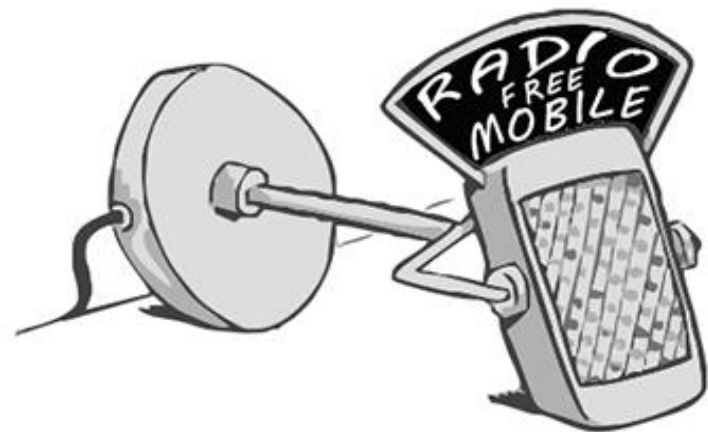


Mobile Ecosystems

Money Talks



- Falling growth makes monetisation ever more critical
- RFM's new model assesses ecosystem revenue performance, capacity and potential.
- The first cracks are appearing in Google's armour.
- Facebook still has the most potential...
- „,while Twitter remains in strategic paralysis and Yahoo fails to execute.
- Apple and Microsoft serve as the do and do not of monetisation via hardware.

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6th January 2016



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Low to zero device growth means that revenue is becoming increasingly critical to the ecosystem. RFM's new monetisation model benchmarks ecosystems that monetise via advertising and allows assessment of those that monetise through hardware. Although Google has benefitted from iOS's recent strength, there are real cracks appearing in its ecosystem which need to be urgently addressed. Elsewhere, Twitter remains gridlocked while Yahoo fails to execute. Facebook is the one with the most potential.

- **Money Talks.** Monetisation has to be the end game for every ecosystem as without it, there is very little point in getting out of bed. RFM has developed a simple monetisation model that assesses where ecosystems are on this journey, rates their performance and estimates their long-term revenue potential.
- **The first cracks in Google's** armour are appearing. The combination of its increasing dependence on iOS, a weaker position in Digital Life, ongoing problems with software fragmentation / distribution and the growing risk of losing control of Android puts Google on the back foot. Long-term estimates for Android monetisation look to be at risk, raising the potential for a de-rating of the shares.
- **Facebook** continues to show all the signs of developing into an ecosystem, but it still has a lot of work to do. RFM's monetisation model shows that there is still some space for revenue growth, but this is likely to run out before everything is in place for the next leg up. The resulting correction is likely to offer an opportunity to get in at a much lower valuation.
- **Twitter** has fully monetised the opportunity open to it and remains in the throes of strategic paralysis. The combination of a part time CEO and the continuing executive exodus makes it very difficult for a bold new strategy to see the light of day. Until this strategy emerges, growth will be very hard to come by.
- **Yahoo.** RFM's estimates that Yahoo's lack of execution is causing it to miss out on 93% of the mobile opportunity. Most worrying of all is that management appear satisfied with its performance in mobile implying that it has very little understanding of how the ecosystem can drive revenues.
- **Apple and Microsoft** serve as the do and do not of monetisation via hardware. Apple generates 5-10x the amount of "ecosystem revenue" via hardware than it could if it used advertising. By contrast Microsoft generates no "ecosystem revenue" raising questions about the viability of its consumer ecosystem.

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