

## Nokia Ovi



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## EXECUTIVE SUMMARY

The Nokia Ovi Store is a mobile storefront and media portal designed to allow customers to download applications & other media. Guided by its “social discovery” and networking features, the new Ovi Store is positioned to rival Apple’s iTunes App store as a viral hub for developers to deliver new applications to the mobile masses outside of the iPhone bubble.

### Features

**For consumers, Ovi offers a wide selection of content, social networking, and discovery.**

- Ovi content ranges from applications, music, games, videos, widgets and podcasts to location-based sharing and personalized content.
- Ovi opens up the world of applications and handset downloads to non-smartphone users.
- Ovi removes the complexity of downloading and installing applications on to cell phones, and also helps people actually locate applications that they have previously downloaded.

**For brands and advertisers, Ovi functions as a mainstream vehicle for distributing compelling campaigns and content.**

- Ovi offers the creation of a new, global distribution channel on mobile.
- Various branding opportunities, sponsorships and partnerships could evolve over time.

**For developers, Ovi offers a great opportunity to make money and market great ideas.**

- In March, Nokia opened publish.ovi.com for developers and creators to upload their content.
- An Ovi Store account helps developers build their model, offering assistance with cost and payment options in order to help developers get their product out to market.
- Nokia pays developers 70% minus the fee of credit card processing or carrier fees.
- The one restriction for developers is that they must be a “company entity” by the date of the launch in order to gain a spot in the Ovi Store.

## Insight

The attraction of app stores is obvious to everyone except the carriers, as illustrated above. However, it certainly isn't a foregone conclusion that consumers will take to Ovi or its rivals in the same way that they have to the original iPhone app store.

The opportunity for Nokia is huge if they can encourage trial among owners of existing compatible handsets; if, going forward, its new handset launches are all committed to Ovi, and if the product itself delivers. As market leaders, the greatest short-term opportunity is to roll out across existing handset owners, as this will really harness their scale to the detriment of every competitor looking to do the same thing.

Once the user framework is in place and ready to trial, the one thing that does seem certain is that their colossal and pre-existing developer network will produce a push of quality content for the consumers who are eager and willing to see what it's all about.

Nokia may be the leading handset manufacturer globally; however in trying to reinvent themselves as a media distribution company they are sure to encounter a number of challenges. The App Store on the iPhone has been successful due to the unique environment in which it operates -- a closed platform on a single device. Nokia's Ovi store will operate across hundreds of devices, with multiple screen sizes, varying capabilities and differing carrier idiosyncrasies. The challenges are numerous but the potential benefits could be substantial.

The new Ovi Store launches in May of 2009.

## WHAT IS THE NOKIA OVI STORE?

The new Ovi Store provides “personalized content for who and where you are”, allowing for users to activate the “social discovery” feature to highlight content used and recommended by their network peers. This featured content will be available for instant download, driving hype and immediacy into the viral nature of its design. Nokia’s web runtime technology is responsible for the Ovi Store’s development.

With four million developers already signed on and registered with Forum Nokia, applications pre-released or designed for Nokia devices will now have a distribution channel through the Ovi Store. In addition to many smaller developers, the list of partners Nokia has already signed on includes Facebook, MySpace, Fox Mobile Group and Electronic Arts; obviously the main publishers can see the potential of the vision.

Set to go live this May of 2009, Nokia’s Ovi Store is compatible with Nokia S60 and Series 40 handset devices, and will come pre-loaded as a staple application in the new Nokia N97 set to launch in June. Nokia declares Ovi will already be accessible to 50 million people, in nine countries, at its launch. An estimated 300 million users worldwide will have access to the Ovi Store by 2012, should Nokia succeed in the rollout and encourage adoption.

## WHY IS NOKIA LAUNCHING THE OVI STORE?

Simply put, Nokia has over 40% global market share, and the commercial opportunity of selling content and applications to 40% of the world’s mobile population is huge. With the model now proven by Apple, the entry risk is low and the rewards are potentially enormous.

The timing is also right. They have tried to launch similar, albeit less advanced store-style products before. The mobile landscape, however, has changed with Apple’s iPhone and App Store. Mobile content has become mainstream as a direct result of the simplistic way Apple has held our hand over the last few years and walked us through adoption. From a hardware perspective, they have taken us from iPod to iPhone with minimal transitioning required by the consumer; with the seamless extension of the iTunes Music Store to its app store, software upgrades are ridiculously simple to understand and incorporate into the consumer repertoire. Apple’s great feat of changing consumer behavior could well work to Nokia’s advantage in this respect.

From a macro standpoint, the global economy is in tatters and all companies within the mobile space are looking for new ways to reach consumers and to generate new revenues. Nokia is positioning its new Ovi Store as a “smart store” designed to reach millions of users on a multitude of mobile devices. Its developer-friendly model combines the social network with mobile on a mass scale, an attempt to kindle an app store legacy in the Nokia name.

## How is it different to what's out there?

Conceptually Ovi is not new. The model exists, but the scale does not. That being said, the product does probe deeply into the current technological trends sweeping online and mobile worlds. The groundswell surrounding social networking is widely shaping the merged worlds of music and digital, sharing the wealth of purchases via technological networking rather than direct corporate spending. Nokia, with its new ability to predict future consumer behavior from past services and social connections, is breeding this philosophy into a form that benefits consumers and developers, as well as its own brand. There are five key services at the core of the Ovi Store: music, messaging, games, social location and general media. No two users' screens should look the same.

Three major Nokia content initiatives have already been operational prior to this new Ovi Store. Download!, currently on 200 million handsets, provides access to applications and games for download; Widsets offers web-widgets; and Mosh has laid the foundation for user-generated content. The Ovi Store is a merger of these three services and the Nokia Music Store, built on the foundation of its successes and the insight learned from previous results<sup>1</sup>.

The key advantage, and challenge, of the Ovi Store is its functionality in platforms beyond its own niche of Nokia handsets, adapting to all Symbian 60 handsets and about three-quarters of Series 40 devices. What differentiates the Ovi Store in this budding app store market is its target range of devices; from low to high-end handsets.

## WHAT DOES IT LOOK LIKE AND HOW DO YOU SIGN UP?

Although we haven't seen the mobile version just yet, the online hub is currently available to sign up to at <http://store.ovi.com>.

Ovi's back-end is intelligent enough to present only content and applications that work and are compatible with your unique handset. The Ovi Store takes your previous purchases into consideration when making recommendations, ideally catering content to your tastes and usage patterns.

You can opt-in to broadcast your downloads to friends and receive those of your friends/peers, or you can choose to keep your content private. Your contacts build as you add to them. If your Nokia phone has GPS or location tracking capabilities the Ovi Store will introduce relevant content to suit your needs. If, for example, you have traveled to a foreign country, the Ovi Store might suggest a city guide or translation service.

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<sup>1</sup> Just prior to this paper being published, it was announced that Mosh would in fact be closed down and the service completely rolled into Ovi, Timing is unconfirmed.

## How do you get Ovi on your phone?

In spite of there being an online storefront where a more complete Ovi experience can be managed (<http://store.ovi.com>), ultimately it is necessary to have a seamless experience exclusively on the mobile device.

The reality of the Ovi store on the handset is that adoption will be slower than Nokia press releases have indicated. The rollout across new handsets starts with the N97, and will no doubt quicken as all new handsets are released. However, for those 50 million people who have existing compatible Nokia handsets, access revolves around awareness of software upgrades or initial sign-up online.

Approximately every three months, software updates are provided for many new handsets. Nokia will be able to upload an icon to the handset desktop in conjunction with one of these updates. The major question, however, revolves around the percentage of mainstream consumers who are aware of such updates, let alone actually activate them. Additionally, if they register online, will there be too many steps involved to download to the handset and complete the process?

## WHAT DO DEVELOPERS NEED TO KNOW?

Ensuring the development community is inspired to develop content for the Ovi store is a complex equation. Clearly the devices need to have enough features to drive creative thought. However, it also needs to be a smooth and seamless process getting the apps in front of customers and there has to be an incentive for doing so.

### What is the approval process?

The Ovi Store model for approval is simpler than Apple's app store. Beginning March 2nd, Nokia opened [publish.ovi.com](http://publish.ovi.com) for developers and creators to upload their content by creating an account with Ovi. What follows is a wide variety of options to select from, such as payment method, cost, etc., to help developers finalize their product.

The approval process is fairly clear-cut; Nokia will run every application through a virus scan, confirm that it is either Java Certified or Symbian Signed, and then it gets sent to QA for testing. QA will ensure that it runs smoothly, will not crash devices and does not contain pornographic content or offensive language. Any inappropriate content must be moderated, but assuming this is so, approval then follows.

The only obstacle for developers is that they must be a "company entity" by the date of the launch in order to gain a spot in the Ovi Store. Once accepted, [publish.ovi.com](http://publish.ovi.com) allows content providers fluid access to media submission, financing and dashboard reporting. This service will allow developers to monitor the traffic and sales figures of their content.

## What devices are compatible?

The Series 60 family includes but is not limited to: Nokia 3230, Nokia 3250, Nokia 3650/3600, Nokia 3660/3620, Nokia 5320, Nokia 5800, Nokia 6110, Nokia 6220, Nokia 6260, Nokia 6600/6620, Nokia 6630, Nokia 6670, Nokia 6680, Nokia 6681/6682, Nokia 7610, Nokia 7650, Nokia E50, Nokia E60, Nokia E61, Nokia E65, Nokia E70, Nokia E90, Nokia N-Gage, Nokia N-Gage QD, Nokia N70, Nokia N71, Nokia N72, Nokia N73, Nokia N76, Nokia N80, Nokia N81, Nokia N82, Nokia N90, Nokia N91, Nokia N93, Nokia N95, Nokia N96, Panasonic X700, Panasonic X800, Samsung SGH-D720, Sendo X, Sendo X2, Siemens SX1. About three-quarters of Series 40 devices are also supported.

## What is the financial model?

Nokia pays developers 70 percent minus one of two fee options. If payment method is via credit card, the rate is fixed. Nokia is hoping that network operators can take part in the operator bill mechanisms, which depends on the international market in question. If paid via carrier, the carrier usually takes 40-50% depending on cost.

One of the big issues with retailing java applications has always been the issue of how much the carrier takes. This is something Apple has completely bypassed by using iTunes. In regard to Nokia's stance on this, the details remain unclear. However, in order for Nokia to make it a success they will have to standardize the payment mechanism and revenue share, and to ensure it is commercially attractive to developers.

## Which partners, content owners/developers have signed on already?

- Facebook
- MySpace
- Fox Mobile
- Electronic Arts
- AccuWeather
- Lonely Planet
- Rough Guides
- Qik
- Shazam
- Glu Mobile

## HOW WILL IT IMPACT THE MOBILE MARKETPLACE?

Because Nokia is such a big player, the effect on the mobile landscape as a whole could be significant. By cutting out the carriers it forces the original wardens of mobile content to re-evaluate their business model. There are already carriers looking at ways to launch their own stores in a hurry.

From a mobile consumer perspective, it remains to be seen if non-smartphone users embrace the opportunity to download content. It could be that consumers with more basic phones actually prefer to keep their handset simple and download free; however it's also plausible that a truly intuitive and usable store interface can start to change that. If trial is successful and leads to adoption, then it really does open up the standard handset as a more effective communication tool for advertisers and brands.

It is well documented that Apple's app store has created fame and fortune for some developers. Without a doubt, one of the biggest positives that the Ovi store can bring about is a commercial outlet for thousands of creative developers. The creation of a global sales channel accessible from the comfort of your own bedroom will be a huge spur for many, and the impact of this will bring a constant stream of innovation to the mobile industry as a whole.

### What is its potential power and market value?

Nokia handsets account for over 40% of all mobile handsets on the planet; in some countries Nokia's market share exceeds 80%. This means that the potential reach and market value of a well designed and executed mobile media delivery solution is enormous. Combining this with the current obsession for all things social and Ovi has the potential to be a real game changer in the mobile application space.

The 100 million club is a watch list of software companies whose products have been embedded on more than 100 million mobile handsets. As of June 2008 there are 25 products from 23 companies that have shipped on more than 100 million devices (9 products have shipped on 500 million). With Ovi's target of 300 million users by 2012, this gives you an idea of the scale that it will be possible to achieve for any application appealing sufficiently to the public imagination. The viral potential of Ovi means that those applications really don't need to be social necessities like Facebook, but can merely entertain for the split second required to pass onto a friend. This will be the ultimate incentive for brands and advertisers.

Another significant change we may see emerge from Ovi's introduction is a shift in perception of the brand. Instead of just being a handset manufacturer, Nokia is looking to become a media company or, at the very least, a media publishing platform. This can only be positive for the Nokia brand, which arguably has perception problems in some quarters, oft cited as trying to be all things to all people.

As a content store, Ovi could become the most successful in the world given its potential to reach the consumer masses. All this depends upon effective rollout and then consumer uptake, of course.

We will wait to see how impressive their actual platform is, and whether or not consumers choose to adopt it.

## **How will consumers react to the Ovi Store?**

The potential issue with delivery leads us onto a debate surrounding demand for the Ovi store and the reasons why consumers purchase phones. Apple's current iPhone advertising suggests that, by purely focusing on a variety of interesting apps, people are buying for the apps first and the phone functionality second. However, for a brand such as Nokia, so steeped in mobile technology tradition, is it really conceivable that consumers will look to the Ovi store as anything other than an interesting value-add?

Nokia will have to wait a while before the dream reach (300m people) becomes reality. Once new handsets are all fitted with the store, we can start making real assumptions. As things stand now, it might only be reasonable to assume that 5% of existing handset users will implement the software upgrade. Will consumers really go out of their way to update their phone?

## **Is the balance of power in the mobile marketplace changing?**

It is clear that mobile carriers are playing less and less of a central role in the marketing and distribution of content and applications. Stores have quickly become the new standard, pulling responsibility and loyalty from the carrier media malls that so many have found restrictive and lacking in innovation. Consumers have been shown how to break down carrier walls and now have unlimited access to content.

For carriers, accepting this trend and allowing flexibility will ultimately drive network usage. Certification is naturally the next step. While Apple simplified this process by using one carrier in the US, AT&T, Nokia will face a far more complicated approval process by using multiple carriers. The role of providers could regress to simply that - "providers" that facilitate the content driven by handset manufacturers and application stores.

Of course, there are plenty of other app stores that have launched or are about to launch, and plenty of others that are yet to be conceived but will be launched in the near future while the market is hot. Some of the other players in this arena are as follows: -

Other app stores:

- iTunes App Store
- Google's Android Market
- PocketGear's Symbian Store
- Microsoft's SkyMarket
- Bazaar- Microsoft's Windows Marketplace (announced in March 2009)
- BlackBerry App World by Research in Motion (April 2009)
- Samsung
- Orange

As the dust settles, it will become apparent which products have the best user experience and which devices are most attractive to consumers when it comes to downloads. A full review of the various stores will be with you in the near future.

## ABOUT TIGERSPIKE

TigerSpike is a personal media company with a specialization in mobile and social media. With offices in Sydney, London and New York, our global experience combined with research and development from our Innovation lab keeps us and our clients ahead in New Media.

With a dedication to being "Creative" and "Cutting Edge" our work has resulted in many awards; most notably 3rd Fastest growing technology company in Australia (Deloitte's fast 50 – 2008, up from #7 in 2007), 54th Fastest growing technology company in Asia (Deloitte's fast 500 – 2008), Digital services company of the year (B&T 2007), and Gold for best mobile platform (MIXX in New York 2007).

Our Service Delivery Platform, Phoenix™ supports international digital campaigns, underpinning partnerships with companies that need to manage their mobile and social media campaigns on a global scale.

Run by the founders, we have grown organically since we were founded in 2003 and are 100% privately owned and independent.

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