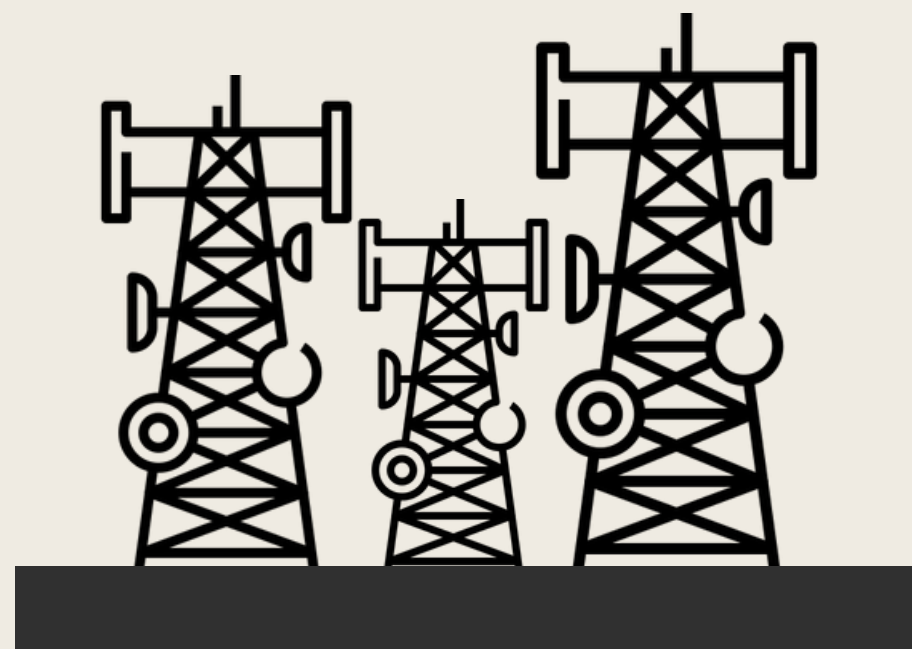


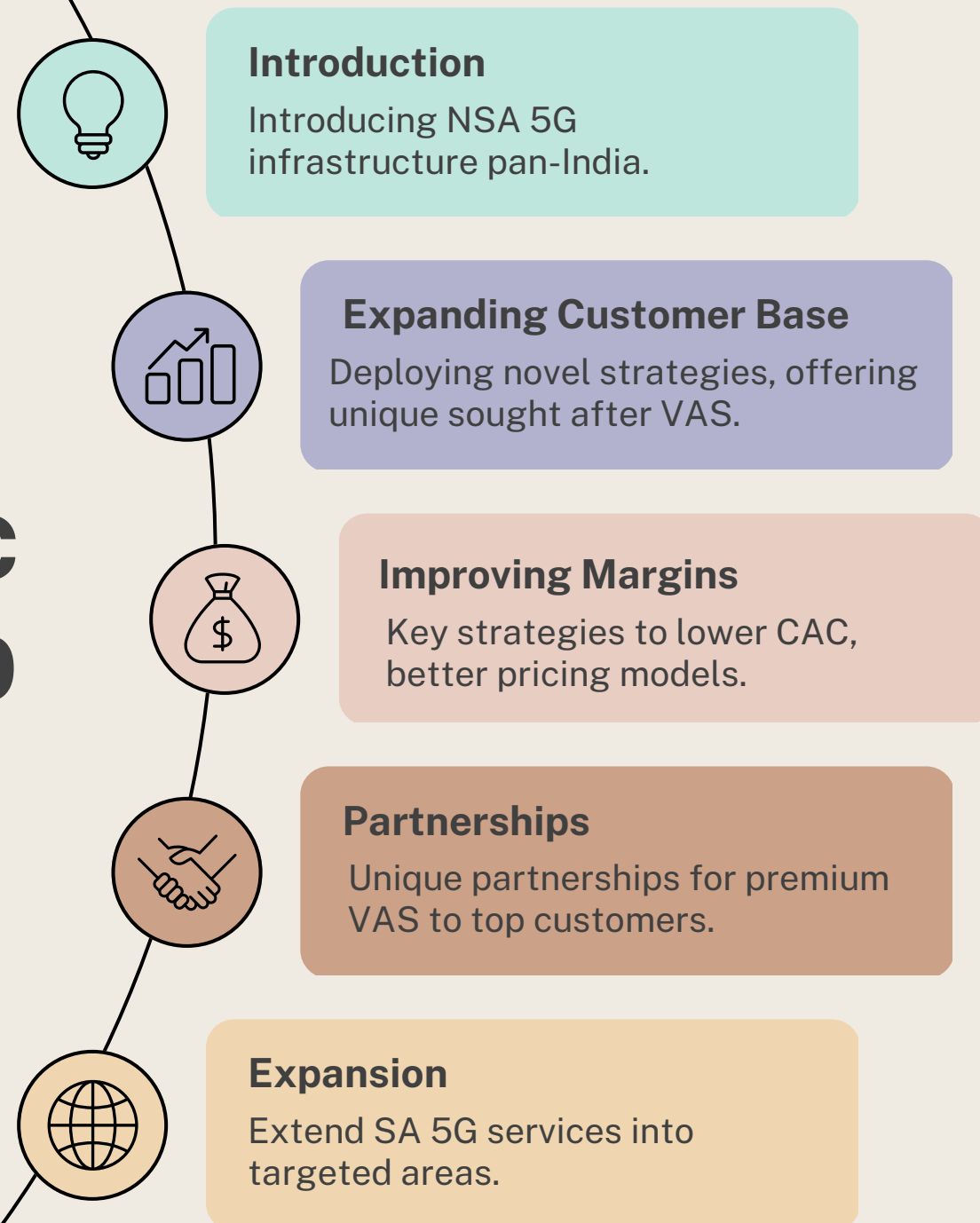


# THE TELECOM INDUSTRY

The Indian Case  
Challenge



# Strategic Roadmap

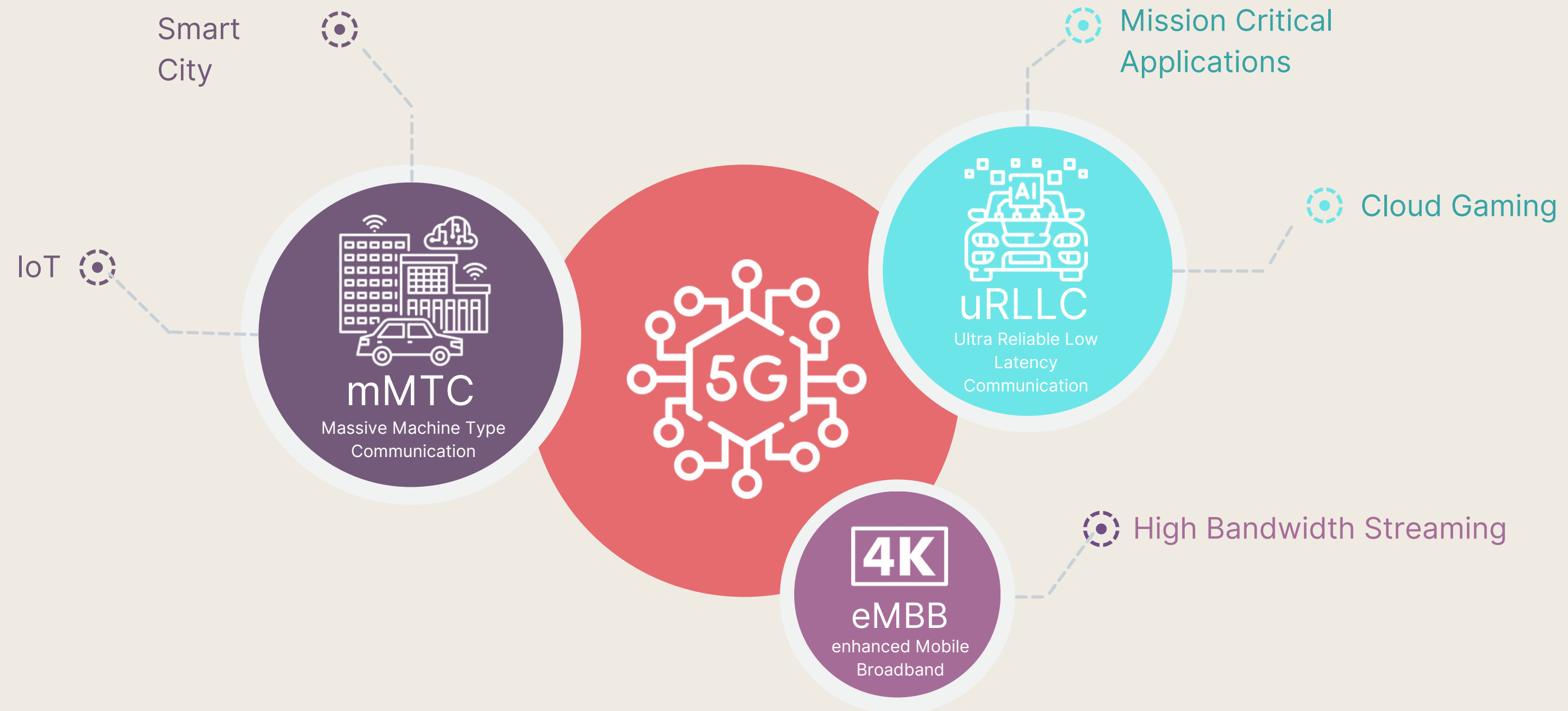
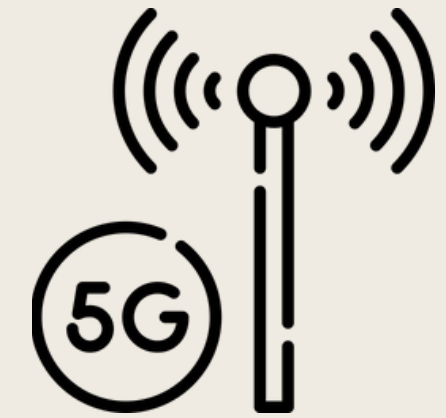


## Overview

- Airtel struggles to stay profitable even with the biggest premium user base in the market and a high ARPU.
- We recommend that the company **cross-sell and up-sell** to its existing customers with the advent of 5G technology.
- A recommendation to create **new partnerships** and introduce **unique VAS** will ensure that the company retains its customers and remains a market leader.
- We recommend the company deploy a **razor and blades strategy** to lower CAC and improve margins.
- Targeting mass customers with **family plans** and **corporate plans** using economical pricing and tailored VAS can improve the customer base.
- 5G **equipment costs** can be **reduced** by partnering with and investing in indigenous hardware companies.

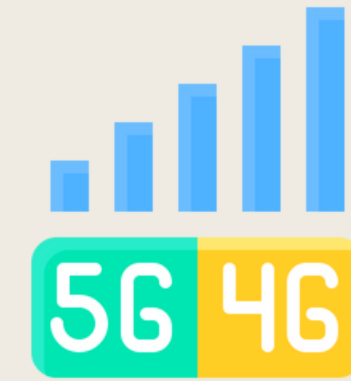
# Technological Choices

## The 3 Pillars of true 5G



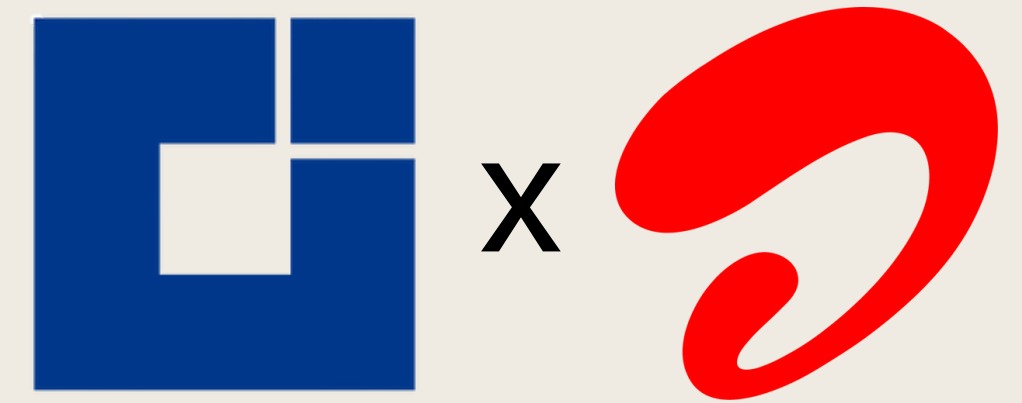
# Technological Choices

## Deployment Techniques



# Infrastructure Partnerships

## C-DoT, Our Dark Horse



Sourcing SA 5G infrastructure poses a big challenge. Leaving behind the traditional hardware suppliers Ericson and Nokia that our adversary Jio is placing their orders with. **Centre for Development of Telematics**, A government funded autonomous organisation that is developing **Indigenous 5G** hardware with **5G Radio** expected **by March'23** and **5G Cores by Oct'23**.

We believe that partnering up with them will prove very beneficial.

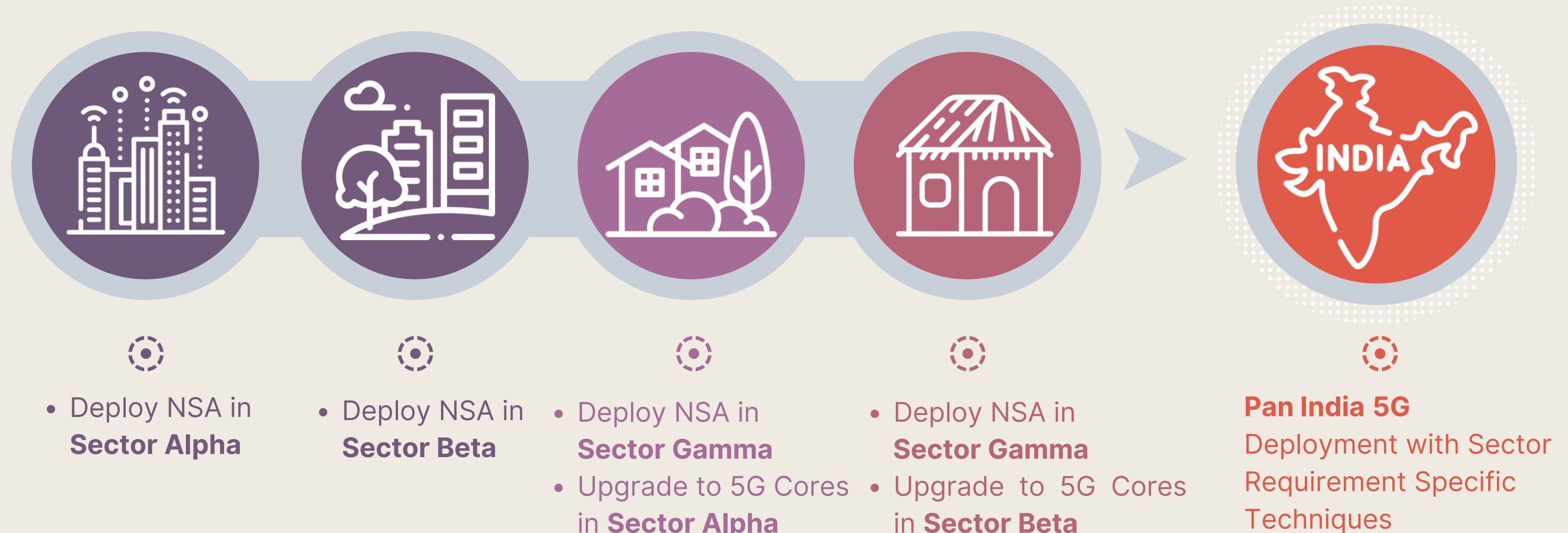
- Easy Availability
- Make in India Subsidies
- Reduced Costs

Joining hands in a joint venture or being an external investor for a joint venture project for mass manufacture of 5G equipment may give us immense monetary benefit.

# Deployment Approach

## 4 Phase 4 Sector Deployment

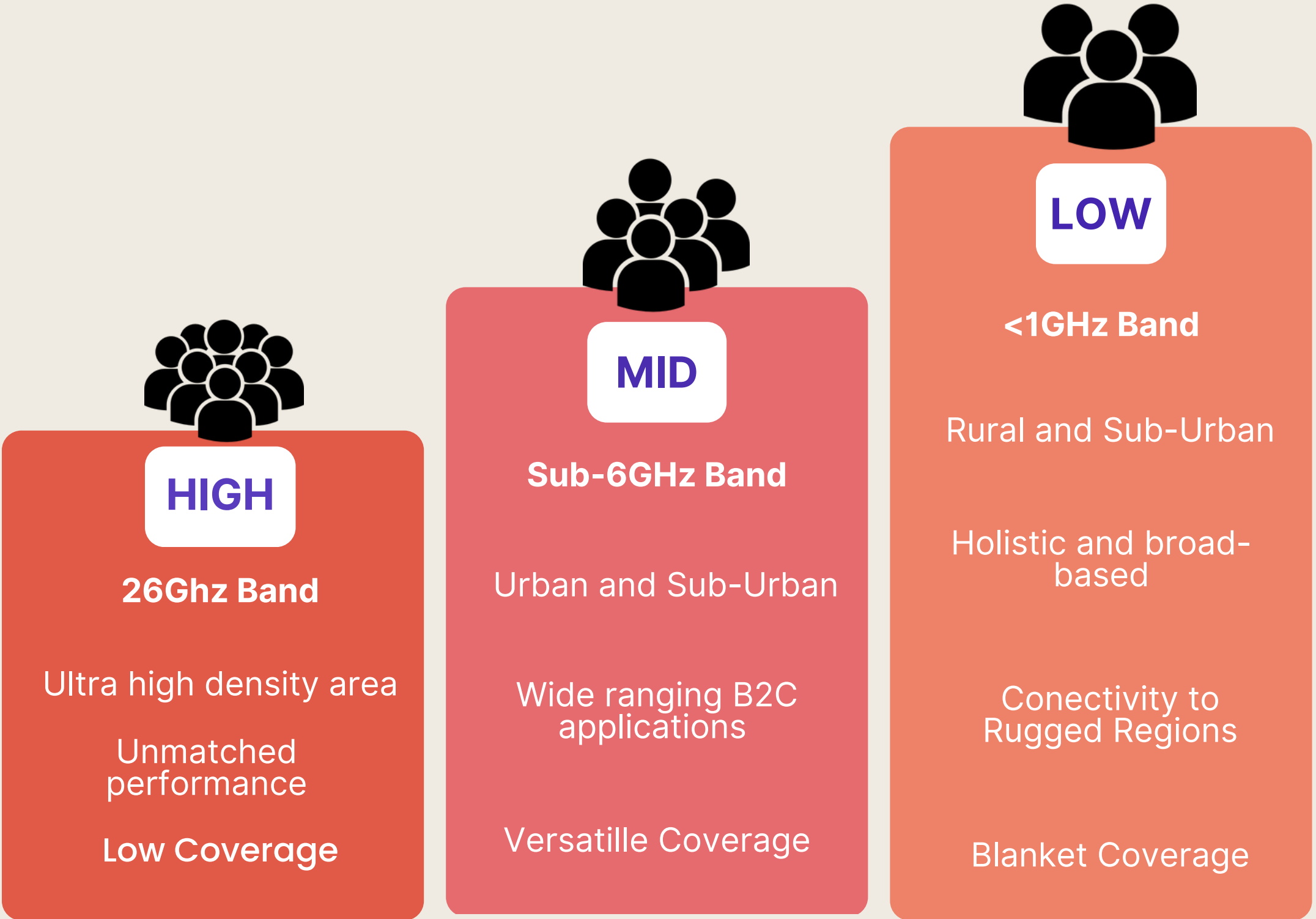
We have divided the Indian Geography into 4 Sectors for creating deployment phases categorized by weighing subscriber density and market share.





# Deployment Approach

## Regional Frequency Rollout



We regionally rollout our 5G services based on specific bands and use-cases



# Cost Analysis

## Infrastructure CapEx

### Outflow

**SA Rollout** - 1.04B (+30% from cost of Deploying 4G, assuming replacement of existing infrastructure)

**NSA Rollout** - 208M (20% of SA Deployment)

**Fiber Infrastructure** - 1.06B Pan India

**Total Fixed Costs** - 1.268B broken as per deployment phases.

**Scalable costs** - SA deployment per user base growth

### Inflow

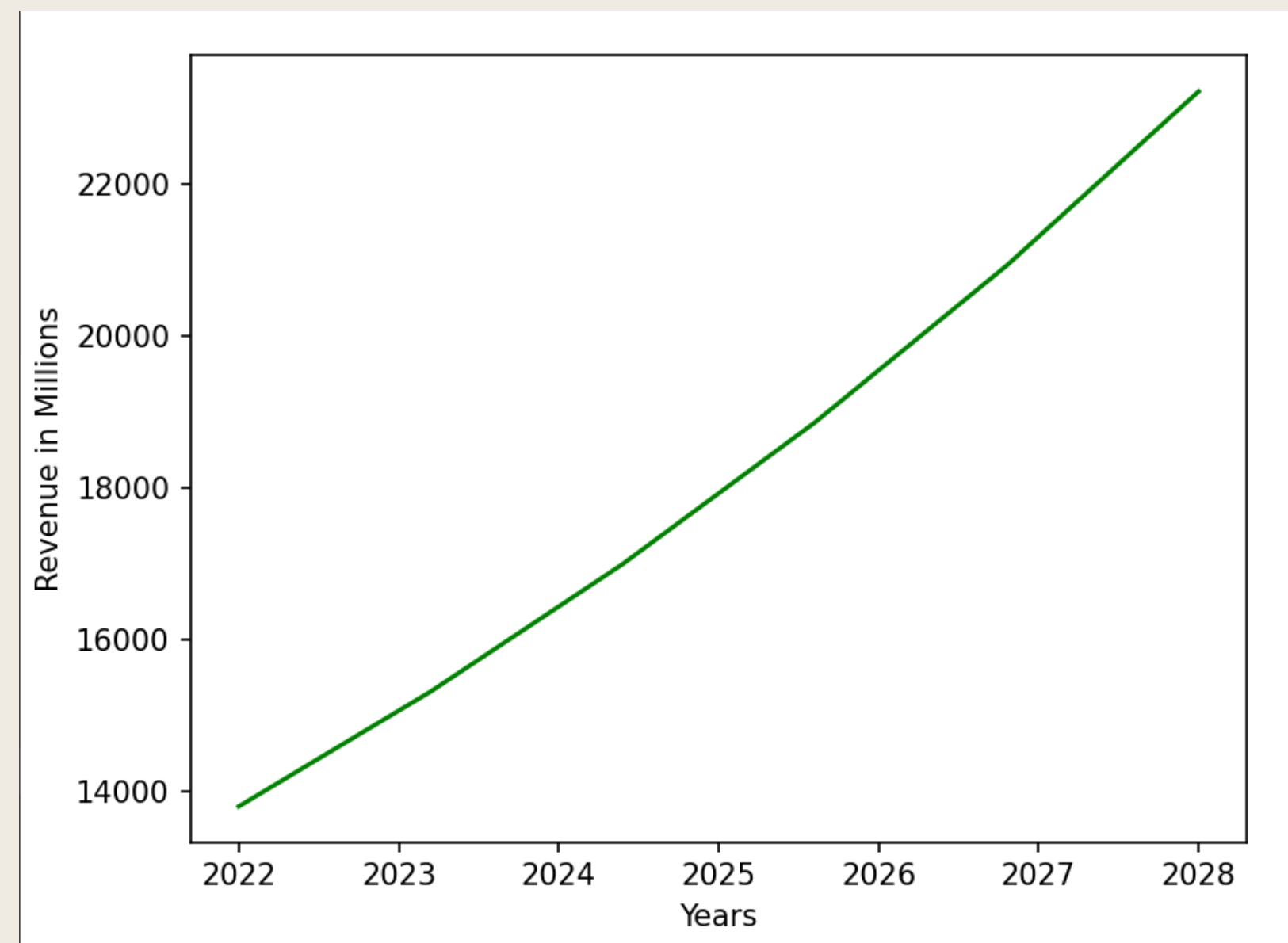
**Market Growth** - 5.4% CAGR (Y21-Y28)

**Profit Margin** - 12.5% (Current standards)

**Expected Market Share (2028)** - 55% (60% of 5G + 50% of 4G share)

**Operating Profit** - +900M in First Year, +12% YOY

**Fixed Cost Recovery** - 1 Year.

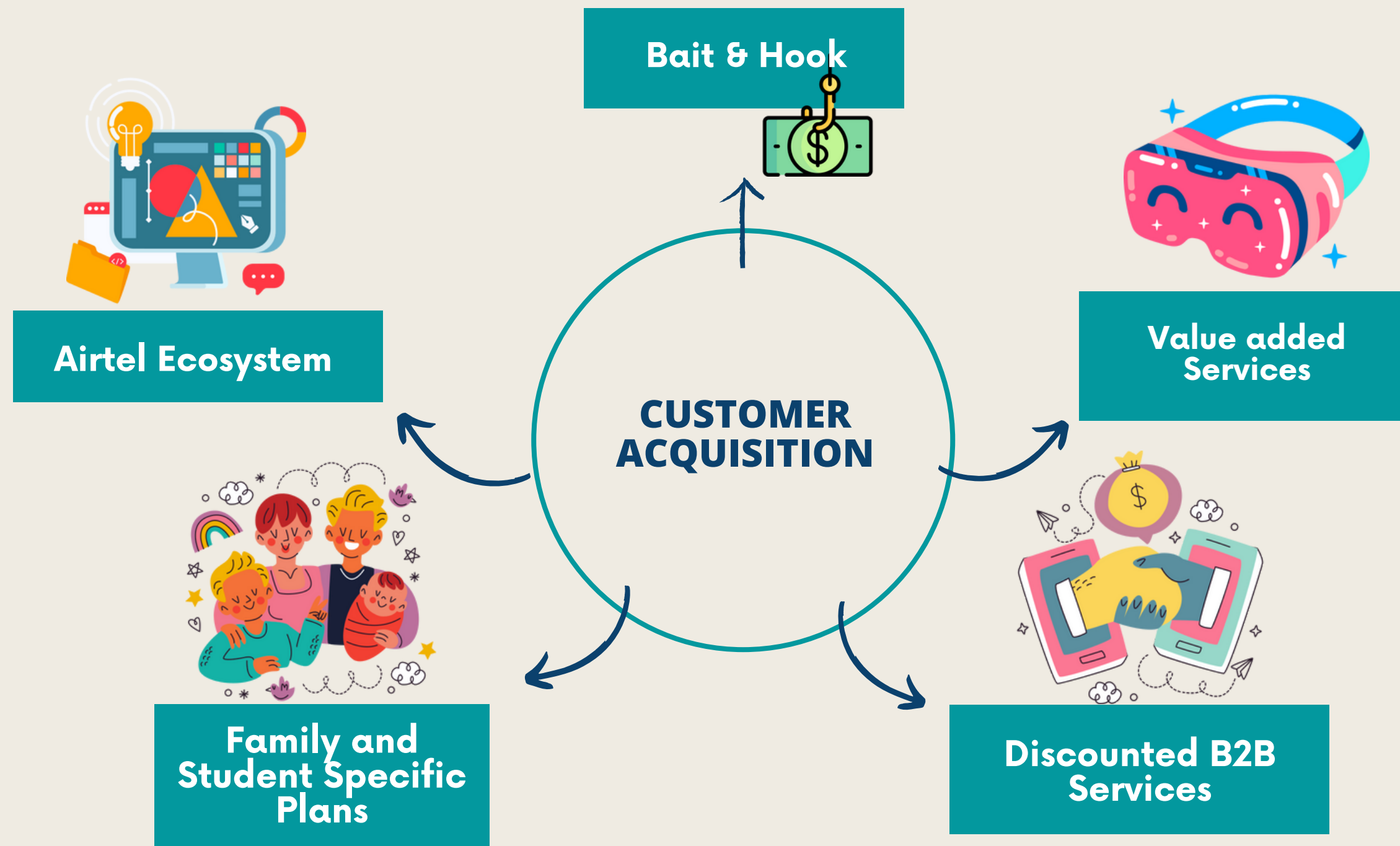


**Revenue Projection**



# Customer Acquisition

## 5 Point Customer Acquisition and CAC Reduction Strategy





# Targeted Monetisation

With a diverse customer base with different needs, disposable income and purchasing power we need to deploy multiple strategies to maximise our revenue.



## Mass Customer

- Scattered across India.
- High volume.
- Low-cost plans.
- Prefer value added services.



## Premium Customer

- Concentrated in Metros and Tier 1 cities.
- Low volume.
- High-cost plans.
- Expect value added services.



## Business

- Proportional to general population.
- Low-mid volume.
- Discounted corporate plans.
- Want tailored plans and benefits.

## Deploying Psychological Pricing to Increase ARPU

With new research in consumer psychology and the telecom industry relying on high volumes and low margins, we can deploy the latest Psychological Pricing techniques for boosting our margins.

# Psychological Pricing

## Deploying Psychological Pricing Tactics to Increase ARPU



With **new research in consumer psychology** and the telecom industry relying on high volumes and low margins, we can deploy the latest Psychological Pricing techniques for **boosting our margins**.

Novel Psychological Pricing techniques show that users tend to round numbers to the nearest whole and changing the initial digit by a single unit is no longer effective, i.e **2999 and 3049 will be internally rounded to 3000** hence changing our plans by 50 rupees in this case can cause a increase in revenue of about 1.7%

Deploying Similar strategy we can **increase our revenues by 1-5%** in different plans.

319 -> 329

**3.13%**

749 -> 759

**1.33%**

2999 -> 3049

**1.67%**

# Value Added Services

One of the major **differentiating factors** between the service providers are the **value added services**.

We would also recommend some strategies that can give a significant boost to the companies popularity among the masses.



## VAS for the masses - OTT

Currently the OTT VAS is provided mainly to premium and loyal customers who have higher purchasing powers.

Being able to **make OTT available in the economical plans** will be a game changer.

The company can provide users with **OTT plans which are funded partially by ad revenue**.

## Cloud Gaming

With the inevitable deployment of true 5G, Many technological marvels such as the likes of Cloud gaming are now possible due high bandwidth and low latencies, this is a particularly lucrative segment among premium customers.

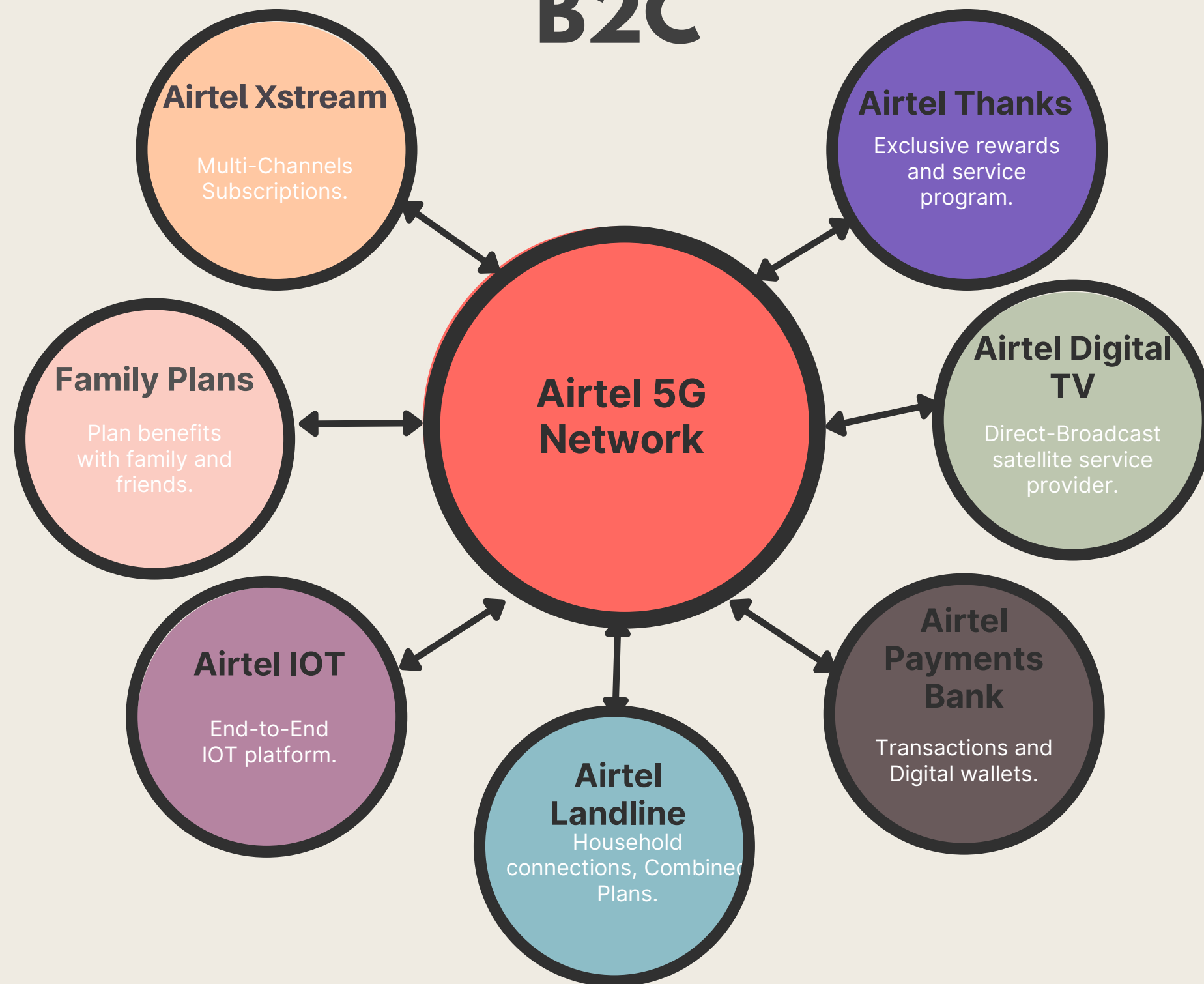
The company can partner with gaming giants like Microsoft and **offers** services like the **Xbox Game Pass Cloud Gaming**

## Device Insurance

Complimentary low cost device insurance can be provided to premium annual customers. This creates a huge cash corpus of investment that can be used for expanding our services.

# Airtel Ecosystem

**B2C**



**B2B**

## Small & Medium Enterprises

- Provide a PaaS-based system
- Secure connections for financial transactions.
- SIM diagnosis and messaging center
- 24x7 support
- Location services
- Lifecycle management



## Large Enterprises

- Private network use cases
- Ultra-reliable low latency communications
- Schedule too far ahead
- Faster scale-up and reduced downtimes
- Automated operations and enhanced security



# Bait & Hook - The AT&T Way



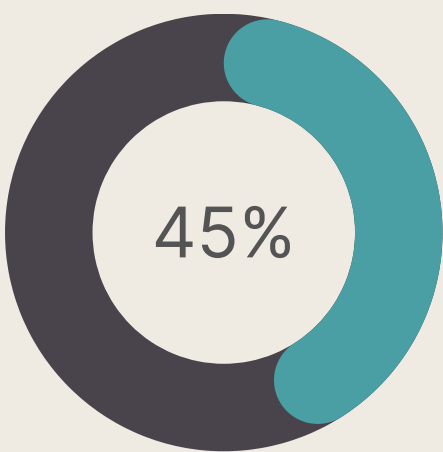
## The Phone's on Us!

Premium 5G handset with a 3 year contract

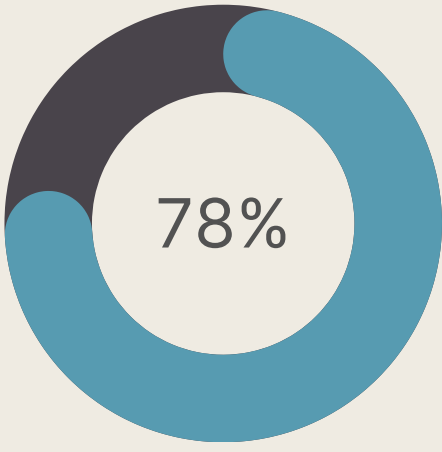
Using a scheme to lower the upfront cost of a 5G smartphone from the biggest and the most affordable segment helps us increase the adoption rate of 5G technology in India.

- Lowest selling price on Amazon = 10,168
- Average price on Amazon = 13,081.92
- Total fee by Amazon = 630.3
- Minimum selling price for Samsung through Amazon = 9537.7

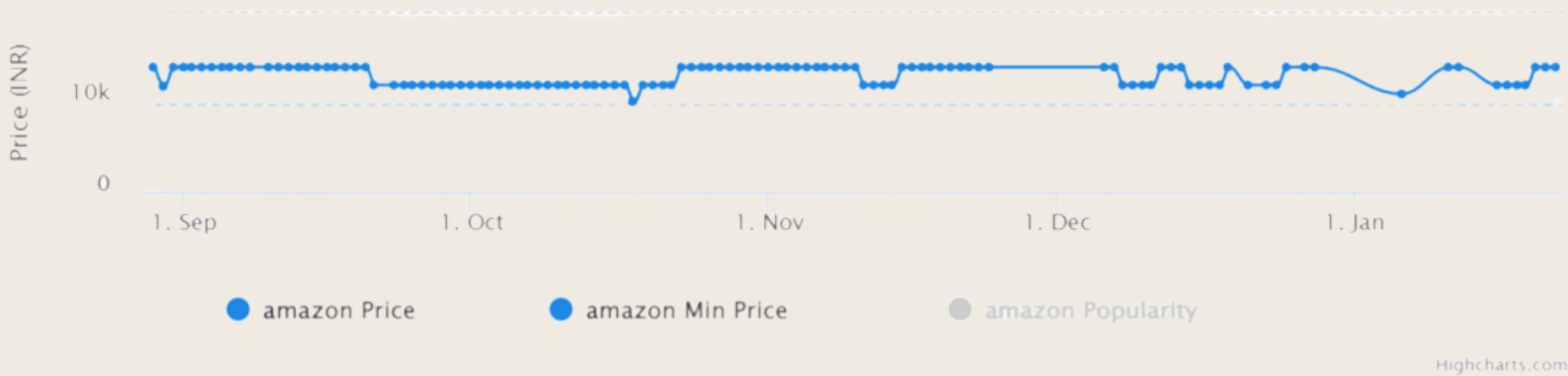
Price to offer Samsung as a high-volume B2B buyer = 10,000



Market share of 5G Handsets 2023



Market share of Phones under 20K INR



Lowest Price Till Date: ₹10168

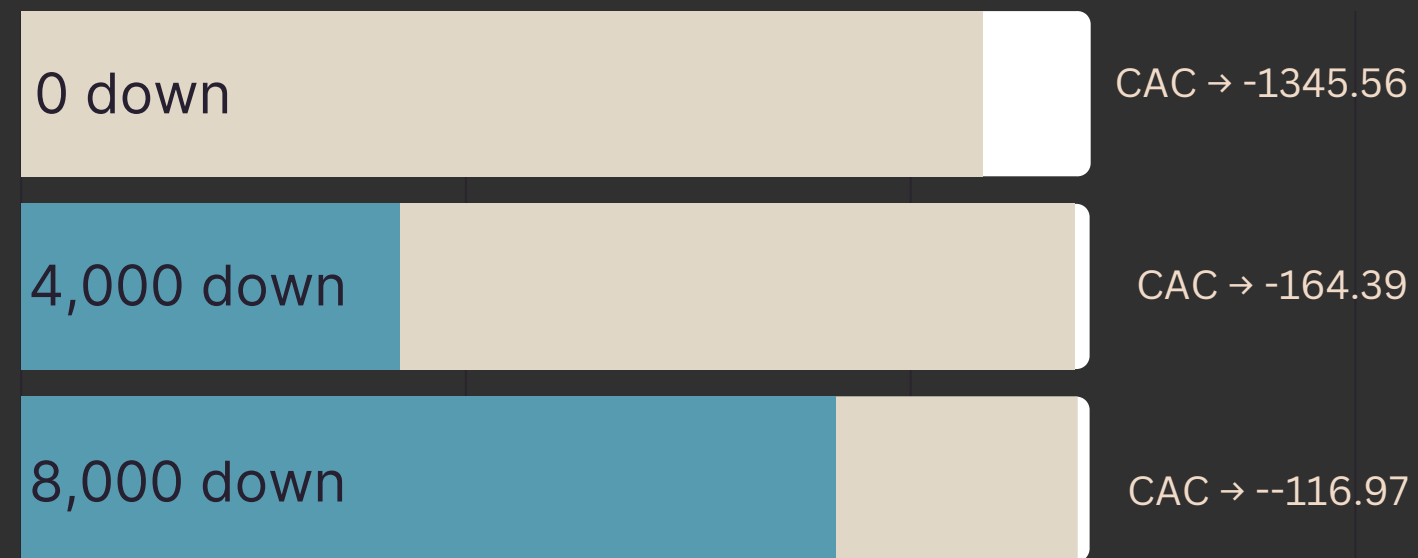
Average Price: ₹13081.92



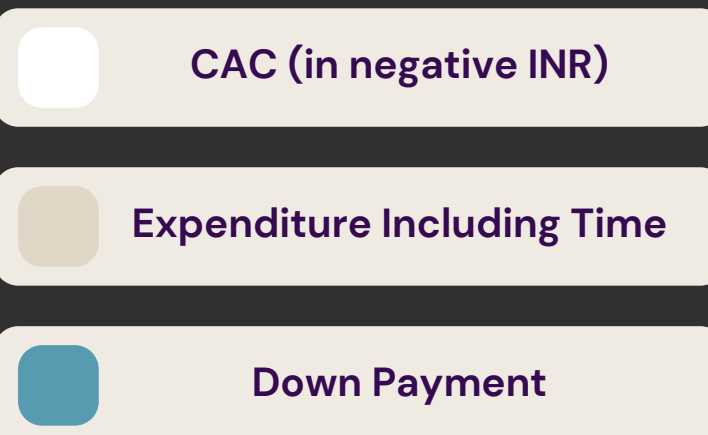
# Bait & Hook - The AT&T Way



## Down Payment / Expenditure / CAC



\*each bar represents a total value of INR 12,000



## Contracted Mobiles

- **3 year lock-in** period with Airtel.
- 1% decrease in interest rates for every INR 1000 as down payment.
- Down payment under INR 5000 → Supplemented with insurance.
- Default on monthly payment → Disconnection of service.
- Regular default → Declared NPA and
- Bundled debt → Sold to Axis Bank (Airtel's banking partner).

## Selling price for contracted users = **10,499**

- At 0 down payment → 369/month
- At 4,000 down payment → 209/month
- At 8,000 down payment → 69/month

## Revenue Estimation

Phones sold in 2023 = 151.6M

5G phones sold in 2023 = 68.22M

5G phones under \$300 = 50% of 68.22M = 34.11M

Market share of 10% = 3.411M

# Executive Summary

The problem at hand is for us to understand how Airtel must deploy infrastructure in order to enter the 5G market effectively, and how- in the most effective way- can they provide services to the appropriate customer segments. Also, Reliance Jio is the current market leader planning to roll out purely SA infrastructure pan-India.

We would recommend Airtel to deploy its infrastructure in a **segmented** way with **highly targeted** audiences determined by data analysis to **marginalise costs** and launch time sensitive services to **gain first mover advantage**.

Our recommendation is to roll out NSA infrastructure before Jio gets a chance to fully launch their services, and then further upgrade it to SA in due time. Tailored VAS and corresponding prices shall be among the major strategies to acquire and retain customers.

Another question in our way is to determine a strategic direction for Airtel in short and long term.

**Our recommendation is to use Indigenous hardware to counter ballooning hardware costs.**

Further a few suggestions on the measures that Airtel can take to stand against the giant called Jio, to name a few are, use a razor and blades model, form an Airtel ecosystem, and deploy novel psychological pricing.

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