Mobile trends as they might affect children – a European perspective

Children, Mobile Phones and the Internet – Tokyo, March 2003

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Agenda

1. Latest trends that could affect children –
   - Technology (devices)
   - Market and services
2. O₂ approach to protecting the vulnerable
3. Opportunities and concerns
Latest trends

1. Device trends in Europe
2. Services and applications
3. Market changes
Device developments

• Mass uptake of pre-pay mobiles in UK – representing >50% of all purchases. ‘Walk-in and pay with cash’ – phones now available in supermarkets and off-the-page, all fully SMS and internet enabled

• Historically, black & white and text based technology limits available content for adult

• More capable mobile devices and development of access to colour images via WAP or MMS animations / video streaming

• Usability improvements such as ‘walk-out-working’ developments increase the risk!

• Launch of 2.5G (GPRS) prompted huge push on “fast” internet access
Service and application developments

• Mass uptake of SMS – and evolution of two-way interactive SMS capability – resulting in services like SMS Chat
• Personalisation is key in under 18 market, with plenty of “adult” icons and logos available in e.g. national newspapers and men's magazines
• New wider range of content services (supporting broader content choice) – including “self-generated” content)
• Growth in content providers willing to work with operators or stand-alone using IVR / premium SMS as their method of payment
• Access to mobile internet and development of search engines e.g. Mopilot
• Evolution of lower-end, highly featured handsets
• Development of colour content – icons / logo’s, as well as colour WAP
UK Adult market facts

• PC penetration in UK is around 51% - around 15m homes¹

  Net Value estimate that more than a quarter of homes with a PC accessed adult sites in June 2001

• 43% of adults access the Internet from any location
  – Around 3.8m UK homes (i.e. 31% of all homes with Internet access) accessed an adult site in June¹
  – The average time spent on these sites was 45 minutes¹
  – 41.2% of all sites visited in the UK in June were of an adult nature¹
  – 15% of adult sites visitors are women²

  Indicates strong mass market demand

Source:¹ NetValue, Aug, 2001;² Neilson, Dec ’02;³ O2 WAP Gateway, Jan ’03
Understand the operators thinking on revenues …

- Research company Visiongain estimates that the value of the global pornography market will be some $70 billion (43 billion pounds) in 2006 and that $4 billion of the total could come from mobile telephony.

- Represents a UK *market* in excess of £1bn in next three years alone
UK operators approach to protecting the vulnerable

Being proactive

Self regulation
The industry is keen to be proactive

• The industry has recognised the need absolutely protect the vulnerable and to combat against legal content and activities …

• … and to find a very careful balance between brand reputation and developing and promoting a new revenue category

• The government and other stakeholders (e.g. child protection charities) expect self regulatory approach – government is reserving backstop powers to intervene if necessary

• Consequently, the industry is taking a proactive position in initiating cross-industry and regulatory discussions

• It is critical that both consumer, regulator and other stakeholder confidence is maintained – working to “official” codes of ‘good practice’
Self regulation should cover …

1. **Rating of content** – universal versus ’18’ – possible variants in between

2. **Barring facilities for parents and guardians** - or other blocking and filtering enablers to prevent access to ’18’ content on a mobile number basis - a one stop shop (per network)

3. **Prevent illegal content** – create ‘notify and take down’ procedures

4. **Public awareness** - and creating information and advice - e.g about parental controls, safe use of a mobile, routes of communication
Self regulation considerations …

• Peer to peer *not* covered … remains a private matter for the individual
• Establishing an “independent” body to manage a industry-agreed rating framework
• To cover *all media types* - SMS, WAP, MMS, PDA, Web
• Cover adult AND gaming / gambling

Timing …

• Code launched – mid-2003
• Note: mass market for devices and services - late 2003, 2004
Self Regulation (cont)

• We *must* ensure our services have the appropriate capability to prevent misuse (e.g. to address concerns that chatrooms can be used as ‘grooming grounds’)

• Essential that our investigation teams (be it Nuisance Call and Police liaison) can support authorities

• Since there are also a large number of pre-pay SIMs in the market (active or potentially active) - any approach which relies on parental registration must ensure that this cannot be overcome by swapping/exchanging SIMs or by the purchase of alternative SIMs by under 18’s for use in a visual / internet capable device.
Network position ...

Protecting the brand

Competitive advantage
Protecting the brand …

- From a branding perspective, networks must take the high ground in the proactive development of filtering and barring capabilities – in order to provide the option for a “safe” environment for the vulnerable.
- With these safeguards and controls in place, networks will be able to offer content that customers demand while protecting brand values.
Competitive advantage …

Revenue – driving “safe” revenue but *not* at the cost of exposing the vulnerable and the brand

Customer Care – simple access to set up barring, and complain etc

Channels – ensuring that the vulnerable are protected in channel – how this is done still being discussed

Customer Choice – allowing customers access to a wide range of appropriate adult content,

Technology – providing robust and easy to use technology enablers to bar access on media type

Brand – bring services to you without damaging the brand reputation … how we do this is basis for competitive advantage
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