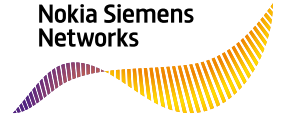


# Breaking new ground in mobile advertising

Nokia Siemens  
Networks



Strategic consulting and a fully hosted core network solution help Blyk build a new kind of business

“We see Nokia Siemens Networks first of all as partners in a strategic alliance, where we talk about entering new segments and new markets. And secondly as day-to-day colleagues, because we’re constantly fine-tuning our systems and processes to meet our customers’ needs, and their insights on how to do this together are very valuable for us.”

Leif Fågelstedt,  
Chief Operating Officer, Blyk

Blyk is a new Mobile Virtual Network Operator (MVNO) targeted specifically at 16 to 24 year-olds and funded by advertising. It links young people with brands they like and gives them free texts and minutes every month without the need for a contract.

From helping define the business strategy to delivering a fully hosted mobile communications platform, Nokia Siemens Networks provided Blyk with the resources required for a successful UK launch in 2007 and a pan-European roll-out in 2008 and beyond.

## A fresh approach for a young audience

Blyk defines itself not as an MVNO but as a youth communication medium with the capabilities of an operator. Its founding principle is to help advertisers reach the notoriously difficult youth demographic, using a medium that plays a central role in every young person’s life. For its end users (known as ‘members’) Blyk means free calls and texts in return for receiving an agreed number of marketing communications messages. And for advertisers, it provides an innovative new channel for targeted, interactive and instantly

measurable campaigns aimed at 16 to 24 year-olds who have explicitly agreed to receive their messages during the sign-up process.

Described by co-founder Pekka Ala-Pietila as “a simple creative idea”, this approach nevertheless presented a complex and ground-breaking implementation challenge. On the one hand, the service had to be attractive enough to persuade young people to sign up and simple enough to work on their existing phones. On the other hand, it had to prove to advertisers that it could deliver multiple campaigns with an accuracy and a response rate that no other medium could match.

## A pioneering partnership

From the beginning, the Blyk leadership team was clear that meeting the needs of both these sets of customers was not a task that they could tackle alone. “For us the key challenge was to combine the Blyk member experience and the experience we are offering our advertising customers”, says Kai Friman, Blyk’s Head of Member Operations. “To make this happen, we required a fully integrated end-to-end solution and the right partner to deliver that.”



Given the pioneering nature of the Blyk business plan, the definition of “end-to-end” had to be stretched far beyond the traditional technical solution to include extensive business consulting and around 18 months of consumer research. And because Blyk had neither the time nor the strategic need to set up as an operator in their own right, they had to trust their chosen partner to build and manage complex core network and back-office operations on their behalf.

As Blyk COO Leif Fågelstedt puts it: “We wanted a hosted solution firstly because we didn’t want to make big investments in infrastructure and systems; and secondly because we wanted to make sure we could enter this highly competitive market as quickly as possible. The solution that Nokia Siemens Networks offered us was perfect because it met both these requirements.”

#### Proof of concept

Just four months after its UK launch in September 2007, Blyk’s new advertising medium had already validated the vision of its founders. With over 500 campaigns successfully completed, its unique combination of a 100% opt-in audience, close targeting and instant feedback was achieving an average response rate of 29%.

Compared with older response-based media that rarely achieve rates of more than 2% (see table) these were astonishing results. And according to Alison Webber, Account Director at McCann Erickson, they represent a unique opportunity for advertisers. “As our media marketplace fragments, consumers are more in control than they have ever been of what marketing communications they’re exposed to. In this context, Blyk’s combination of relevant message and precise targeting can only increase the effectiveness of our communications.”

#### A strong foundation for growth

With the UK operation Blyk is on its way to reaching its target of 100 000 members after one year of trade. Building on its early wins and rapid hands on learning, Blyk expansion is underway. The Netherlands was launched as Blyk’s second country in January 2008 and more countries are expected as the company is starting its global expansion.

For each expansion phase, Nokia Siemens Networks’ centralized and highly scalable hosted solution will provide an easy and cost-effective platform for growth, flexibly adapting to specific local market conditions and advertiser strategies. And even more importantly, according to Leif Fågelstedt, Nokia Siemens Networks people will be working closely with Blyk every step of the way. “We see Nokia Siemens Networks first of all as partners in a strategic alliance, where we talk about entering new segments and new markets. And secondly as day-to-day colleagues, because we’re constantly fine-tuning our systems and processes to meet our customers’ needs, and their insights on how to do this together are very valuable for us.”

Medium	Average Response Rate (%)
Blyk mobile advertising	29
Online advertising	0.02
Paid search advertising	0.2
Email	0.1
Direct mail	2
Direct response TV	0.0
Magazines	0.2
Radio	0.01

Source: Blyk and e-consultancy September 2007

#### Business challenge

- Rapidly launch innovative new advertising-funded mobile services in highly competitive marketplace
- Create compelling value proposition for advertisers by building a new interactive medium with direct access to difficult-to-reach 16 to 24 year-old consumers

#### Nokia Siemens Networks solution

- Strategic support in business model definition and end user behavior
- Business consultancy for hosted core network implementation and system integration services
- Full operation of Blyk’s centralized hosted core network, pre-paid charging and messaging and browsing applications

#### Business benefits

- Shorter service launch lead time
- High service quality with minimal investment in services and software
- Flexibility to enhance end user service offering in response to market demand, with manageable business risk
- Seamless collaboration with a reliable partner on operational and strategic level
- Enhanced value proposition for advertisers with an average 29% campaign response rate compared to average 2% in older response-based media