Telco in EEMA – We developed a framework to allocate optimal funding to postpaid deals taking into consideration gross margin, target base migration and competitor pricing

Situation

- **Large telco** in EEMA with 4.5bn (local currency) revenue in consumer postpaid segment
- **Postpaid revenue shrinking** along with high subscription churn necessitated a refresh in their postpaid product portfolio
- **Recognized the need to make the new postpaid packages competitive** by creating attractive handset deals

What we did

- **Developed a deals framework that will cluster all the deals into a 8x8 matrix** – created based on categorizing price plan value and handsets into 8 groups

Price Plan Value	<=1K	>1K to 1.9K	2K to 2.9K	3K to 3.9K	4K to 5.9K	6K to 7.9K	8K to 11.9K	>=12K
>=700	A7	B7	C7	D7	E7	F7	G7	H7
430-699	A6	B6	C6	D6	E6	F6	G6	H6
350-429	A5	B5	C5	D5	E5	F5	G5	H5
270-349	A4	B4	C4	D4	E4	F4	G4	H4
198-269	A3	B3	C3	D3	E3	F3	G3	H3
130-197	A2	B2	C2	D2	E2	F2	G2	H2
99-129	A1	B1	C1	D1	E1	F1	G1	H1
<=98	A0	B0	C0	D0	E0	F0	G0	H0

Handset Value[1]

- **Synthesized the competitor deals** in to the above matrix to identify the key areas where they fund and also to identify the weight of funding across different deal clusters
- **Optimized the telco's funding budget** combining the insights from above two steps and set up a process that would systematically allow the telco to create deals with appropriate and competitive funding every month on the right marketing channels

Impact

Currently the telco follows a static process to fund all price plans irrespective of the handset or deal the plan is part of which is margin dilutive, Hence the framework and the process of funding will enable the following –

- Identify only a handful of deals that would need funding and the channels on which they are pushed
- The weight of funding on those deals will be determined in line with competition's funding
- The weight of funding will vary across deals to enable upsell during contract renewal and to increase gross connections/footfall to stores