

Mobile entertainment market remains work in progress

Panel discusses issues of scale, pricing

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HOLLYWOOD, Calif. — A panel of five mobile entertainment CEOs took the stage this week at OnHollywood 2008 to make the case for their varying business models and address what Frank Barbieri, CEO of Transpera, called a shift from transaction-based content such as downloads and one-off purchases to an open, Web-based approach.

Mobile-phone users are “opening up their browser and looking at some of their favorite sites,” and companies are migrating content to the Web to meet that demand with more inherent sharing characteristics for the mobile platform, Barbieri added.

Much of the discussion on the panel was pegged around reaching scale and a level of ad impressions that would mirror what’s already happening online.

Matt Edelman, co-founder and CEO of PeopleJam, took Barbieri to task somewhat for Transpera’s model, which is built around a free, ad-supported video offering. Transpera inked a deal with Alltel Communications L.L.C. earlier this year to power the carrier’s branded Internet video service called Alltel Social Video, which sells for \$3 per month.

Scale lacking

Although Edelman’s company has a partnership with Transpera, he pointed out that ad metrics have a long way to go before they reach the scale and deliverability of online. A million one-time purchases of a \$4 application would generate \$4 million in revenue; to reach that same amount of revenue on an ad-supported model, the company would have to deliver 50 million impressions at an \$80 cost per thousand impressions, he said.

“We’re nowhere near scale; mobile versus online,” said Daren Tsui, CEO at mSpot. His company has built a business of 2 million customers based on a subscription-based mobile music service. Tsui said the company doesn’t plan to move away from that approach until it sees more eyeballs coming to mobile.

“The volumes for known online brands are staggering on mobile,” Barbieri countered. He said large media brands have been extremely successful at targeting key demographics and reaching the amount of impressions they need to justify the investment. But still, there’s a ways to go.

“It is slower to develop than the subscription model,” he said, but long-term the company sees more opportunity through delivering free content through advertising.

Pricing models in flux

Babur Ozden, CEO at Berggi, said the subscription-based model is too difficult for a mobile application business like his. He pointed to mobile games as one area of the wireless business that’s been able to build a new model around subscriptions, but he doesn’t expect to see much growth in other categories of mobile applications.

Dilithium Networks CEO Paul Zuber said the industry is working its way through a transition from flat-rate pricing models and premium models. Once things even out, he believes clearer, and more predictable business models will emerge.

Disappointments abound

At the close of the panel, each executive was asked to name areas of content that were least successful or disappointing. Tsui said financial information has done very poorly on the mSpot platform; Barbieri said Transpera’s list of favorites doesn’t do well; Ozden pointed to mobile instant messaging as his biggest disappointment; and Zuber said video-to-voice-call completion continues to bog down usage and creates headaches for users that don’t experience a seamless transition.