

Tawk2me

Mobile-Voice-Driven Messaging and Social Networking



EXECUTIVE SUMMARY

COMPANY OVERVIEW

Tawk2me Communications was established in 2011. It is headquartered in South Africa and employs 12 people. It is a private company and has not yet made its revenues and earnings public.

BUSINESS CHALLENGE

- Balance low-tech nature and simplicity of service with need to expand customer base
- Differentiate in marketplace

INNOVATIVE SERVICE OFFER

- Tawk2me (T2M) is voice-driven social messaging service specifically designed to meet local populace's needs
- Supported by most basic feature phone and presents minimal usage costs
- Clear and immediate revenue opportunities for operators deploying service

BUSINESS RESULTS

- T2M with MTN Swaziland had attracted 10,000 users as of April 2013, based on "word-of-mouth" alone
- Service expected to see accelerated growth driven by expanded partnership with MTN in South Africa

Overview

Tawk2me (T2M) is a voice-driven social messaging service developed by T2M Communications and given its debut launch by mobile operator MTN in Swaziland in February 2013.

T2M Communications wanted to address the challenge of how to provide a social messaging experience to Africa, which has limited infrastructure and technology to support it, and also where literacy is still a major challenge in many countries.

The solution was to develop a voice-based messaging service that would be available on even the most basic feature phone. The choice of target device is important, because lower-specification feature phones, rather than higher-end smartphones, are still the mass market mobile device in the majority of African countries and other emerging markets.

Moreover, T2M is designed with zero barriers of entry to user; no application is necessary to download or upfront fees, and the only cost to the user is the cost of a call to retrieve a message.

Service Innovation

T2M is not a social network in the traditional sense, but rather it is a one-to-many voice broadcast tool with social elements. People who send messages are called “tawkas,” while those who sign up to receive messages are called “listnas.”

Tawkas create messages that are available for pre-defined groups of listnas who sign up to retrieve them. Listnas receive an SMS alert when a message is ready. They dial a T2M number to access the service menu, from where they can select the particular message they want to retrieve. The same number is used for tawkas leaving a message.

Currently listnas can interact with tawkas through the service's online website and via SMS. This capability is important because it enables tawkas to gather feedback on their messages. T2M is designed to accommodate large numbers of recipients from one sender, and messages can be up to 10 minutes in length.

T2M is by nature a highly personalized, localized service because the content (i.e., messages) are created by people from the local community. Moreover, voice communications provide emotional depth and convey personality in a way that text messaging cannot match. This advantage is particularly important for religious groups, a key user group in Africa, where sermons are shaped by the tone of the speaker.

The service is also designed to incentivize and reward tawkas who are reimbursed with direct revenues when they have generated a certain number of calls. MTN Swaziland set up the reimbursement system so that when tawkas generate 5000 or more message retrievals per month, they receive 20 percent of the revenues generated, with the money deposited directly to their MTN MobileMoney accounts. The monetary reward is particularly valuable to poorer groups and charities. The exact target and reward structure can vary and is agreed between individual operators and T2M Communications.

Opportunities

T2M potentially has a very large addressable market, which can also include a wide range of specific market segments besides individuals, such as:

- Business owners and enterprises wanting to communicate with customers
- Agricultural organizations with farming communities
- Government agencies for communicating public service information
- Charities communicating with members
- Event sponsors/organizers promoting events and keeping participants up to date
- Sporting clubs and similar organizations for staying in touch with their members
- Celebrities for connecting with their fans
- Religious leaders for reaching out to their followers
- Schools for keeping parents up to date

Opportunities are available to enhance the service with richer communications and social elements. T2M is actively looking at ways to enhance the service, particularly for corporate users, and this process has already started. For example, corporate clients have the option to send a voice message, a text message, or an email for smartphone users (or a combination of these). The message(s) can also be stacked in a delayed sequence of delivery.

Also, T2M can expand its footprint across other African markets beyond Swaziland, with MTN or other operators. T2M Communications is currently in discussions with the MTN group to extend its service to MTN South Africa.

T2M Communications is also looking to expand the business model for its service by introducing new revenue streams such as advertising.

“Tawk2me is a new global approach to mobile voice phone messaging, which allows a creative social networker to engage with and talk to clients, staff, supporters, the media, and numerous other possibilities. The innovative Tawk2me voice model of one voice message sent to many is an effective way to reach any mobile phone user.”

—Nomathamsanqa Tshabalala, Product and Innovation Manager, MTN Swaziland

Challenges

Although T2M has shown good uptake in the limited time that it has been available and has substantial growth opportunities, the company faces the following challenges:

- In many cases, T2M will have very large groups of listnas; for example a religious community could be made up of thousands of members. The case is similar for major sports clubs, political groups, and event-based groups such as those for big music festivals. In these scenarios, simultaneous calls will occur at very high volume, which could in theory have a negative on impact an operator's network. However, T2M avoids this by staggering the message retrieval calls on a weekly basis. Emergency calls go out as a priority. Also, the T2M server is hosted at the operator hosting center, which helps with call flows and avoids congestion. In Swaziland, T2M handles 10 to 100 message retrieval calls simultaneously, and the platform can comfortably accommodate this.
- Although the T2M service has unique features, it does face strong indirect competition from the growing number of Over-the-Top (OTT) voice over IP (VoIP) and messaging services on the market such as Mixit, which is very popular in Africa. Applications such as Mixit, WhatsApp, and many others offer free and simple-to-use attractive communications services that are available on both feature phones and smartphones.
- T2M is an intentionally low-tech, simple service, which is absolutely the right approach for its initial target market of lower income, and in many cases, illiterate users. However, the service will need to evolve and innovate to address other market segments where users will want more features from the service, the most obvious being integrated support for two way communications. However, T2M Communications is addressing this (see Opportunities), and we would expect to see it turn this particular challenge into an opportunity to expand the service's appeal

Strategic Partnerships

T2M Communications formed a partnership with DcData to help develop its basic service concept. DcData is a South African-based open source (Linux) voice and messaging technology specialist, and the company's owner and founder is also a T2M shareholder. DcData also has experience in dealing with major voice, data providers/operators, and ISPs.

T2M Communications considered going to market independently, but decided that partnering with operators would be far more effective and also mutually beneficial. Operators not only provide T2M with market reach to their subscriber base, but can also help raise the profile and credibility of a young company such as T2M with a service that is new and unknown to consumers. The net result for T2M is more widespread, accelerated acceptance among consumers than if it tried to go it alone.

Mobile operators are the key strategic go-to-market partners for T2M. The company formed its first partnership with MTN in Swaziland in February 2013 and is now in talks to expand this service to MTN South Africa.

T2M will be working with MTN Swaziland to support a number of high-profile events sponsored by the operator, notably:

- **Premier League Soccer.** In May, MTN Swaziland takes over the sponsorship of Premier League Soccer from Swazi Bank (the sponsorship rotates), and together with T2M, will be launching a competition linked to the sporting event. To enter the competition, consumers must sign up for T2M. This competition will serve to promote the event and also encourage take-up and usage of the T2M service. It is the first major marketing push for T2M, and the company has high expectations that the result will be an uplift for the service. MTN will promote the competition through national radio and television.
- **The Bush Fire music festival.** MTN is a sponsor of this national music festival, and T2M will be supporting the event in a similar fashion to its participation MTN's Premier League Soccer sponsorship. The Bushfire organization and even artists will record and send messages to Bushfire followers who are registered on T2M. A competition will also be promoted for T2M participants.

Monetization

The company decided on a revenue share model, to start with, because it considers this a more robust model than advertising, with guaranteed revenues from the outset. MTN Swaziland has adopted a basic revenue share model per call, but T2M can support other, more sophisticated variations on the core business model. For example, operators could take the T2M service on a white label basis and implement it on monthly subscription model with message retrieval calls at either standard or even premium rates. T2M Communications says it has strong indications that people would be prepared to pay a premium for the service, giving scope to introduce plans incorporating premium SMS or voice calls.

Advertising could easily be incorporated into the T2M business model; for example 10- or 20-second advertising slots could be placed before a message. The pre-defined groups of listnas would be attractive to advertisers because it would allow them to target specific user groups. Incorporating advertising could also be used to subsidize the cost of calls for users, which would increase the appeal of T2M further.

Success Metrics

T2M is still a very young service, so hard key performance indicators (KPIs) are understandably limited at this point. But the initial indicators are promising.

- T2M with MTN Swaziland has attracted around 10,000 users as of April 2013, mostly with church groups. This growth has been driven purely by “word-of-mouth” as MTN had not yet actively marketed the service. However, this situation will change with T2M’s role in the events that MTN is sponsoring; these promotions are likely to increase the T2M user base quite substantially.
- At the same time, T2M Communications is also looking to employ dedicated resources to work closely with MTN in marketing the service. The resource will also work closely with tawkas to assist them in building initial momentum behind their messages, which will then allow the viral aspect of gathering further listnas.
- T2M Communications expects its service to be profitable in Swaziland within 18-24 months of launch and even faster in South Africa, where the marketing push behind T2M is expected to be more aggressive. The company also anticipates that MTN SA will help T2M secure more and bigger corporate accounts.

For More Information

To learn more about Tawk2Me, visit www.tawk2me.com.

To find out more about MTN Swaziland, go to www.mtn.co.sz.



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