

MVNO Targets Youth Market with Next-Gen Services

March 30, 2006

Amp'd Mobile is leveraging the Verizon network to offer nationwide 3G service that targets the youth and early adaptor markets through several innovations that point to where next-generation mobile phone technology is headed in the United States.

Amp'd offers traditional mobile services on 3G phones, such as voice and text, along with a proprietary interface for quick access to music, games, video, sports and news. The MVNO (mobile virtual network operator) also offers the Amp'd Lounge, which allows users to instant message, chat and share photos with multiple mobile users at the same time.

Marketed as an integrated mobile entertainment company, Amp'd is taking aim at the 18-to-24-year-old demographic, with a wider target of 15 to 35. And as an MVNO, Amp'd says it can reach that market better than most traditional carriers.

"What we're able to do is come in and try to be like the Apple or Nike of our space and really segment a target," says Seth Cummings, Amp'd SVP of content and Internet. "So while the other carriers are targeting young kids with 'Sesame Street' all the way up to older people with 'Murder, She Wrote,' we're just targeting our sweet spot of consumers."

Video-over-mobile is one technology Amp'd is using to attract its target market, offering clip-based services as well as live video feeds. "We do all the deals ourselves, we program the deck ourselves, and we don't use any third-party video aggregator like MobiTV," Cummings says. "Then we have outdoor broadcast trucks, which are like Monday Night Football trucks. We use those to broadcast ultimate fighting championships, Supercross, and we just did the Fallout Boy tour concert, which was the first live concert ever broadcast to a mobile phone in North America."

Cummings says Amp'd has close to 100 deals with 100 different video providers, ranging from MTV and Comedy Central, to ABC and ESPN. And through a proprietary user interface, the service is set up like a DirecTV channel guide.

Viewers also can get unlimited access to video through two plans that look like cable TV packages. "Amp'd Overload" offers more than 20 channels for \$15 per month and "Amp'd Overdose" has more than 30 channels for \$20 per month. "So instead of users going into the deck and paying a la carte, like two bucks a month for ESPN, you basically pay like a flat cable fee of \$15 or \$20 a month, and it's all you can eat," Cummings says.

Music and gaming are two other important elements of the Amp'd mobile entertainment philosophy, and next generation mobile phone technology creates appealing options for today's youth and early adopters.

Amp'd uses 3G phones from Motorola that are also MP3 players. Users can buy \$.99 music tracks that are delivered over the phone, and a second track is also emailed to a user's PC. And like an iPod, the phone can be tethered to the PC for sideloading music from CD's. The

phones also have a 3D multiplayer for games, and with partners such as EA and THQ, Amp'd plans to offer games like Madden 3D and Need for Speed 3D.

The 3G phones also have push-to-talk, a USB port and a removable memory card. Amp'd says these are all things the youth market looks for in a phone, and with a customer cost of \$99 to \$149, Amp'd believes it has hit a price point that's appealing to its target.

The phones are enabled with Qualcomm's BREW technology, which allows developers to provide compelling applications and content without the need to perform major rework from one phone to the next. This allows mobile operators to update their interfaces directly over the air.

One of the applications that utilize BREW is the Amp'd Lounge, which is powered by software provider AirG. The Amp'd Lounge is a social networking service on a mobile phone that offers many of the same applications used online by a PC. With the Amp'd Lounge, people can instant message, share photos and picture profiles, use search tools and participate in chat rooms.

Frederick Ghahramani, director of AirG, says the company's wireless social networking service is beginning to get a lot of traction, growing to 7.5 million users from 5 million over the last five months of 2005, a 50 percent increase. Ghahramani adds that active users in the U.S. are generating about 59 minutes a day using AirG services.

Much of AirG's growth is credited to newer handsets with high-end capabilities. "A big part of it is because the cell phone technology has gotten so much better and the phones with the higher-end capabilities are becoming the mass-market phones you get for free when you sign up with a service provider," Ghahramani says. "The phones are no longer just for that high-end, technical market."

Ghahramani also notes that breakthroughs such as BREW and 3G networks make the end-user experience easy and visually appealing. "Back in the day you had to use SMS or WAP as your transport method, so for every chat room refresh you had to go back and pull from the server and wait for that," Ghahramani says. "Here with the Amp'd phone, we actually have an application that's intelligent enough to only download the things that actually change in the chat room."

And with less data being sent back and forth on the higher capacity 3G network, the end-user experience is a lot faster, Ghahramani adds.

Ghahramani says Amp'd is a prime example of where the mobile phone market is headed, and with networks only now gaining the capacity to support some new and innovative applications, the market is just beginning to see its potential.

"With the growth rate we have now, we think the business is getting comparable to the success of online, and it has the added advantage of using the technology on the go," he says.