Hi Elisse,

The report presented below will surely help our client company, guiding their path towards lower capex and higher profitability. I recommend that the company should invest in Handset Leasing as the market has steadily risen from a 11-billion-dollar market in 2015 to 17-billion-dollar in 2016.

I support my recommendation on the grounds of following findings:

**Shift in Customer Inclinations**

* With the growing demands for usage of branded technologies among US consumers, people are tending towards options such as Handset leasing.
* The US and Canadian markets are particularly seeing change in customer preferences from subsidised smartphones on two-year contracts to one-year lease/upgradation program.
* A survey revealed that a fifth of users of new IPhone devices purchased with an intent to lease it.
* A lower price is incurred for a monthly or yearly plan in leasing as compared to the retail price. A significant difference of 25% can be seen between the two conditions.

**Increase of Competition in the market:**

* Talking about the Singapore Market, SKT and SingTel are the largest telecom providers in South Korea. Both suffered a year-on-year drop in revenue in mobile sales of 5.7% and 3.5% respectively.
* But with the introduction of handset leasing plans for IPhone and Samsung galaxy models they noticed an increase in 25% of its new customers opting for lease plans.
* In the US, Sprint and T-Mobile are one amongst the top wireless service based companies providing leasing plans.
* The Sprint’s in 3Q16 reached a take rate of their leasing plans to 43% with net value of leased devices rising from $3.3 billion in 3Q15 to $4.5 billion at the end of 3Q16.
* T-Mobile has recently launched its Jump on demand program that lets the consumer to upgrade 3-times in a year with a monthly plan with decrease in purchase insurance.

**Benefits in Revenue:**

* Potential revenue increase from allowing low ARPU prepaid consumers to use higher ARPU equipment and services which were expensive earlier.
* Savings in maintenance costs.
* A study revealed at the 10% of the premium smartphones purchased in 2016 will be used by more than 3-4 consumers by the end of 2020 and will still be active for further use.
* Also helps the telecom companies to decrease the inventory costs incurred due to outright selling of premium smartphones.
* According to observations done by operators, leasing tend to reduce the need to offer discounts to attract customers, which also had revenue impacts.

**Sources:**

* <https://www.mobileworldlive.com/devices/blogs-devices/blogs-handset-rentals-offer-surprising-value/>
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* <https://www.google.com/amp/s/www.theverge.com/platform/amp/2015/6/25/8844935/t-mobile-jump-on-demand-leasing-program>
* <https://www2.deloitte.com/me/en/pages/technology-media-and-telecommunications/articles/tmt-pred16-telecomm-used-smartphones-17-billion-market.html>