The 411 on the Wireless Landscape

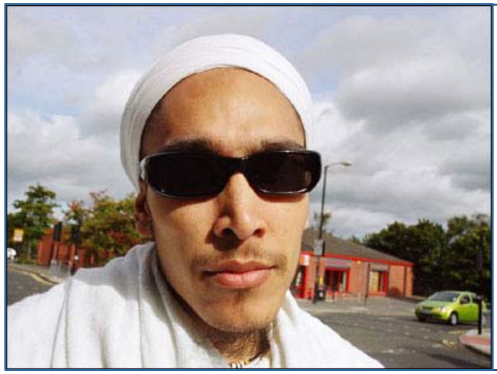
Why dialing 411 in Canada is more expensive than:

- Surfing the web via mobile in Rwanda
- Playing a multiplayer online game via 3G in Korea
- Watching Arsenal vs. ManU on your Blackberry in the UK

The 411

- The evidence: How Canada is lagging
- The problem: The vicious cycle
- The way forward: The virtuous cycle

Average users around the world



Ahmed, United Arab Emirates

- Used Bluetooth-enabled Escada phone to make advances to his now fiancée
- For their engagement, gave her a Qiblah F7100 LG phone which points to Mecca using GPS

Tamiko, Japan

- Thanks to flat rate data plan, spends hours on online games
- Can't WAIT for Second Life to launch on DoCoMo
- Uses mobile coupons for shopping after school

Nigel, UK

- His offspring will have the 'opposable' texting thumb
- Enjoys a BBC guided 'sat-nav' Coastal Walks of Britain hike on a Sunday
- Possibly a victim of 'happyslap', a video messaging crimewave

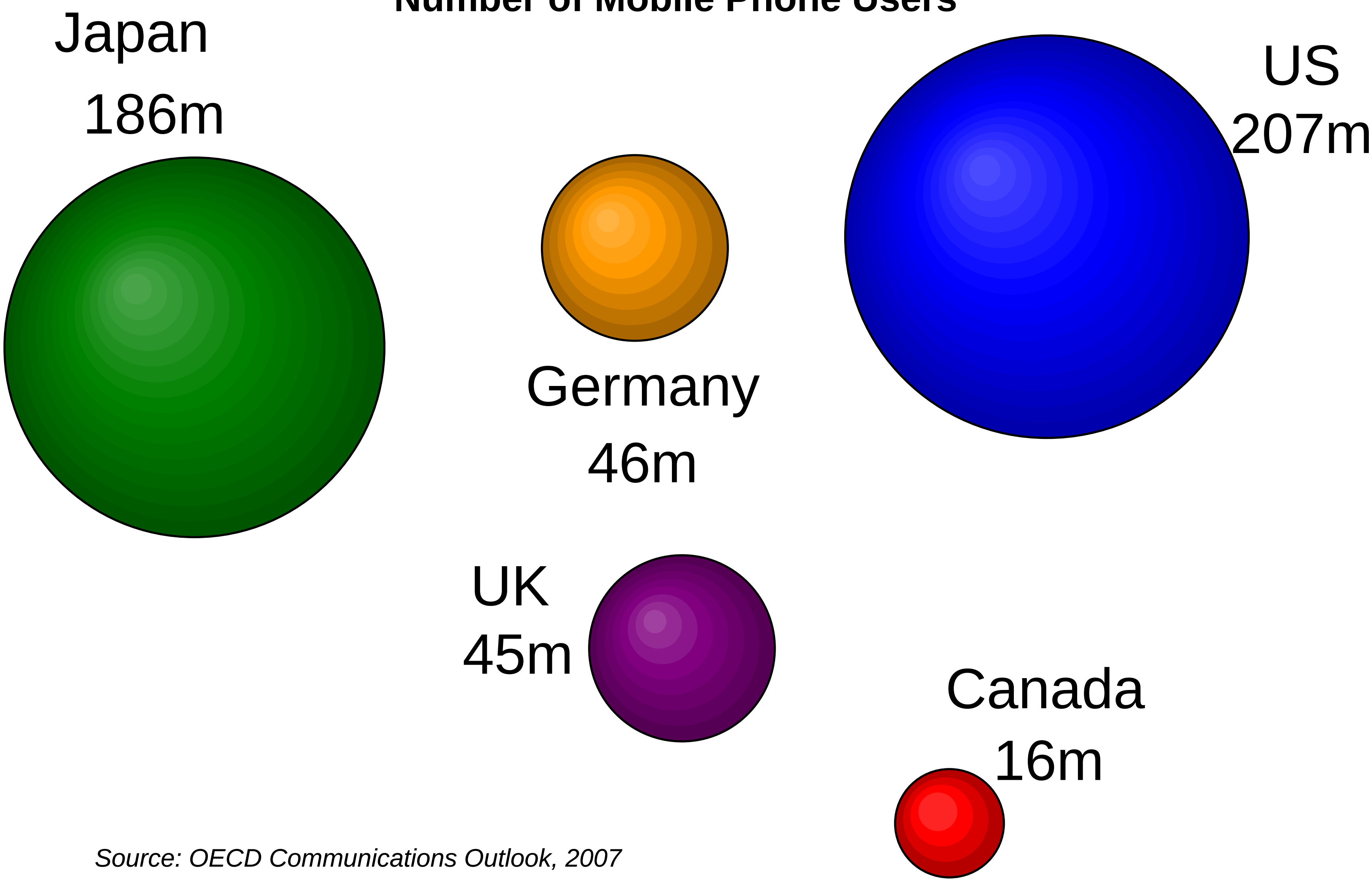
And then there's Jim in Canada…

Jim, Canada

- Addicted to his blackberry to keep up with work
- Sent a text msg to his girlfriend once, but she didn't know how to respond…
- Used the internet once to check a hockey score – took him ten minutes, and his bill was higher than his cable bill

OK, the Canadian market *is* small

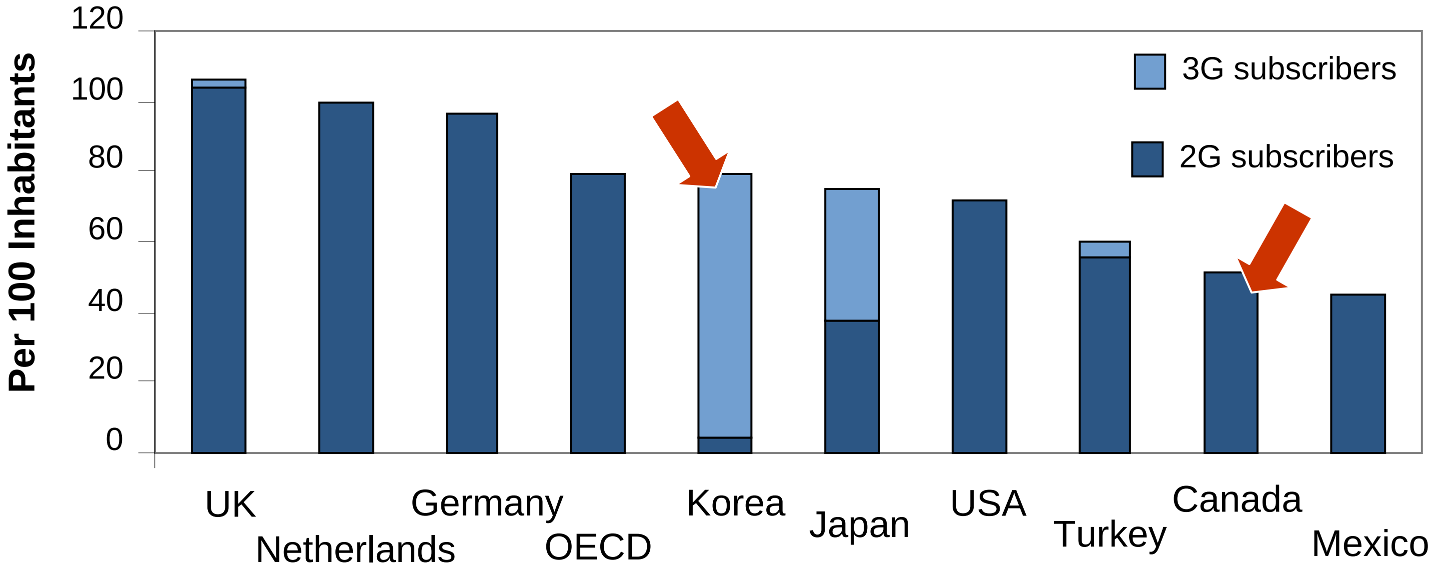
Number of Mobile Phone Users



Source: OECD Communications Outlook, 2007

But penetration is low

2G and 3G Market Penetration, 2006



Cellular mobile subs per 100 inhabitants, 2005; Source: OECD Communications Outlook 2007

In Canada, a phone is but a phone…

	UK	Germany	Japan	US	Canada
Sent SMS	86%	83%	--	39%	37%
Played Games	24%	25%	70%	32%	--
Browsed Internet*	29%	18%	40%	26%	19%
Listened to Music	12%	10%	50%	3%	2%
Watched Video	4%	2%	10%	3%	--

All figures are %s of current mobile customers

Sources: Telecoms.com (M:Metrics, Feb. 2007), Fast Forward 2006 (for Canada), WirelessWatch (for Japan), *Ipsos Insight 2006, Decima Reports 2006
**Note: some numbers from Japan are 2003

And that phone ain’t cheap when used for data…

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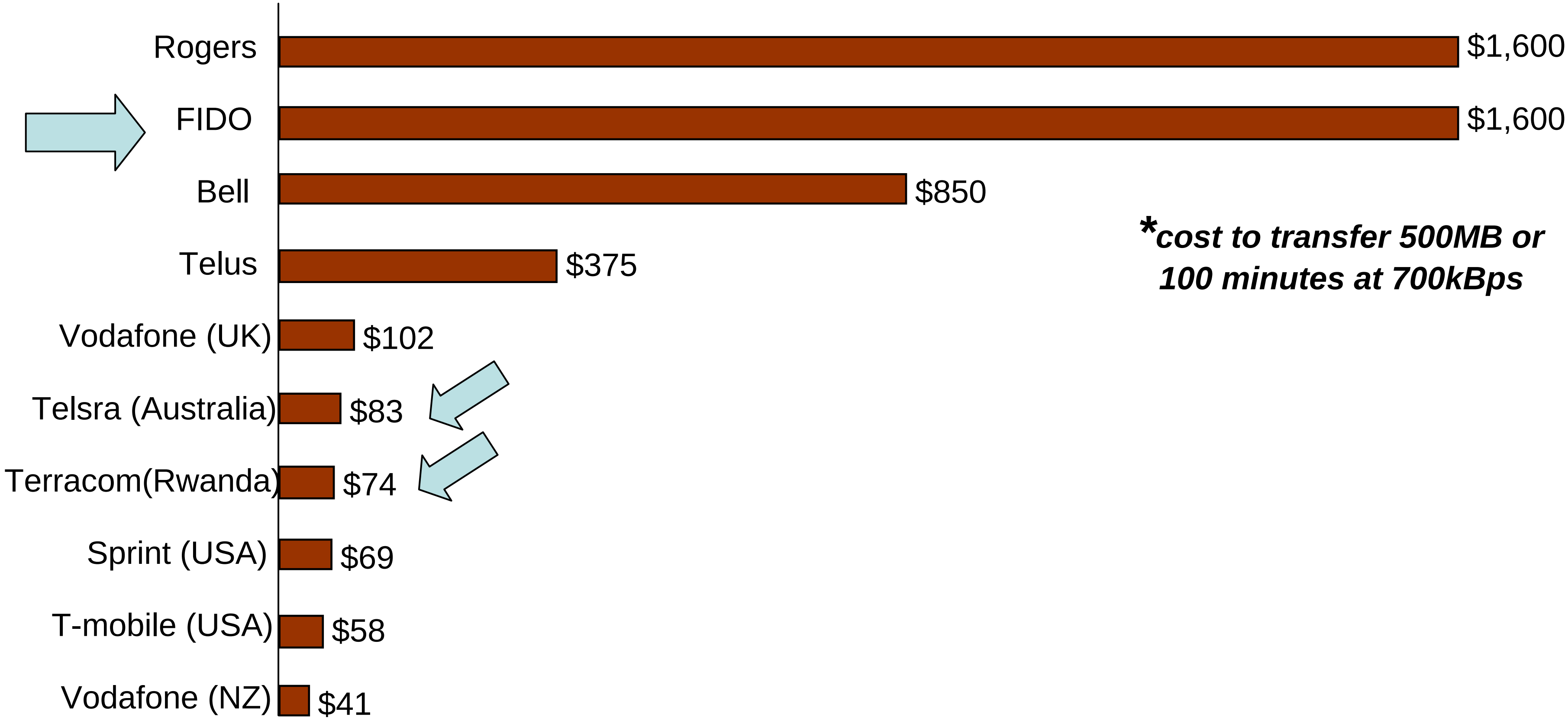
The Cost of Data in Canada*



cost to transfer 500MB or 100 minutes at 700kBps

Source: emarketer, 2007

NB: The cost of data in Canada has started to come down since this study was undertaken. E.g. Bell has since launched a 7$ a month flat rate data plan

Low expenditure on R&D doesn't help either

Nordicity Group Ltd.

Expenditure on R&D, 2005

	R&D ($ million)	R&D/ Sales
NTT	**1,152**	**1.3%**
France Telecom	949	1.5%
Deutsche Telekom	258	0.9%
Vodafone	404	0.7%
AT&T	*130	0.3%
Telus	125	1.3%

**CATA Report, Re$earch Infosource*

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- The way forward: Business models for home and abroad

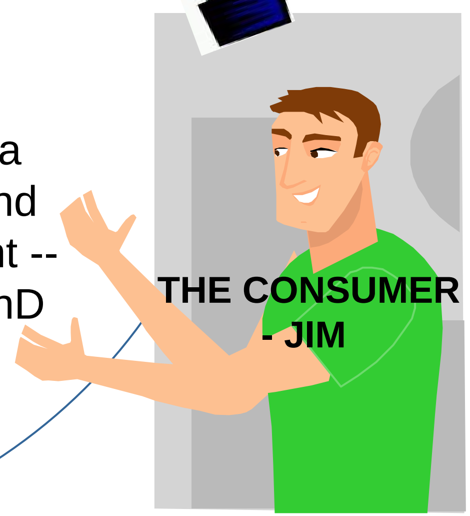
A vicious cycle

"The market's too small – we have to charge high rates to make the economics work, and we don't have a lot left over for innovation"

"Of course the market's too small – my mom won't get a cell because it's too expensive!"

"Not our fault - the carriers won't pay us to innovate and improve the user experience "

"I don't spend on data because it's pricey, and there's no good content -- interfaces require a PhD to navigate! "



But the cycle can be broken

"The Market's Too ... – We hav... ge high rates to make the ...conomics Wor... e don't ... left over for innovation"

WIMAX

New competition

Google open handset alliance

Flat rate data plan

"Of course the market's too small – I won't use my cell because it's too expensive!"

"Not our fault - th... won't pay us to i... improve the ..."

A killer content app

Mobile broadcasting standard

A wired TTC

...nd o... req... D to na...

The 411

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  - Grow your business by serving foreign markets

Grow your business by serving foreign markets

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RIM

Waterloo based,

Only 7% revenues are from Canada

Toronto based
Launched mobile video in Japan

bight™ GAMES

Charlottetown Based
Clients: UK, US

GestureTek
WORLD LEADERS IN COMPUTER VISION TECHNOLOGY

Waterloo Based
Biggest client: NTT DoCoMo Inc, Japan.

The 411

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Understand that Canada *is* different

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Keitai culture

"Timmy's-to-Go" culture

Start with what we know Canadians like…

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Social Networking

City	Facebook Members Per K Capita
Toronto	**96.0**
Vancouver	72.6
Ottawa	**93.7**
Montreal	22.1
Halifax	**183.0**
New York	17.6
Boston	73.1
Seattle	36.9
London	25.1
Japan	0.1
Australia	1.7

Location-Based Services

Music

Hockey/weather

Develop different business models for different markets

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On-deck content	+ promotion + advertising partners - low revshare	++ innovation ++ more partners ++ higher revshare
Off-deck content	+ no carrier bottleneck - data rates - battle for eyeballs - nascent biz model	+ Open Handset Alliance - off-deck transactions banned
Mobile broadcasting	- lack of standard - cost of transmission in a big country	+ common int'l standards - culturally dependent

Bring marketers on board to fund innovation

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THE PROPOSITION

SMS participation campaigns

Branded mobile entertainment

Bluetooth enabled outdoor ads

On-deck/off-deck mobile banners

THE BENEFITS

MARKETERS

- highly targeted medium
- engaged and well-heeled consumers

CONTENT DEVELOPERS

- High CPMs (3x!)
- Greater clout with carriers

The Potential: A *Virtuous* Cycle

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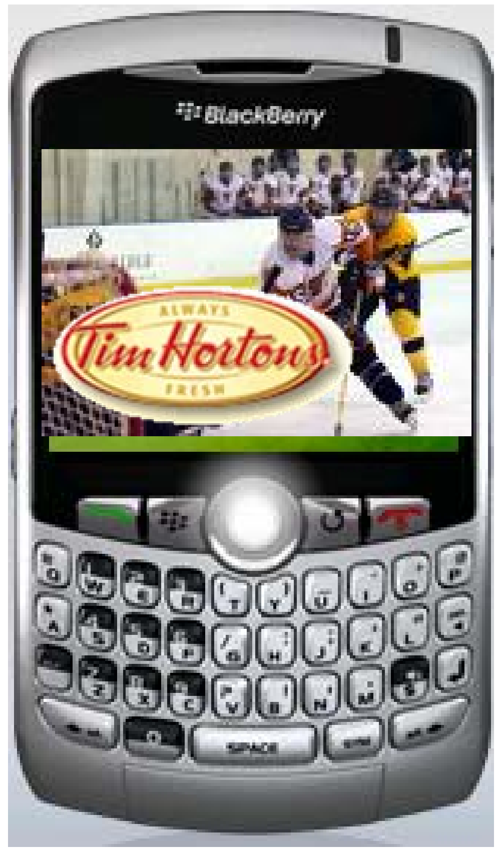
Marketers

Fund innovation and content

Content producers

Apply lessons from international market and drive demand for services



Consumers

Increased uptake of services delivers critical mass for marketers

Carriers

Offer content/services, lower data rates with costs offset by marketers

Nordicity Group

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