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By:

**[By 2006 Russia will be the largest mobile communication market in Europe](#)****PLAYFON***Declares Playfon for Softpedia*

**The mobile Russian phone market has a lot of potential. This is also true for the mobile games. To get a better view of the trend that govern this market, we decided to interview Playfon's team, a leading provider of wireless entertainment from Russia. Vladimir Borodin, vice-president of the company, and Andrey Minakov, Head of Java Games Department were kind enough to answer Softpedia's questions. Softpedia News: First of all I would like you to make a brief presentation of yourself for our readers who don't know you and to tell me something about Playfon.**

**Vladimir Borodin:** PlayFon is the leading international provider of wireless entertainment. Operating in UK, Sweden, Russia and Ukraine the company offers the best entertainment content based on original and licensed properties from leading worldwide brands. The company employs about 100 people working in Sweden, Russia and Ukraine. Most of the staff is involved in development and introduction of new services. It enables PlayFon to stay on the frontline of mobile entertainment offering high-tech services. Playfon is ranked second in the list of fast-growing companies in the Russian IT-market (CNewsFAST). **Softpedia News: A few months ago Itar Tass published a report that pointed out that in Russia the penetration rate of the cellular telephony has exceeded 54%. It seems that in the following years, this rate will increase even more, Russia becoming in this way a country with a huge potential for cellular telephony. How do you comment on that and in what way do you think it will affect Playfon's activity? Do you have an estimate of the Russian cell phone market value?**

**V.B.:** The Russian market is the fastest growing mobile market in Europe. Russian handset manufacturers are forecasting that by 2006 Russia will be the largest mobile communication market in Europe with somewhere around of 100 million mobile phone users. Quick saturation in Moscow and St-Petersburg where penetration rate reached 100% will be offset by the increasing number of new additions in the regions. iKS-Consulting agency estimates the content revenue will grow by more than 100% in 2005 approaching 600 million USD. Building strong partnership with developers and brand-owners, geographic expansion and diversification of services are the top priorities for PlayFon. Thus, we hope to solidify our leading position on Russian turf and firmly integrate into the world market of mobile content. The flotation on the stock market is on the agenda as well. **Softpedia News: What difficulties did your company face and how did you overcome them?**

**V.B.:** The main obstacles that we face are low WAP awareness of Russian consumers and piracy. We employ various mediums such as advertisement, promo-actions to elevate customer WAP awareness. In contrast with leading markets operators' profit share is much bigger in Russia. We split the profits 50:50 with largest operators. PlayFon maintains constant dialog and negotiate with major carriers. I think our efforts bring fruits. Operators realize that content providers carry the burden of advertising promoting VAS services. The ratio of profit share split is gradually shifting in content our favor. I hope by the end of the year our profit share will increase. **Softpedia News: Compared to PC and console games, what is the potential of cell phone games in Russia? Are the Russians willing to play more on cell phones than on PC?**

**Andrey Minakov:** Last year, the Russian mobile games market amounted to 5.3 million units sold, which equates to \$12.3 million in revenues. Despite some technical restrictions the level penetration of Java and Mophun-enabled handsets keeps rising, stimulating the market of mobile games. The current situation in Russia reflects the world trend. PC games are still leading the field in terms of generating revenue. Bearing in mind piracy problems in Russia

PC and mobile games cost about equally. Good news for us is that many Russian customers prefer to invest in quality and pay \$2-4 for a fully licensed mobile game.

**Softpedia News: What are the most popular applications and games requested by Playfon's customers? Compared to the demand of logos and ringtones, what is the demand of games?**

**A.M.:** The demand for the games is on the rise. High-quality Java and Mophun applications from leading publishers such as I-play, JAMDAT, Synergenix Interactive, Indiagames, Gameloft, Kuju and others, enjoy the greatest popularity among Russian customers. Russian users fancy popular titles and franchises like Mr. and Mrs. Smith, Kingdom of Heaven, Colin McRae Rally, Madagascar, XXX2: State of the Union, Lord of the Rings, Robocop, The Fast and The Furious, etc. On the other end of the spectrum there are high-quality games from local and CIS developers, which sometimes climb to the very top in our sales charts. For example The Tank IS-2 (IS stands for Iosif Stalin here) did very well.

**Softpedia News: Could you give us the profile of the user that turns to Playfon and the monthly sums he spends on games and other features you offer?**

**A.M.:** Our typical customer is 16-30 year old male (according our estimations men make about 70% of our audience). The growing popularity of premium content (mainly Java and Mophun games) pushes the average monthly spending up. Some our users are extremely active placing up to 50 orders a week. An average ARPU of our constant customers ranges from \$6 to \$9. We suppose that by the end of this year this figure will increase.

**Softpedia News: In your opinion and judging from the company's activity, could you make a list of the most popular cell phones from Russia? What are the users' preferences: simple models or devices with multimedia capabilities?**

**V.B.:** In Russia fancy handset is a status thing. Many people readily fork out substantial sums for the most advanced gadgets. Here is the top ten of the most popular handsets in the Russian market based on our sales statistics: 1. Samsung SGH-X1002. Nokia 6230 3. SonyEricsson K700(i)4. SonyEricsson K500(i)5. Motorola C6506. Nokia 6610 7. SonyEricsson T6308. Nokia 61009. Nokia 761010. Motorola C380Nokia, SonyEricsson and Motorola are leading the field. Interestingly enough, handsets from Asian manufacturers such as LG, Samsung, Pantech, Voxtel enjoy a great deal of popularity as well. The penetration rate of smartphones among Russian users is quickly increasing. We continuously test compatibility of smartphones from various manufacturers with all applications that we offer. Simple models not supporting Java and Mophun are still present in the market, but their days are numbered.

**Softpedia News: What are Playfon's plans for the future? What other services have the customers requested or what other services do you think could be introduced by your company?**

**V.B.:** 2004 was a breakthrough year for the industry and PlayFon. PlayFon became the first content-provider in Russia to introduce video and realtones in MP3 format. High-quality services, geographic expansion and penetration to international market of wireless content are the fundamentals of our strategy. We eagerly anticipate worldwide expansion of 3G networks. 3G technology combines two world's most powerful innovations, wireless communication and Internet. Swift data speeds will bring a whole new level in functionality to the mobile world and surely boost the market of wireless entertainment. PlayFon has always tried to stay on the frontline of mobile entertainment. As soon as 3G networks come into service we will be fully prepared to offer our subscribers streaming video, multiplayer games and LBS services.

**Softpedia News: Compared to the Western markets and other countries from the region, do you think Russia has certain peculiarities regarding cellular telephony?**

**V.B.:** Although Russia is lagging behind more advanced markets, there has been a visible progress in value-added mobile services. The growth and penetration rates suggest that Russia has all the chances to catch up with Western Europe very soon. I think Russia has a great potential, because the penetration rate is still around 60%. These 40% left are a great foundation for future growth. Unfortunately, there is a flip side of the coin. The state is in no hurry to issue licenses and introduce 3G networks as long as 2G coverage does not reach saturation point.

**Softpedia News: Where do you see your company three years from**

**now, and what are the perspectives for the Russian market for both cell phones and games and entertainment?**V.B.: I see PlayFon as one of industry leaders with global footprint. According various sources currently the company controls about 52-60% of the Russian market of Java games. We hope to keep the leading position in this segment and extend our reach internationally. The Russian market of cell-phones will keep growing. Java and Mophun handsets are poised to supersede simple models. Top manufacturers such as Nokia, Sony Ericsson, Motorola and some Asian brands will continue dominating the Russian market. We estimate that in a few years the share of Java and Mophun games in mobile content market will increase up to 20%. The overall trend will shift to personalized services and more complex applications, including interactive games, mapping systems, streaming video and video and digital TV. **Softpedia News: Thank you for your time!**