Hello Ellisse,

Here is my report for our client company: Company X , regarding whether or not they should introduce Handset leasing to increase their profits. My recommendation is that they should proceed with investing in the Handset leasing which will drive revenue growth by 2.3% to 4.25%.

Below are the reasons why I recommend:

**Changing Customer preferences:**

1. For subscribers the most commonly cited reasons for leasing are that it reduces the initial cost of the device and enables you to keep current with the latest devices using a regular, predictable payment.
2. Offering handset leasing plans reduces the net loss to as low as 5% per customer.

**Competitors have introduced similar products and done well :**

1. Lower priced SIM-Only plans have been introduced by ‘mobile virtual network operators’

(MVNOs) and gained massive popularity amongst consumers.

1. Increased competition from asset-light and low-cost MVNOs has compelled telecom

incumbents to engage in price wars and reduce their prices of mobile services.

1. As a result, most of them have formed partnerships with MVNOs operating in their markets,

to offer the lower-priced and highly popular SIM-Only plans, with take up high rates.

**Default risks:**

1. If customers default halfway through the lease and we are unable to recover the device, we would still be liable for full payment, creating a liability for us.
2. Consider outsourcing the entire leasing operation to a third-party provider who will bear all the risks.
3. Use credit scoring to qualify customers and mitigate default risk.

**Conclusion:**

If we assume the market will respond in the same way in comparable markets, then we will recommend the introduction of handset leasing as it could drive revenue growth by 2.3% to 4.25%.

the product name “Save & Upgrade”.

**Sources:**

1. BCG, Playbook for accelerating 5G- <https://image-src.bcg.com/Images/BCG-A-Playbook-for-Accelerating-5G-in-Europe-Sep-2018_tcm9-202394.pdf>
2. Market Realist, Why Sprint Is Focusing on Handset Leasing to Accelerate Growth <https://marketrealist.com/2017/04/why-sprint-is-focusing-on-handset-leasing-to-accelerate-growth/>
3. DBS Group Research, Singapore Industry Focus – Telecom Sector, https://www.dbs.com.sg/corporate/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/112018/181121\_insights\_TPG\_may\_not\_disrupt\_attractive\_yield\_and\_valuations.pdf