# Beyond BlackBerry and Windows Mobile:
# What Mass Market Consumers Want in Mobile Email

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FUNAMBOL

Mobile Open Source

## Introduction

The mobile industry is increasing its mobile email offerings. Consider that:

- Device manufacturers are providing a wide range of mobile phones, from low priced smartphones to Apple's iPhone and $1,000+ designer mobiles, all of which provide some form of mobile email

- Mobile email software providers, such as Microsoft and RIM, are moving beyond "power users" by targeting a broader set of users. At the same time, Motorola recently acquired Good Technology, following Nokia's purchase of Intellisync, as these firms strive to further penetrate the mobile email business market

- Mobile operators and service providers are under pressure to grow revenue from data services. With revenue from text messaging reaching a plateau, they increasingly view mobile email as a next vast source of data revenue. They are wary, however, about allowing any one provider of mobile email to dominate the market – they do not want RIM, Microsoft, Nokia, Motorola or anyone else to control their destiny. In addition, Yahoo! and Google have recently entered the mobile email fray, and with technology such as WiMAX that could allow traditional mobile networks to be bypassed, there is even more reason for operators to act now to avoid "dumb pipe" status

Against this backdrop, there are 1.6 billion email accounts and 2.5 billion mobile devices in the world, yet only 2% of these devices are used for mobile email. This raises several questions, such as:

- Why do not more people use their mobile device for email?
- How many non-users of mobile email are likely to start using it, and when?
- What capabilities are they really looking for in mobile email?
- What are the major differences between non-users and users?
- How much are non-users willing to pay?
- How satisfied are existing users with their mobile email experience?
- What prevents them from using mobile email more?
- What would cause them to switch to a different service?

To answer these questions, Funambol conducted an online survey in March, 2007, with two groups of people: those that currently use mobile email and those that do not. All people were asked about their overall use of email and mobile devices in general, and about their views towards mobile email in particular. In total, 500 people completed the survey.

The group of people who already used mobile email primarily identified themselves as "prosumers" i.e. "professional consumers" who use email for both work and personal matters. The group of non-users identified themselves mainly as consumers i.e. they use email mostly for non-work purposes, such as staying in touch with friends and family, and for personal business (such as travel or ecommerce).

This report describes the results of this mobile email survey in two sections:
- Key Findings, which presents highlights and conclusions; and
- Detailed Survey Results, which lists the responses to individual survey questions

## Section 1:  Key Findings

**Key Finding 1: There is a broad diversity of mobile devices used by people all over the world, hence, any mobile email solution aimed at the mass market needs to support a wide range of devices.** The top mobile brands used by survey respondents were Nokia (39%), "Other" (23%), Sony Ericsson (22%), Motorola (20%) and BlackBerry (18%). The fact that "Other" was the second most popular choice reflects this diversity.

**Key Finding 2: There will be hundreds of millions of new mobile email users in the coming years and they are more likely to be consumer-oriented than "prosumers".** Of the survey respondents who do not yet use mobile email, almost one-half said that they expect to start using it within a year. Only 6% said they never plan to use it.

**Key Finding 3: People are storing increasing amounts of business and personal data on their mobile devices. For mobile email, they want to be able to seamlessly interoperate with their web and PC based email systems.** Survey respondents indicated that they make heavy use of the contacts/address book (93%), text messaging (85%), photos (58%) and music (34%).

**Key Finding 4: For existing users of mobile email, the main inhibitors to increased usage are functional and technical limitations, followed by cost.** The top reason to consider a switch to a different mobile email service was better interoperability with web/PC email.

**Key Finding 5: Non-users of mobile email want mobile email that is easy to navigate and read (85%), easy to use (74%) and that allows them to reuse email addresses from their web/PC-based email (72%).**

**Key Finding 6: There are significant differences between current prosumer users of mobile email and consumer non-users, including brand of mobile device, how much they paid for it, how many emails they get (or expect to get) daily, how much they're willing to spend on mobile email and their attitude toward technology adoption.** This implies that efforts to attract a mass market of consumer mobile email users needs to emphasis different capabilities and benefits than prior offerings for early users.

**Key Finding 7: Beyond the stereotypical user segments of prosumer power users and consumer casual users, there are several microsegments, each with their own needs and behavioral characteristics.** Neither a "build it and they will come" approach nor a "one size fits all" mobile email offering is not likely to satisfy the needs of many people. To accelerate mass market adoption of mobile email, the industry needs to recognize the differences in these microsegments and cater to their needs with flexible offerings.

## Section 2: Detailed Mobile Email Survey Results

Section 2 consists of three parts:

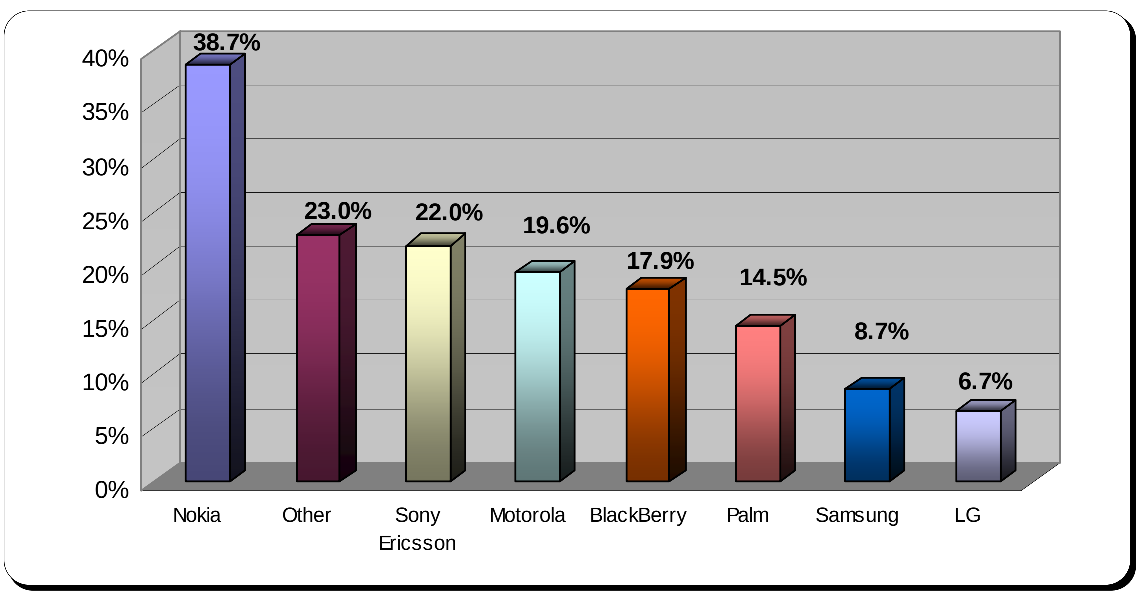
Part 1: Overall email and mobile device usage. These questions were answered by all respondents.

Part 2: Questions for existing users of mobile email – the questions in this part specifically related to the use of mobile email, hence, they were only answered by people that were mobile email users, i.e. "prosumers."

Part 3: Questions for people who do not yet use mobile email – the questions in this part were designed to learn more about why people do not use mobile email. They were only answered by non-users, who primarily identified themselves as "consumers," meaning they use email more for personal matters than for work.

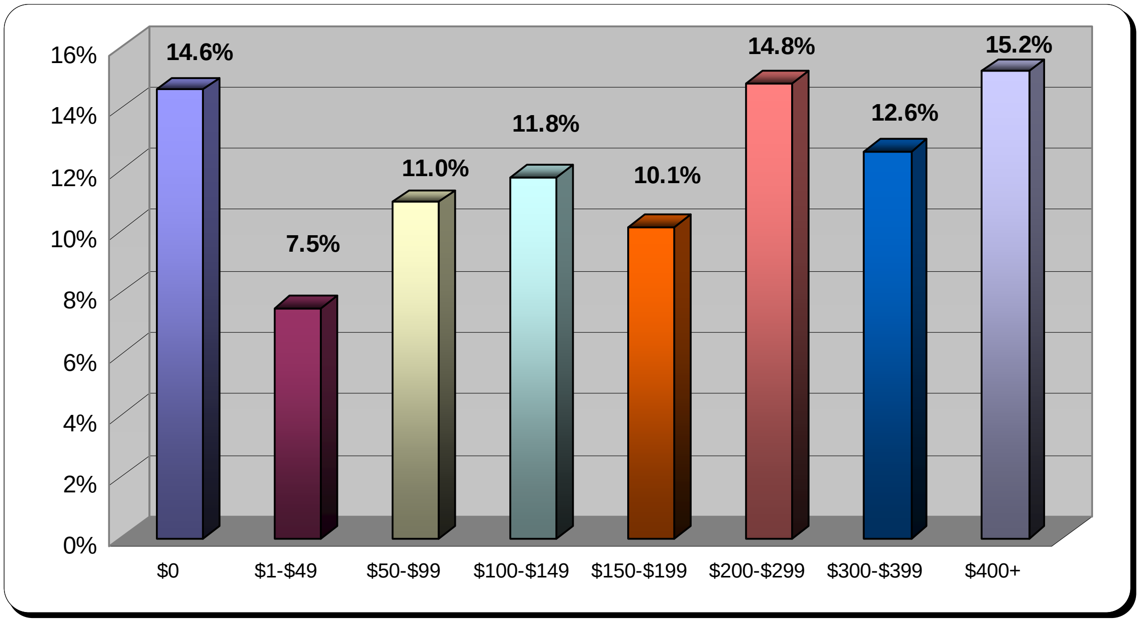
### Part 1: Overall Email and Mobile Device Usage (answered by all survey respondents)

Mobile Device – Brand



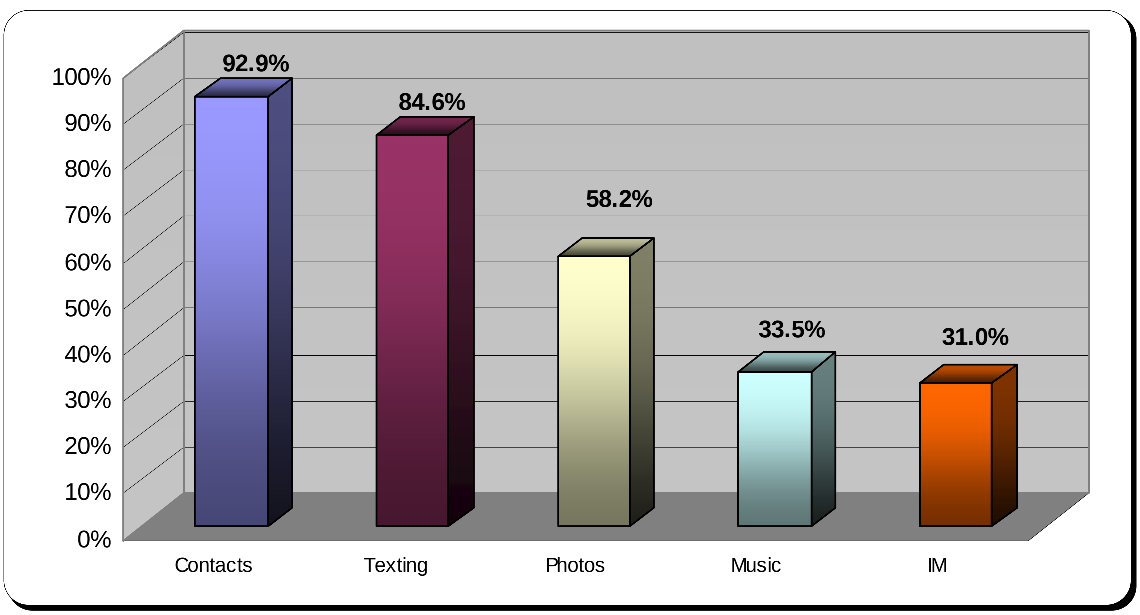

The most popular mobile devices used by survey respondents were Nokia (39%), "Other" (23%), Sony Ericsson (22%), Motorola (20%) and BlackBerry (18%). For "Other," respondents listed a wide range of devices, from AudioVox to Vodafone. The fact that "Other" was the second most popular choice reflects the broad diversity of devices owned by mobile users around the world. The percentages add up to more than 100% because some people listed multiple devices.

Mobile Device – Purchase Price



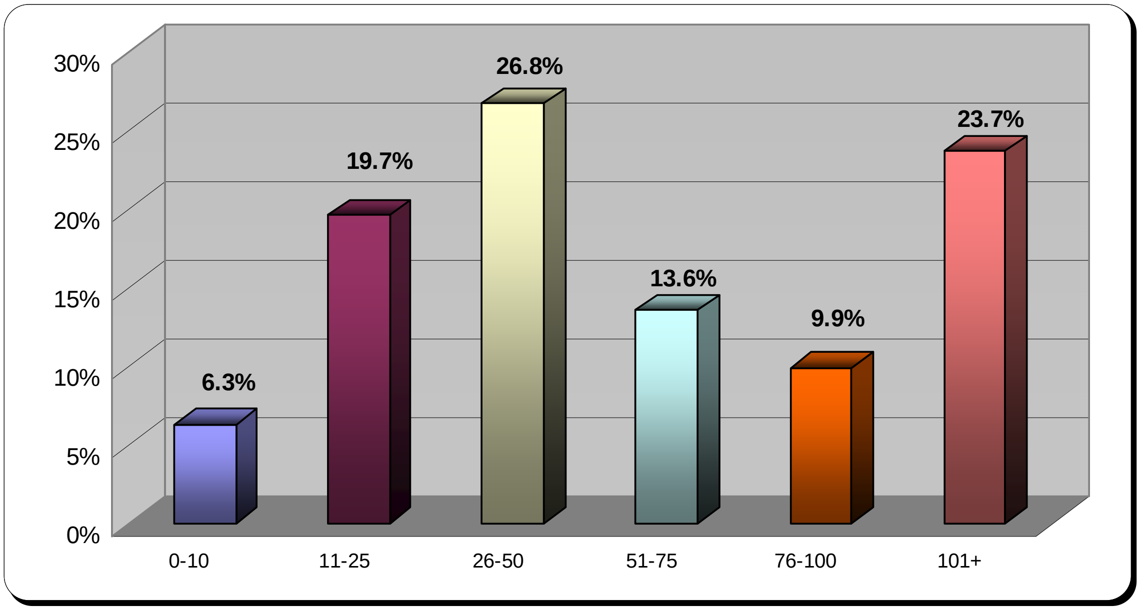

There was virtually a three-way tie between $0, $200-$299 and $400+, with each price range garnering about 15%. This question was asked to discern whether people owned a smart or feature phone. The analysis was complicated by the fact that the purchase price of mobile phones is not subsidized in many areas of the world.

Mobile Device – Functions Used




The most common functions used were contacts/address book (93%) and text messaging (85%). Multimedia functions such as photos (58%) and music (34%) were used about half as often. The high usage of these functions indicates that people are storing a large amount of business and personal data on their mobiles.

Email Messages Received Per Day

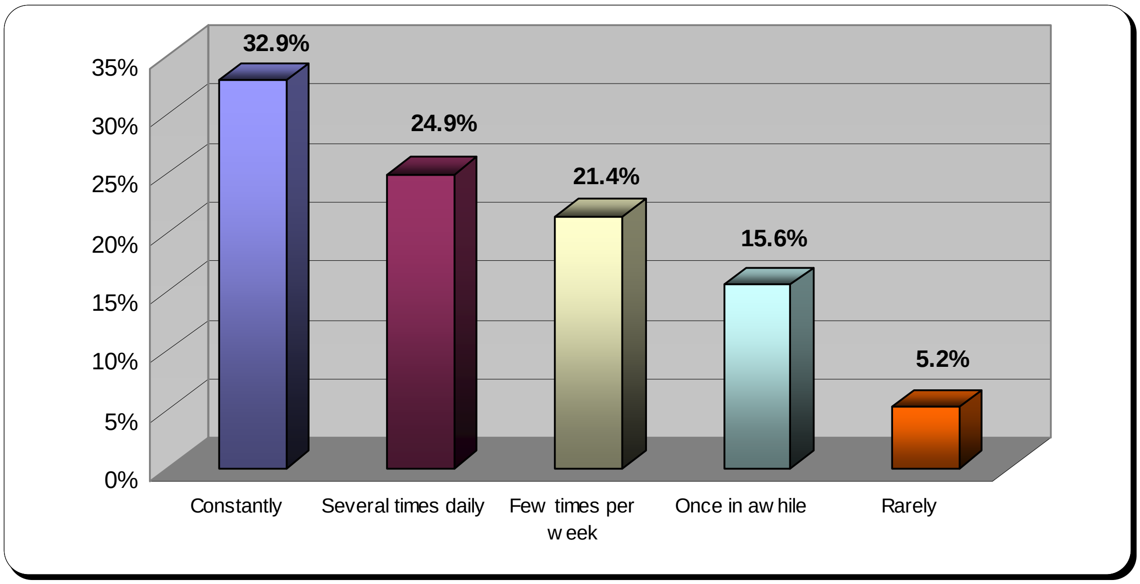



Based on the number of emails received daily, respondents can be categorized as heavy, medium or casual email users. Thirty four percent (34%) of the survey respondents can be classified as heavy email users (76+ emails per day), 40% as medium email users (26-75 emails/day) and 26% as light email users (<26 emails/day).

## Part 2: Existing Users of Mobile Email

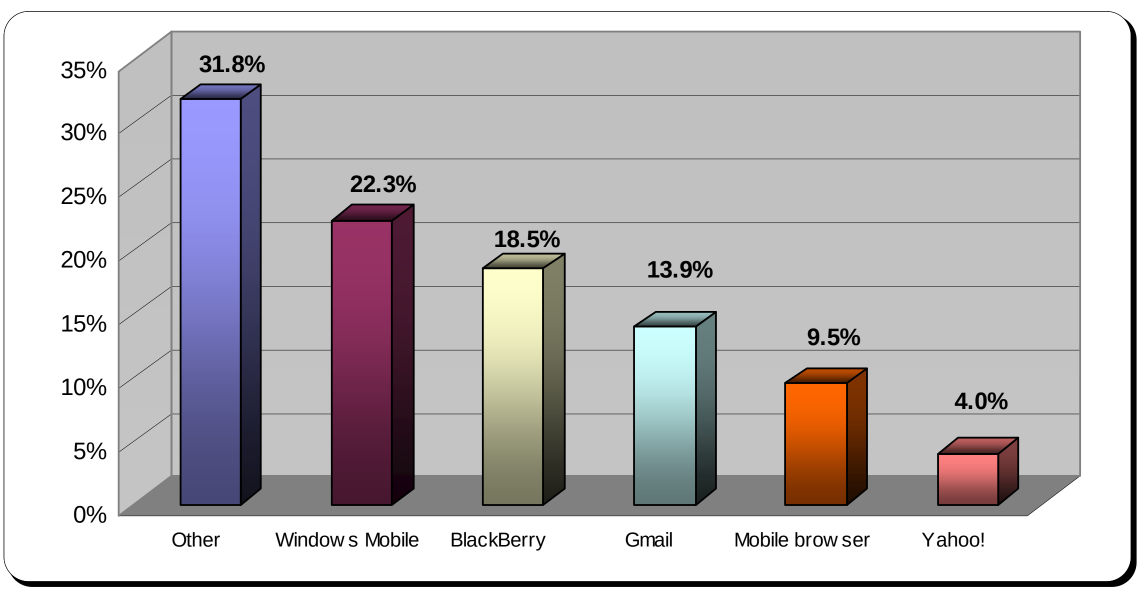
The questions in this part were only answered by existing users of mobile email.

Mobile Email – Use Frequency



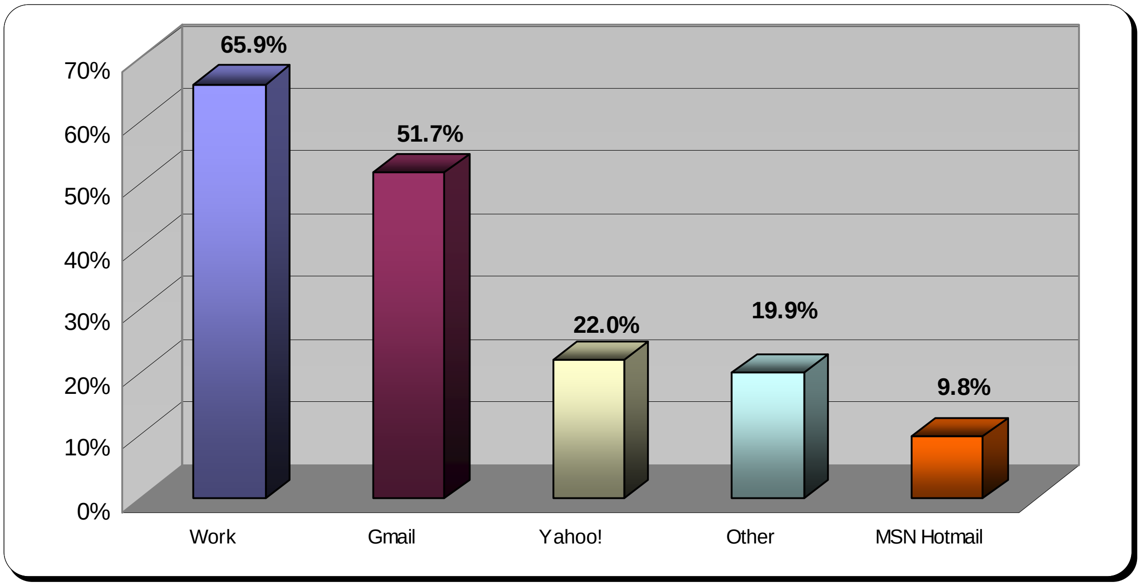

Thirty three percent (33%) said they check their mobile email constantly and 25% said they check their mobile email several times a day. This suggests that 58% could be described as mobile email "power users". Twenty one percent (21%) reported checking their mobile email a few times per week while five percent (5%) said they rarely check their mobile email, even though they have the capability.

Mobile Email – How Accessed



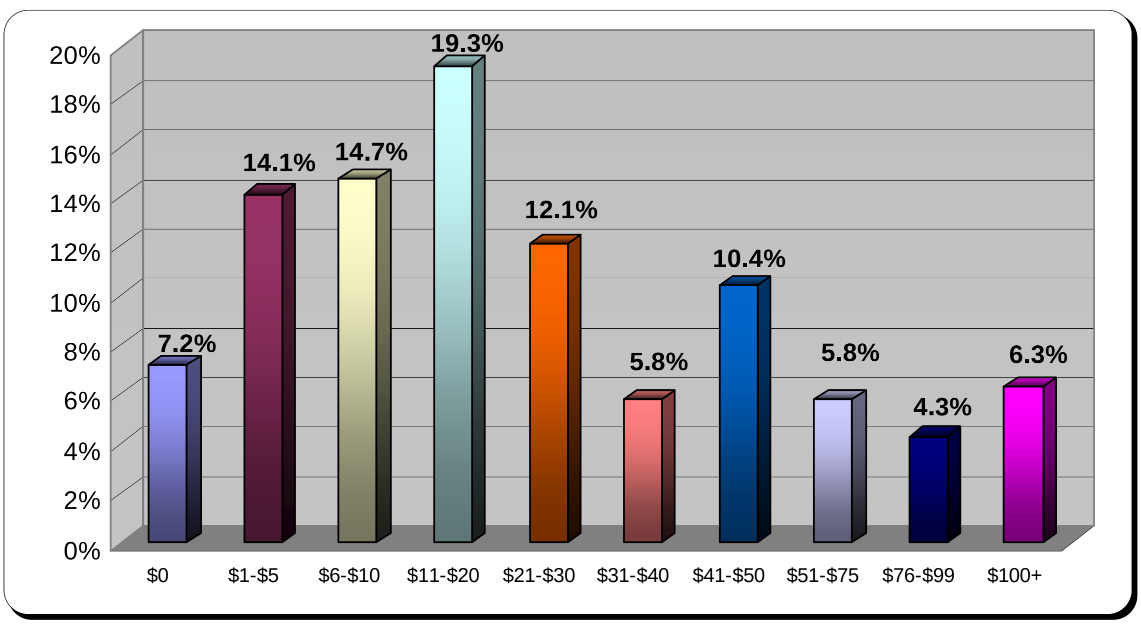

The most popular method for checking their mobile email was "Other," followed by Windows Mobile (23%) and BlackBerry (19%). "Other" generally consisted of email software on their device that enables people to access POP or IMAP email.

Mobile Email – Systems Accessed



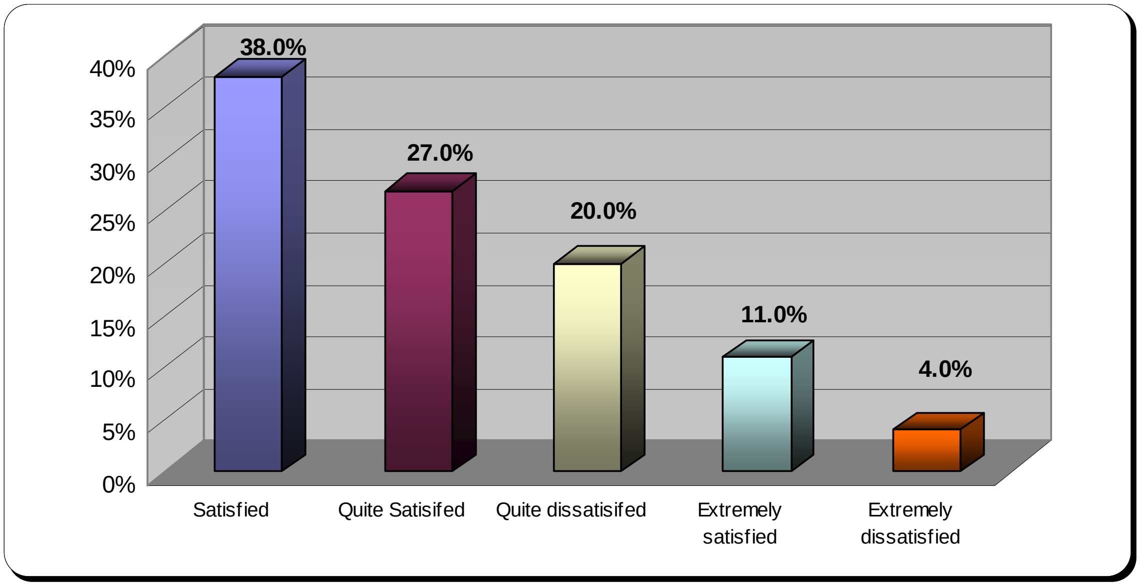

The top systems accessed by mobile email users were work (66%), followed by Gmail (52%) and Yahoo! Mail (22%). "Other" mostly consisted of POP and IMAP email servers.

Mobile Email – Monthly Spend



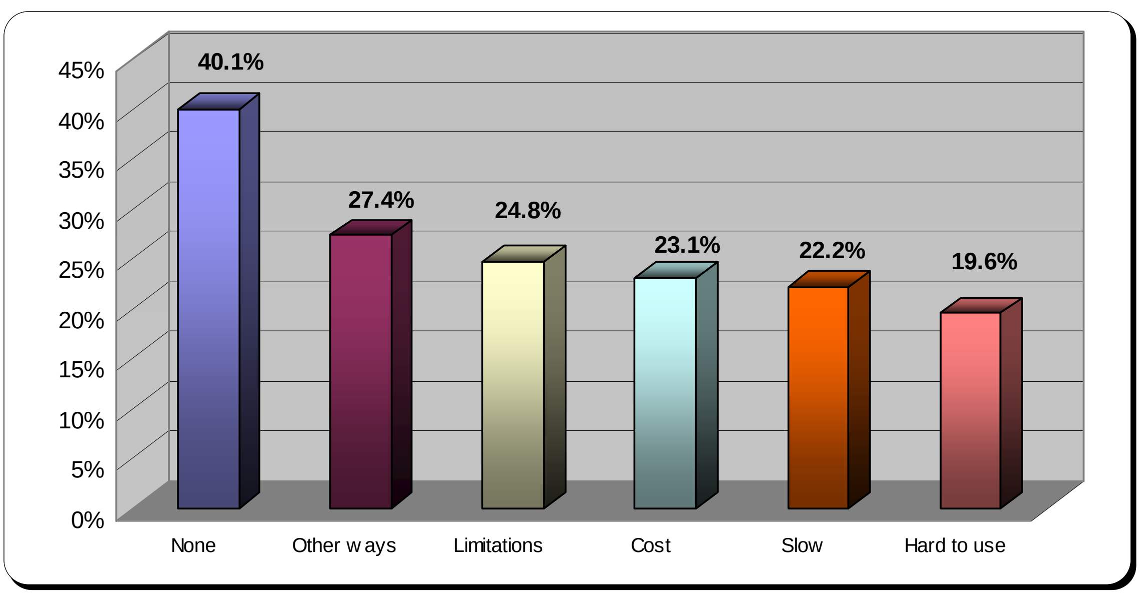

The most common monthly spend (including data fees) for mobile email was $11-$20 (19%), followed by $6-10 (15%), $1-5 (14%), $21-30 (12%) and $41-50 (10%). The average was approximately $30 per person per month.

Mobile Email – Usage Satisfaction



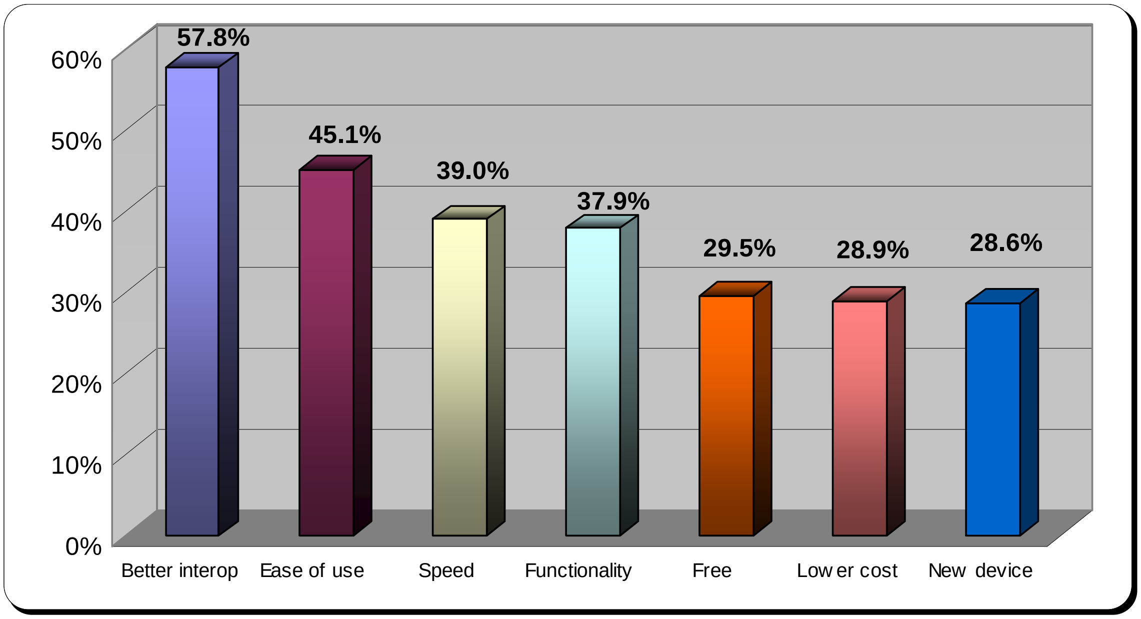

Satisfaction with mobile email was distributed among three clusters, with 38% that were quite/extremely satisfied, 38% that was "just" satisfied and 24% that were quite/extremely dissatisfied. Of the dissatisfied group, the main inhibitors to increased use were poor usability and slow performance. The primary factors that would induce users to switch to another email service were better interoperability with existing email and improved ease-of-use.

Mobile Email – Inhibitors to Increased Use




The main inhibitors to increased use of mobile email by existing users were "Other ways" (meaning people could get their email in other ways), followed by functional and technical limitations (24%) and cost (23%).

Mobile Email – Switching Considerations



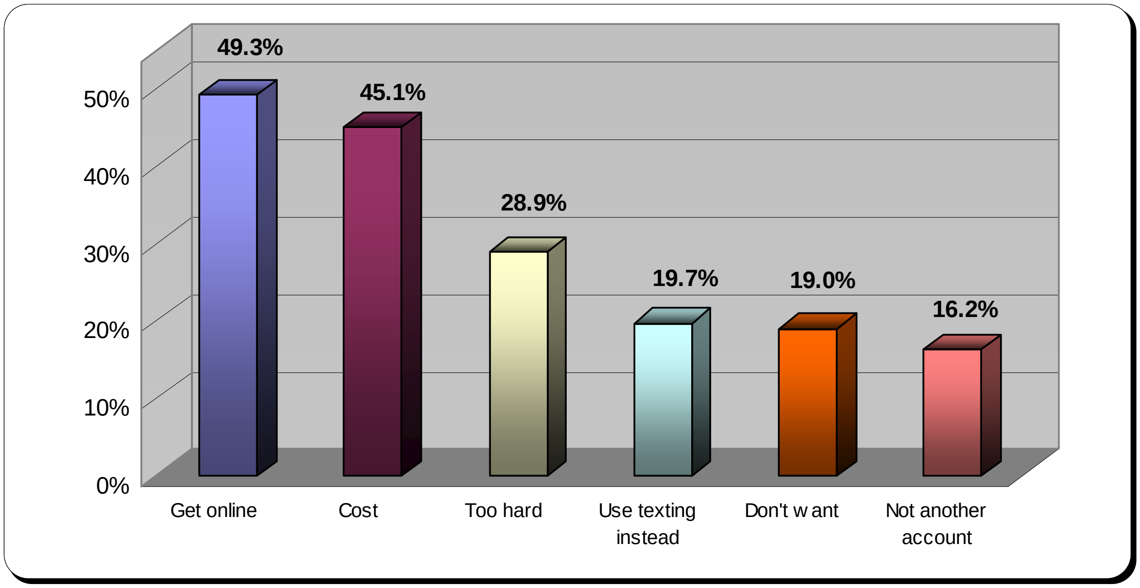

For current users of mobile email, the top reason cited for considering switching to a different mobile email service was better interoperability with web/PC email (58%). Specific interoperability issues that respondents mentioned included:

- Read/deleted mobile messages not reflected in other email, requiring duplicate effort
- Cannot access some email from web/PC systems, such as in folders or attachments
- Rules, filters and spam policies don't apply consistently to mobile email
- Inability to access contacts, calendars and meeting information from other systems

## Part 3: For Non-Users of Mobile Email

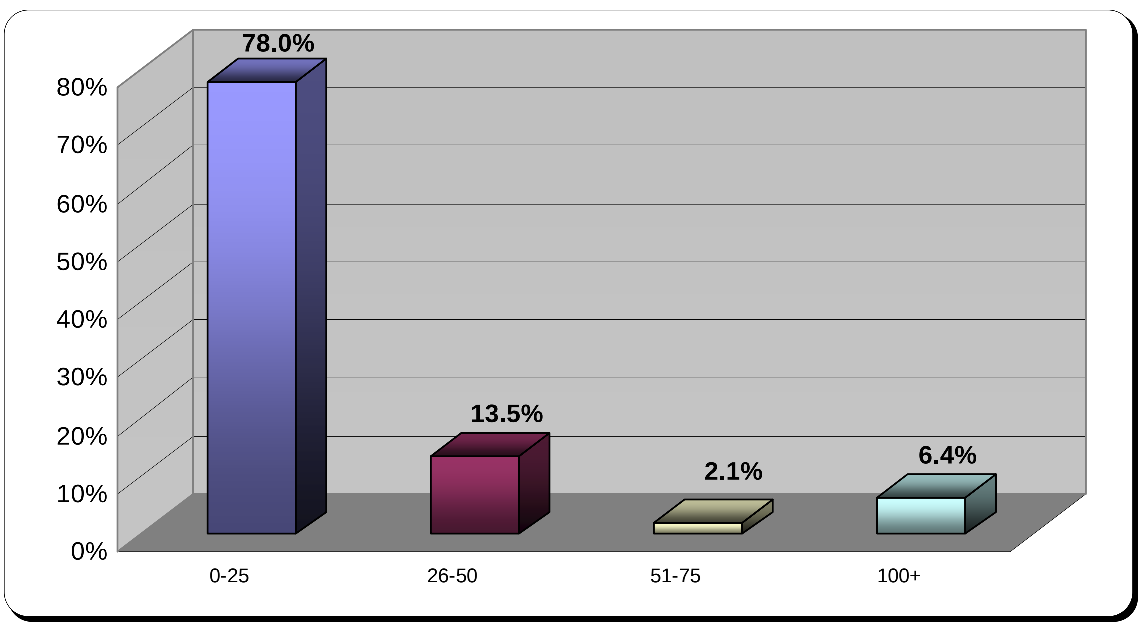
The questions in this part were only answered by people who do not use mobile email.

Why Not Use Mobile Email?




The primary reason that non-users do not use mobile email was that they could get their email online (49%). The other main reasons were cost (45%) and too hard to use (29%).

Expected Mobile Email Per Day

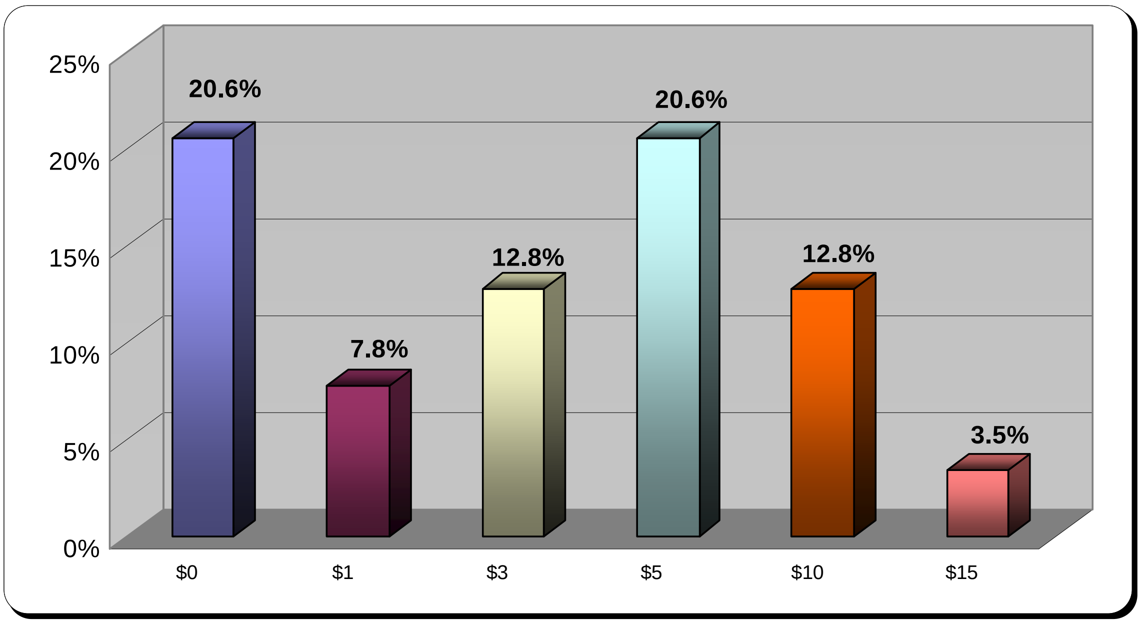



When asked how many mobile emails they would expect to receive per day, the most common response was 0-25 (78%), followed by 26-50 (14%). This volume of email is considerably less than that reported by existing mobile email users.

A comparison of mobile email users vs. non-users revealed these significant differences:

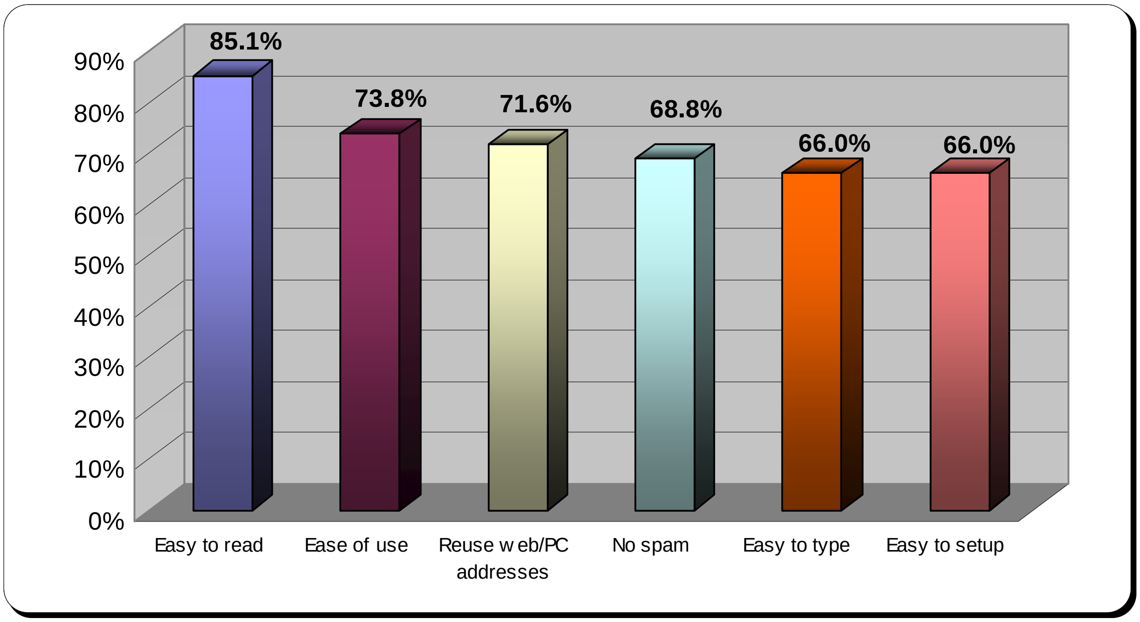
| Item | Mobile Email Users | Non-users of Mobile Email |
|---|---|---|
| Mobile brand | RIM (BlackBerry); Palm | LG; Samsung |
| Mobile purchase price | $230 | $118 |
| Mobile functions used | Calendaring | Photos |
| Monthly spend | $30 | $5 |
| Technology Adoption | Early adopter | Fast follower; conservative |
| Region | South America; China | India; North America |

Mobile Email – Willingness to Spend



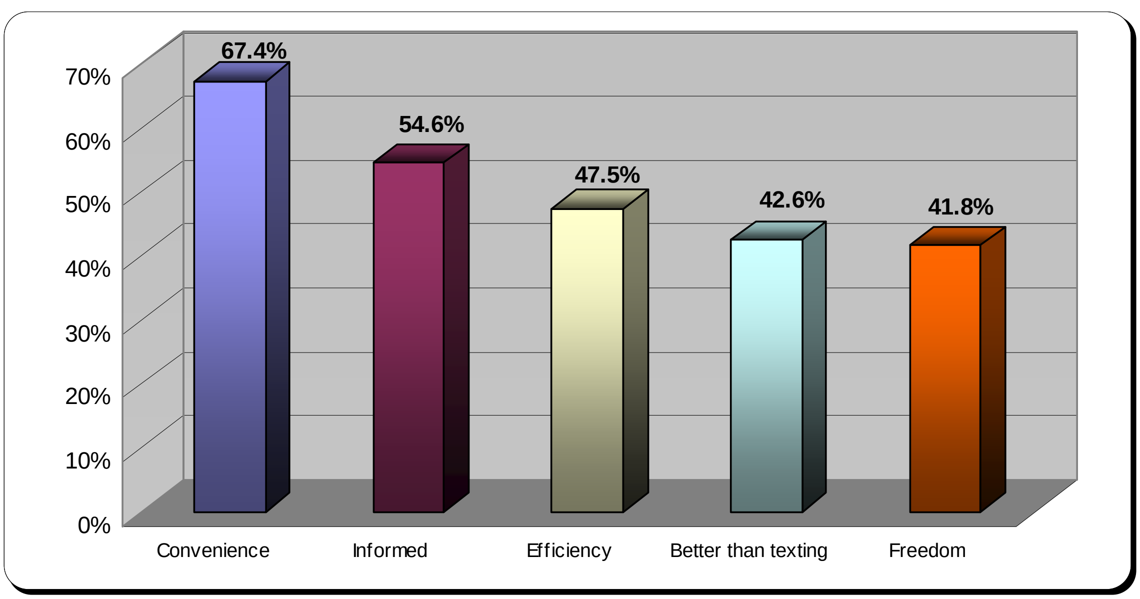

Excluding those who do not want mobile email, the top choice of how much people would be willing to spend monthly on mobile email, including the cost of data fees, was a tie between $0 and $5 (21% each), followed by a tie between $3 and $10 (13%). A majority of 62% indicated that they would be willing to pay something, with an overall average of $5 per month. It appears that most non-users are much more price sensitive than existing users.

Mobile Email – Desired Traits



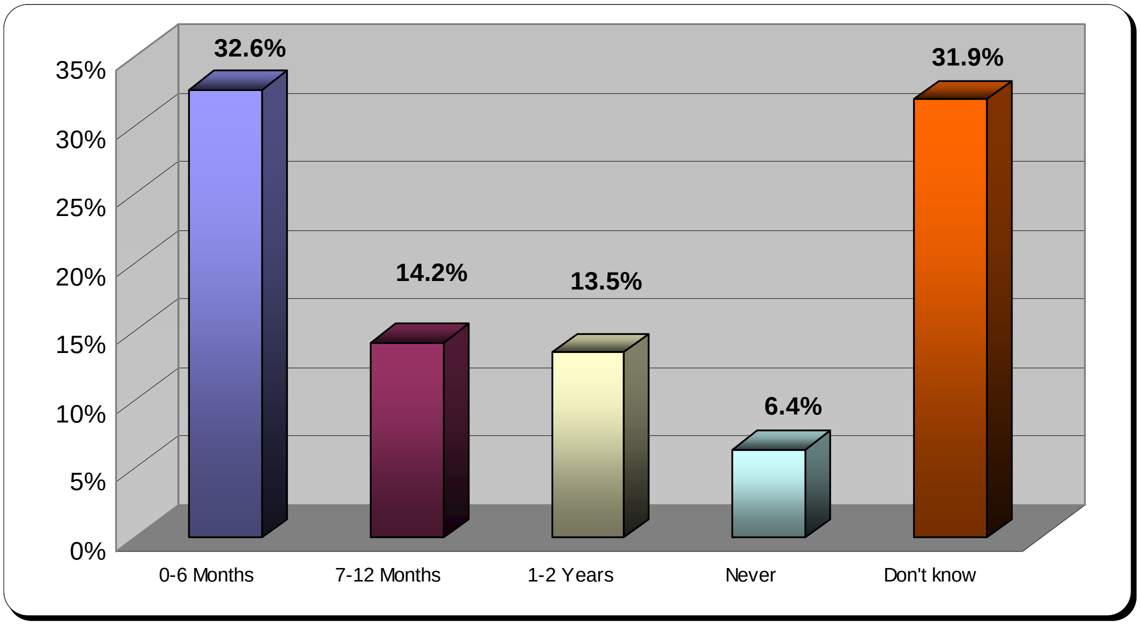

Non-users are looking for a mobile email experience that make it easy to navigate and read their email (85%), that is easy to use (74%) and that allows them to reuse email addresses from their web/PC-based email (72%). In general, non-users and users alike highly valued better interoperability with their web/PC email systems.

Mobile Email – Expected Benefits




What do non-users see as the most important benefits of mobile email? While the top three choices may be obvious, perhaps the most surprising response was "better than texting" (43%), indicating that there may indeed be a natural "upgrade" path from text messaging to mobile email.

Mobile Email – Expected Start Date?




Thirty three percent (33%) of non-users said that they expect to start using mobile email within six months. A total of 47% expect to start using it within a year and a total of 60% expect to start within two years. Only six percent (6%) said that they never expect to use mobile email.

Almost a third (32%) said that they "don't know" when they would start. Not surprisingly, many people in this group also said that they were mid-to-late adopters of new technology. A reasonable assumption is that many in this group will eventually use mobile email, as they did not say "never", though it may not be for a few years.

Extrapolating these numbers to the world at large, this indicates that there will be many millions of people starting to use mobile email in the next few years.

## Conclusion

This survey shows that potential adopters of mobile email are different than existing mobile email users, in terms of the devices they use, how many emails they expect to receive daily, how much they are willing to pay and what mobile functions they use. The survey also indicates that there will be many millions of new people starting to use mobile year over the coming years. Mobile operators who want to capitalize on this mass market opportunity would do well by providing email services that support a wide range of devices, that access the email systems used by consumers, that simplify the user experience and that can be delivered at low cost. As the survey indicates, consumers want easy setup and ease-of-use, and seamless interoperability with their web and PC email systems. These are important keys to addressing the large opportunity for mobile email for the mass market.

## About Funambol

Funambol is the mobile open source company. Funambol enables mobile operators to provide easy-to-use push email and PIM data (contacts, calendars, tasks, notes, etc.) on mass market mobile devices at a fraction of the cost of proprietary solutions.

Only Funambol open source makes this possible. Funambol's software has been downloaded over one million times by thousands of developers around the world and tested with hundreds of mobile devices on dozens of carriers in over two hundred countries. Thanks to the world's largest "mobile QA team", Funambol is uniquely able to support over one billion mobile handsets.

Funambol is the de facto open source implementation of SyncML, the mobile data synchronization standard endorsed by leading mobile device manufacturers, operators and software companies. SyncML is built into hundreds of millions of phones to synchronize contact and calendar info, and its new version, 1.2, supports push email. Funambol delivers the leading implementation of SyncML 1.2, enabling Funambol to transform ordinary cell phones into powerful clients for mobile email.

Funambol open source software is used by thousands of organizations around the world, and the company's commercial software is used by mobile operators, OEMs, ISVs and device manufacturers. Funambol is backed by leading venture capital firms. The company has partnerships with premier open source and commercial technology organizations. Funambol is based in Redwood City, CA, with an R&D center near Milano, Italy. To learn more, visit www.funambol.com, email info@funambol.com, or call +1 650 701-1450 (U.S.) or +49 30-700140-411 (Germany/Europe).