



Kirusa Rides Indian Mobile Services Growth

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A combination of massive subscriber growth and rock-bottom prices for voice calls has fueled the mobile value-added services market in India, and [Kirusa Inc.](#) is one of the companies reaping the benefits. (See our [New Startup profile of Kirusa here.](#))

Kirusa develops services based on voice SMS (short messaging service), an application that allows users to send and reply to text messages with a brief voice message. Users can speak their message for up to 30 seconds and the recipient will get an SMS with a link to the audio.

Kirusa's KV.SMS technology includes a Direct Listen feature that allows the recipient access to the message without having to log in or navigate menus.

Founded in 2001, Kirusa is an international venture -- its headquarters are in New Providence, N.J., but more than half of its employees are based in its sales and R&D offices in New Delhi and Bangalore, respectively. The company also has sales teams in Paris and Abu Dhabi.

Voice SMS is the type of application that is well suited to markets such as India, which has hundreds of languages with script-based alphabets that make texting more complicated than with a standard ABC keypad. Kirusa's application allows for menu prompts to be configured for any language.

Kirusa has more than a dozen announced telco customers, including [Tata Teleservices Ltd.](#), [IDEA Cellular Ltd.](#), [BPL Mobile](#), [Mahanagar Telephone Nigam Ltd. \(MTNL\)](#), [GrameenPhone](#), and [Pakistan Telecom Mobile Ltd. \(Ufone\)](#). Building on its deal with [Warid Telecom Pvt. Ltd.](#) in Pakistan, it recently extended its relationship with the carrier to Bangladesh. (See [Warid Deploys Kirusa.](#))

Pricing for voice SMS is on a par with a standard text message, and it's free for the recipient on the first listen, but to hear it again users have to pay. That provides a way for the carrier to generate extra revenues, which Kirusa founder and CEO Inderpal Singh Mumick notes is very attractive in India's highly fragmented and competitive mobile market.

The market is so competitive that India's leading mobile operator, [Bharti Airtel Ltd.](#) (Mumbai: [BHARTIARTL - message board](#)), has a market share of just 23.5 percent, and its closest three competitors are not far behind with around 20 percent each. With the price of voice calls and basic SMS the lowest in the world, "carriers are eager to provide more value-added services," says Mumick. "They see them as a way to compete."

Kirusa has built a handful of applications around its KMS "multimodal" platform that combine audio and visual interfaces. (See [Kirusa Receives Patent.](#))

For instance, its stock quote application, which is used by a bank in Spain, allows a user to speak the name of a company to call up its stock chart on a mobile device.

But the company is particularly focusing on applications that use voice SMS in some way. Mumick says his company is receiving an increasing number of requests for person-to-application (P2A) and application-to-person (A2P) products such as those that can be used for interactive TV contests, which are growing in popularity in India.

The Indian market is "very attractive" for value-added services, Mumick says, because "the Indian consumer is fascinated by two things in the world -- cricket and Bollywood. There are a whole bunch of services built around cricket and Bollywood that are hugely popular."

In addition, "for many people in India the mobile is the only device they have and they use it for a whole bunch of things." That means "the market is now big enough that it pays to" produce local content.

Carriers, he says, are finding that "if you expose people to these services they are willing to use them... people spend \$10 to \$20 per month and are out there in millions."

Indeed, India's mobile subscriber base hit 185.13 million at the end of June.

The growth of value-added services has also attracted the attention of the venture capital community. Last month Kirusa scored a \$10 million Series C round of funding, led by two India-focused VC funds -- [Helion Venture Partners](#) and [Nexus India Capital](#). Its second round of funding was in 2005. (See [Kirusa Raises \\$10M.](#))

The cash will be used to finance Kirusa's "India Out" strategy as it looks to expand its operations abroad, taking its applications farther into the Middle East and Southeast Asia. Kirusa is also targeting carriers around the world with the international Voice SMS Access Node it introduced in June. (See [Kirusa Intros Voice SMS Node](#).)

The "India Out" approach -- developing a product in India and then exporting it once it has been tried and tested as a commercial service -- has become increasingly common among Indian companies during the past couple of years as the market has "woken up," Mumick says.

"It's not just the number of dollars, but the number of subscribers in the market that give it a power that it did not have until now," he asserts. The size of India's subscriber base -- now the third largest in the world behind China and the U.S. -- "makes it possible to try out a product in India and then export that innovation."

— Nicole Willing, Reporter, [Light Reading](#)

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