Hello Elisse,

Here is my report for our client company: Company X, regarding the introduction of handset leasing as a means of driving profitability for Company X. I recommend the team should proceed with this project as handset leasing has been successfully adopted in similar markets as US, Singapore, and Australia.

There is a projection that the telecom industry will experience an annual contraction rate of around 4% between 2018-2022. Consumer sentiement and trends observed in other markets suggest that handset leasing will minimize net losses in revenue and share value.

**The following is the research based on witch I support the project:**

**The market has expanded SIM-Only plans to allow for handset leasing and recycling old phones.**

* Higher adoption of SIM-Only Plans has had a negative effect on revenues in south-east Asian markets (Singtel, StarHub & M1). Companies have started to offer handset leasing services to accommodate for consumer preferences for SIM-Only Plans due to lower costs.
* Singtel and Star Hub witnessed year-on-year declines of 10% and 8% in post-paid ARPUS.
* There has been a contraction in legacy usage (phones less likely to be passed down in family) and the used Smartphones market was valued at $17 billion in 2016 with 50% year-on-year growth.

**Consumer sentiment shifts towards lower up-front costs and being up to date with technology.**

* Handset leasing lowers the initial upfront costs for consumers and customers can up to 70% of retail price for the phone through handset leasing." I
* Popular among youth (aged 20s) who do not have as much disposable income
* Consumers are interested in having the latest and greatest technology. Being able switch phones every year or two allows customers to stay up to date.

**Competitors have adopted handset leasing to raise revenues and create new revenue streams.**

* Singtel shows customers can save from SGD578 over one year and SGD358 over two years.
* Handset leasing was adopted by Singtel and SKT after suffering 5.7% and 3.5% year-on-year drop in revenue respectively. SKT has seen 25% of customers prefer leasing phones.
* Sprint saw an increase of 43% in profits in the US, being 1 of 4 major providers. Handset leasing provides opportunity to re-sell and recycle older phones as 10% of new phones (2016) will have 2 or 3 more users after re-sell, which can act as future revenue streams.

Handset leasing is appealing to younger customers and SIM-Only users. The low up-front costs will make Company X more competitive, attract customers, and could open up new revenue streams such as recycling and re-selling old phones under new plans.

This is an attractive business model the team should consider.

Kind regards,

Shaurya Kumar Singh

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