Hello Elisse,

Contained in this email is my report for our client company, Company X, regarding whether introducing handset leasing would be an attractive bussiness model and eventually lead to increase

in revenues. Presently, there are many markets which are providing handset leasing to customers.I recommend the team should proceed with this project as hanset leasing has been successfully adopted in markets in the US, South Korea, India, Singapore and Australia.

Below are the reasons why I recommend this move::

**Markets which are currently leasing smartphones.**

* Singtel, A singapore multinational telecommunications company providing smarthphone leasing in areas of Singapore and South Korea.
* Rentomojo offering smartphone leasing in India

**Global smartphone market continues to rebound with a 26% first quarter bump.**

* New figures from Gartner show that so far, 2021 has seen a 26% bump after a dissapointing 2020 .

**The market has expanded SIM-Only Plans to allow for handset leasing and recycling old phones.**

* Higher adoption of SIM-Only Plans has had a negative effect on revenues in singapore and east Asian markets(Singtel, Star Hub & M1). Companies have started to offer hanset leasing leaving services to accomodate for consumer preferences for SIM-Only plans due to lowers costs.
* Higher adoption of SIM-Only has had a negative effect on revenues in south-east Asian markets(Singtel, Star Hub, M1). Companies have started to offer handset leasing services to accomodate for consumer preferences for SIM-Only Plans due to lower costs.
* Singtel and Star Hub witnessed year-on-year declines of 10% and 8% in post-paid ARPUs.
* There has been a contraction in legacy usage(phones less likely to be passed down in family) and the used Smartphones market was valued at $17 billion in 2016 with 50% year-on-year growth.

**Consumer sentiment shifts towards lower up-front costs and being up to date with technology.**

* Handset leasing lowers the initial upfront costs for consumers and customers can save up to
* 70% of retail price for the phone through handset leasing.
* Popular among youth (aged 20s) who do not have as much disposable income.
* Consumers are interested in having the ‘latest and greatest’ technology. Being able to switch phones every year or two allows customers to stay up to date.

**Competitors have adopted handset leasing to raise revenues and create new revenue streams.**

* Singtel shows customers can save from SGD578 over one year and SGD358 over two years.
* Handset leasing was adopted by Singtel and SKT after suffering 5,7% and 3.5% year-on-year drop in revenue respectively. SKT has seen 25% of customers prefer leasing phones.
* Sprint saw an increase 0f 43% in profits in the US, being 1 of 4 major providers. Handset leasing provides opprtunity to re-sell and recycle older phones as 10% of new phones(2016) will have 2 or 3 more users after re-sell, which can act as future revenue streams.

Handset leasing is appealing to younger customers and SIM-Only users. The low up-front costs will make Company X more competitve, attract customers, and could open up new revenue streams such as recycling and re-selling old phones under new plans.

In conclusion, looking at the points above, our hypothesis is that this should be a profitable business

to venture into and it is estimated that the market may grow in next few years owing to cash crunch

among the population and coping up with the technology updates at the same time. I believe this is an attractive bussiness model the team should consider.

Kind regards,

Ayodeji Yekeen

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