Hi Elisie,

Here are my findings for the Company X, telecom company who are considering to drive improvements in profitability by introducing handset leasing.

**My recommendation is that they should proceed with this plan** as this can ramp up the company’s profit if done systematically.

**This is why I think so:**

**Customer Behavior**

* Consumers think paying to rent is cheaper than paying to own and often choose the leasing option instead of buying the handset.
* Youth, age 18-29, who will be our biggest consumer. 99% of them owns the handsets and averagely **changes them once every 32 months1**.

**Competitors showed profit improvements**

* SKT (SK Telecom, South Korea) leasing service proves to popular with **25% of new customers opting for rental plans** in South Korea. Youth in 20s choose to lease their handsets of which men accounted for 64% according to SKT2.
* A Scandinavian operator migrated most of its base to phone subscription program with few incentives which delivered **significant improvements** and market differentiation3.

**Reduce Company’s Burden**

* It will lower down the companies need to hold inventory **and focus on much productive areas.**
* The company can rather **focus on supply chain** and keeping up with attractive offers for the customers who opt for leasing instead of worrying about financing costs and holding inventory.

Although it comes with **few disadvantages** as well which needs to be taken care of, such as:

**Fraud** All it takes is placing an initial payment for multiple devices on a credit card, cancelling the card and selling the phones online for people to use with a different carrier’s service.

In 2015, global carriers lost $2.55B in identity subscription fraud alone4.

In conclusion, looking at the above points, our hypothesis is that it would be profitable to lease handsets and drive significant improvements in profit.

**Sources**

1. Mic.com Article- how much of time people keep their phones before upgrading

2. Mobileworldlive.com Article – handset leasing surprising value

3. Communications Today Report

4. Onprocess Technology Report