

CUSTOMER FIRST

24 - 26 SEPTEMBER, 2019 | CASCAIS, PORTUGAL



DAY 3, TODAY'S REALITY
09:30 - 10:15, THURSDAY, SEPT 26

Maximizing the SMS Opportunity

How do you monetize the (wild) growth of A2P SMS?

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BE THERE FIRST

Bruno Coindre

VP Messaging Solutions, iBASIS



- Monthly International A2P SMS Volume?
- Selling price for a « direct » SMS? Is it the market price?
- SMS firewall in place?
- Criterias to set up a direct connection to your network?
 - Local Presence?
 - Min Commitment / Flat Price?
 - A capped number of partners?
 - Any...
- Differentiation of Domestic/Wholesale and International SMS
- Impact of OTT App on SMS?
- Impact of Economy's Digitalisation on SMS?
- ...

- In General less than 50% of A2P Intl traffic is seen
- When Direct price is higher than 1.5 ct, market price is usually cheaper
- A SMS Firewall can help a lot, but needs proper selection and strategy
- The more SMS partners you have the better sign for your firewall
- The more your price is harmonized over the market the better
- « Enemy » could also be in the house
- Regardless of OTTs' emergence, the more the economy is digitalize, the more A2P SMS you will see per user.

In average, MNOs see less than 60% of their A2P SMS revenue/activity

But

Monetization is not everything



Singapore looks to tighten up antispam, do-not-call laws

Government is seeking public feedback on proposals to merge the two laws and clarify regulations businesses need to adhere to when sending out marketing messages.

By Steven H. Lee | The Information Age | 09/22/16 | 11:22 AM EDT | Tech Security

Specifically, it mooted the need to merge the Spam Control Act and Do Not Call (DNC) legislations outlined in the [Personal Data Protection Act \(PDPA\)](#). This move would be in line with other jurisdictions such as Hong Kong and the UK, said the commission.



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For Immediate Release

FCC PROPOSES \$17.5 MILLION FINE FOR SPOOFED MARKETING CALLS APPEARING TO COME FROM CONSUMERS

Washington Alerted FCC to Arizona Company Making Millions of Calls to Consumers in Public Home Improvement & Remodeling Service

WASHINGTON, September 26, 2016—The Federal Communications Commission today proposed a new \$17.5 million fine against Skyline's Enterprises of Arizona for apparently making millions of illegally spoofed telemarketing calls that appeared to originate from consumers and other numbers not assigned to the company. This is the Commission's first major enforcement action against a company that apparently contacted consumers' phone numbers, an off-complaint abuse instance for Americans.



What's New, What's Hot, What's Next

FCC approves new text message rules, giving carriers more power

Passed on a party-line vote

By Dan Cramer | September 26, 2016 10:49 AM EDT

The reclassification only applies to SMS and MMS and not the next-generation texting standard, RCS. **Because of a** "lack of discussion of RCS and RTT in the record," the FCC is making no judgment on its status today. That means we'll probably have another debate about whether carriers can have the same leeway to treat the next-generation texting service. Given that RCS is technologically much closer to other texting apps like iMessage and WhatsApp, it seems likely that the carriers will have a strong argument that it should also be classified as an information service. In fact, Verizon has already [asked for exactly that](#) in a filing.

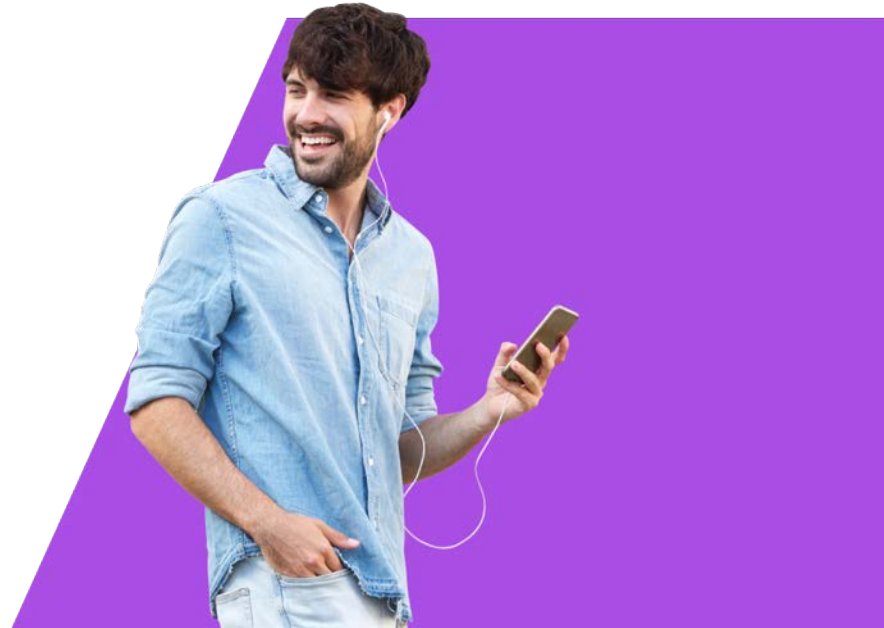
The FCC also voted today to create a database of phone numbers that have been reassigned, a move to prevent people acting in good faith from accidentally breaking the rules around robocalls when a consumer's phone number changes.

Spam and Fraud cases make regulatory body "move":
 US, KSA, NZ, China, SG....

.... More than Monetization is at stake

- Implementation of Sender Ids Registration solution
- Validation of specific Text content, URL, phone numbers...
- 1 hop max between SMS Senders and Subscribers
- Enforce exclusivity when any
- Different pricing model for “Legitimate” SMS and others

A2P and P2P market dynamics



International SMS P2P Traffic is structurally declining 5-10% year on year as people are using OTT alternatives which are cheaper and offer a richer experience.

The volume of **A2P (Application to Person) messaging is expected to increase by 20% year on year** over the next 5 years to more than 2.7 trillion by 2022, up from 2.1 trillion in 2017 - *Juniper Research*

As most of MNOs did not see this trend coming, the A2P is not creating the expected **incremental value** to them and a significant portion of the value is leaking

Many A2P originators and aggregators use grey routes for the cheapest termination into MNO

A survey from MobileSquared (Feb 2018) estimates the average loss of earning around \$10M per operator, per year.

MNOs are very often not prepared for A2P traffic

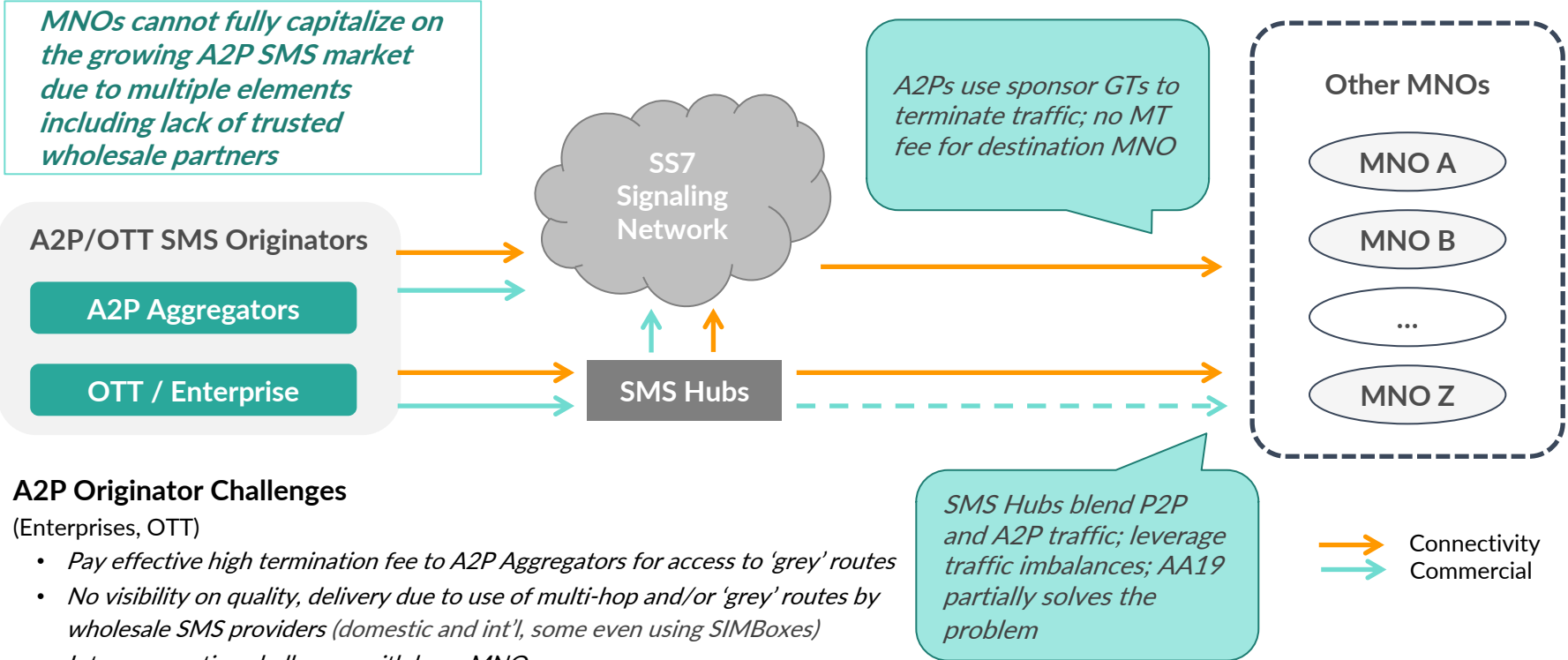
- Spam, fraud, spoofing, faking, content
- Fragmented A2P originator universe creates inter-connection, control challenges

Unclear role of current SMS hubs, domestic interconnections and SMS wholesale access

- A2P traffic blended with P2P creates traffic imbalance
- Partners delivering / reselling their SMS access to the market

SMS A2P is a material
opportunity/threat





A2P Originator Challenges

(Enterprises, OTT)

- Pay effective high termination fee to A2P Aggregators for access to 'grey' routes
- No visibility on quality, delivery due to use of multi-hop and/or 'grey' routes by wholesale SMS providers (domestic and int'l, some even using SIMBoxes)
- Inter-connection challenges with large MNOs

Very thin line between “fraud” and taking advantage of MNOs “weaknesses”

MNOs are never fully prepared for A2P traffic and surrounding stakes

- Spam, fraud, spoofing, faking, content
- Fragmented A2P originator universe creates inter-connection, control challenges

MNOs are not always properly coordinating their SMS Access and a Firewall doesn't make it all

Domestic vs Int'l vs Wholesale conditions
Int'l and Domestic P2P accesses not properly filtered “controlled”

Did you know:

- “GT” are sold by many small MNOs as a WholeSale Product to questionable players?
- Some MNOs resell International numbers and share AA19 revenue with Service Editors staying under the volume radar... for now

SIMBoxing is exploding in SMS and voice

- A SIMBox cost in average 300 EUR/week for SMS only to “open” MNOs, before accounting Distribution and Provisioning Costs

SIMBox Farmers get very active / creative and it requires serious coordination to be properly and completely addressed

A2P Business explosion side effects for “fair” MNOs = 3 Material challenges and issues

Revenue Leakage:	More value to capture means more vocation for new comers and more creativity
Revenue Erosion:	The more revenue leakage to capture, the more Revenue Erosion to expect. Grey offers are now openly marketed and accessible to ALL SMS players while it used to be Hidden and offered only to some “initiated”
Liability Risks Explosion:	Senders are no more controlled... Subscribers protection becomes more and more complicated causing more and more scandals and data protection issues (GDPR is only a beginning).

<https://techcrunch.com/2019/05/09/sms-spammers-doxxed/>

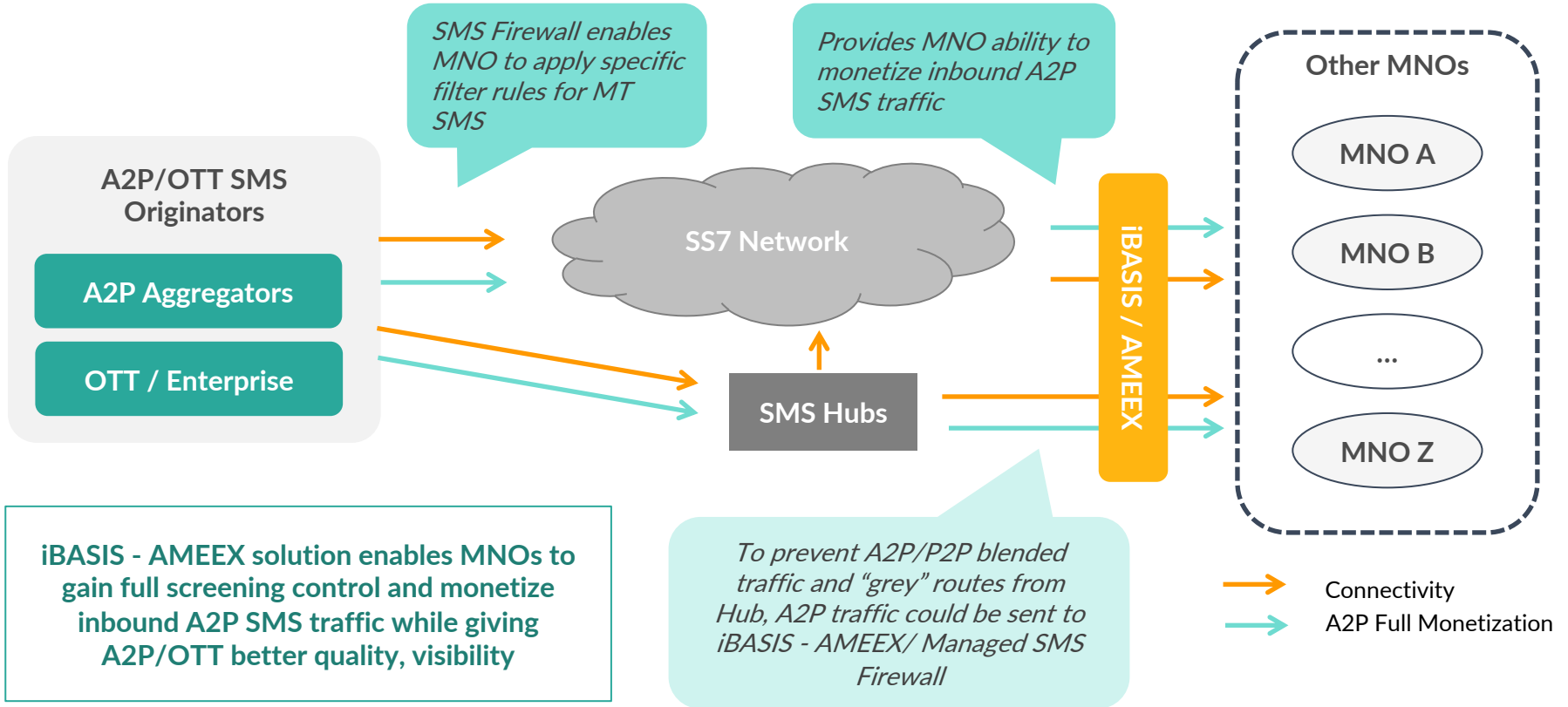
Adding... Unclear role of current SMS hubs, domestic interconnections and SMS wholesale access...

- A2P traffic blended with P2P creates traffic imbalance
- Partners delivering / reselling their SMS access to the market

No market incentive in place to work hand in hand with MNOs for MS aggregators!

OUR VALUE PROPOSITION







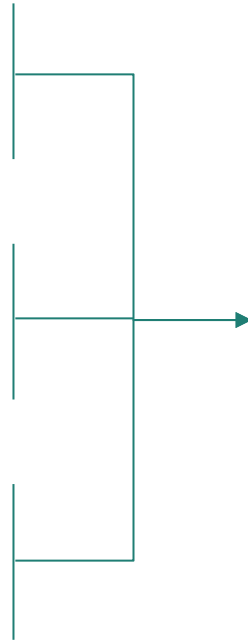
FRAUD PROTECTION
& SPAM FILTERING



TRAFFIC OPTIMIZATION,
CONTROL & RE-ROUTING TO
MONETIZABLE CHANNELS



TRAFFIC STATISTICS &
MONITORING CAPABILITIES



REVENUE ASSURANCE
BETTER CUSTOMER EXPERIENCE
NETWORK PROTECTION
BETTER RELATIONSHIP WITH PARTNERS



Firewall Configuration and Management

Our team of specialists Manage the Solution for MNO, ensuring that the best configurations are constantly in place, and that experts are in charge of managing your traffic.



Constant Monitoring and Vigilance

Our specialists will be monitoring the SMS traffic in search of fraudulent behavior that will be scrutinized through further investigation.

The MNO can have peace of mind that effective filtering policies are in place and adapting to the market trends. Monitoring is done based on your requirements.



Market Expertise Brings Revenue

With a combination of solid configuration and effective monitoring, MNO can rest assured that our solution will identify the most effective and lucrative way to maximize revenue potential.

Enable MNO to engage with A2P SMS ecosystem profitably and securely

iBASIS / AMEEX MANAGED FILTERING

- iBASIS / AMEEX solution enables an MNO engagement model for monetization of international A2P SMS traffic through,
- Incremental Monetization – levy charge for inbound A2P SMS traffic
- Network Protection & Traffic Selection – embedded SMS managed firewall provides rule-based filtering of incoming A2P SMS traffic

iBASIS / AMEEX as MNO's A2P/SMS GATEWAY

- A2P originator interconnect simplification – One point entry for all incoming A2P SMS traffic, simplifies interconnect with fragmented A2P universe
- A2P Demand Aggregation – Build aggregate termination demand leveraging our existing business relationships with large A2P SMS originators

On top of protecting the MNO iBASIS / AMEEX can also buy A2P SMS termination capacity from MNO and re-sells to trusted A2P/OTT providers while enforcing MNO defined screening rules

Solution presentation

Audit and Contract

Technical Integration

Deployment

STEP 1

STEP 2

STEP 3

STEP 4

- Technical questionnaire
- Planning

1 – 2 months

SMS P2P



P2P: Pay per use

- Cheaper solutions at equivalent/better QOS to reach all operators
- Better support from a leaner partner still investing in P2P
- Reciprocal relationship where we terminate traffic to the MNO's network (additional revenue to the MNO) and where we terminate the MNO's International P2P traffic through our global reach
- iBASIS/ Ameex to become the primary SMS HUB for incoming SMS traffic to the MNO's network
- Not set up fee, no minimum commitment, just a pay per use like for voice services

COMMERCIAL MODEL



Flexible Commercial Model

- A2P: revenue share on Incremental revenue
- A2P – International offer to MNOs' corporate customers for global A2P reach (airlines, banks, call centers, travel agencies, gvt agencies...)
- P2P Inbound: Payable MT fee per SMS terminated to MNO network (fixed per SMS or volume tiers)
- P2P Outbound: Charge MO fee to the MNOs if they select us as their SMS Hubbing partner

iBASIS / Ameex ' Manage Market Demand

Access to the global wholesale A2P SMS market, OTT providers for legitimate, paid-for traffic

Service Relationship

- Exclusive A2P SMS Aggregator: Single point of A2P SMS termination to maximize control, visibility and monetization ability for the MNO
- Non Exclusive: preferred partner for A2P SMS termination providing high quality termination service in partnership with MNO

NO OPEX, NO CAPEX, ZERO RISK

WHY iBASIS?



Inter-connect with global wholesale SMS providers

- Reduces MNO resource requirement for demand sourcing
- Existing SS7 relationship with major A2P SMS Aggregators, OTT provider and major MNOs

Screening based on MNO rules for A2P Inbound traffic of our OTT/A2P Client

- Volume control, Keyword blacklist/whitelisting, Spam control through Managed SMS Firewall
- Create a 'trusted' environment for A2P – MNO SMS exchange

Transparent business model unlike Competition / Hubs

- Focus on A2P SMS termination model – no blending with P2P
- Additional benefits for an exclusive A2P termination relationship with iBASIS / Ameex

Focus on SS7 based termination for improved quality

Unmatched infrastructure and technical capabilities to deliver improved A2P termination quality; win-win for both MNO and A2P originators

Leveraging our expertise in wholesale business

Wholesale buy/sell model not new to iBASIS; leverage our wholesale voice and mobility experience

THANK YOU

