeted mobile advertising and content discovery. Xiam opens up the operator's entire catalog to qualified prospects through personalization.
- Keeps the intelligence-gathering process with the operator, instead of with the content provider or aggregator. This reduces the operator's risk in switching among providers.

Xiam's most important benefit is on the bottom line. Operators deploying Xiam are seeing average uplift greater than 20% on content offers as a result of personalization and recommendations.

How Xiam Works

By following each mobile data customer, Xiam builds an anonymous profile for repeated, real-time use.

Xiam's strength lies in its ability to build profiles based on many different kinds of data and levels of information, depending on what is available for each customer, what the operator chooses to use and the permission granted to the operator. The system can, for instance, take advantage of existing demographic data from the operator's CRM system or from billing information, but it is not limited to these.

In the example of a personalized recommendation, Xiam's open APIs work in a defined area of the service and, as a particular customer visits the page, populate that space with a relevant offer or recommendation. Customers standing side by side viewing the same page may see completely different offerings things because Xiam serves up the most relevant results – promotions, offers, content, links – based on their respective profiles.

The system retrieves the customer's profile in real time and matches it to the entirety of the catalog, generally in less than 60ms. This differentiates Xiam from services that perform a query against a CRM database for a target audience, and then



Conclusion

aim the offer accordingly. That approach does not deliver the same richness of behavioral and contextual data of Xiam's profile-based service.

Most operators deploy Xiam on their own servers, and the platform is also available as a hosted system. In either implementation, all profile data belong to the operator. Xiam is a lightweight service that integrates with operators' CRM systems, portal management systems and WAP gateways.

The recommendation engine works best with about six months' worth of data in a profile; too little time and the profile is not robust enough, too much time and the profile contains obsolete data. Recommendations get stronger and more useful as the behavioral aspect of a user's profile becomes more complete.

Operators can apply Xiam in two different ways:

- In a fully automated, hands-off approach, Xiam recommends, for example, a song title most likely to interest a customer based entirely on the customer's profile, as described above.
- In a manual, marketing-driven approach, the operator may see the opportunity to recommend a particular song to a target segment of its customer base likely to appreciate it, then identify those customers based on their profiles and execute a campaign around the recommendation. Xiam will automatically aim the song at the best audience.

Thus, operators can allow the platform to decide automatically which offers are most relevant to a particular customer, or they can strategically place a particular offering in front of the audience most likely to be receptive to it.

The privacy arrangement around creating and maintaining the profile is for the operator to specify by asking customers' permission. Operators can customize the opt-in as high up as the terms and conditions of the service agreement and as far down as a specific page of content.

Conclusion

The process of discovering meaningful, relevant content on mobile devices remains cumbersome. Between the extremely profitable opportunity to make discovery easy and the threat of losing visitors to the app stores and services of OEMs, operators are in a unique position to personalize the mobile experience and make it easy for their customers to find the content they want without the struggle of mobile search.

Personalization and recommendations can help operators monetize the entire range of mobile services – news, entertainment, finance, apps – by serving them up automatically to the customers most likely to want them. This builds loyalty to the operator's brand, keeps

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content relevant all the way down to the level of the individual customer and makes it easy for providers and developers to get their offerings in front of qualified prospects.

Xiam is a personalization platform that improves the mobile browsing experience by placing meaningful content in front of customers using a profile of their online behavior and a recommendation engine. It helps operators manage the wide variety of relationships in offering services to their customers and opens up their entire catalog through recommendations rather than through search.

For More Information

Visit us at www.xiam.com

For upcoming trade shows and events showcasing Xiam's personalization and recommendation technology, follow us at xiam.com.

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