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Apps provide value to consumers

A look at the evolving marketplace of smartphones and apps in the MENA region

David Ashford

PEOPLE IN the MENA region love their smartphones — Nokia, BlackBerry, iPhone, Samsung, HTC, LG and others. The extent, to which these people consume apps largely, depends on which device they have because each of the main operating systems (Nokia's Symbian, BlackBerry, Apple's iOS, Android, Bada and new kid on the block Microsoft Windows Phone 7) has its strengths and weaknesses.

Every app entrepreneur should be focused on how their app can generate revenue. They need to be sure that the app provides value to the consumer and that the consumer will be willing to pay for it, and they need to consider how to get their app to the consumers and how to collect revenue from the consumers.

Publishers often produce free (lite) versions of their apps, which carry in-app advertising and have limited functionality, in order to encourage consumers to pay to upgrade to the full app. However, Microsoft's new app store, Marketplace, empowers publishers to offer their full apps for a test period, which, means lite versions are no longer required.

The main challenge is that many smartphone users in MENA cannot or will not use credit cards. Premium SMS historically offered a means of payment but on very poor commercial terms. Thankfully, operator billing is now starting to be rolled out so that consumers can make payments to app publishers and have them charged to their pre-paid or post-paid phone account. This will have a huge impact on app revenues from app sales and in-app purchases.

Unfortunately piracy is a particular issue in this region, even though jailbroken phones cause the owner all sorts of problems. Piracy is not only illegal but it is stemming creativity and entrepre-



neurial endeavours. The irony is that it is the little guy who is getting hurt, not the big organisations the hackers claim they are rebelling against. Everyone would be so much better off if these hackers used their skills to create apps rather than steal other peoples' ones.

So if consumers are able to try out apps before buying them and if there is a means for them to pay — and if we are able to stamp out piracy — then there is a bright future for app entrepreneurs and the designers and developers who

have the skills they need.

The most successful apps are those that make use of the unique capabilities of the smartphone or the timeliness or spontaneity of the user. Casual gaming, location based services and augmented reality are all popular but recent research commissioned by AppsArabia (carried out by Real Opinions and sponsored by BlackBerry) showed a gap in the market: demand exceeds supply of apps, particularly in the communication, photography, so-

cial networking, navigation and music categories.

The next big thing will surely be Near Field Communication, which can enable smartphones to share data, unlock doors, pay for goods, etc. We probably won't need credit cards or keys in the future anyway.

— David Ashford is General Manager of AppsArabia, the two4invest investment fund, which aims to build a sustainable MENA app development industry.



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