

Hello Elisse,

Since our meeting with executives of X, I have conducted extensive research regarding whether or not our client should introduce Handset Leasing plans and how will it help them grow profitable. My recommendation is that X should introduce handset leasing because that will increase X's market share and thus help them in gaining profits.

Please find the reasons in support of this argument:

- Handset leasing will give customers the ability to purchase premium phones in a cost-effective manner. Since the customers will not be paying the full cost upfront, and will also be able to switch devices after a period of time, this method grants flexibility to the customer.
- As more customers shift to this practice, X will gain a greater market share, especially compared to the companies who do not offer handset leasing. In my analysis, I found that Sprint made a comeback in the US market due to their aggressive leasing plans which helped them tackle giants like AT&T and Verizon.
- Sprint's net leased devices were valued at ~\$4.5 billion at the end of fiscal 3Q16. During fiscal 3Q15, this figure was ~\$3.3 billion. Overall, they amassed ~45% increase in leased devices.

To implement such a scheme, certain things must be ensured:

- The plans should be priced competitively. Customers should be given benefits in the form of free data, higher connectivity speeds, and easy switching options.
- X needs chart out a plan for returned devices and ensure that they utilise their resources properly.
- Lucrative offers, such as, leasing two phones would save customer a certain amount on the third one, or, offering cheap switching amount.

Keeping the points above in mind, X could start the leasing program with a couple of devices and gradually (within a timeframe of 2 years), they could include other devices too. This leads me to believe that the result will be that X gains profits and also acquires a decent market share.