

Value

UAE-ARA-001-090529 Conference-P0

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Telecoms and media collaboration opportunities in the Arab world

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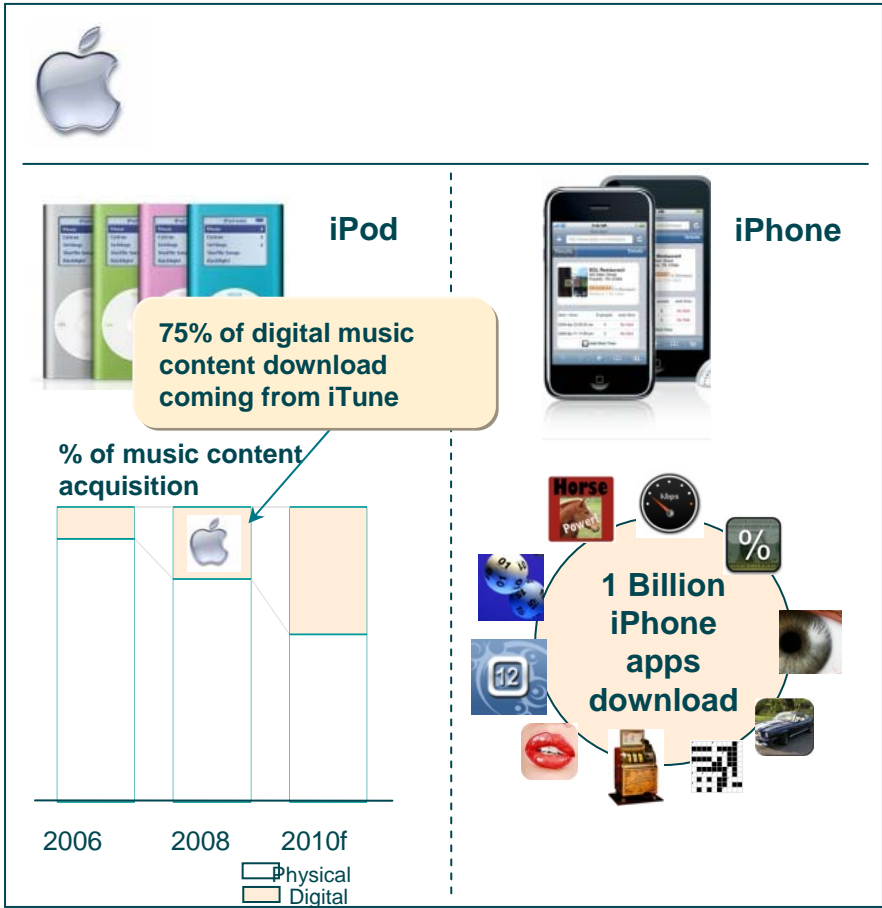
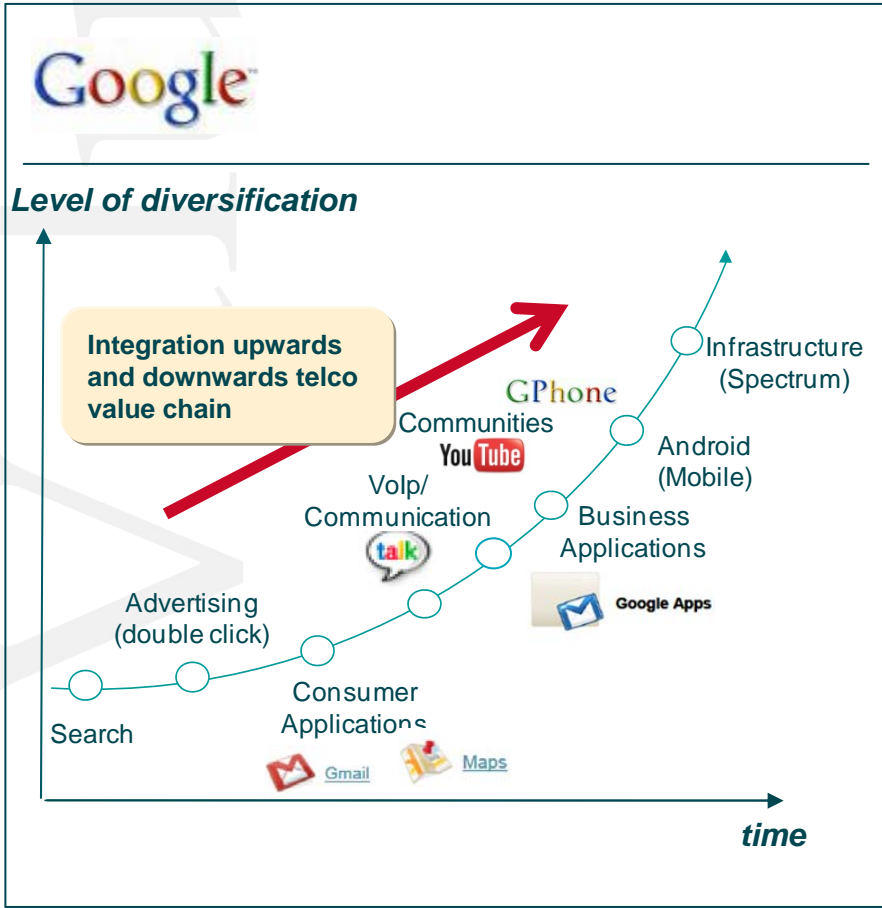
Beirut, 29 May 2009

Value Partners: at the heart of convergence



Introduction

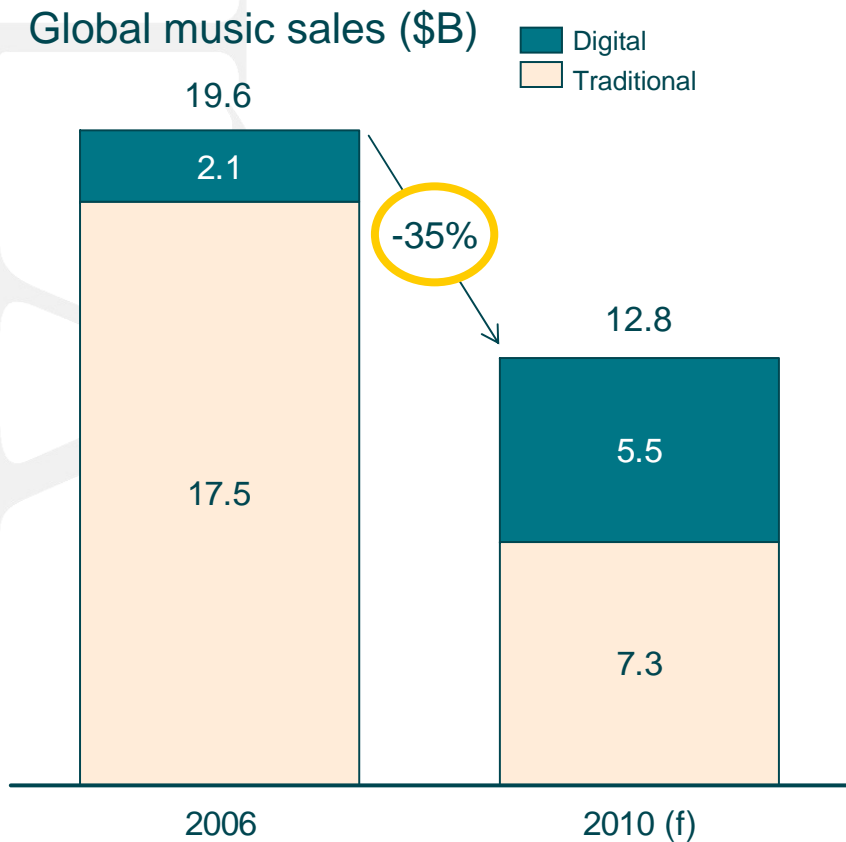
New players are increasingly dis-intermediating traditional media and telcos



Players from adjacent business are making the highest impact on telcos and media

Transition from “analogue” to “digital” creates challenges and opportunities for telcos and media

“Digital pennies” for “Analogue pounds”



Opportunities

1

Leverage new platform developments and broadband uptake to deliver content to consumers

2

Collaborative efforts between telco and media to better monetize content

3

Identify new business models for telco and media collaboration

Convergence opportunities are led by rapid adoption of broadband in the region

Communication and content

Broadband

Devices



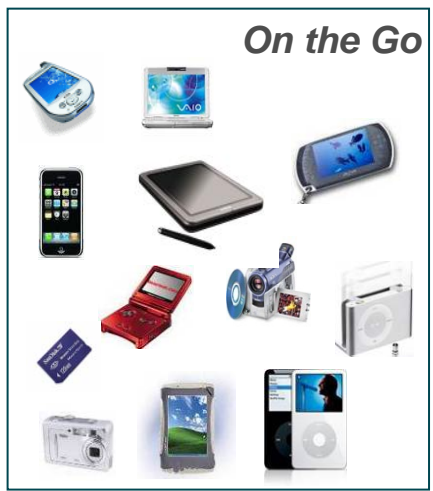
Digital Convergence

In selected GCC countries broadband uptake has reached 60% of HH

- Wireline**
- FTTx
- Cable
- DSL
- MMDS
- HSPA / HSPA+
- LTE
- Wi-fi
- DVB-H/ T
- DMB
- WiMAX
- Satellite
- Wireless**



At home



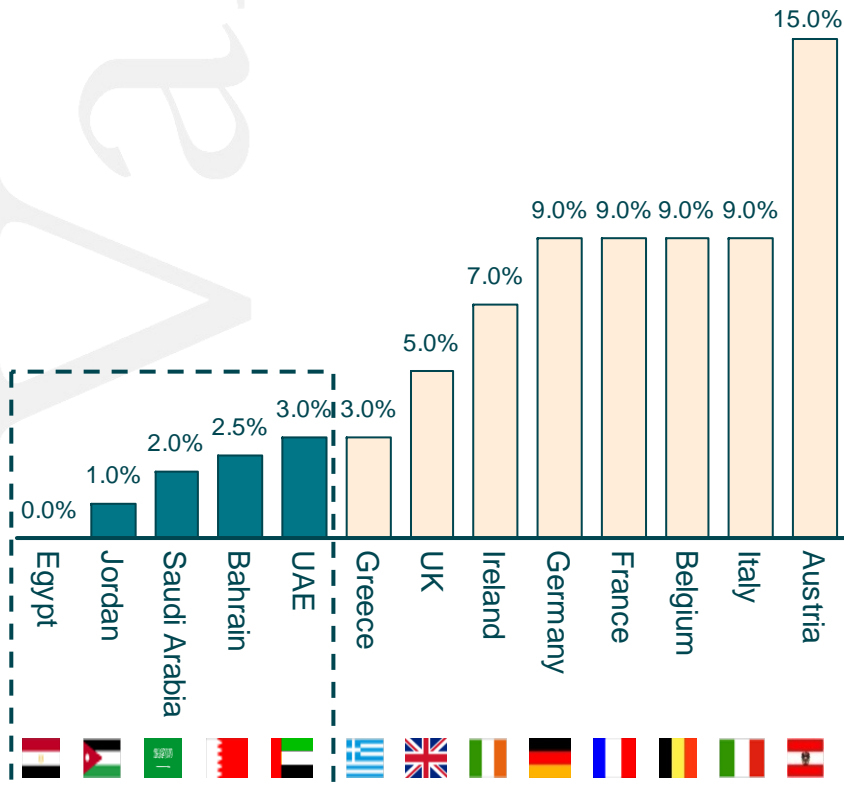
On the Go

Mobile broadband is set to be the next opportunity for TMT convergence in MENA



→ Key growth factor

Current non-SMS data as % of total revenues low



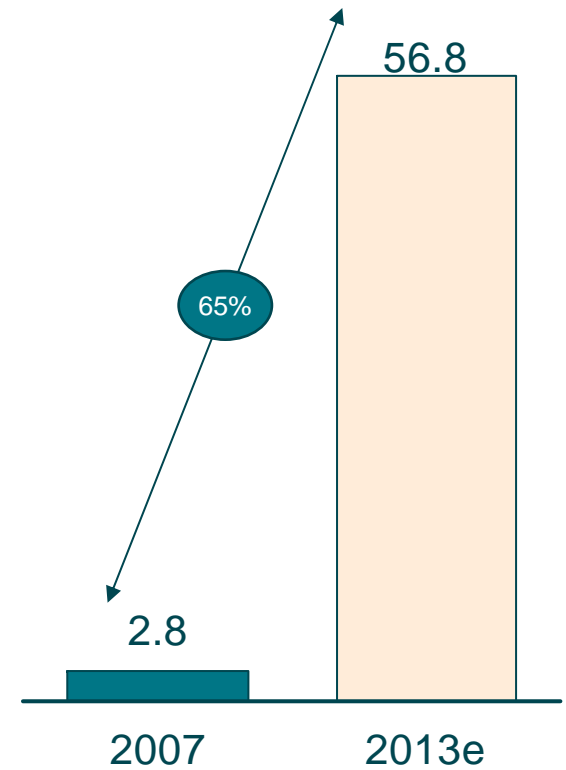
Launch of iPhone (Etisalat, Vodafone, Orange...)

High mobile penetration (GCC 164%)

Limited wireline coverage

ME demographics (50% under 21 years old)

MENA mobile BB subs (m)



Source: Informa, press reports, Value Partners analysis

Telcos have started to get a foot in the content business with new convergent platforms

Convergent platforms in MEA

Service in place
 Trials or planned launch

Country	Egypt	KSA	UAE	Morocco	Algeria	Tunisia	Libya	Kuwait	Oman	Qatar	Lebanon
Platform											
IPTV						-	-				
Mobile (DVBH)	-	Trials to be held in near future	Awaiting licence award	-	-	-	 DVB-H Trials	-	DVB-H public consultation (09/08)	 DVB-H Trials	-
Mobile (3G)	 	 		 	 3G Trials	Plan for 3G		 	 		
Other (Cable and DTT)	CNE (Cable)	DTT (2007)	 Cable	DTT (March 2007)	DTT in 2008	DTT trials	-	Kuwait Cable Vision;	DTT (?)	 Cable	Cable-vision

In the MENA region, piracy control could lead to a virtuous circle of content exploitation...

Potential response to piracy

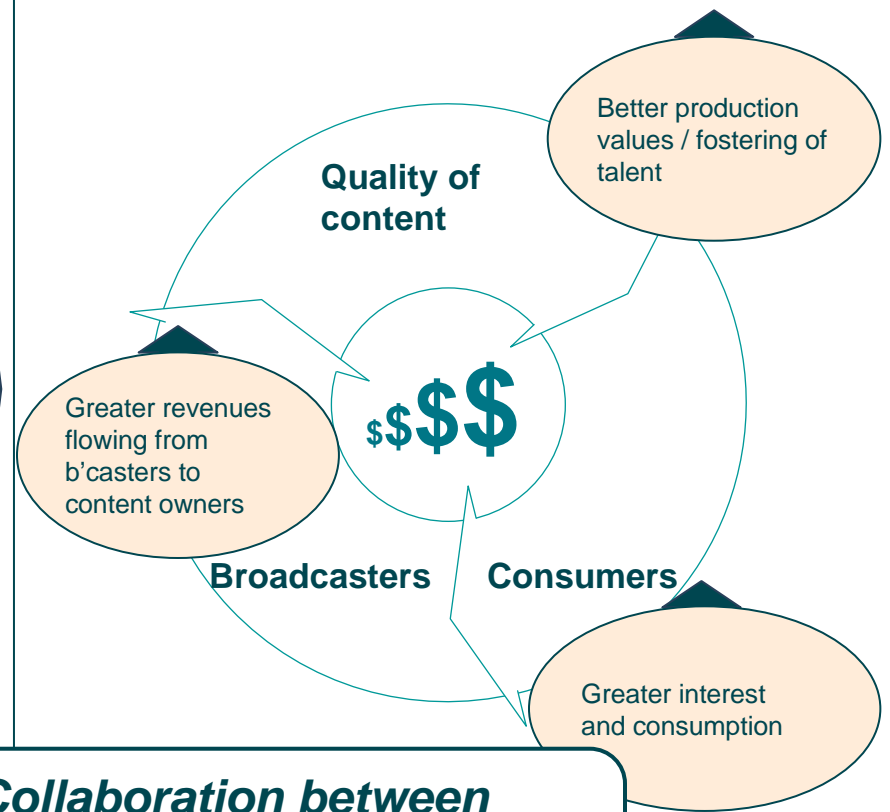
Music

- Legal mp3 downloading (limited in MENA)
- 'All you can eat' (Nokia 'comes with music')
- Free unlimited streaming (Pandora, Imeem)

Audio-visual

- Cross-platform release window strategies
- Online VOD aggregators (e.g. Clickstar)
- Co-operation with platforms / operators (e.g. BT initiative in the UK)
- More secured platforms (e.g. own STB as done in Europe)
- Legal enforcement (e.g. "Three strikes" approach in France)

MENA's targeted virtuous circle



Collaboration between technology and media is needed to initiate this virtuous circle

Content monetisation


...Online VOD propositions are one example of a solution to better exploit Arabic content

International VOD propositions

Online digital retailers	
Broadcaster led web based catch-up VOD	
Ad funded On demand Web TV	
DTR on cable simultaneous to DVD release	
Telco VOD Service as part of multi-play offering	


Regional online VOD propositions

JV between Maktoob and MBC



- MBC has established interactive TV joint venture with MBC (Maktoob TV)
- During web TV trial in 2008 MaktoobTV registered 30 million video streaming accesses in a month

Talfazat – Online TV



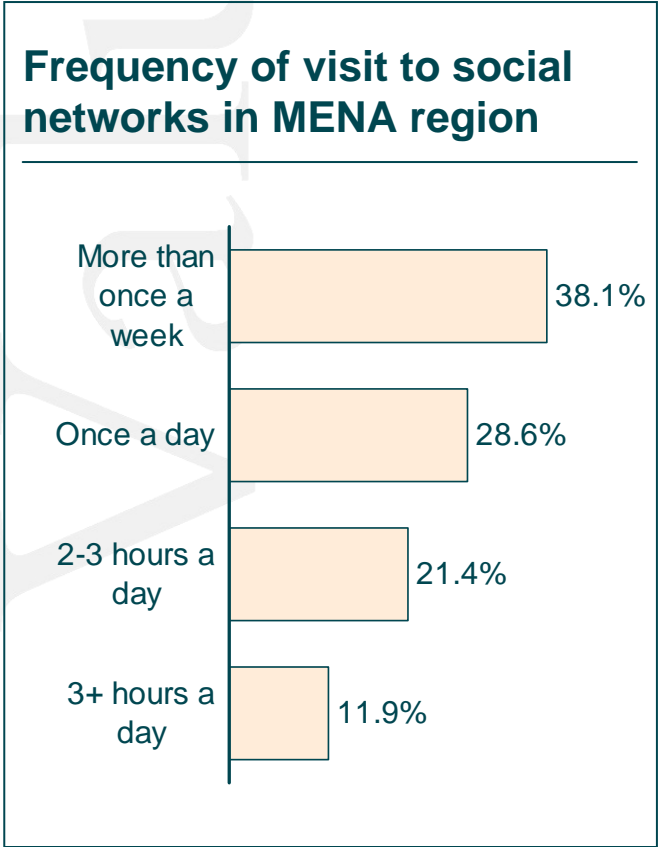
- Launched in August 2008 by JumpTV and NeuLion, provides live and on-demand Arabic-language TV
- The service is subscription based including 35 live channels & VoD

Content monetisation

In parallel, media and internet players need to find innovative ways to distribute content

ILLUSTRATIVE

Social networking sites within the top 20 websites



- Ranking of sites
- #1
 - #2
 - #3
 - #4
 - #5
 - #6
 - #7
 - #8
 - #9
 - #10
 - #11
 - #12
 - #13
 - #14
 - #15
 - #16
 - #17
 - #18
 - #19

	UAE	Saudi Arabia	Lebanon	Egypt
#1			facebook	
#2				facebook
#3	YouTube	YouTube		YouTube
#4				
#5			YouTube	
#6				
#7	facebook	MAKTOOG		
#8				MAKTOOG
#9	MAKTOOG			MAKTOOG
#10	e	facebook		e
#11		NETLOG		
#12				
#13			e	
#14	friendster			
#15		e		
#16	UAE Women Network			
#17				
#18				Mawaly
#19				TAGGED

Key issue is how to turn “eyeball” into buyers

Source: Burson-Marsteller survey; Alexa
Notes: Ranking of sites is based on traffic

There has been a series of telco/media partnerships/JVs in the region...



- UAE second operator **du** signed a **content deal** with broadcaster **Rotana** in October 2008 to offer all content from the Rotana library to du's customers in the UAE



- A series of **convergent** initiatives (including content co-production and online gaming distribution), launched in partnership by **Etisalat** and **FT**, developing into a **JV**
- **FC Barcelona** agreement



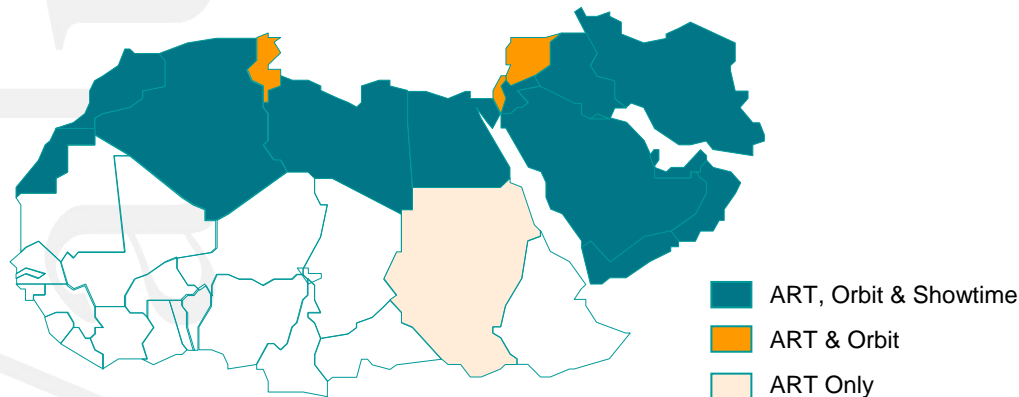
- **MBC** has launched multi-platform initiatives in partnership with both **du on mobile TV** (Mobisodes) and **Etisalat for Online TV** in September 2007 and 2008, respectively



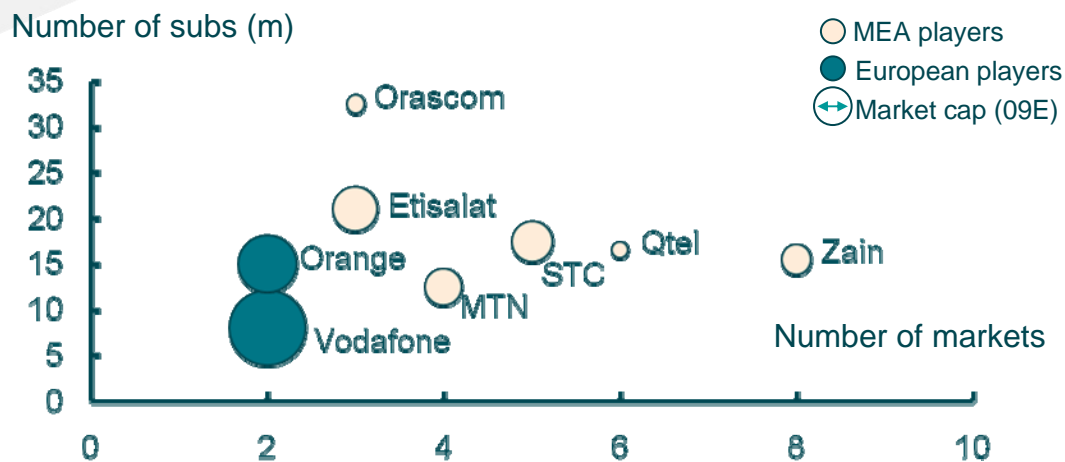
- In October 2008, Saudi telco incumbent **STC** entered a joint venture with Saudi publishing group **SRMG** and Malaysian pay-TV operator **Astro** to set up a **new content aggregator** to be based in Dubai

...but consolidation of the media/ telco sectors in MENA is still to occur

MENA Pay-TV operators footprint

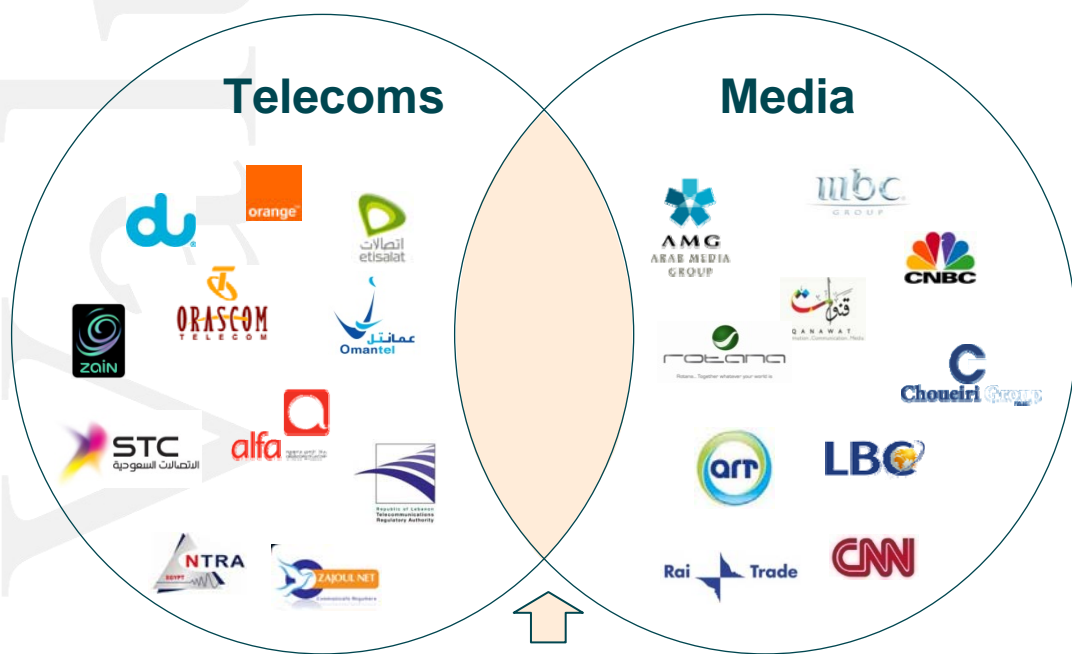


MENA Telcos footprint



- Pay TV market in the region is heavily competitive with usually **three operators per country** fighting for market share
- Telecoms market is also bound to consolidate in near future to achieve greater scale
- Will collaboration between telcos and media lead the way to consolidation?

Conclusion: finding the sweet spot



Sweet spot for value creation in Arab Media Ecosystem

- Possible immediate actions:**
- Launch “smart collaboration” between telcos and media companies
 - New distribution models
 - Secured platforms
 - Audience measurement
 - Multiplatform strategies for content rights
 - Telco/ Media initiative to promote high-speed broadband development