

Q&A on HW3 + Introduction to the MOB game



Jan Markendahl
December 2, 2014

1

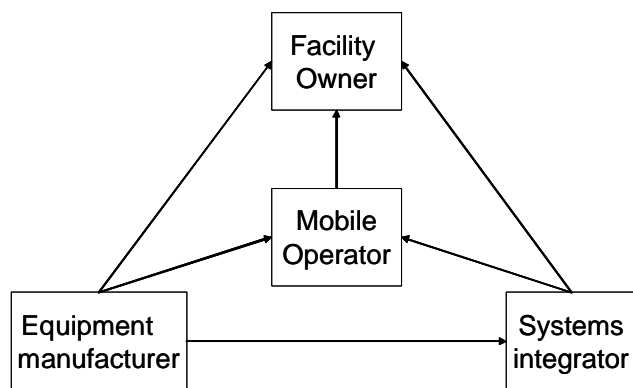
Today



- The first 10 minutes
 - Q&A for HW3
- The next 20 minutes
 - Introduction to the MOB game
 - Game preparation and summary reports
- 8.50
 - We leave and go to the Tele2 for registration
- 9.00-10.00
 - Study visit at Tele2

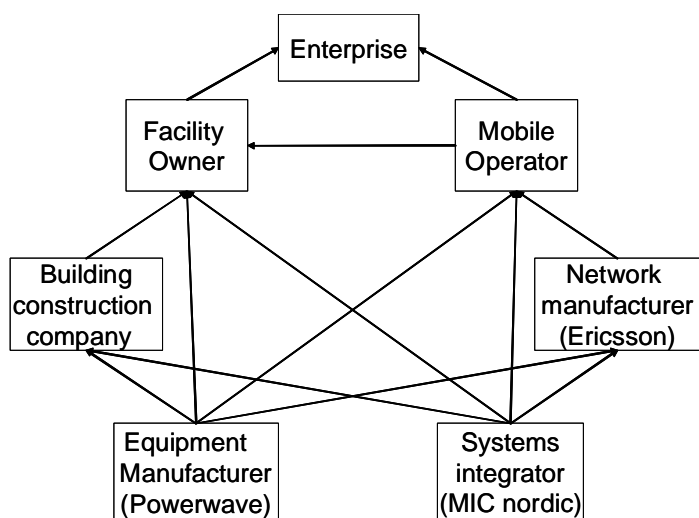
2

Actors and relations indoor wireless access systems



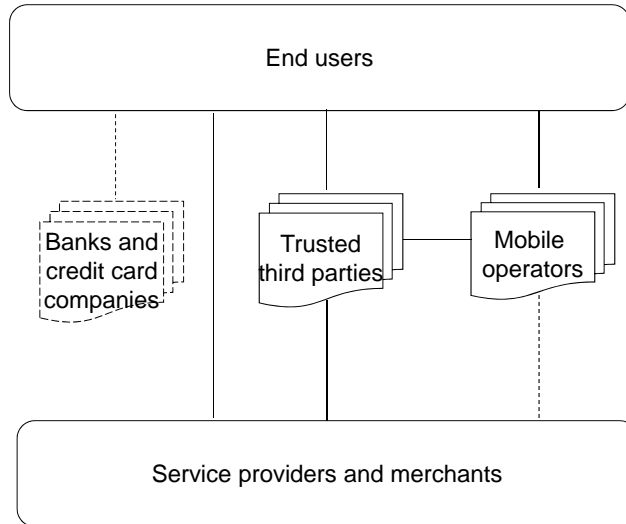
3

Actors and relations indoor wireless access systems



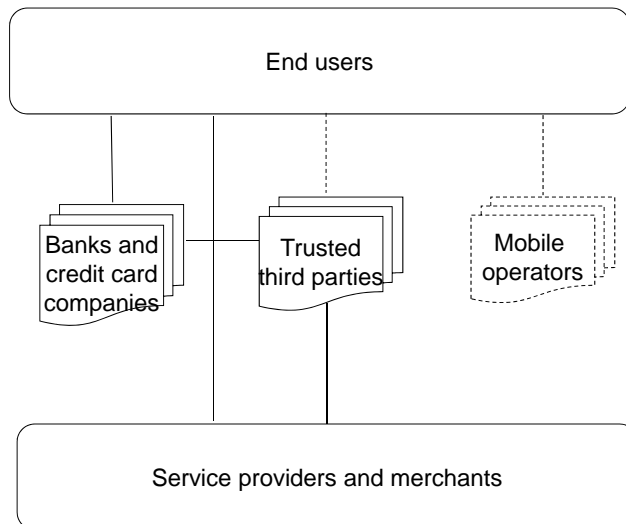
4

Premium SMS



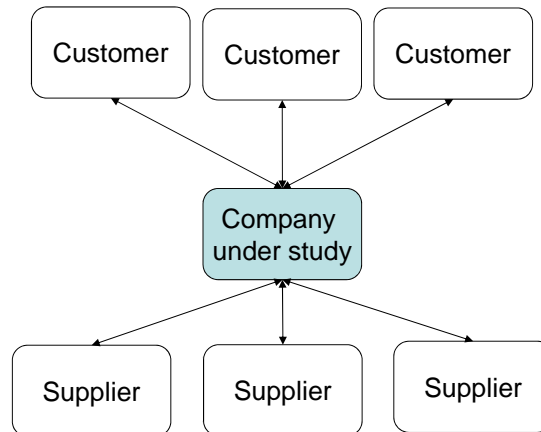
5

Bank SMS



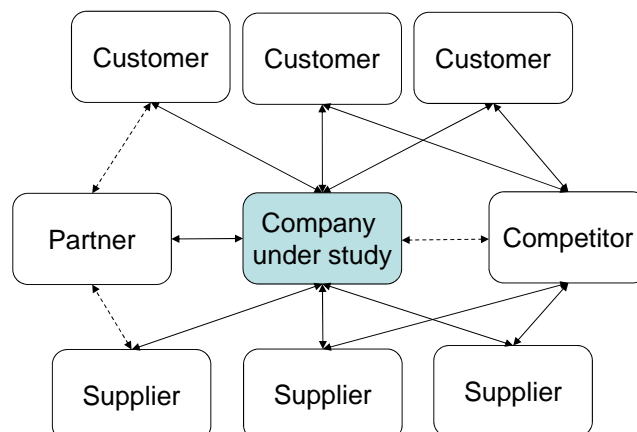
6

Cooperation: Market Actors and Relations



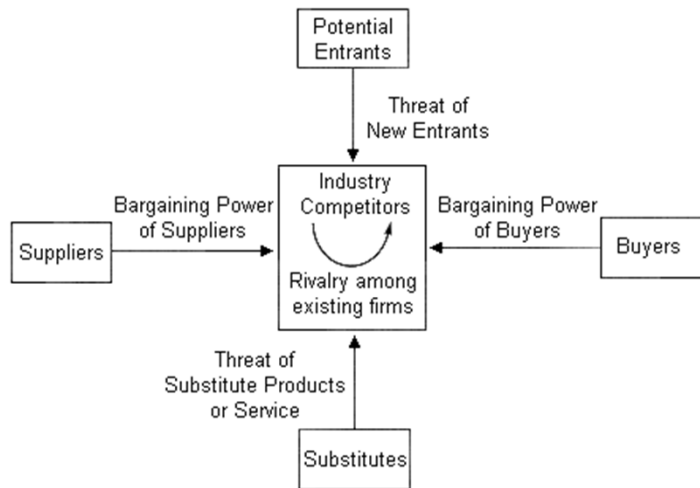
7

Cooperation: Market Actors and Relations



8

Porters five market forces



9

Porters generic strategies



<i>Target Scope</i>	<i>Advantage</i>	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

10

Porter and the MOB game

According to Porter, there are three fundamental ways through which a company can achieve sustainable competitive advantage.

Porter's three generic strategies are as follows:



- A *cost leadership strategy*
- A *differentiation strategy*
- A *focus strategy*

Choose ONE strategy for the MOB game

Prepare activities in order to implement the strategy

11

Schedule for MOB game and preparations

- Preparation
 - Comparison of operator strategies from your HW2; what is the largest observed difference between any of your HW2 operators ?
 - Preparation of strategy for the MOB game chose a "Porter" type of strategy
 - Hand in December Dec 8, 16:00
- During the game day, December 10
 - 08:15-15:00 The "game"
 - 14:30-15:00 Preparation of summary report
 - 15:00-16:00 Presentation of summary reports



Team summary report
-Initial strategy
-What happened?
-How did you manage?
-Lessons learned?
-Who did win?

12

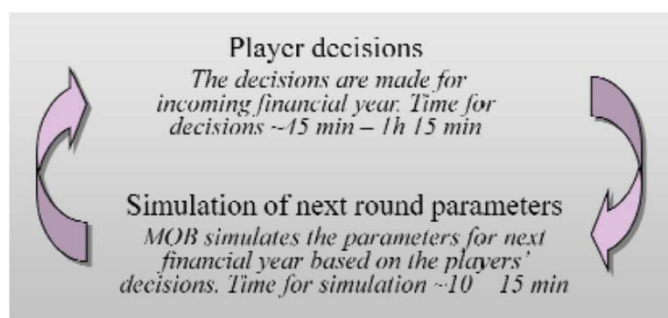
MOB game – the market

- Western European country before 2005
- Still some new voice users to attract
- Only low data rate services are available
- The big mobile data growth to come
- Business intelligence data is available in the end of the player instructions



13

Several rounds (seasons)



14

MOB game – main page

MOB Main

Main

Consumers

Corporations

Mobile Content

Sales & Marketing

R&D

Network CapEx

Network OpEx

Mobile Devices

HR

Finance & CFS

IS & BS

Market Data

Name of Team: **Team** Get new results

Team Number: **1** Send decisions

Season: **1** Save decisions -button pressed!

Remember to print the Market Data in the beginning of each season!

15

To input

- Services
 - Consumer segment
 - prices for voice, data and messages
 - Enterprise segment (corporations)
 - prices etc
 - Sales & marketing and customer care
 - Content services (Mobile content*)
- Sales and marketing
 - For consumers only
- Handsets*
 - Subsidies and prices



To input (continued)



- Networks
 - "R&D" invest in knowledge in order to deploy
 - "CAPEX" (build capacity to match demand)
 - "OPEX" (maintain networks, ensure quality)
- Human Resources*
 - Salaries
 - Competence development
- Finance
 - Increase or decrease debt

17

MOB game – technologies



- The big mobile data growth to come
- Data services can be based on
 - WLAN
 - 3G/4G
- In order to use new technology you first need to gain competence = invest in R&D
- To use 3G/4G you need more spectrum
 - Spectrum may be allocated
 - Spectrum may be auctioned

18

MOB game – Input for consumers – voice services

MOB		Consumer Offerings: Subscriptions				
		Voice	Data	Messaging		
Main						
Consumers						
Corporations						
Mobile Content						
Sales & Marketing						
R&D						
Network CapEx						
Network OpEx						
Mobile Devices						
HR						
Finance & CFS						
IS & BS						
Market Data						
		Postpaid subscription		Prepaid subscription		
		Season 1	Season 0	Season 1	Season 0	
Nr. of postpaid subs			680 400	Nr. of prepaid subs	75 600	
Opening charge (€)		3,90	3,90	Opening charge (€)	5,00	
Monthly charge (€/month)		3,90	3,90			
Calls (€/min)		07:00-17:00	0,19	0,19	07:00-17:00	0,22
		Other	0,16	0,16	Other	0,19
Average min/subs/month: 07:00-17:00			74,80	Average min/subs/month: 07:00-17:00	54,99	
Average min/subs/month: other			61,20	Average min/subs/month: other	48,76	
Total average min/subs/month			136,00	Total average min/subs/month	103,75	
Estimated nr. of postpaid subs		710 000		Estimated nr. of prepaid subs	40 000	
Estimated average min/subs/month: 07:00-17:00		75,00		Estimated average min/subs/month: 07:00-17:00	55,00	
Estimated average min/subs/month: other		62,00		Estimated average min/subs/month: other	50,00	
Revenues (k€)			228 229	Revenues (k€)	19 474	
Estimated revenues (k€)		239 272		Estimated revenues (k€)	10 368	

19

MOB game – Input for consumers - messaging

MOB		Consumer Offerings: Messaging			
		Voice	Data	Messaging	
Main					
Consumers					
Corporations					
Mobile Content					
Sales & Marketing					
R&D					
Network CapEx					
Network OpEx					
Mobile Devices					
HR					
Finance & CFS					
IS & BS					
Market Data					
		SMS		MMS	
		Season 1	Season 0	Season 1	Season 0
SMS (€/message)		0,17	0,17	MMS (€/message)	0,55
Nr. of SMS users			675 000	Nr. of MMS users	30 000
Nr. of SMS's/user/month			28	Nr. of MMS's/user/month	2
Estimated nr. of SMS users		710 000		Estimated nr. of MMS users	45 000
Estimated nr. of SMS's/user/month		28		Estimated nr. of MMS's/user/month	3
SMS revenues (k€)			38 566	MMS revenues (k€)	396
Estimated SMS revenues (k€)		40 555		Estimated MMS revenues (k€)	891
		Total revenues			
		Season 1	Season 0		
Total revenues (k€)			38 952		
Total estimated revenues (k€)		41 446			

20

MOB game – Input for consumers – data services

MOB

Consumer Offerings: Data

Main

Consumers

Corporations

Mobile Content

Sales & Marketing

R&D

Network CapEx

Network OpEx

Mobile Devices

HR

Finance & CFS

IS & BS

Market Data

Voice
Data
Messaging

Data services

	Cellular data		NOT ENABLED	
	Season 1	Season 0		
Monthly payment (€/month)	3,00	3,00		
Price of 1 MB (€/MB)	2,50	2,50		
Block size (MB)				
Nr. of data users		30 000		
Average MB/user/month		1,50		
Estimated nr. of data users	30 000			
Estimated average MB/user/month	1,50			
Revenues (k€)		2 430		
Estimated revenues (k€)	1 080		0	

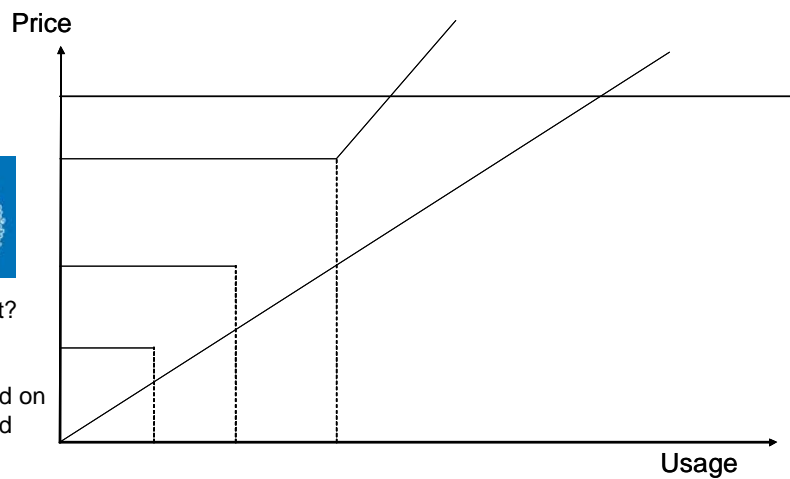
Cellular pricing type		NOT ENABLED	
Season 1	Season 0		
Flat	Usage		
Flat rate	Usage based	Block	Block

21

Different pricing strategies



What is what?
 -Flat rate
 -Box pricing
 -Box with add on
 -usage based



MOB game – Input for consumers – data services

MOB

- Main
- Consumers**
- Corporations
- Mobile Content
- Sales & Marketing
- R&D
- Network CapEx
- Network OpEx
- Mobile Devices
- HR
- Finance & CFS
- IS & BS
- Market Data

Consumer Offerings: Data

Voice
Data
Messaging

Data services

	Cellular data		NOT ENABLED	
	Season 1	Season 0		
Monthly payment (€/month)	3,00	3,00		
Price of 1 MB (€/MB)		2,50		
Block size (MB)				
Nr. of data users		30 000		
Average MB/user/month		1,50		
Estimated nr. of data users	30 000			
Estimated average MB/user/month	1,50			
Revenues (k€)		2 430		
Estimated revenues (k€)	1 080			0

	Cellular pricing type		NOT ENABLED	
	Season 1	Season 0		
	Flat	Usage	Block	
	Flat rate	Usage based	Block price	

23

Market data

MOB

- Main**
- Consumers
- Corporations
- Mobile Content
- Sales & Marketing
- R&D
- Network CapEx
- Network OpEx
- Mobile Devices
- HR
- Finance & CFS
- IS & BS
- Market Data

Main

Name of Team: Team

Team Number: 1

Season: 1

Get new results

Send decisions

Save decisions -button pressed!

Remember to print the Market Data in the beginning of each season!

24

12

Page 1/4		Season: 1			
Income statement (k€)					
	Team1_	Team2_	Team3_	Team4_	
Revenues					
Consumer postpaid voice	198 554	247 792	236 276	249 731	
Consumer prepaid voice	20 656	21 631	21 204	20 325	
Consumer data	1 291	1 291	5 693	1 167	
Consumer messaging	39 336	38 379	34 606	39 811	
Mobile content	355	549	474	549	
Corporate voice	118 242	114 863	115 441	115 413	
Corporate data	12 960	12 830	11 757	12 541	
Total	391 384	437 333	425 451	439 536	
Expenses					
Marketing	78 288	78 288	80 288	88 288	
Mobile content	8 000	8 000	6 500	8 000	
Corporate customer acquisition and relations	25 100	24 200	22 630	22 500	
R&D	90 000	105 000	60 000	50 500	
Maintenance	21 255	19 255	19 355	19 255	
Handset business	0	0	0	0	
Personnel	62 166	59 862	59 308	58 845	
Total	323 947	338 338	290 626	291 341	
EBITDA	67 437	98 996	134 825	148 195	
Depreciation from fixed assets	55 529	50 000	50 486	56 353	
EBIT	11 908	48 996	84 339	91 842	
Financial expenses	24 000	24 000	24 000	24 000	
Taxes (26%)	0	6 499	15 688	17 639	
Profit	-12 092	18 497	44 651	50 203	

Page 2/4		Season: 1			
Balance sheet (k€)					
	Team1_	Team2_	Team3_	Team4_	
Assets					
Fixed assets	638 588	575 000	580 592	648 059	
Cash and cash equivalents	73 731	193 497	213 941	150 733	
Total	712 320	768 497	794 533	798 791	
Liabilities & equity					
Equity					
Share capital	250 000	250 000	250 000	250 000	
Previous years profits	-100 000	-100 000	-100 000	-100 000	
Profits for this year	-12 092	18 497	44 651	50 203	
Total equity	137 908	168 497	194 651	200 204	
Liabilities					
Short term dept	0	0	0	0	
Long term dept	575 000	600 000	600 000	600 000	
Total liabilities	575 000	600 000	600 000	600 000	
Total	712 320	768 497	794 533	798 791	

Subscriber amounts & market shares

	Team1_	Team2_	Team3_	Team4_
Consumers:				
Postpaid voice (subscribers)	693 818	661 667	653 707	636 808
Postpaid voice (%)	26%	25%	25%	24%
Prepaid voice (subscribers)	71 317	74 720	72 146	75 818
Prepaid voice (%)	24%	25%	25%	26%
Cellular data (subscribers)	9 622	9 839	79 068	9 470
WLAN data (subscribers)	0	0	0	0
SMS (active users)	711 026	687 366	606 621	712 626
MMS (active users)	68 620	70 047	70 188	67 144
Corporations:				
SME voice (%)	25%	25%	25%	25%
NAT voice (%)	25%	25%	25%	25%
INT voice (%)	26%	26%	24%	24%
PA voice (%)	25%	26%	25%	25%
SME data (subscribers)	15 686	15 654	15 840	15 460
NAT data (subscribers)	15 761	15 614	15 709	15 556
INT data (subscribers)	13 180	12 792	12 094	12 048
PA data (subscribers)	7 965	7 960	7 713	7 683

Schedule for MOB game activities

- During the game day
 - 08:15 Start of the game
 - 09:45 Deadline for input season 1
 - 11:00 Deadline for input season 2
 - 12:00 Deadline for input season 3
 - 13:15 Deadline for input season 4
 - 14:00 Deadline for input season 5
 - 14:30 End of Game
 - 14:30 Preparation of summary report slides
 - 15-16 Team presentation of summary reports

