Web OS Opportunities and Challenges in China

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Agenda

• Overview  China Smartphone market
• What is driving China Smartphone market
• Tizen’s Opportunities and Challenges in China
• Tizen Ecosystem Consideration
• Q&A
China is the world's largest handset and Smartphone market by volume, as well as the second-largest market by value.

• By February 2013, China have 246 million Smartphone devices compared to 230 million in U.S.
• U.S. will not take back the lead from China for vast difference in population.
1.15 Billion mobile phone user, still growing up

• By the End of Q1 2013, Mobile Phone user has reached 1.15 billion in China
  • 2G user: 870 million
  • 3G user: 280 million

• Mobile Phone user still growing up
  • During Q1 2013, mobile phone user increased 34.9 million
  • 3G user has became the mainstream
    a) China Mobile 3G user’s incremental grew 28%, 2G user’s incremental negative growth 8%
    b) China Unicom 3G user’s incremental grew 17%, 2G user negative growth 44%
    b) China Telecom 3G user’s incremental fell 6%, but above the average of last year, 2G user negative growth 27%

Data source: Operators quarterly report
In China, Smartphone market is growing rapidly

- **China Smartphone market is growing rapidly**
  - In March, China market sales 26 Million Smartphone, increased 41.9% than the same period last year
    - a) Android have 91%(increase 0.5%) market
    - b) iOS have 5.9%(drop 0.4%) market
  
- **JP Morgan reported the high-end Smartphone market is saturating, first-time buyer is reducing**
  - By 2014, the global Smartphone growth rate will sharp decrease to 17% from 37% in 2013
  - Then most of Smartphone buyer will come from emerging markets like China

Data source: Operators quarterly report
China Smartphone user’s preference

- 27% user use Smartphone read books and news
- 20% user use Smartphone access SNS and chat using IM
- 31% user use Smartphone 2-3 hours, except for phone call time; and 22% user use 3-5 hours.

The big screen Smartphone is becoming more and more popular in China, and they are pay more attention on the sustainable use time.

Data source: Hexun
China Smartphone user’s browser preference

- Access webpage and read books\news are the main purposes. And mobile shopping is becoming more and more popular.
- UC, QQ and Opera covering 77% of browsers market share

Data source: Hexun
China Smartphone user’s App preference

What applications tend to be installed
- Media information: 26%
- SNS: 22%
- IM: 21%
- Game: 12%
- Music\Video: 12%
- Office\Note: 7%

Consider factors before installing application
- Charge: 27%
- Push: 21%
- UI Experience: 19%
- Company: 14%
- Promoted: 10%
- Novelty: 9%

• Top three categories apps are Media information, SNS and instant messenger

• Top three factors to consideration: Charge, Push and UI Experience

Data source: Hexun
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3G drives Smartphone replace feature phone

- Q1 2013, China 3G user rapidly increasing:
  - China Mobile: increase 16 million
  - China Unicom: increase 11.4 million
  - China Telcom: increase 741 million

- 870 million 2G user is moving to 3G
  - High speed network drive
  - Mobile internet\application\game drive
  - Current 3G user only 280 million

Data source: Operators quarterly report
TD-LTE will drive the second wave

**Networks**
- The number of TD-LTE BS reached 20,000 by the end of 2012, covering 13 cities in mainland and serving one hundred million people in HK
- The plan in 2013 is to deploy more than 200,000 BS

**Cities**
- Large Scale Trial (before 2012): 6 cities (Guangzhou, Hangzhou, Nanjing, Shanghai, Shenzhen, and Xiamen)
- Expanded Scale Trial (2012): 15 cities (Guangzhou, Hangzhou, Nanjing, Shanghai, Shenzhen, and Xiamen), Beijing, Tianjin, Qingdao, Shenyang, Fuzhou, Ningbo, Chengdu, Wuxi and Wenzhou
- Commercial Network (2013): >100 cities, with around 750 million population

**Vendors**
- 10 Infrastructure Vendors
- >20 Chipset / Terminal Vendors
China Operators are leading 2G user to 3G

- **1000RMB Smartphone plan**
  - High subsidies reach up to 50%
  - Local terminal manufacturers have 30s devices, include Huawei, Coolpad, Lenovo, ZTE etc
  - International terminal manufacturers have joined, include Samsung, Moto, Nokia etc

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4 Typical 1000RMB Smartphone

Data source: Third party
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Tizen’s Opportunities in China

• Opportunities
  • The World’s biggest Smartphone market, 870 million 2G user waiting to buy 3G/4G Smartphone
  • 11.28 million first-time buyer per month
  • Operator is open and would like to see the multiple OS in market
  • Cost effective device is welcomed by the market
Tizen’s Challenges in China

• **Android and iOS already have 97% Smartphone market share**
  • Android also open source and free, even if it’s controlled by Google
  • Android has covered the low to high end Smartphone
  • App Store and Ecosystem are Tizen’s weakness

• **Terminal Manufactory Brands**
  • International brands: rising the profile
  • Local brands: cover more market share
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Two issues should be considered for Tizen Ecosystem

• How to develop Web Apps Fast and Easily?
  • HTML5 standard compromise
  • Web Application portability between OSs and Browsers
  • Web Apps development tools

• How to delivery Web Apps to end user in low cost?
  • Web page apps VS Installable apps
  • URL VS App Store
Q&A
Thanks

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