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# Business Case Report

February 3, 2025

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# Executive Summary

## Executive Summary

### 5G Core Network Project

du, Emirates Integrated Telecommunications Company (EITC), is proposing an investment in a 5G Core Network project in the UAE's telecommunications industry. This project, set to span over a period of five years, is projected to significantly expand the company's reach and capacity to deliver superior telecommunications services.

### Investment Overview

The total capital expenditure (CapEx) for the project is \$10,000,000. In addition to this, the operational expenditure (OpEx) is projected to be \$1,000,000 per year. Given the strategic importance of the project, these financial commitments are seen as crucial investments in the company's long-term growth and competitiveness in the market.

### Revenue Projections

The business case anticipates a growth rate of 10% per annum. The project will begin with an initial subscriber base of 100,000, each contributing an average revenue per user (ARPU) of \$25 per month. This translates into an initial expected revenue of \$250,000 per year. As the subscriber base grows, the revenue is expected to increase correspondingly, providing a substantial return on investment over the project duration.

### Conclusion

The 5G Core Network project is a strategic initiative by du, EITC to enhance its market position in the UAE's telecommunications industry. The substantial financial commitment is justified by the projected growth rate and the expected increase in revenue. This project holds great promise for the company's future growth and competitiveness.

# Financial Analysis

## 1. Investment Overview

du, a telecommunications company under EITC, plans to invest in a 5G Core Network project in the UAE. The capital expenditure (CapEx) for the project is \$10,000,000, and the operational expenditure (OpEx) is expected to be \$1,000,000 per year over a five-year period. The project anticipates a growth rate of 10.0% and an average revenue per user (ARPU) of \$25 per month. The project will start with an initial subscriber base of 100,000, expecting to generate a revenue of \$250,000 per year.

## 2. Revenue Projections

With an initial subscriber base of 100,000, and an average revenue per user (ARPU) of \$25/month, the estimated monthly revenue is \$2,500,000, and the estimated annual revenue is \$30,000,000. This figure will grow at a rate of 10.0% per annum, leading to exponential growth in the revenue over the five-year period.

## 3. Cost Analysis

Over a five-year period, the total CapEx is set at \$10,000,000. The OpEx will amount to \$1,000,000 per year, totaling \$5,000,000 over a 5-year span. Therefore, the overall cost of the project over the 5 years is \$15,000,000.

## 4. Key Financial Metrics

### Net Profit

The net profit will be calculated by subtracting the total costs from the total projected revenue over the five-year period.

### Profit Margin

This will be calculated by dividing the net profit by the total revenue, providing an overview of the profitability of the project.

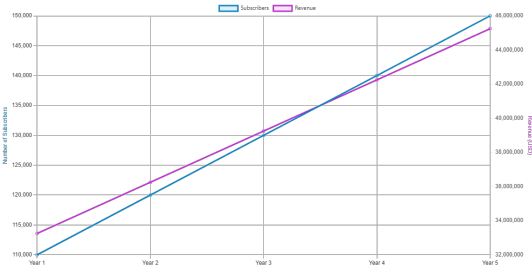
### Break-Even Point

This is the point at which total revenue equals total costs. It will give an indication of when the project will start generating profit.

## 5. ROI Calculations

The return on investment (ROI) will be calculated by dividing the net profit by the total investment (CapEx + OpEx) and then multiplying the result by 100 to express it as a percentage. This will give us an indication of the efficiency of the investment.

### Chart



### Chart



### Chart



# Market Research

Market Research Report  
du, EITC - 5G Core Network  
Market Overview  
Market Size & Growth

The UAE telecommunications market size is valued at \$350,000,000, with an annual growth rate of 10.0%. This growth is mainly driven by the rapid expansion of 5G networks and the rising demand for Internet of Things (IoT) connectivity solutions.

Industry Dynamics  
The telecommunications industry in UAE is undergoing significant changes, mainly due to rapid technological advancements and increasing consumer demand for high-speed internet. Companies are focusing on expanding their 5G networks to meet this demand and gain a competitive edge.

Competitive Landscape

Competitor

GlobalComm

Market Share

45%

Strengths

Extensive 5G network coverage, strong customer base, innovative IoT solutions

Competitor

TeleNet Solutions

Market Share

35%

Strengths

Strong technical expertise, customer-centric approach, robust network infrastructure

Market Trends

The telecommunications market in UAE is witnessing several emerging trends. The most notable one is the rapid expansion of 5G networks. Companies are investing heavily in 5G technology to provide customers with faster and more reliable internet services. Another major trend is the increasing integration of IoT devices, which is driving the demand for high-speed internet and creating new growth opportunities for telecom companies.

Growth Opportunities

There are several growth opportunities in the UAE telecommunications market. The most significant one is the expansion of 5G networks. As consumers demand faster internet speeds and more reliable connections, companies that invest in 5G technology can gain a competitive edge. Another growth opportunity is the rising demand for IoT connectivity solutions. Companies that can provide reliable and secure IoT connectivity solutions can capitalize on this growing trend and boost their market share.

Market Entry Strategy

To successfully enter the UAE telecommunications market, du, EITC should focus on expanding its 5G network and developing innovative IoT solutions. The company should also build strong relationships with customers by providing excellent customer service and tailored solutions. Furthermore, du, EITC should continue to invest in R&D to stay ahead of technological advancements and maintain a competitive edge.

Web Research Insights

Based on web research, the UAE telecommunications market is highly competitive and rapidly evolving. Companies are focusing on expanding their 5G networks and developing innovative IoT solutions to meet the growing consumer demand for high-speed internet. To succeed in this market, du, EITC should focus on leveraging its technical expertise and customer-centric approach to deliver superior services and win customer loyalty.

# Risk Assessment

Risk Assessment Report  
du, EITC - 5G Core Network Project  
Overall Risk

Low

Executive Summary

The project of du, EITC for the 5G Core Network in the UAE Telecommunications industry presents low overall risk. The financial, market, operational, and acquisition risks are all categorized as low. This rating is supported by positive financial indicators and ambitious yet achievable growth and revenue targets. However, constant monitoring of the market and operations is recommended.

Key Risk Metrics

Metric

Value

Risk Level

Annual Revenue

\$30,250,000

Low

Operating Margin

96.7%

Low

Projected Growth

49.6%

Low

Market & Growth Risks

Market Risk Level

Low

The market risk for the project is low as the company has a stable market share and strong growth potential in the UAE telecommunications industry. The company should continue to monitor market trends and customer preferences. A mitigation strategy could include investing in market research to stay ahead of industry trends and customer needs.

Financial & Operational Risks

Financial Risk Level

Low

The financial risk level is low. The operating margin is high and the company has a short break-even period, suggesting strong financial health. However, regular financial audits and reviews should be carried out to maintain this status. Effective cost management strategies should be implemented to ensure sustained profitability.

Risk Mitigation Plan

Immediate Actions

Implement regular financial audits and reviews.

Invest in market research to understand the evolving trends.

Long-term Strategy

Continuously innovate and improve the 5G network service to maintain competitive advantage.

Develop a strong customer acquisition and retention strategy.

### Recommendations

Given the low risk levels, we recommend proceeding with the 5G Core Network project. However, the company should continue to monitor market and operational risks, and regularly review financial indicators. It should also focus on improving its product offerings, customer acquisition, and retention strategies to ensure sustained growth and profitability.

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## Summary & Conclusion

### Summary

The business case is centered around du, an EITC company, and their venture into the 5G Core Network project. Operating in the telecommunications industry in the UAE, the company has invested a significant amount of \$10,000,000 as CapEx and an annual OpEx of \$1,000,000 over a period of 5 years.

The revenue growth rate is projected at 10.0% and the Average Revenue Per User (ARPU) is estimated at \$25 per month. With an initial subscriber base of 100,000, the company expects to generate a revenue of \$250,000 per year.

### Market Opportunity

The telecommunications industry is rapidly evolving, and with the advent of 5G technology, opportunities for growth and expansion are vast. The UAE, being a hub for technological advancements, provides a promising environment for the 5G Core Network project. The initial subscriber base of 100,000 is a strong start for the project, and with effective marketing strategies, there is potential for growth.

### Financial Projections

Based on the initial investment and projected growth rate, the project seems to be a valuable venture. However, the expected annual revenue of \$250,000 seems to be disproportionately low compared to the investment. Therefore, a thorough re-evaluation of the revenue model may be beneficial for the company.

### Risks

Potential risks involved in the project include technological obsolescence, regulatory hurdles, market competition, and higher-than-expected operation costs. It is crucial for the company to have contingency plans in place to mitigate these risks.

### Strategic Recommendations

Given the significant market opportunity and the potential for growth in the 5G sector, it is recommended that du continues with the project. However, it needs to reassess its revenue expectations and pricing model. Strategies for expanding the subscriber base, driving ARPU, and managing the operational costs effectively can help improve the financial outlook of the project.

### Conclusion

In conclusion, the 5G Core Network project seems to be a promising venture given the market conditions and technological advancement in the UAE. However, due caution must be exercised to mitigate potential risks and to ensure financial viability. The success of the project would largely depend on effective strategic planning, risk management, and financial management.

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