

## **BPHONE - BKAV and The Ambition of a World-class 'Made in Vietnam' Smartphone:**

### **The Company – BKAV Corporation**

Established in 1995, BKAV Corporation is the leading firm in network security, software, smartphone manufacturing and smart-home in Vietnam. In the field of network security, antivirus and mobile security soft-wares, BKAV has presented in more than 100 countries all over the world.

BKAV Corporation is known as a manufacturer of security appliances such as intrusion prevention system BKAV Network Inspector, BKAV Anti-Spam GW, BKAV Web Security Scan. BKAV is also providing collaboration software products (messenger, workflow management, mail, video conference). In Vietnam market, BKAV is very famous for its anti-virus software, which is bought and used by many Vietnamese customers, both business partners and final consumers.

The corporation has preeminent security experts. BKAV is known as the security firm to discover the first critical flaw in Google Chrome just days after its launch in 2008. BKAV was also the firm to trace the master server in Britain of unprecedentedly massive DDoS attacks targeting US and Korean governments' websites in July, 2009.

In electronics industry, BKAV is a smartphone and smart-home manufacturer. With BKAV SmartHome, every equipment in consumer's house will be connected and controlled automatically based on smart context scenarios via touch screen or tablet, hence creating a convenient, safe and energy-saving living environment. In 2010, BKAV started their new product development project in smartphone category and invested millions of USD for its research and manufacturing. In 2015, BPhone 1 (BPhone 2015) was introduced and launched in Vietnam market, which resulted in many contrasting arguments and mixed remarks, feeling and experiences from both industry experts and final consumers.

### **The Grandiose Launch of BPhone 2015**

On the 26<sup>th</sup> May 2015, BPhone was officially introduced to Vietnamese publics by BKAV's CEO, Mr Nguyen Tu Quang. On the 2<sup>nd</sup> June 2015, BKAV launched its BPhone 1 to the market at 10am. The company first focused on the online distribution channel. In the first 10 minutes, the online system of BKAV had a huge number of customers who accessed to the website to search for information and to buy its smartphone.

However, on the official launch and press release date, audience had doubted that BKAV used the readily available pictures to illustrate for its smartphone's photography capability. Also, BKAV seemed to violate the trade law because the company purposefully compared its new product with iPhone 6 Plus, their identified direct competitor from Apple. Add to the problem was that Bphone's default ringtone seems to be the 'plagiarism' of the song "Your Love Is A Lie" by Simple Plan.

The price range of BPhone 2015 starts from 9.990.000 VND (before tax). On BKAV's website, BPhone has the retail price (after tax) of 10.980.000 VND for the lowest memory version, whereas the white and yellow champagne versions were sold at 13,950,000 VND and the 24K golden version was sold at 22,200,000 VND. In fact, this price range is considerably high in Vietnam's cell phone market. In this competitive market, the mainstream product (prices from 5.000.000 to 8.000.000 VND) accounts for 60% - 70% total market's value. As said by many experts, BPhone 1's pricing strategy could be very risky because there were currently many brands in the market such as Lenono, Xiaomi, Asus or HTC that have so many improved and modern features and have better prices than BPhone. Besides, the decision of using online distribution as the main channel and the limited use of retailers is another mistake by BKAV.



*Photo: Prices (before tax) of BPhone's different variants were introduced on the launch event.*

According to BKAV, their BPhone is designed to compete directly with the high-end and currently hot brands in the market, such as Galaxy Note, Galaxy S6, and iPhone 6 Plus. Therefore, BKAV confirmed that their product's positioning is high-end product. When the VNEconomy's reporter asked: "There are many other lower positioning segments to compete, why would BPhone choose high-end segment to target?", BKAV's representative affirmed that BKAV's corporate strategy always focuses on the high-end segment, from smart-home to anti-virus software and then now smartphone. He reasoned that because BKAV has its own capability and financial resources to follow its philosophy of 'always being high-end'. He also said that BKAV did many researches to understand the principles of smartphone market. BKAV had invested millions of USD to research, design and develop their BPhone with more than 200 engineers working in both software and hardware and with hundreds of suppliers who currently supply their components for Samsung and Apple, such as QUALCOMM. BKAV's representative said that the company had a very thorough investigation and study about cell phone, the operation system and the future trend. Therefore, the company was very confident about their new product and its positioning strategy.

In January 2016, after a half year of its launch, BKAV reduced 3.000.000 VND for the prices of all its BPhone 1 versions. On 26 January 2016, BKAV applied trade-in policy which allowed customers to exchange their used iPhone, Samsung, Sony, HTC to buy a new BPhone 1 with a discounted price.

Having said that, since the first time BPhone appeared in the CES 2015, BPhone's information has caught a lot of attention from the media and the general publics. CES is the Consumer Electronics Show, an event that organizes exhibitions for all electronics products from large companies in all over the world. CES is organized two times a year by CEA (Consumer Electronics Association) with more than 2000 corporate members. Besides the reason of the first 'made in Vietnam' smartphone, BPhone created enormous curiosity for both general and media publics because of its marketing and promotional efforts. To be fair, the pre-launch and official launch activities of BPhone generated many positive impressions, from the interesting metallic invitation card, to the grandiose launch event occurring at the Vietnam National Convention Centre in Hanoi with the budget expenditure was up to dozens of billions of VietnamDong (VND). These events actually made Vietnamese technology fans felt proud and excited about BPhone 1.