

# Monetization in Emerging Markets. Stop Ignoring 50% of Your Audience.

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VP, Fortumo

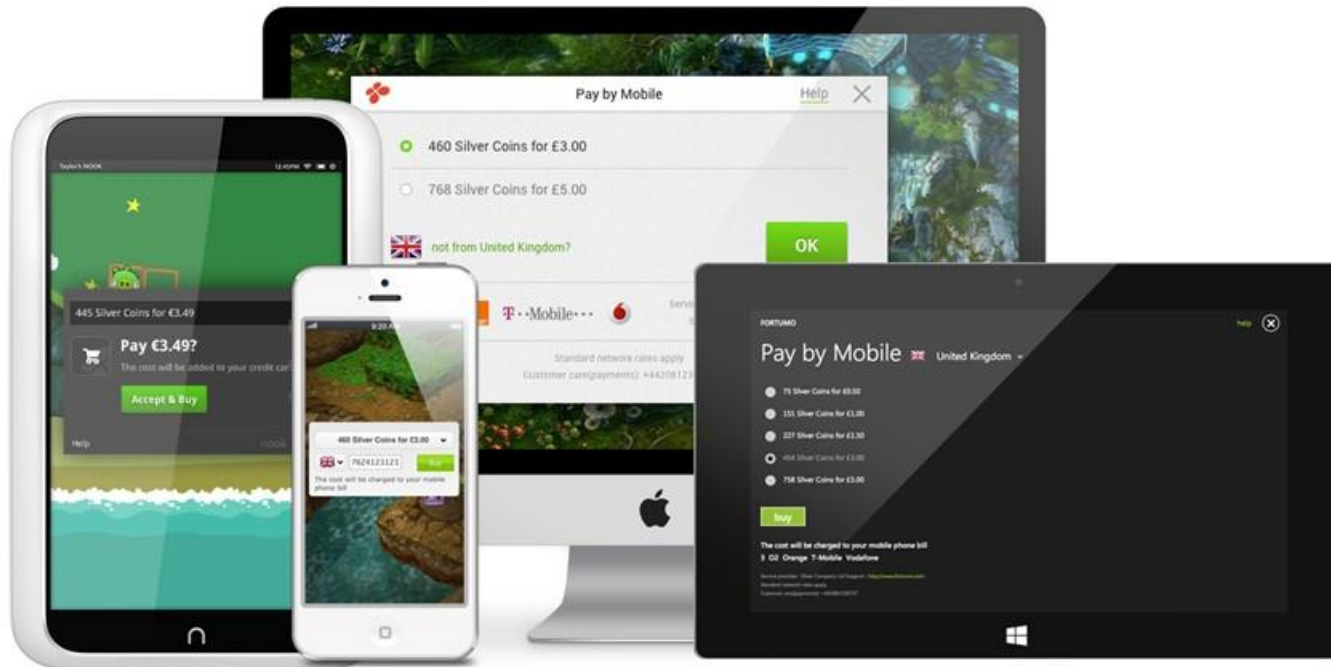
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APP DEVELOPERS  
CONFERENCE

NOVEMBER 5-7, 2013  
EXPO DATES: NOV 5-6  
LOS ANGELES, CA

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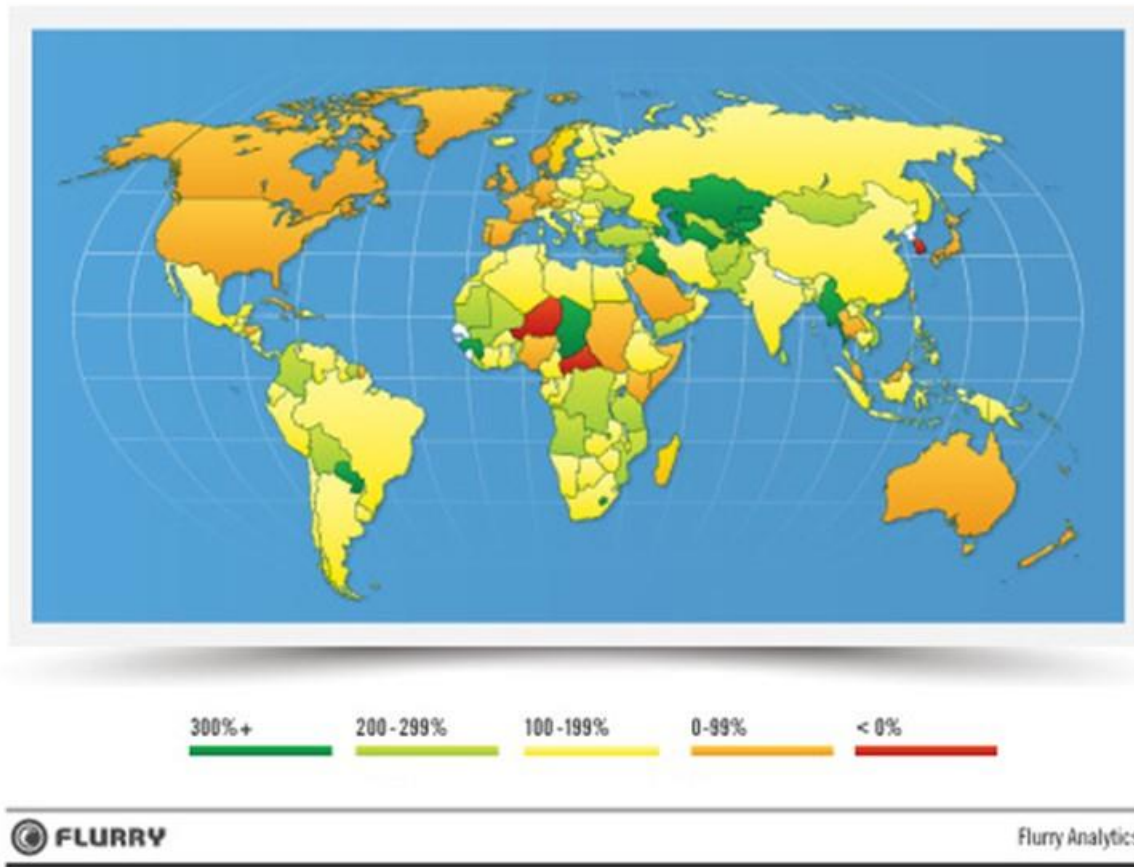


# Fortumo



# Fastest Growth in Emerging Markets

Growth in Active Connected Devices



Source: Flurry Analytics, April 2012 - April 2013

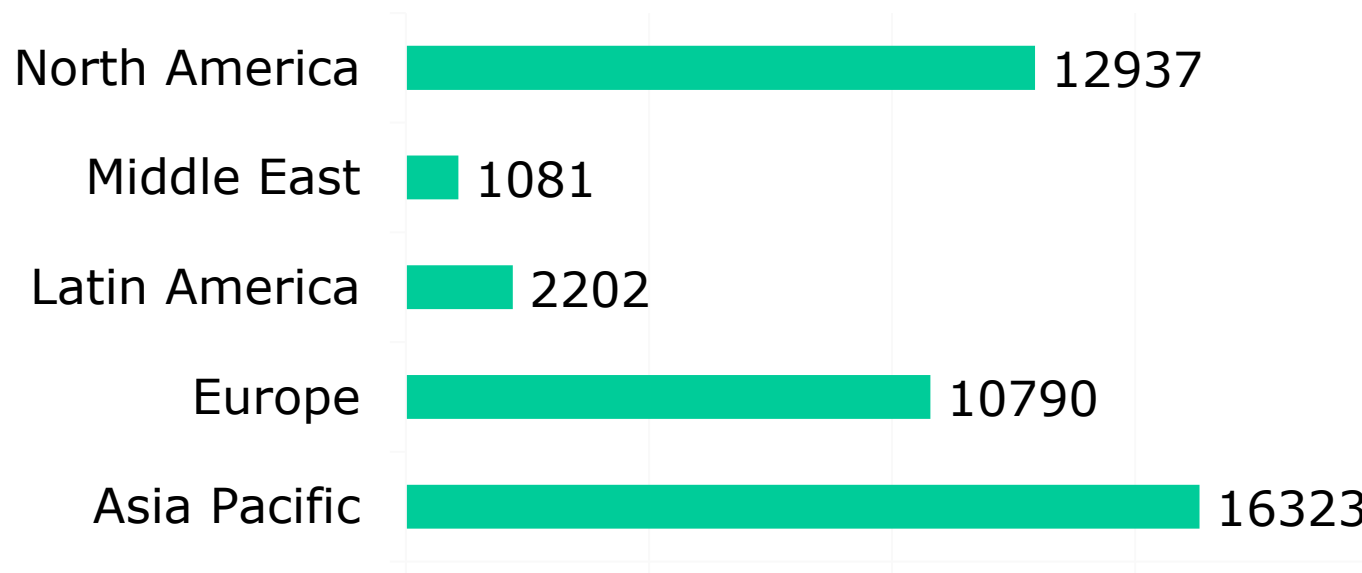
# But can they afford to pay? **YES!!**

	ARPPU, Apr 2012	ARPPU, Jun 2013	14mo growth
United States	4.5 USD	7.9 USD	75%
Brazil	3.4 USD	5.6 USD	64%
Romania	7.8 USD	14.6 USD	87%
Turkey	13.2 USD	19.6 USD	48%
Thailand	4.3 USD	15.7 USD	265%

*Source: Fortumo Android payments, April 2012 – June 2013*

# Most \$ is Made Outside of the US

Digital Gaming Market (2013, M USD)



# Emerging Markets Revenue Equation

$$\left( \text{Distribution} * \text{Hit Pay Point} * \text{Payment Conversion Rate} \right) - \text{Transaction Costs} = \$\$$$

# Distribution in Emerging Markets

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# Android: Not Just Google Play



... plus dozens of operator & OEM app stores.



# Latin America: Brazil

- \$1.4B digital gaming market
- 96M smartphones, 53% mobile internet
- Bigger than most European countries



# Africa: Nigeria

- Africa is the fastest growing continent
- 75% of internet subscriptions mobile
- \$0.4B in mobile transactions
- OEM push of <\$150 phones:



# Middle-East: Turkey

- \$0.5B digital gaming market
- 2/3 internet users play games
- Highest ARPPUs in the world (+\$20)

# Central & Eastern Europe: Russia

- \$1.8B digital gaming market
- #4 country on Google Play
- Quite strong for Windows Phone

# Asia: China

- \$7.9B virtual goods market
- 40% of global gaming revenue
- Extremely fragmented
- Gaming consoles banned

# Hit Pay Point

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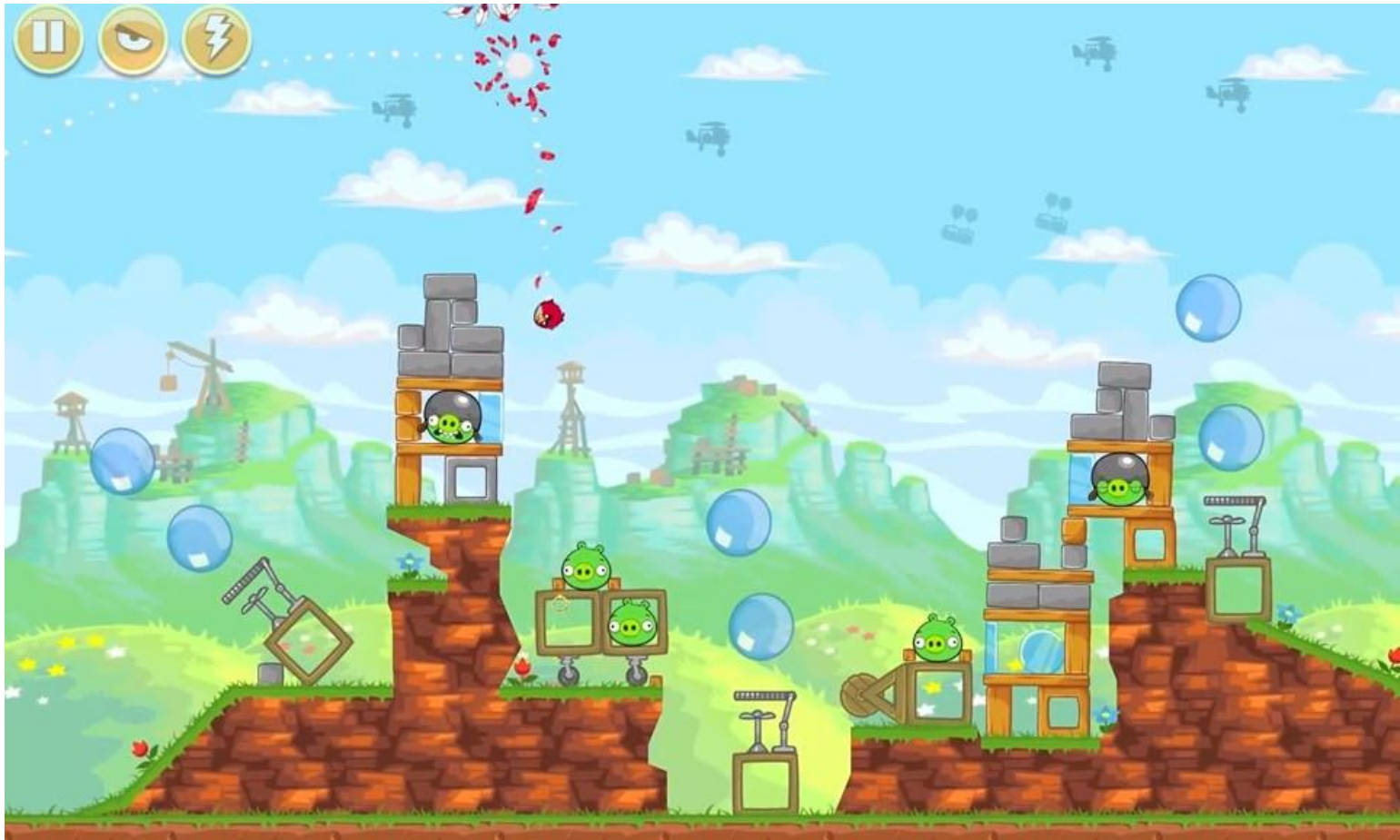




- Only 10% of people speak English



# Less Text = More Universal



# Most people don't have your phone

- Feature phones
- Low-end smartphones
- Internet penetration lacking



# Payment Conversion Rate

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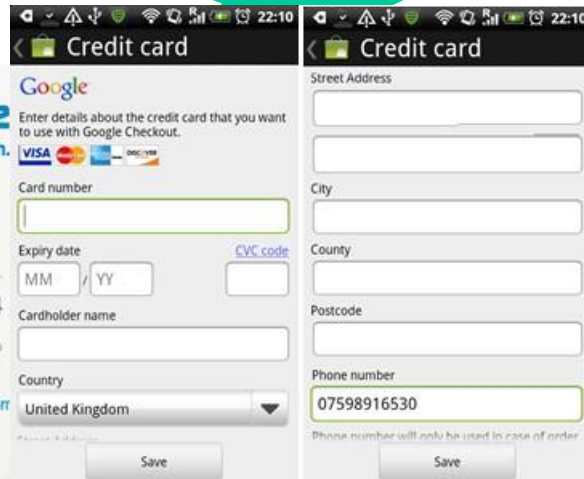
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# Payment Amount, Reach and Friction Drive Conversion Rates

Ranges from 5% to 50%



Amount: € 30  
Serial Number: 12345678

**PIN CODE:**  
1234 5678 1234

Date: 08.01.2010 Time: 13:15:00  
Terminal ID: 01010101

[www.paysafecard.com](http://www.paysafecard.com)

Enter details about the credit card that you want to use with Google Checkout.

Card number

Expiry date MM / YY

CVC code

Cardholder name

Country  
United Kingdom

Street Address

City

Country

Postcode

Phone number  
07598916530

Phone number will only be used in case of order

Save

PayPal™



g Sling x30

**Pay €1.60?**  
The cost will be charged to your mobile phone bill.

**Accept & Buy**

Info

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# 1 USD in USA is not 1 USD in China





# Transaction Costs

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# A Look at Payment Methods: More Variety, Bigger Reach

	Web/PC	iOS	Android	WP/W8
Official Store Billing	-	+	+	+
Credit Cards	+	-	+	+
Operator Billing	+	-	+	+
E-Wallets	+	-	+	+
Pre-Paid Cards	+	-	+	+

# App Store Billing: Credit Cards

- 1.5 billion people
- 30% commission
- Easy integration
- Low conversion

The image displays two side-by-side screenshots of the Google Checkout credit card form on an Android device. Both screenshots show the same form layout, but the right-hand screenshot has the 'Phone number' field filled with '07598916530'.

**Left Screenshot:**

- Header: Credit card
- Google logo
- Text: Enter details about the credit card that you want to use with Google Checkout.
- Logos: VISA, MasterCard, American Express, Discover
- Fields: Card number (empty), Expiry date (MM / YY), CVC code (empty), Cardholder name (empty), Country (United Kingdom), Street Address (empty), City (empty), County (empty), Postcode (empty), Phone number (empty).
- Buttons: Save

**Right Screenshot:**

- Header: Credit card
- Fields: Street Address (empty), City (empty), County (empty), Postcode (empty), Phone number (07598916530).
- Text: Phone number will only be used in case of order.
- Buttons: Save

# Credit cards

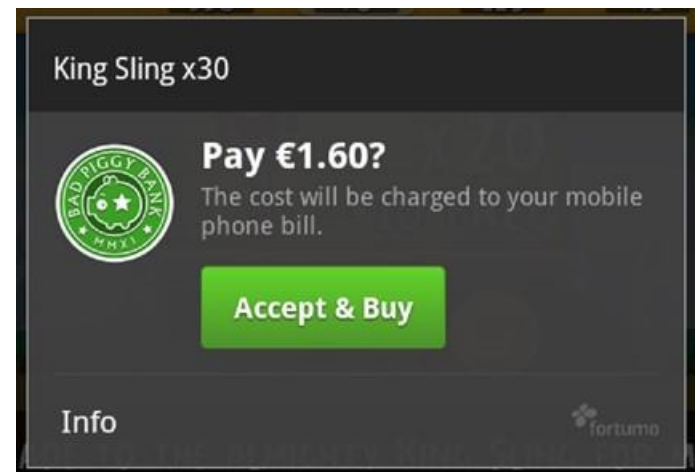
- 1.5 billion people
- ~5.5% commission
- Low fees, flexible pricing
- Low conversion, chargeback, bad debt, fraud

Country:	<input type="text" value="Australia"/>
First Name :	<input type="text" value="Comfy"/>
Last Name:	<input type="text" value="Bob"/>
Credit Card Number:	<input type="text" value="1234-5678"/>
Payment Type	<input type="checkbox"/> VISA <input type="checkbox"/> MasterCard
Expiry Date:	<input type="text" value="12"/> / <input type="text" value="99"/> CSC: <input type="text" value="999"/> <a href="#">What's this?</a>
Billing Address Line 1:	<input type="text" value="And so on..."/>
Billing Address Line 2: (optional)	<input type="text"/>
Town/City:	<input type="text" value="Comfyville"/>
State/Territory:	<input type="text"/>
Postcode:	<input type="text"/>
Home Telephone:	<input type="text" value="In your dreams"/>
Email:	<input type="text" value="@comfypage.com"/>

[Review Order and Continue](#)

# Mobile payments

- 5 billion people
- 15%-50% commission
- Highest reach & conversion
- High fees, limited pricing



# E-wallets

- Reach ~1 billion
- 10% commission
- Low fees, flexible pricing
- Fragmented, requires bank account, limited reach

① 代充业务不受支付宝规则保护, 如有商家提出以代充方式代替支付宝交易付款, 请谨慎操作!  
支付宝账户不允许从事无真实交易背景的虚拟交易、银行卡套现或洗钱等禁止的交易行为, 否则充值款项将不能提现。

网上银行 支付宝卡通

对方姓名: receiver's name  
对方账户名: receiver's alipay account email

\* 选择网上银行: 招商银行 choose your bank

<input type="radio"/> 中国工商银行 China Construction Bank	<input type="radio"/> 中国建设银行 China Construction Bank	<input type="radio"/> 中国银行 BANK OF CHINA
<input type="radio"/> 中国农业银行 Agriculture Bank of China	<input type="radio"/> 交通银行 Bank of Communications	<input type="radio"/> 上海浦东发展银行 Shanghai Pudong Development Bank
<input type="radio"/> 广东发展银行 Guangdong Development Bank	<input type="radio"/> 中信银行 CITIC Bank	<input type="radio"/> Bank 中国光大银行 China Everbright Bank
<input type="radio"/> 兴业银行 Xingye Bank	<input type="radio"/> 深圳发展银行 Shenzhen Development Bank	<input type="radio"/> 中国民生银行 Min Sheng Bank
<input type="radio"/> 杭州银行 Hangzhou Bank		

\* 充值金额: amount 充值送积分, 立即参加抽奖

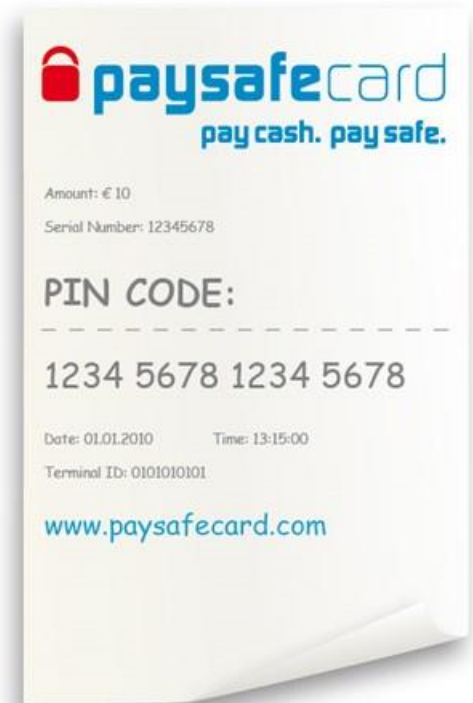
请在确认对方身份信息后再进行充值, 以免引起纠纷!

下一步



# Pre-paid cards

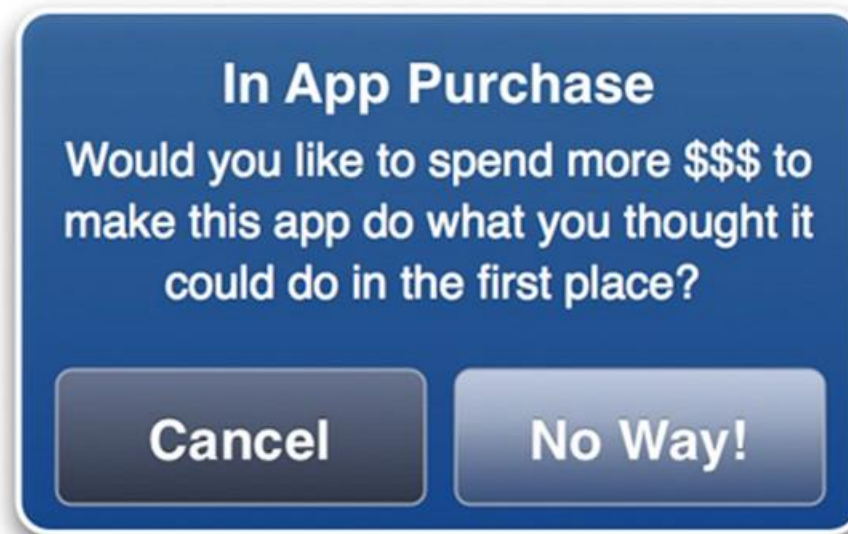
- Reaches anyone (in theory)
- 10%-40% commission
- No chargebacks, no fraud
- Fragmented, regional, less impulse purchases



# A Tale of Two Apps

	<b>Old School App</b> <i>Credit Card Only</i>	<b>Optimized App</b> <i>Mobile Billing</i>
Downloads		
Alt App Stores + Social	2,000,000	2,000,000
Carrier App Stores		1,000,000
Total Downloads	2,000,000	3,000,000
Hit Paypoint	20%	20%
Making Purchase Choice	400,000	600,000
Payment Conversion	5%	50%
Paying Customers	20,000	300,000
Purchase Amount	\$ 5.00	\$ 5.00
Total Customer Payment	100,000	1,500,000
Cost of Transaction	5%	50%
Transaction costs	(5,000)	(750,000)
<b>Developer's Revenue</b>	<b>95,000</b>	<b>750,000</b>

# Questions?



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