**Subject:** Company X Handset Leasing Proposal - Recommendation to Proceed

Dear Elisse,

This report assesses the viability of introducing handset leasing for Company X to improve profitability. I recommend proceeding with this project, based on its successful implementation in similar markets (US, Singapore, Australia) and the projected 4% annual contraction in the telecom industry (2018-2022). Handset leasing offers a strategic response to this contraction and evolving consumer preferences.

My recommendation is supported by the following research:

**Market Trends:**

\* The rise of SIM-only plans, while initially impacting revenue (e.g., Singtel and StarHub experienced 10% and 8% year-on-year declines in post-paid ARPUs respectively), has created demand for handset leasing as a complementary service.

\* The growth of the used smartphone market (valued at $17 billion in 2019, a 50% year-on-year increase) and declining legacy phone usage highlight a shift in consumer behavior.

**Consumer Sentiment:**

\* Consumers increasingly prioritize access to the latest technology at lower upfront costs, favoring leasing options for frequent upgrades.

**Competitive Analysis:**

\* Several competitors have successfully implemented handset leasing, resulting in revenue growth and new revenue streams (e.g., Singtel's savings of SGD 578/year for customers, SKT's 25% customer adoption rate, and Sprint's 43% profit increase in the US). The resale and recycling of older handsets represent a significant additional revenue opportunity.

**Business Case for Company X:**

Handset leasing offers Company X several key advantages:

\* Increased competitiveness through lower upfront costs.

\* Attraction of new customers, particularly younger demographics and SIM-only users.

\* Creation of new revenue streams through phone recycling and resale.

This business model presents a significant opportunity for Company X to mitigate revenue loss and drive profitability. I strongly recommend its adoption.

Kind Regards,

Satish Dangeti