



Annual Report 2009/10



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CHAIRMAN'S MESSAGE

Dear Members,

Taking up our cue from the discussions at the last annual general meeting as well as the strategic direction that Sanjeev [Bikhchandani] and his team had given us; much of the year was spent on experimenting with some of the core and defining features of the association and building some key processes which would help us work towards long term goals through a mechanism of delegated leadership.

In an earlier communication, on behalf of the governing council, I had indicated to you:

- a) Long-term strategic areas of work on: Advocacy, Business Ecology Development; Market Education and through these three, building a strong IMAI brand.
- b) Operating Principles based on: humility; delegated responsibility; meritocracy and unity of purpose
- c) Achievable targets including: better infrastructure for promotion of internet; enabling policies for mobile value added services, friendly regulations to promote digital payments in all forms, outreach to law enforcement agencies and fiscal benefits for segments that our association represents.

Beyond this “re-structuring”, the stated goal of the association has been set as “advancing the digital industry”. At the bare minimum this means making ourselves representative of all the constituents of the digital industry and widening our focus and representation to constituents such as telecom companies, venture and PE funds, start-ups, payment enablers and more.

I must admit that getting the so called restructuring and aligning all the functions and functionaries towards the stated goals, objectives and processes have been a time taking process – and continue to be a work in progress. Much like teaching eagles to fly in formation!

However, I am pleased to inform you that, that has

not prevented us from achieving some key results within the framework of the new structure. Let me run you through some of them:

Advocacy: This really in plain language means our influence over relevant government departments over policy. In terms of achieving results for the association, I would rate this as 5 out of 10. But in terms of outreach and having a say in policy matters, the score would be 7 out of 10. Take the case of regulations under the IT Act. We have been very persistent with the government that the industry's voice must be considered and that IMAI is the only association representing a large section of the intermediaries. Both these aims have been achieved, however, from the government there have been no movement forward on formation of rules around the critical section 79. On a much better note, our recommendations on the guidelines for payment aggregators have been accepted fully by the regulator, The Reserve Bank of India and we have even managed to have a written clarification on some of the finer points from the Bank. While these two cases represent better and best case scenarios, the case of second factor authentication

of credit cards, represents the worst case scenario: where none of our recommendations were carried forward by the Bank – partly because of a divided house at our end.

Business Ecology Development: This is really an easy one and for me it is a challenge as to which of the initiatives to highlight here. Simply put this really means two things, increasing your business without directly getting into business development and addressing inter-sectoral or B2b business issues, let me highlight just two achievements here: a) The much awaited AAAI and IMAI agreement with was signed under the Chairmanship of Sanjeev has began to work and we are seeing real results coming out of that process this year. It means a lot to online publishers to have a process in place to get their advertising monies on time; b) we have for the first time started working closely with aligned association in the form of NASSCOM with whom we are closely involved on issues affecting online as well as mobile value added services industries, we are supporting activities by Cyber Cafes' Association of India [CCOAI]; Proto.in on one hand; and on the other trying to reach out to some powerful bodies



such as National Payments Council of India [NPCI]. I must confess that business related alliances are working out well with niche organisations. All we need to do in the near future is to harness the powers of some of the larger generic industry associations such as CII and FICCI in a structural manner.

And as an extra, did I mention the seven “roundtables” conducted in course of the year to connect publishers, agencies and advertisers with the clearly stated objective of improving the online advertising business?

Market Education: This to us includes all activities directed towards making our various constituencies aware what our lines of business can do for them and covers the entire gamut of people from our employees to future users of internet. This has been one of the strongest points of the year's work so much so that I really do not know how to mention here. Let me stick to just two initiatives at the two extremes of the spectrum. The first is IAMAI's near total monopoly of influencing the market through research. We carry on more than 10 segmental researches each year – a task which we conducted in the usual manner this year. In addition, in order to occupy the “higher ground” we decided to initiate three macro-level policy papers: impact of broadband on Indian economy and social sector; a roadmap for the mobile value added services industry and moving from cash to cashless: role of alternative [read: digital] payment industry. Agreeing on the parameters of each of them as well as the appropriate research agency to conduct them has been time taking. While we have been finally assigned the first task to ICRIER – a first rated economics research agency; the research agency for the second and the third one still alludes us. I am just able to inform you at this stage that while for the second we are partnering with NASSCOM, for the third one – cash to cashless; we are still toying with the appropriate research agency. I should be able to come back with a more specific brief on these in the next one month.

The second market education related activity that I wanted to mention here was the rather grand but muted safe surfing campaign that IAMAI conducted in course of the year. With the support of National

Internet Exchange of India [NIXI] we launched a scaled up version of the safe surfing campaign this year, and were able to cover a whopping quarter of a million students. The message of the campaign was simple: internet is very good for you so please use it, but be careful of the safety aspects”.

With your permission, let me now get into the informal part of this message. While the IAMAI secretariat is not [yet] very strong on processes and compliance, it is pleasantly innovative and driven. I have a sneaking feeling that while they adhere to the strategy, structure and process laid down by the governing council, there are things they do on the side! I just discovered two of them this year: Moving Thinkingaloud.in to a monthly printed version with a RNI number was a brilliant idea. And, starting surveyofindia.net [a technology driven permission marketing platform] was another. Both of them are still in the nascent stage, I shall reserve my comments on them for the next year.

All these and more, I hope would help build a strong IAMAI brand and create the necessary factors that would pull appropriate constituencies towards IAMAI and broaden our membership base. Some beginnings have been made with telecom operators and start-ups and we hope to take this exercise to its logical end.

Before you flick the page, let me tell you that Ambareesh will be sharing with you his [rather cut and dried] perspective on industry and Subho will give you a truthful detail of the work done this year.

Finally, I, the executive council, the governing council and the various committees stand to benefit from the new internal governance rules of carrying on our “reign” for another year. On behalf of all of them, I request you to push us to achieve newer and more difficult targets.

Be with us,

Shailesh Rao
Chairman



VICE CHAIRMAN'S MESSAGE

Dear Fellow Travellers

The Digital Industry has had an eventful last couple of years with healthy internet usage trends in the form of increased penetration, greater broadband usage & overall increased time spent. Mobile usage continues to gallop and is slated to reach 600 million users soon. In the last year or so, social networking has moved beyond being a buzz word to becoming a phenomenon propelling increased net usage while the mobile is becoming a significant web access device with estimates suggesting as many as 260 million mobile internet subscribers by the year 2015!

Today there is reason to be optimistic on several counts – the impact of the slow-down on our industry was much milder than feared and it lasted for a shorter duration than we had expected. The worst is now behind us and on all accounts there is increased industry buoyancy. Advertising including classifieds, banner and search is on the growth path, eCommerce was not seriously impacted through the last year and is on the march and mobile value added services seem to be doing better than ever before. In December 2009, as IMAI looked at compiling a database of internet start-ups; we were easily able to put together a list of 300+ companies that are between 2-3 years old, this coupled with the fact that there are quite a few cases of senior executives starting their own ventures suggests that the spirit of entrepreneurship and innovation at the core of our industry remains alive and kicking!

Our industry has taken up this “opportunity” to establish robust business processes either through self or governmental regulation, which has contributed to stability in the industry as well as enabled the prospect of longer term planning. The AAAI-IMAI agreement which became functional this year, RBI regulations around payments and payment security and the formation of rules around the new IT Act are specific cases in point.



Delegates at a IMAI Conference

I believe we have emerged stronger and wiser from the events of the last year or so and looking ahead our industry will be defined by fast regeneration driven by grassroots entrepreneurship, tighter management and increased flow of investments.

The continued secular growth of the industry is assured through the growth of mobile telephony and internet usage irrespective of general economic conditions. Mobile phones added on an average 10 million users per month through the economic 'slow-down' period and internet users grew at whopping 24% [claimed users] and 18% [active users]. The impact of measures like the auction of BWA spectrum, I hope, will further help accelerate industry growth.

Looking ahead, our industry is faced with the challenge of harnessing the opportunities in the mobile ecosystem through viable business models that leverage the large mobile user base, mobile penetration into newer demographics, 3G auctions and the arrival of smart phones at affordable prices.

The other opportunity for our industry is around the internet reaching the hinterland; here too new opportunities are being opened by the government in the form of panchayat connectivity, common service kiosks, allocation of USO fund for rural internet, UID project and many other similar initiatives. The government's commitment seems to be at the highest level and our challenge is to be a part of the enabling infrastructure and process. In sum, opportunities could come from unlikely and unexpected quarters and we need to make sure we are there when it comes knocking.

Finally, I would like to thank Shailesh, Sanjay and members of the governing board for their excellent engagement through the year and kudos to the subtle skills of Subho & the IMAI staff who persuaded us to devote more time to IMAI than any one of us had expected to.

Have a great year ahead!

Ambareesh Murty
Vice Chairman

1. MARKET EDUCATION



Delegates at a IMAI Conference

In terms of scale, efforts and outcome, market education in its various avatars continued to be one of the most important genre of activities of IMAI. There were two new aspects to this year's activities: a few innovative ideas were tried out and the scale of some of the initiatives were much larger than in previous years. While carrying on with existing initiatives such as large conferences, we also undertook new ways of connecting with users like the launch of the internetguru.in.



Delegates at a IMAI Conference

1A. CONFERENCES

Large conferences and seminars continued to be the most visible and public of all IMAI initiatives. As in previous years, we managed to organise 8 large conferences spread across the year. While the conferences provided a powerful platform to members and others to share their views and connect with clients, this year in the middle of a downturn, the conferences also proved to be a rallying point for the industry adding the much needed feel good factor. From the perspective of IMAI, the yearly conferences are now a part of the set process with some of the annual conferences in their 5th and 6th editions. Going forward, while IMAI would continue to organise 8-10 large conferences each year, the setting up of a process would mean much less effort.



Ajit Balakrishnan and Shailesh Rao at the 5th Marketing Conference

FIFTH DIGITAL MARKETING CONFERENCE [2 JULY, 2009]:

One of the key conferences of IMAI entered its fifth edition this year. IMAI happily continues to enjoy a monopoly of sorts in the digital marketing domain. Little wonder therefore that the conference saw the highest attendance of 400 delegates. The keynote address at the conference was delivered by Chairman Emeritus, Ajit Balakrishnan who held the delegates, many of whom were industry veterans, spellbound. Other notable speakers at the conference included Shailesh Rao, Chairman IMAI, Suman Srivastava Chief Executive Officer, Euro RSCG, Pushkar Sane

Global Head of Social Marketing Practice, Starcom MediaVest Group, Manoranjan Mohapatra, Chief Executive Officer, Comviva, Arvind Rao Chairman, CEO and Co-founder, OnMobile, Ambareesh Murty, Country Manager, eBay India. The conference was sponsored by Indiamart.com and held in New Delhi.

Given the success of Digital Marketing Conference and the growing importance of digital marketing, the 6th edition of the conference would simply be titled "Marketing Conference" as a precursor to digital becoming a mainstream marketing medium.



L-R: Frazier Miller, Shriram Adukoorie, Shailesh Rao, Sanjay Trehan, Venkata Rao Mallineni at the 5th Marketing Conference



L-R: Rajesh Rana, Harish Bahl, Pravir Ganguly, Jyotish Kumar Ghosh, Muralikrishnan B, John Verghese at the conference on ICT for SMEs

CONFERENCE ON ICT FOR SMES [10 JULY,2009]:

SMEs continue to be a very important “client” of the digital industry, however, accessing them and making them aware of what the digital industry has to offer is a difficult task. As an initial effort to start rallying the SMEs around digital industry, IMAI organised this conference in New Delhi with the specific intention of making small and micro businesses aware of the various low cost and effective business enhancement tools that the

online and mobile industry have to offer.

Mr Dinesh Rai, the forward thinking and supportive Secretary, Department of MSMEs was the Chief Guest at the conference which was attended by 250 delegates mainly representing professionally run small and micro businesses. The event was supported by our member Indiamart.com.

As a part of IMAI's continued effort to rally SMEs, it has been decided to make this conference an annual affair.



L-R: Dinesh Agarwal, Shri Dinesh Rai and Sanjay Aggarwal at the Conference on ICT for SMEs



L-R: Navin Surya, Shubhashis Gangopadhyay, Shri G Gopalakrishna and Bibek Debroy at the Conference on Financial Inclusion and Digital Payments

SECOND FINANCIAL INCLUSION AND DIGITAL PAYMENT CONFERENCE [21 AUGUST, 2009]

The Conference on Financial Inclusion and Digital Payments, another annual conference of IMAI, entered its second edition this year. This conference in a short span of two years has become the gathering of all stakeholders including regulators in the digital payments space. This year the Chief Guest at the Conference was Mr G.Gopalakrishna, Executive Director, Reserve

Bank of India and eminent speakers included Dr. Shubhashis Gangopadhyay, Trustee, India Development Foundation and Former Adviser to the Finance Minister; Dr Bibek Debroy, eminent economist, A P Hota, Chief Executive Officer, National Payments Corporation of India (NPCI), Aditya Menon, Executive Director & Global Head of Product Management Obopay Mobile Technology India Pvt Ltd., Naveen Surya Managing Director ItzCash Card. The conference held in Mumbai was attended by 250 delegates. The conference was sponsored by our member Itz Cash Cards.



L-R: Rohan Goel, Ravi Shankar, Anil Pande, Dewang Narella, Rajesh Dongre, Sunil Kulkarni at the Financial Inclusion Conference



L-R: Chirag Jain, V S Sharma, Sangeet Chowfla, A D Mehta, Debasis Chatterji, Kumar Apoorv at the Mobile VAS Conference

THIRD NATIONAL CONFERENCE ON MOBILE CONTENT AND SERVICES [2 SEPTEMBER, 2009]

Vijay Shekhar Sharma, Chief Executive Officer, One97, A R Vishwanath, Chairman, CEO & Founder, IMImobile, Raj Singh, Managing Director, 2ergo, T V Ramachandran Secretary General, Cellular

This generic conference on mobile value added services has entered into its third edition in two years and has proved to be a strong rallying point for our mobile value added services members. This year the conference was held in New Delhi and as usual it was a great success with over 350 attendees.

Eminent speakers at the conference included Uday Sodhi, Chief Executive officer - New Media, Balaji Telefilms,



L-R: Ajay Vaishnavi, Zubin Dubash, Vijay Anand, Rajat Mukarji, Vishal Maheshwari, Jasmeet Gandhi at the Mobile VAS conference

Operators Association of India. The conference was sponsored by Comviva.



L-R Milind Pathak, A R Vishwanath, Chetan Jain, Uday Sodhi at the Mobile VAS conference



L-R: Sanjay Swamy, Sunil Kulkarni, Anil Pande at the Symposium on Financial Inclusion through Mobile Phones

SYMPOSIUM ON FINANCIAL INCLUSION THROUGH MOBILE PHONES [9 OCTOBER, 2009]

Given the topicality of mobile payments and financial inclusion, this one off symposium was organised to discuss the regulatory and business impediments to mobile payments and how mobile phones could become medium of financial inclusion. Mr R Chandrashekhar, Secretary,

Department of Information Technology was the chief guest at the symposium, other prominent speakers included Lloyd Mathias, President, Product, VAS, Business Development & Chief Marketing Officer, Tata Teleservices Limited, Probir Roy, Co-Founder, Paymate, Sanjay Swamy, Chief Executive Officer, mCheck, Pallab Mitra Head Mobile Commerce and Mobile Money for Unbanked, Bharti Airtel. The event was held in New Delhi.



L-R: Lloyd Mathias and Probir Roy at the Symposium on Financial Inclusion through Mobile Phones



L-R: Amitabh Pandey, Cory York, Rishi Khiani, Brajesh Agarwal and Vivek Nayak at the Digital Commerce Conference

NATIONAL CONFERENCE ON DIGITAL COMMERCE [27 NOVEMBER, 2009]

After a gap of a year, IMAI was able to organise the third edition of the Digital Commerce Conference this year. For the first time the conference was held in New Delhi to draw attention of government

and regulatory bodies towards this segment of the digital industry. Interest in digital commerce continues to be very high as was attested by over 300 delegates that attended the conference. Mr R Chandrasekhar, Secretary, Department of Information was the Chief Guest at the conference. The conference was supported by eBay India a founding member of IMAI.



L-R: Gaurav Gupta, Peshwa Acharya, Kashyap Vadapalli, Mohit Hira and G S Malhotra at the Digital Marketing Conference



L-R: Anupam Mittal, Avnish Bajaj and Hitesh Oberoi at the India Digital Summit

FOURTH INDIA DIGITAL SUMMIT [3-4 DECEMBER, 2009]

IAMAI's flagship conference the India Digital Summit, after an unfortunate gap of a year, entered its fourth edition this year. This event which over the years has come to represent the macrocosm of the digital industry in India was held over two days in Mumbai and was attended by over 600 delegates on two days. Eminent speakers at Summit included Ajit Balakrishnan, Chairman and CEO, Rediff.com, Adrian Moss Group Chairman, DGM, Anupam Mittal, President and Chief Executive Officer, People Group, Avnish Bajaj, Founder, Matrix Partners, V Ramani, Vice Chairman & Managing Director, Ignitee, Surya Mantha, Chief



L-R: Ambareesh Murty and Arun Tadanki at the India Digital Summit

Executive Officer, Web18. The Summit was sponsored by Adtech.



L-R: Rajeev Dhal, Pranay Chulet, Mahendra Swarup, R Sundar, J Murugavel and Shriram Adukoorie at the India Digital Summit



L-R: Subimal Bhattacharjee, Manoj Joshi, R Ramaraj and K Santhanam at the seminar on National Security and Digital Technology

NATIONAL SECURITY AND DIGITAL TECHNOLOGY [24 MARCH 2010]

We concluded the year with a seminar on National Security and Digital Technology. The conference

attended by a large number of government and security related officers addressed the issue of how to harness digital technology to address issues related to National Security. The conference was attended by 100 delegates and was supported and sponsored by CERT.in, Government of India.



L-R: Keith White, Rajat Mukarji and Amitabh Singh at the Conference on National Security and Digital Technology

1B. SAFE SURFING

While educating the market about various aspects of the digital industry through conferences and seminars is a large scale initiative, this year in terms of scale, IMAI's Safe Surfing Campaign was unprecedented. The campaign is an onsite outreach programme for school children between ages 12 and 18 encouraging them to use internet in a safe and secure manner. Since the last two years, IMAI has run this campaign on a smaller scale covering no more than 10,000 students each year. However, this year the campaign was different in many ways. First, the number of students targeted was a quarter of a million; coverage was extended to government run schools, Hindi was included as a medium of interaction and parents were actively encouraged to participate in this programme alongside students. IMAI working solely with in-house resources was able to complete the campaign in slightly over 6 months. The initiative was supported by a substantial grant of INR 50 lakhs by the National Internet Exchange of India. IMAI takes up this opportunity to express its gratitude to Mr N Ravi Shanker, CEO and the Board of National Internet Exchange of India for the trust reposed on IMAI.

The details of the safe surfing campaign are given in the table below:



Time Frame	6 months 15 days
Number of students	252,000
Number of schools covered	180
Number of cities covered	30
Type of schools	All schools (20% Government / Government aided schools)
Target languages	English/Hindi

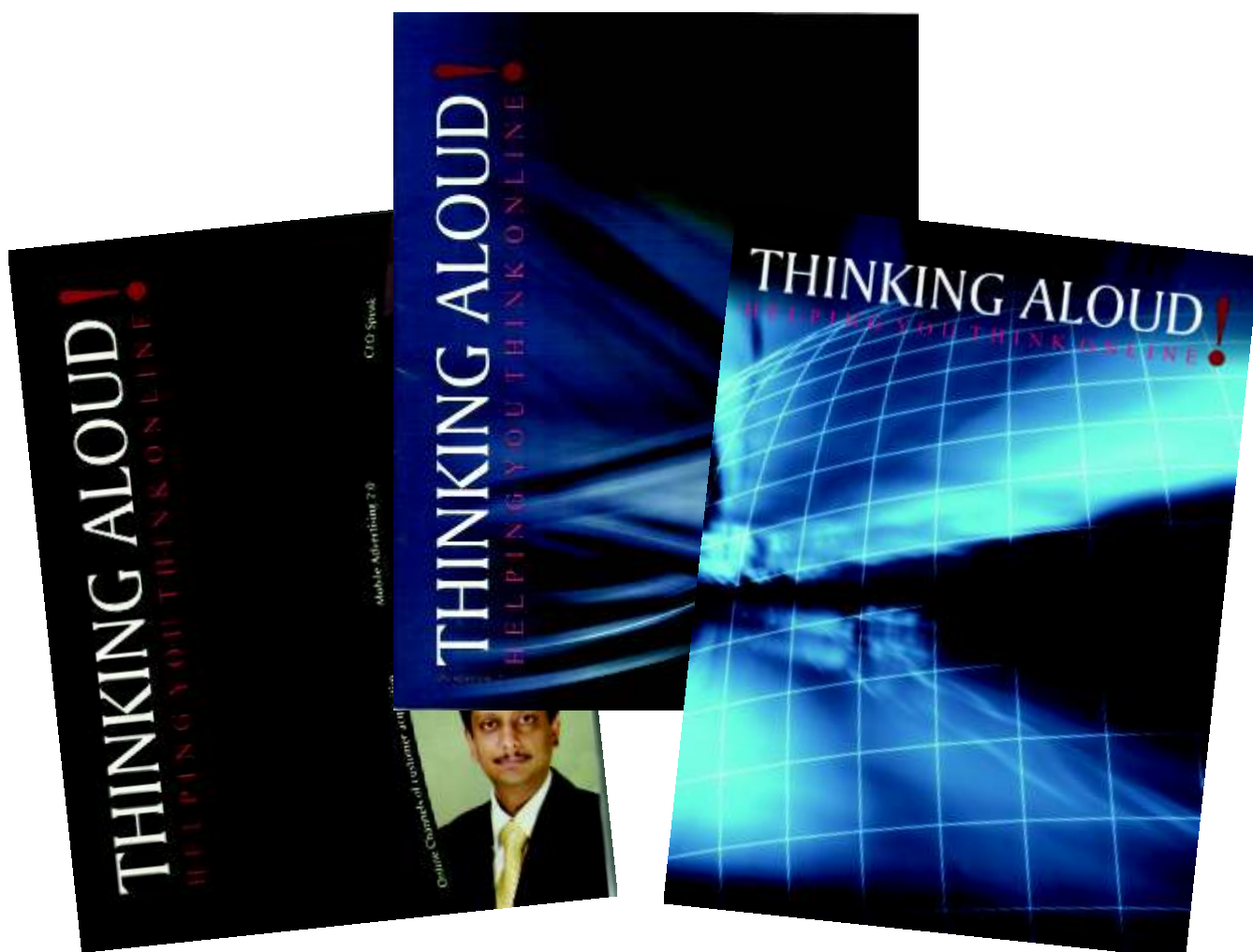
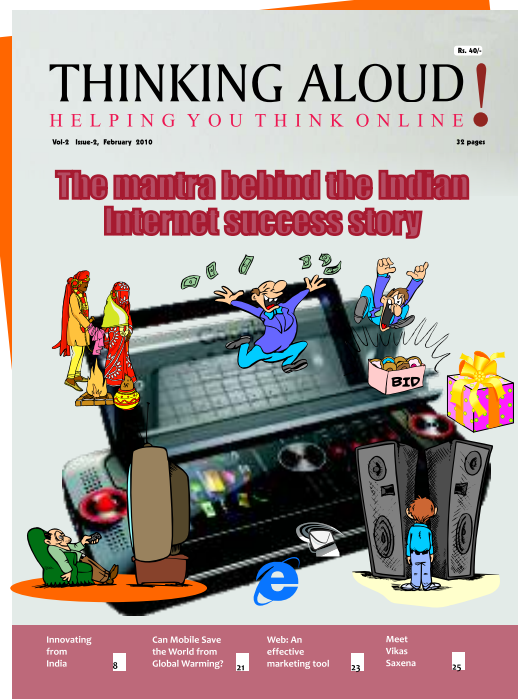


*Interaction with students
and parents at the
Safe Surfing Campaign*



1C. THINKING ALOUD!

One of the major challenges in market education has been to reach out to those, especially business executives and government officers, who do not use internet frequently. Online activities and campaigns have little impact on them. This problem was specifically faced with regard to IMAI e-zine www.thinkingaloud.in. It was started three years back as an online journal and has become popular among the internet using people. To expand its readership, IMAI from December 2009 has started publishing a monthly print version of the magazine. The print version of the magazine seems to have become quite popular especially since it fills an important void. The magazine which is registered with the Registrar of Newspapers in India has a print run of 6,000 copies and an estimated readership of 12,000+.



1D. INTERNET TRAINING CENTRES



IMAI Internet Training Centre in Indore

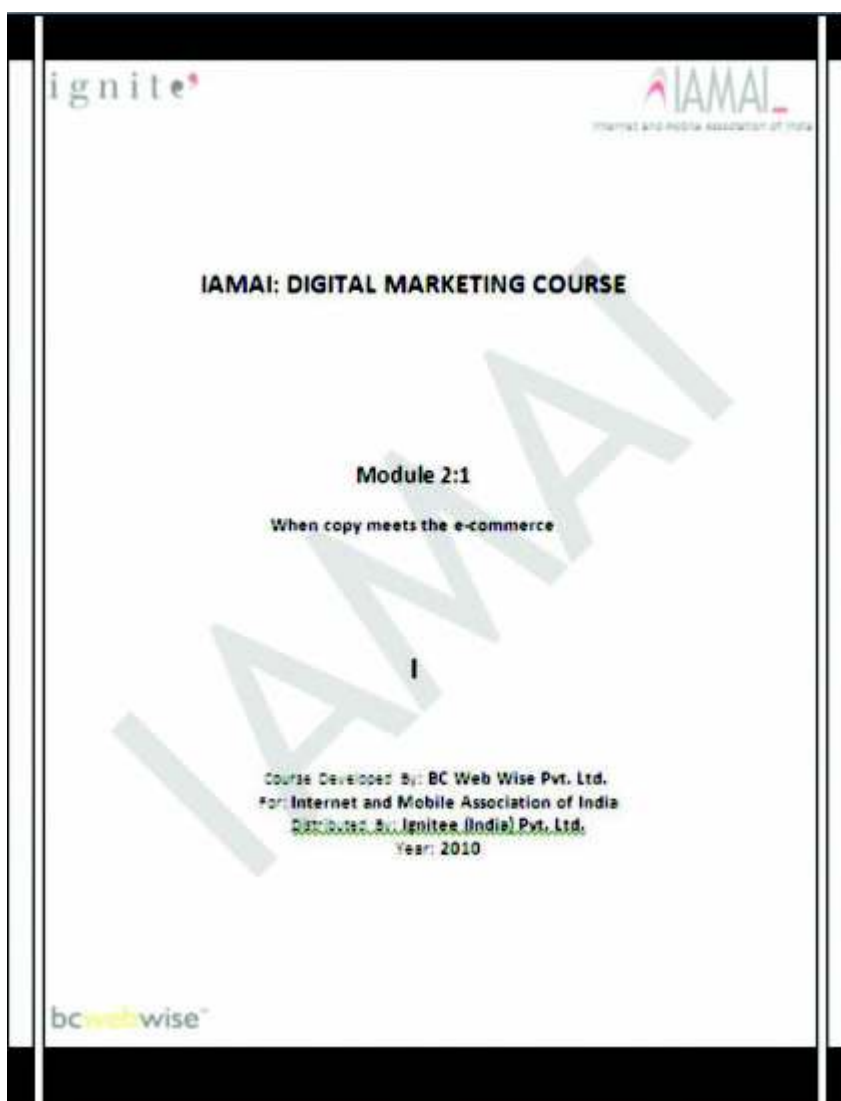
One of the least visible but far reaching initiatives in educating the market has been IMAI's direct and on the spot involvement with training non-internet users in the use of internet. One of the hindrances to internet penetration in India has been lack of awareness of the uses of internet. To make up for this lacuna, albeit in a very small way, IMAI this year set up six internet training centres in Mumbai, Indore, Agra, J&K, Lucknow, Almora. The purpose of these internet training centres is to provide up to 30 hours of free internet training to young people who otherwise do not have access to internet and are not aware of the benefits of internet. This is a very small effort by IMAI to provide some basic skills to economically and socially disadvantaged youth. IMAI is committed to scaling up this project with the support of members, government agencies and NGOs.



1E. DIGITAL MARKETING COURSES

One of the most direct ways of market education is to actually “train” business executives and fresh graduates in the nuances of digital marketing. Happily, IMAI has taken a serious plunge in this area as well. After two years of working with members, IMAI has created substantial course content, build up an impressive database of teachers and instructors and armed with these hit the market running. The business model is simple yet scalable: IMAI provides the courses and the certification, supports with marketing and speaker/instructor recruitment and the partnering organisation markets the courses to various constituencies and conducts the programme. The biggest and the most significant partner for this initiative that we were able to tie up with was NIIT Imperia which conducted its and ours first ever commercially deployed digital marketing course. The course lasted for 5 weeks, covered 70 odd paid students and had very eminent teachers such as Mohit Hira, President, www.training.com, NIIT Ltd, Upen Rai, Director, Times Internet; Sanjay Aggarwal, General Manager (Operations), IRCTC; Dinesh Agarwal, Founder & CEO, IndiaMart InterMesh; Deepak Taneja, Head Digital Marketing, Nokia; Manish Vij, Co Founder, Quasar Media; Jaspreet Bindra, Regional Director -

Entertainment and Devices, Microsoft; Anjali Hegde, VP & Founding Partner, Interactive Avenues; C P Singh; Chief Technology Officer, Studio Smile; Shyam Somanadh, Founder & Chief Guidance Officer, Frontiernxt; Manish Dingra, Founder & CEO, Tekriti; Sandeep Singh, Co-founder, Business Head, Brand & Media Solutions, Quasar; Amarinder Dhaliwal, VP eCommerce, Indiatimes and Chirag Jain; Vice President, Webaroo. IMAI would like to take this opportunity to thank Mohit Hira and Shraman Jha, Senior Vice President, NIIT Ltd for building up a successful partnership. We also have tie ups for this course with smaller but niche companies such as Ignitee, GutsGo, WATMedia and SIES Management Schools, Mumbai.



1F. INTERNETGURU.IN

Internetguru.in is an interesting initiative that we launched this year. It is a web-based internet training and query management system. The focus of the service is to simply teach those who are not fully exposed to the internet the various uses of internet [such as net banking, ecommerce etc] and also to make them aware of the various safety and security related issues that they need to be aware of. Currently the site has 11 learning modules in four languages. Going forward, the site will become an online advisory, customer management and security related consultation platform. Watch this space!



1G. SURVEYOFINDIA.NET

Perhaps not too directly connected with market education, yet a new thought and worth mentioning in the annual report is the always on online market survey portal surveyofindia.net, a beta version of which would be launched by the middle of April 2010. The site is essentially an online panel based market survey platform generating paid and free survey and dip stick reports for members as well as non-members on various marketing and consumer behaviour issues. Expect much action on this front soon!



2. RESEARCH

2A. MARKET SURVEYS

IAMAI Market Surveys continue to be the strong point and decision determinant since they were started way back in 2004. While this year we were not able to close as many sectoral market surveys as we would have liked to. However, we did manage to conclude and publish 5 major market surveys. Summaries are below:

ONLINE DISPLAY ADVERTISEMENT: [DECEMBER 2009]

Findings of the report show that size of the online display advertising market has reached INR 3250 Million in FY 2008-09 registering a significant growth rate of 38% and is expected to grow to INR 4300 Million for FY 2009-10. The study reveals that online publishers (26%) remain major contributors to this market while there is a sharp decline in the contribution of the BFSI sector (25% to 17%) this year.



MOBILE INTERNET IN INDIA [DECEMBER 2009]

A rather contested research paper and frankly we are still seeking the right parameters for this study. 2 million internet users on mobile the numbers are, for many, below expectation. But we are expecting the number of internet users on mobile to grow very rapidly in the next 2 years.

GAMING IN INDIA [DECEMBER 2009]:

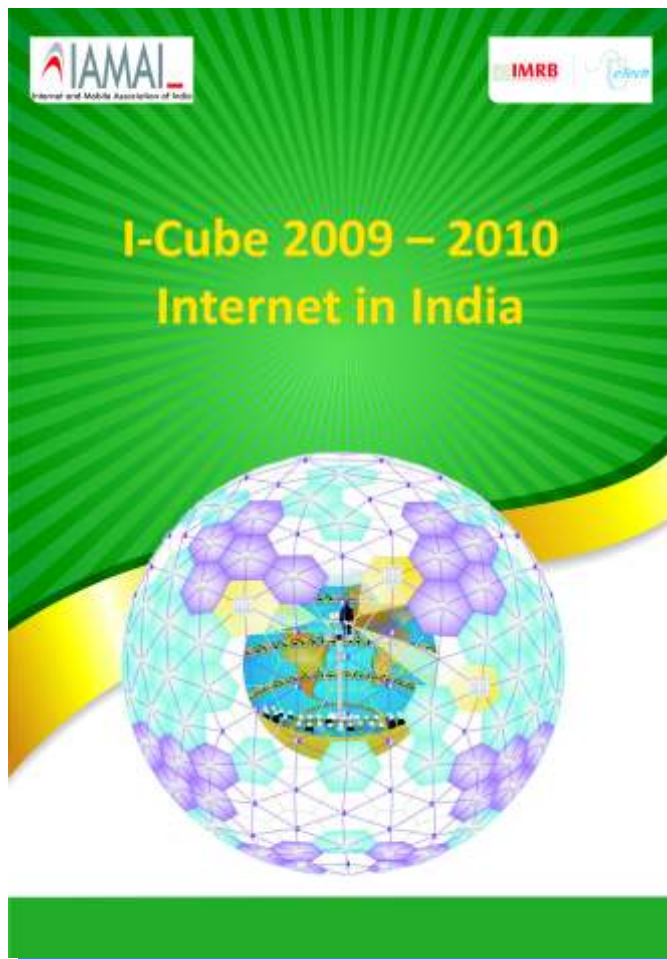
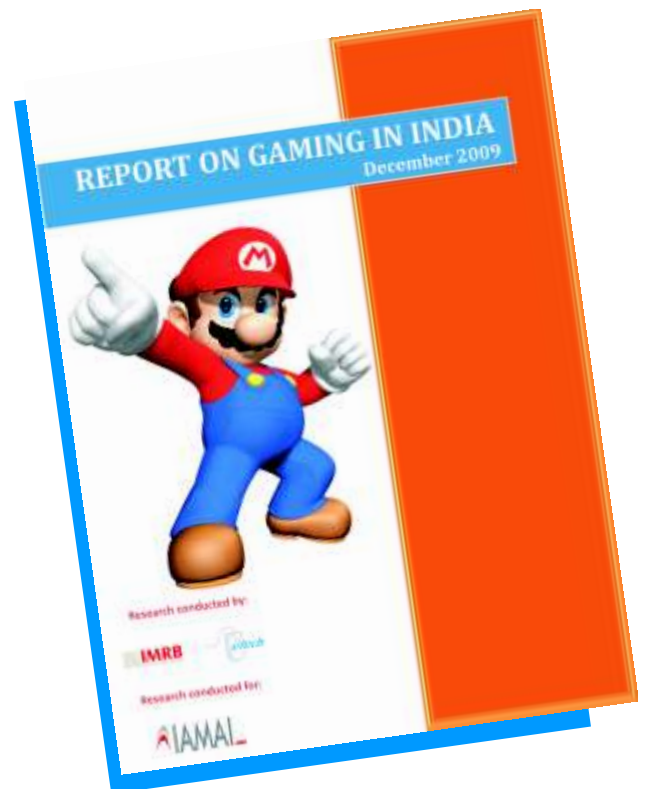
Again a much contested research - one that makes everyone unhappy. Although IMAI does not have a large enough constituency representing this sector, we religiously publish this market report every year! This year the report was rather comprehensive and unlike other years was based on a pre-formatted feedback from industry. The

report highlights that Internet is the driving force for the Gaming Market in India. Gamers constitute 41.2% of the total Active Internet users in India, a whopping 89% increase from the 2007, because of this spurt in numbers, Gaming has moved to rank 5 from being ranked 7 last year.

I-CUBE 2009 [MARCH 2010]:

Internet in India (I-Cube) aims to map the growth and the characteristics of Internet usage in India. It surveys the details of Internet use in India among different demographics and geographic segments over a period of time. It captures data on various applications and services used over the Internet through various points of access.

The report highlights that there has been a steady growth of Internet use in India. The penetration rates, however, continue to be



relatively low at 24% of the total urban individuals. Youth continues to drive the surge in Internet use and form major portion of the total users. Among youths, the Internet is primarily being used for searching general information and for entertainment.

While the traditional avenues (Cyber Café) of accessing Internet continue to remain strong, a definite pattern of using online services through mobile phones and kiosks is emerging.

IAMAI-MAFOI COMPENSATION AND BENCHMARKING SURVEY [MARCH 2010]

This is another study in partnership with MaFoi that IAMAI has been carrying on for the last three years. The study, based on a survey conducted among member and some non-member companies highlight benefit and compensation structures and is a useful guide to market trends in compensation packages.

2B. INDUSTRY ROADMAP PAPERS

This is a rather long and certainly engaging initiative where IAMA this year in a consensual manner set out to create, what in the want of a better term, are known as industry vision documents. There were many discussions and many arguments over these and finally the agreement was on three such papers: a) Internet and Broadband Vision document; b) Mobile Value-Added Services Roadmap and; c) Paper on Transition from Cash to Cashless economy.

BROADBAND VISION DOCUMENT:

While there have been quite a few studies on the impact of broadband in India, the discussions at IAMA has been centred around primarily on the economic and social impact of broadband and the cost of not having a robust e-infrastructure. The study has been commissioned to ICRIER and the first cut of the report is expected in June 2010. IAMA is actively looking for synergistic collaboration of other industry bodies for this project.

MOBILE VALUE ADDED SERVICE VISION DOCUMENT:

This was planned as a joint study with NASSCOM as a part of IAMA's effort to actively collaborate with relevant industry bodies. While

scope of the study has been set in consultation with IAMA and NASSCOM members, there has so far not been an agreement on the choice of the agency for this study.

CASH TO CASHLESS TRANSACTIONS:

This proposed study is specifically aimed at highlighting the role of alternative payment systems [mobile, digital and pre-paid cards] in helping the economy transit from cash to other more organised and transparent methods of transactions. The scope of the study has been set and the process of choosing a research agency is on. It is expected that by the end of April 2010 the study will be formally commissioned.

मोबाइल के सहारे पार लग रही नेट की नैया

विभू रंजन मिश्र
बंगलुरु, 18 फरवरी

पर्सनल कंप्यूटर पर इंटरनेट इस्तेमाल करने वालों की तादाद उद्योग के अनुमान मुताबिक नहीं बढ़ सकती है। हालांकि दूरसंचार ऑपरेटर्स द्वारा ऑफर किए गए अभिनव डेटा प्लान और इंटरनेट की सुविधा वाले हैंडसेटों के दाम कम होने के चलते हैंडसेट पर इंटरनेट इस्तेमाल करने वालों की तादाद बढ़ने से यह अंतर कम होने की संभावना है।

गूगल के मुताबिक, 2009 को शुरुआत में देश में मोबाइल इंटरनेट उपभोक्ताओं की तादाद 80 लाख से 1 करोड़ के बीच थी, जो अब दोगुनी से ज्यादा हो चुकी है। गूगल के मुताबिक, मार्च-अप्रैल 2009 का महीना काफी महत्वपूर्ण रहा। इस दौरान गूगल मोबाइल पर संचर करने वालों की तादाद में चार गुना इजाफा हुआ है। गूगल इंडिया के प्रिंसिपल मैनेजर (मोबाइल) आलोक गोयल ने कहा, '2009 हमारे लिए काफी महत्वपूर्ण साबित हुआ। पहले हम सोचते थे कि भारत जैसे बाजार में ग्राहकों को मोबाइल पर जानकारी जुटाने में रुचि नहीं है। मगर 2009 में फरवरी और मार्च में हमने मोबाइल इंटरनेट में एकाएक लोगों की रुचि बढ़ती देखी। विश्लेषण करने पर हमने पाया कि यह असली बढ़ोतरी है और यह उद्योग बढ़ रहा है।'

ऐसा इस तथ्य के बावजूद है कि हाल में इंटरनेट एंज मोबाइल एसोसिएशन ऑफ इंडिया (आईएएमएआई) ने मोबाइल इंटरनेट इस्तेमाल करने वालों की संख्या 20 लाख के आस पास आंकी थी। उद्योग विश्लेषक बताते हैं कि देश में 50 करोड़ से ऊपर ज्यादा मोबाइल ग्राहक हैं। जैसे-जैसे इंटरनेट युक्त मोबाइल हैंडसेटों को बाजार में पार रहा है, वैसे ही मोबाइल पर इंटरनेट का

गूगल इंडिया के मुताबिक, वर्ष 2009 काफी अच्छा साबित हुआ है। पिछले साल देश में फरवरी और मार्च के आसपास मोबाइल इंटरनेट में लोगों की रुचि एकाएक बढ़ी।

इस्तेमाल करने वाले लोगों की संख्या भी 1 करोड़ के निशान को छूने के करीब है।

इस बढ़ोतरी में सबसे प्रमुख कारण जटिल पैकेज रेट्स को (जीपीआरएस) युक्त मोबाइल हैंडसेटों की कीमत का कम होना है। मसलन, एक साल पहले एक इंटरनेट युक्त मोबाइल की कीमत करीब 5,000 रुपये थी, लेकिन आज ग्राहक जीपीआरएस सेवा वाले हैंडसेट कम से कम 2,000 रुपये में खरीद सकते हैं। देश के मोबाइल बाजार में टाटा टैकॉमो ने जलन हो प्रवेश किया है। टैकॉमो का कहना है कि इसके 40 से 45 फीसदी ग्राहकों के मोबाइल फोन पर जीपीआरएस सेवा एक्टिव है। जिससे जानकारी की अच्छी खबर हो रही है। टाटा टैकॉमो के अध्यक्ष दीपक गुलटी कहते हैं, 'हमारे लिए अपने वॉरिन्ट बढ़ोतरी ऑफर को बताना हो मुश्किल होगा, क्योंकि हमें इस बाजार में आए हुए ही करीब छह महीने हुए हैं। मगर हमारे लिए इंटरनेट डेटा एक तेजी से बढ़ रहा आध का क्षेत्र साबित हो रहा है।' कंपनी मोबाइल इंटरनेट का इस्तेमाल रियल, ई मेल, मोबाइल नेटवर्किंग और मनोरंजन के लिए होता देख रही है। गुलटी कहते हैं, 'मोबाइल नेटवर्किंग बहुत तेजी से बढ़ रहे क्षेत्रों में से एक है और मोबाइल इंटरनेट के प्रारूप में यह एकदम ठीक बैठता है। इसमें बिना जगह और समय की बाधता के दोस्त लगातार एक-दूसरे के संपर्क में रह सकते हैं।'



3. BUSINESS ECOLOGY DEVELOPMENT

At the root of all IMAI activities and initiatives is one goal, business ecology development. All our activities are directed towards developing the business environment for our members and for the industry that we represent. Here are some of the more direct initiatives that we undertook this year.

3A. PROMOTION OF ONLINE ADVERTISEMENT

The formation of the joint committee of AAAI and IMAI to implement the AAAI-IMAI agreement that was signed last year was one of the



Panelist at the Digital Marketing Roundtable, Mumbai

key milestones of this year. The Agreement aims to promote various forms of online marketing among traditional advertisers and also commits to



Panelist at the Digital Marketing Roundtable, Bangalore

streamline the collection process on behalf of online publishers and media agencies. The joint committee had a couple of meetings this year and AAAI is actively started helping online publishers collect overdue payments.

In addition, to promote brand advertising, IMAI published and distributed to over 200 advertisers a paper titled "Silent Clicks" prepared by the Online Publishers' Association [US].



Panelist at the Digital Marketing Roundtable, Mumbai

3B. MARKETING ROUNDTABLES

To promote online marketing among



Panelist at the Digital Marketing Roundtable, Mumbai

advertisers directly and also to understand the challenges that the advertisers face, IMAI instituted online marketing roundtables with the active involvement of online publishers and agencies last year. This year we were able to conduct 7 such roundtables in Mumbai, Delhi and Bangalore. Each of these roundtables was attended on an average by 75 delegates, predominantly advertisers. Member collaborators for this initiative were eBay India, Ignite, Communicate 2 and Interactive Avenues. Given the positive outcome of these round tables, IMAI would be extending the roundtables to cover mobile advertising as well.

3C. INTERNATIONAL MOBILE VAS MISSIONS

International mobile value added services missions were initiated with the express purpose of connecting mobile value added services companies with international mobile telecom service providers with view to explore business opportunities. This

year IMAI was able to organise two such visits one to France and Switzerland with meetings with France and Swiss Telecom and the other to Lithuania with a meeting with Omnitel and Tele2.

3D. PARTNERING WITH OTHER INDUSTRY BODIES

IMAI this year had taken a strategic decision to partner with key industry bodies and leverage their outreach for various IMAI initiatives. This, much like advocacy, is a long-term trust building exercise, however some small steps have been taken this year. IMAI is now actively engaged with the internet and mobile value added service group at NASSCOM with regular exchange of

information. A collaborative research project on mobile value added services is also being worked out. IMAI has also been invited by the National Payments Council of India [NPCI] for assistance with various policy related issues governing digital payments. IMAI has been actively supporting various initiatives of the Cyber

Cafes' Association of India, a recently formed representative body of Cyber Cafes. Finally, IMAI has signed a memorandum of association with Mobile Marketing Association for an active collaboration in the Indian market.



Meeting with Omnitel, Republic of Lithuania



Meeting with Tele2, Republic of Lithuania

4. ADVOCACY

Working closely with various levels of decision makers in government and among sectoral regulators with the view to be proactively and sometimes reactively involved in policy making is the defining function of the association. Advocacy, therefore, is a long-term trust and relationship building exercise founded on a relevant, consensual and non-partisan approach to issues. On the basis of these principles, over the years

suggest ways and means to increase internet penetration in India. IMAI has over years worked with the Ministry of Communications and IT to develop the Broadband Vision, carried out mass campaigns among students and teachers to promote internet use, opened free internet training centres and more recently commissioned a broadband impact study and is working with a section of the membership to launch a mass online



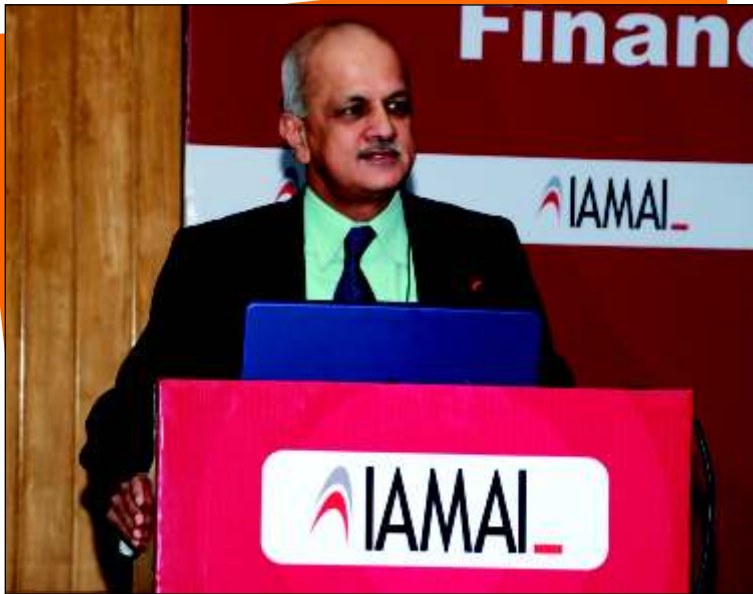
Dinesh Rai and Sanjeev Bikhchandani at the launch of ICT Adoption among MSMEs in India

IMAI has had the privilege of working closely with the Department of Information Technology, Department of Telecom, Telecom Regulatory Authority of India and the Reserve Bank of India and from time to time, with the Ministry of Finance. Some of our engagements with them this year is summarised below.

4A. INTERNET PENETRATION

Perhaps the most elusive of activities for IMAI and, therefore the most challenging has been to

campaign. However, as elsewhere without the active involvement with the government for building the requisite infrastructure, large scale internet penetration will be difficult. Given this understanding IMAI's committee on Access, Infrastructure and Resources focuses on alternative and innovative ways of promoting internet among new users. The committee is headed by Mr N Ravi Shanker, Joint Secretary in the Department of Information Technology and focuses on promotion of local languages, innovative last



R Chandrashekhar addressing a Symposium on Financial Inclusion through Mobile Phones

mile connectivity through cable operators and other similar initiatives.

Earlier in the year, IMAI had prepared a short paper on Digital Strategy outlining the key hurdles to internet penetration and the way to solve them. The paper was submitted to the Secretary, Department of Information Technology and the Department has shown interest in implementing some of the suggestions made in the paper.

IMAI has also started working with the USO Fund Administrator's office to ensure that the contracts for connectivity that are funded by the USO also

include a commitment by the telcos to provide certain minimum type of content from the private sector content and service providers. The Charter of the USO Fund limits its funding to creation of infrastructure only and the content and service providers can not as yet be direct beneficiaries of the Fund.

4B. MOBILE VALUE ADDED SERVICES POLICY

IMAI engagement with the Department of Telecommunications and the Telecom Regulatory Authority of India has not been as frequent as in the past, primarily due to

the fact that the focus of the two agencies this year has been mainly on 3G auctions. However, IMAI has formally met the newly appointed Regulator as well as the recently appointed Telecom Secretary to highlight the pending issues pertaining to the mobile value added services industry. Specifically, the need to implement some of the recommendations of the TRAI Consultation Paper on VASPs [Value Added Service Providers] has been highlighted.

In addition, IMAI has also pro-actively submitted two position papers on a) SMS interconnect charges



R Chandrashekhar, Sanjay Aggarwal and Ambareesh Murty at the Digital Commerce Conference

[the issue seem to have lost relevance since] and b) on how to make the NDNC work more effectively.

4C. FACILITATION OF DIGITAL PAYMENTS

Keeping up our earlier involvement with the Reserve Bank of India on mobile payments and pre-paid cash card guidelines, IMAI was closely involved with the guidelines on aggregators which was released by RBI in December 2009. IMAI members representing this business segment felt that the Guidelines were relevant and progressive. Some of the clarifications that IMAI had sought on the Guidelines have been adequately answered by the Bank.

IMAI earlier in the year had also taken up the issue of second factor authentication with RBI on the grounds that it negatively impacted some of our members. However, the Bank was not ready to accommodate IMAI's suggestions partly because IMAI was not able to represent a consensual view of all members and partly because, the Bank was



G Gopalakrishna at the Financial Inclusion and Digital Payment Conference

taking a larger view of preventing payment frauds.

4D. PAPER ONE-COMMERCE

With the view to include the term e-commerce in the statute books, IMAI prepared a short and legalistic note on e-commerce. The paper was submitted to the Honourable Minister of Finance. A longer and comprehensive version of the paper is being worked on and is expected to be released by the end of April 2010.



N Ravi Shanker and Dr Govind at the Conference on Cyber Security and Digital Technology



Dinesh Rai addressing an IMAI conference

on three points relevant to the industry at large: a) preferential corporate tax treatment for high technology internet and mobile VAS industry, b) Moratorium on Service Tax for 5 years and c) fiscal incentives for e-commerce. The Union Budget this year carried a flicker of hope in the form of Service Tax exemption for online news agencies [under certain conditions].

4E. IT Act [Rules]

For the last four years IMAI has been proactively involved in the IT Act through the various stages of its evolution. This year IMAI engaged with the Department of Information Technology on the Rules under certain sections of the Act that were published and notified. In addition, realising the centrality of “due diligence” to the IT Act, IMAI members submitted a position paper on Due Diligence to the Department of Information Technology. It is expected that the paper will be a useful reference point when the Department formulates the Rules under section 79 of the IT Act.



4F. PRE-BUDGET MEMORANDUM

Last but by no means the least, the annual activity of submitting a fiscal wish list to the Ministry of Finance in the form of a pre-Budget Memorandum was carried on with much enthusiasm and little success! The pre-Budget memo this year focused



Gulshan Rai addressing an IMAI conference

5 GOVERNANCE

GOVERNING COUNCIL

Shailesh Rao
Managing Director
Google India



Ambareesh Murty
Country Manager
eBay India



Sanjay Aggarwal
General Manager
IRCTC



Lakshmi Narasimhan
Chief Executive Officer
Web18



Arvind Rao
CEO & Co-Founder
Onmobile Global



Hemant Sachdev
Joint Managing Director
Microsoft Corporation India



Arun Tadanki
Managing Director
Yahoo! India



Upen Roop Rai
Director
Indiatimes



Ratish Nair
Chief Executive Officer
Interactive Avenues



Mariam Mathew
Chief Operating Officer
Malayala Manorama



Amit Garg
Head-Internet and Mobile
HT Media



Suparna Singh
Dy CEO
NDTV Convergence Ltd



Prashant Mehta
Chief Operating Officer
Komli



Raj Singh
Managing Director
Zergo



EXECUTIVE COUNCIL



Shailesh Rao
Chairman
Google India



Ambareesh Murty
Vice Chairman
eBay India



Sanjay Aggarwal
Treasurer and Head of Finance
IRCTC

COMMITTEES

GR Committee:

Chair: Sanjay Aggarwal Co-Chair: Rachna Burman

Online Payment Committee

Chair: Navin Surya Co-Chair: Vishwas Patel

Online Advertising Committee

Chair: Neville Taraporewalla Co-Chair: Ratish Nair

Mobile VAS Committee

Chair: Sanjiv Mital Co-Chair: Atanu Mandal

Online Classifieds Committee

Chairman: Hitesh Oberoi
Co-Chair: Shriram Adukoorie

Committee on Access and Infrastructure/ Resources

Chair: N Ravi Shanker Co-Chair: CVS Suri

Committee on E-commerce

Chair: Pankaj Tibrewal Co-Chair: Dinesh Agarwal

Online Travel Committee

Chair: Himanshu Singh Co-Chair: PKX Thomas

5A. MEMBERSHIP

