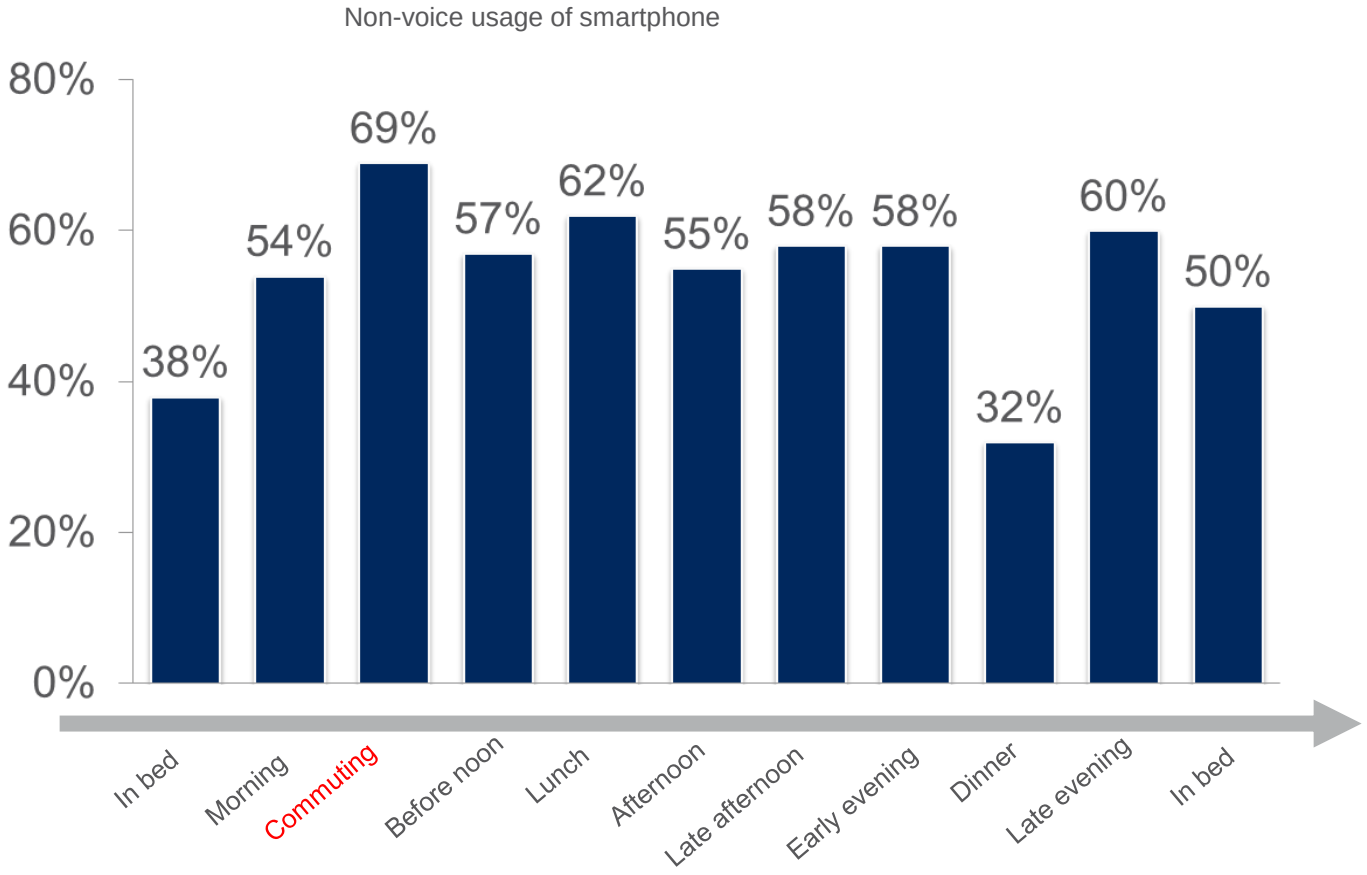
MOBILE BROADBAND
A GROWTH ENGINE

Greger Blennerud
Head of marketing – mobile broadband
Business unit networks

STICKY USAGE PATTERN



158 MILLION SOLD IN Q2

+47%

YOY

+110%

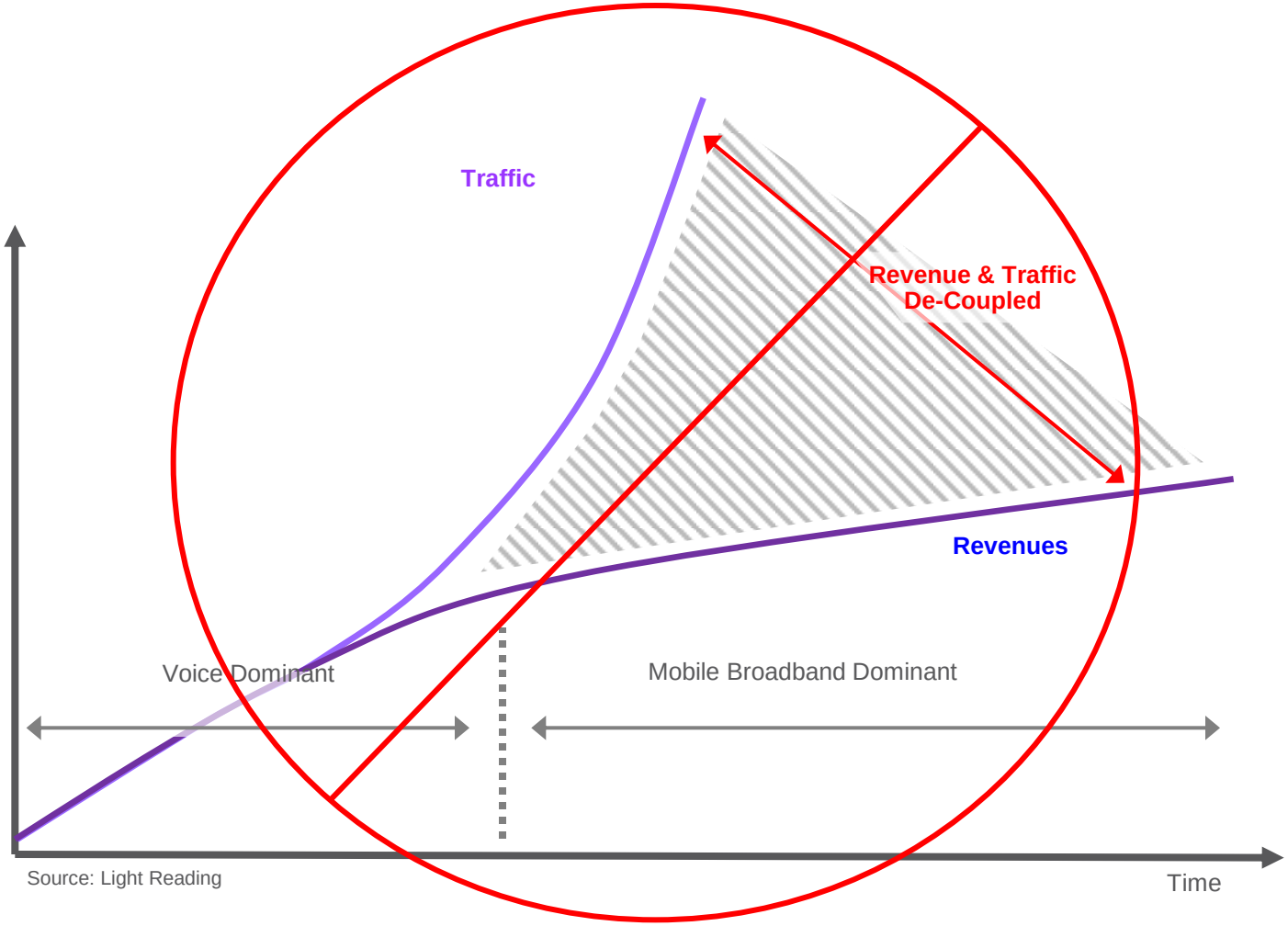
YOY

+199%

YOY

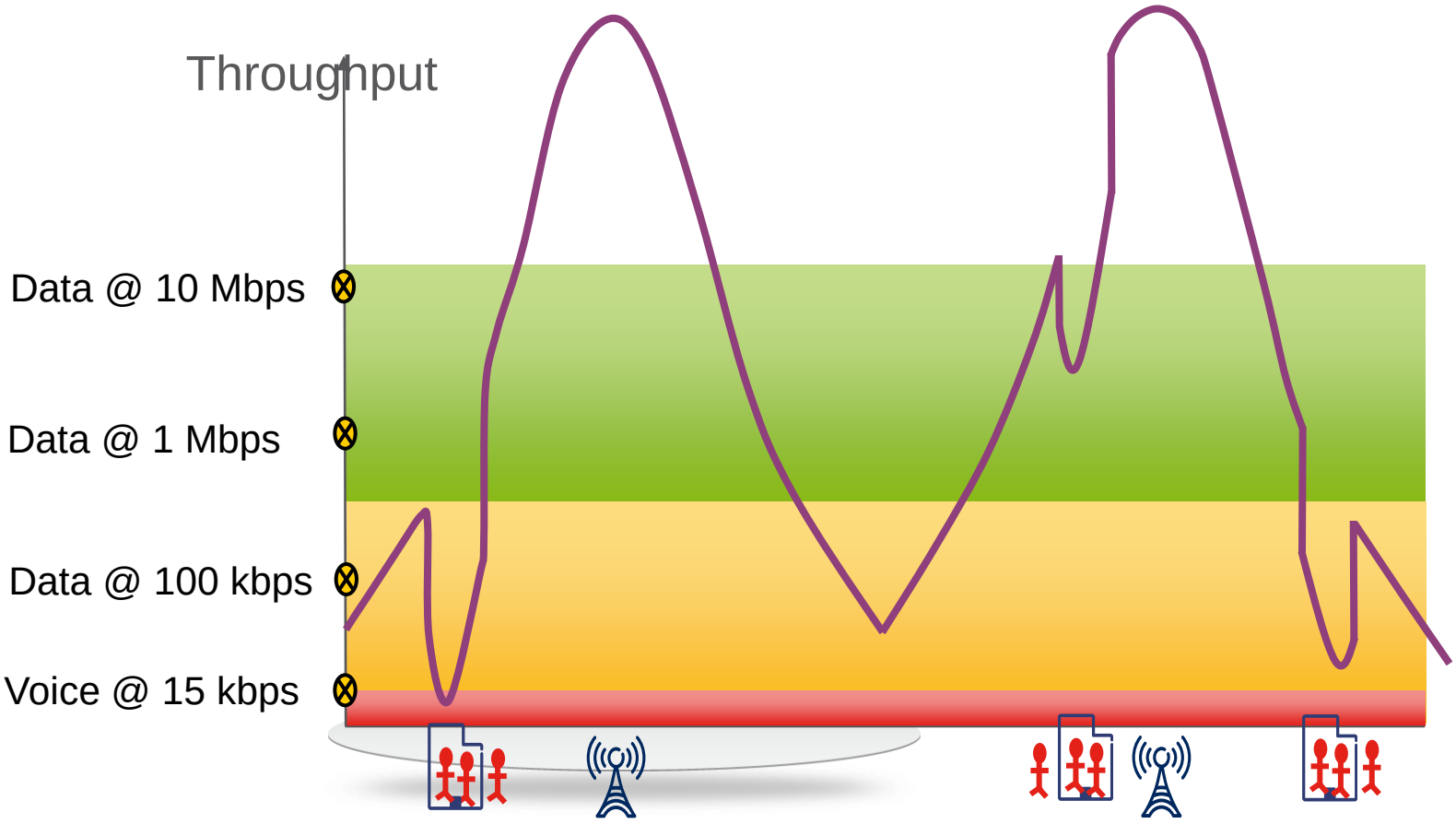
Source: Canalys, Aug 2012

MYTH OR A REAL ISSUE??



Source: Light Reading

COVERAGE AND PERFORMANCE VARIATIONS



IMPLICATIONS FROM RADIO BASICS

Signal strength measure: Decibel (dB). Doubling the signal strength equals an increase with 3 dB, x4 equals 3 + 3 = 6 dB, x8 equals 3 + 3 + 3 = 9 dB etc

Rule 1: Power and spectrum are the limiting resources, linking coverage and capacity

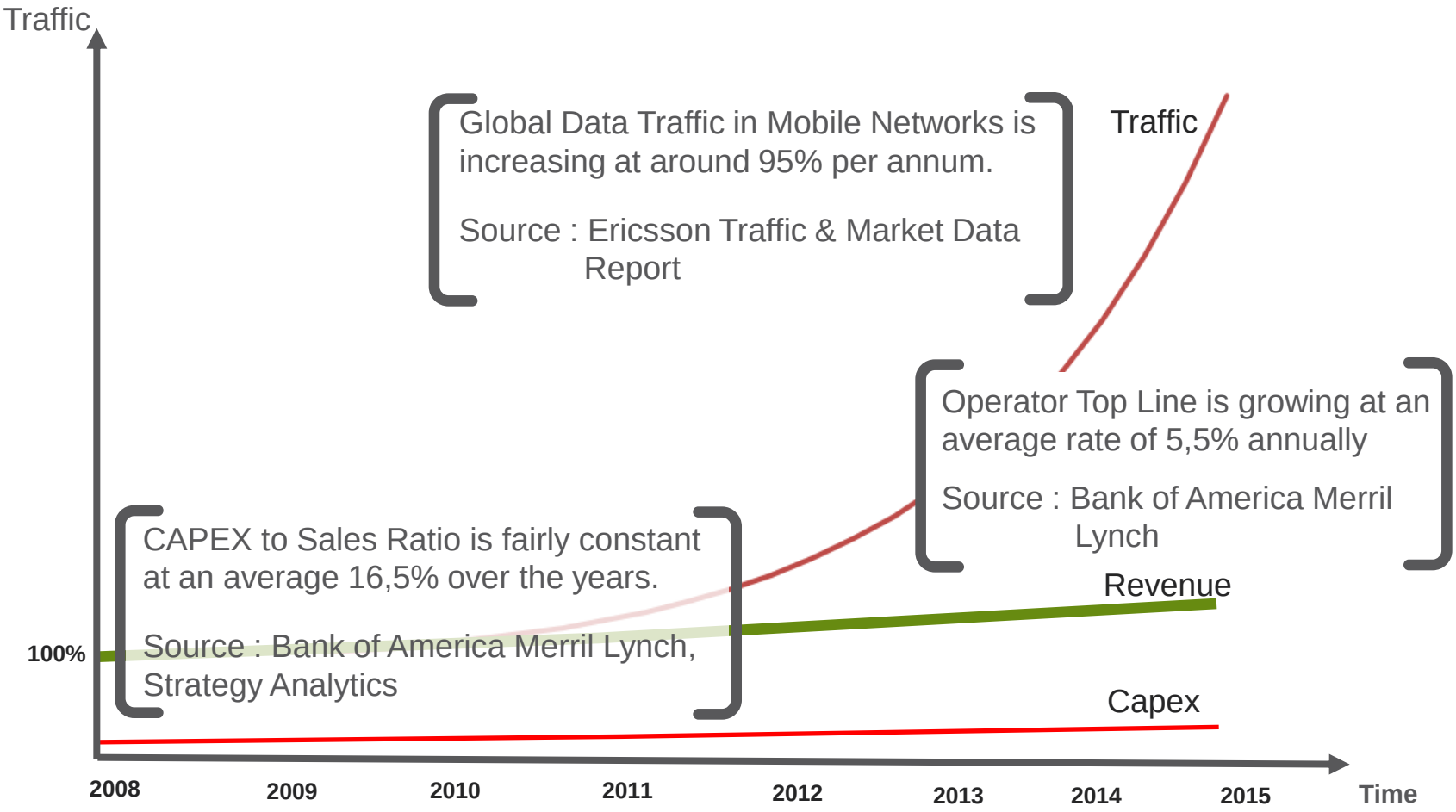
Rule 2: To double the throughput you need to double the received signal strength

Rule 3: To get 10 Mbps downlink you need at least 1 Mbps uplink (and vice versa)

Rule 4: Double the number of sites and you gain 6 dB

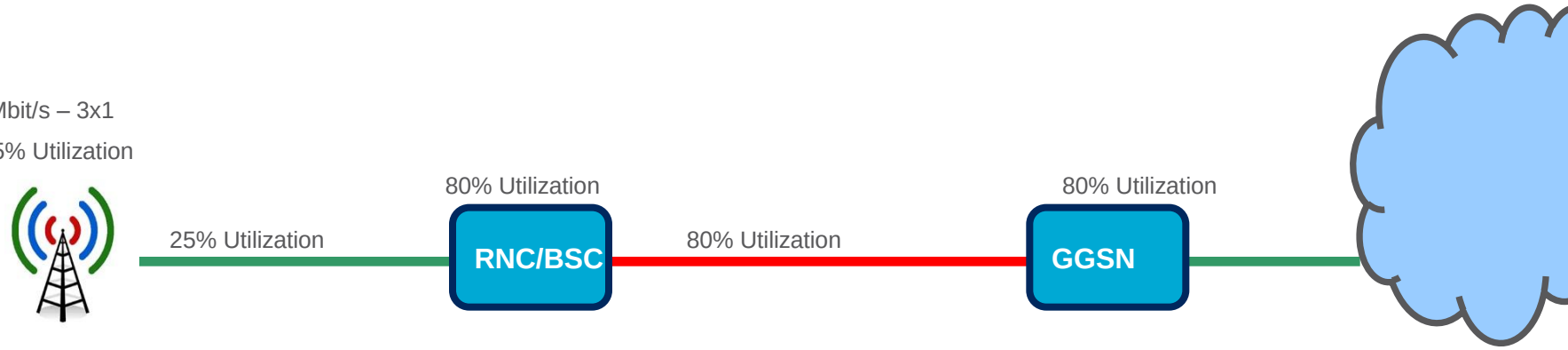
› Example calculation: MBB with uplink of 10 Mbps and downlink of 1 Mbps “everywhere” requires x8 more base station than voice @ same coverage.

NO MYTH, FACTS



Cost to Revenue Gap indicate growing margins

FULLY ALLOCATED NW COST



	RADIO		BACKHAUL		CONTROLLER		TRANSPORT		PACKET		TOTAL
dep. Capex	0,41 $ / GB	+	0,02 $ / GB	+	0,08 $ / GB	+	<0,01 $ / GB	+	0,01 $ / GB	=	0,60 $ / GB
Opex	0,24 $ / GB	+	0,01 $ / GB	+	0,04 $ / GB	+	<0,01 $ / GB	+	0,01 $ / GB	=	0,30 $ / GB

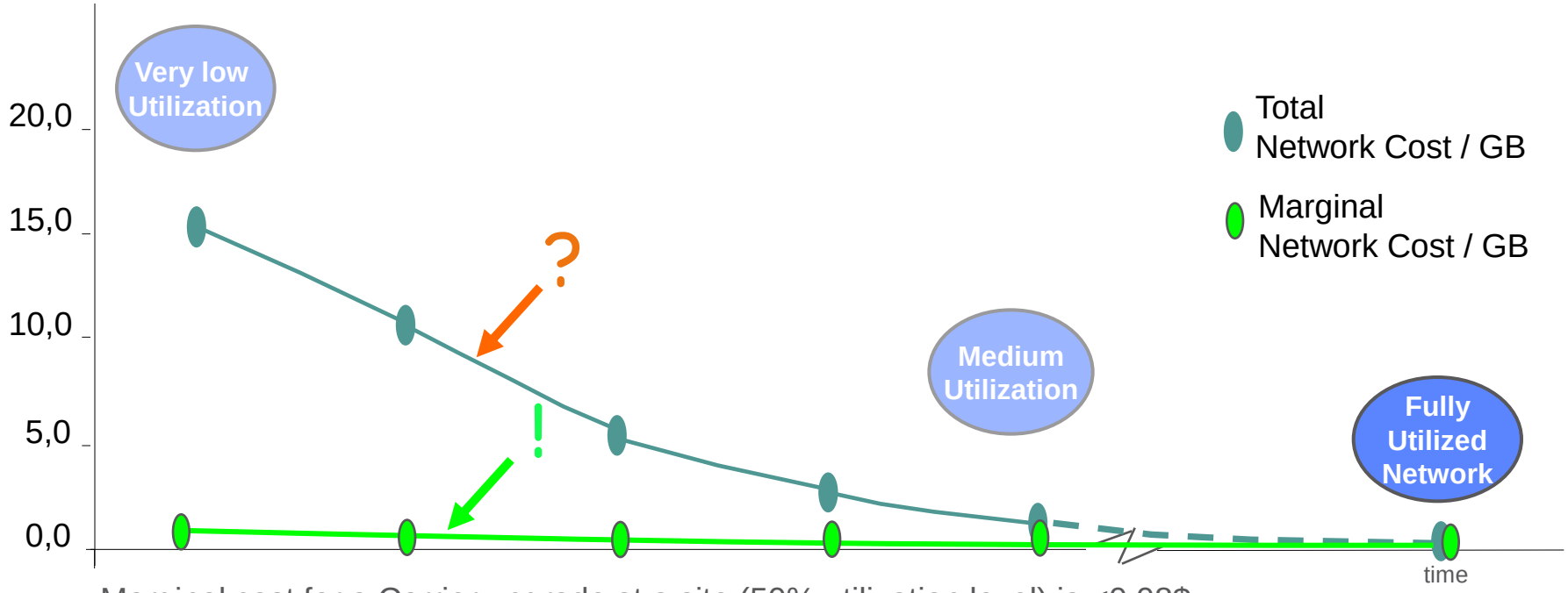
(Shared with 2G)

SUM **<1 $ / GB**

Entire shared 2G/3G network, opex and dep. capex ends up below 1$ per GB in a network with an average of

TOTAL VS MARGINAL COST?

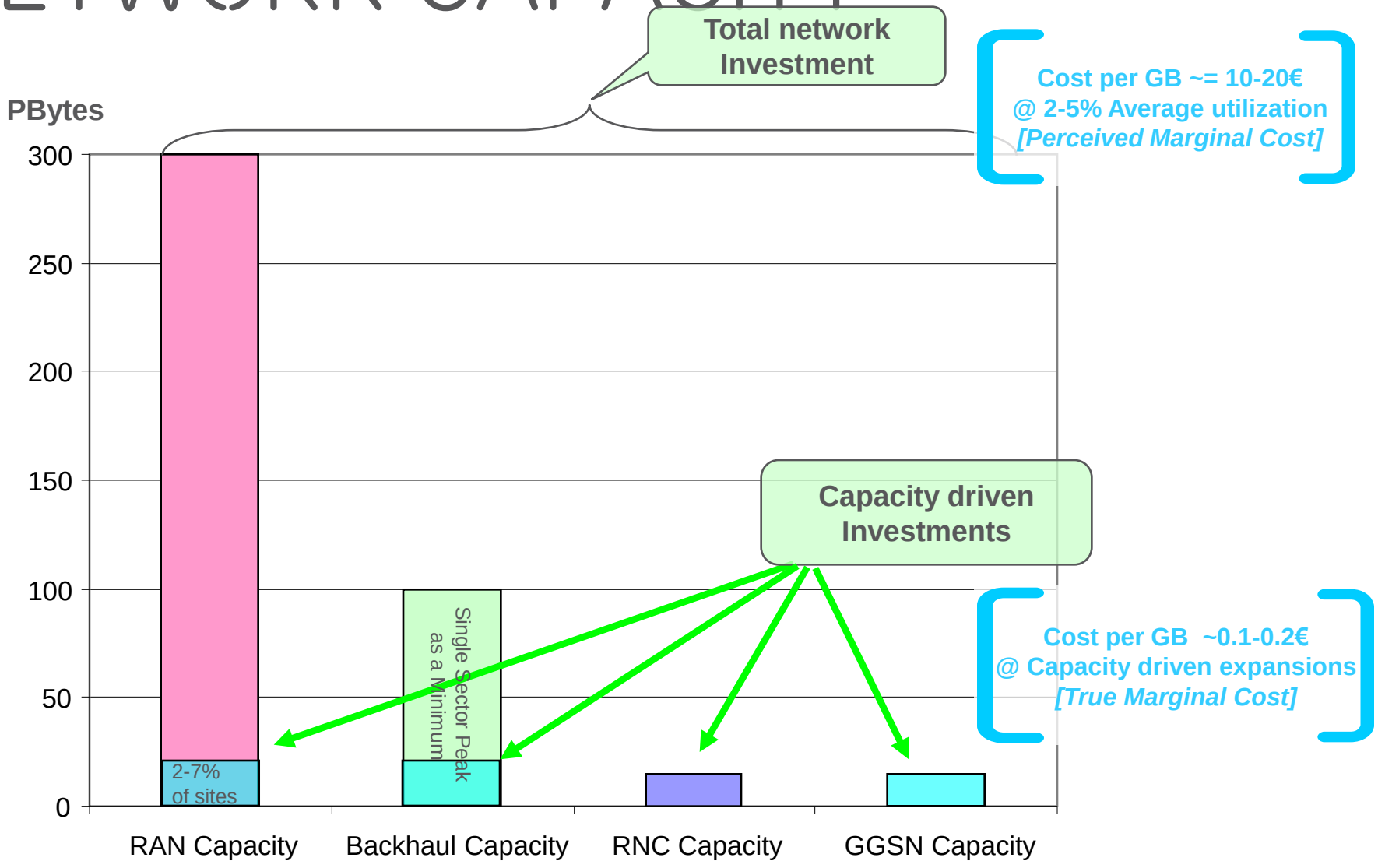
WHICH COST IS USED AS THE BASIS FOR DECISIONS…??



Marginal cost for a Carrier upgrade at a site (50% utilization level) is <0,08$...
Total NW cost per GB is useful as a benchmark… "At what level will I meet my target EBITDA"

=> **Over all objective… FILL UP THE PIPE!!**

NETWORK COSTS VS NETWORK CAPACITY



COST CALCULATION

MARGINAL COST @ 7.2 MBIT/S – CARRIER UPGRADE

Cell Capacity ~4 Mbit/s

*

Sectors 3

=

Site Capacity ~13 Mbit/s

*

Seconds / Year 31 536 000

1 Byte = 8 bits
1 GB = 1024 MB

GB / Year ~50 000

Investment 20000 €

/

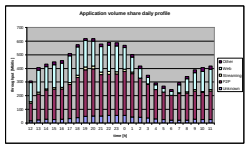
Depreciation 8 Years

Yearly Cost 2500 €

0,04 € / GB

50% Utilization

0,08 € / GB



Generic example

RBS 7.2 Mbit/s, 500m Suburban, 10 codes, 16QUAM, GRAKE2 – Ericsson RNPT Tool & Live measurements in commercial networks. Peak to average load is ~1.4 giving a max load relative to peak of 70%.

COPING WITH TRAFFIC

Step 1: Add carrier on site (using existing available spectrum)

Step 2: Improve spectrum efficiency (e.g. 7.2 Mbps to 21 Mbps) requires updates in terminal fleet…

Step 3: Use additional spectrum if available

Step 4: Increase network density, “Cell Splitting”

- Sectorization (3 -> 4,5 or 6 sectors)
- Add Macro site
- Add small Cell(s) where required HetNet
- Add “free capacity” from WiFi if available – Needs control mechanism

WORST CASE situation… Example :
New Site Build 100,000€ (@ 25 years) = 4000€ per year
Full Macro Cabinet 80,000€ (@ 8 years) = 10000€ per year
Assuming only 2 sectors really required * 3 carriers * 7 Mbps = 42 Mbps. CAPEX Cost per GB at 50% load is < 0,18€

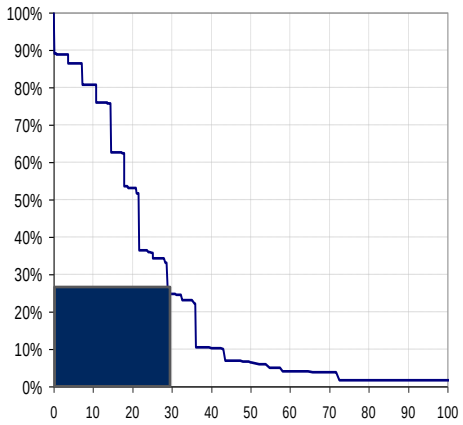
The REAL issue is finding the site…. !!

MEETING THE CHALLENGES

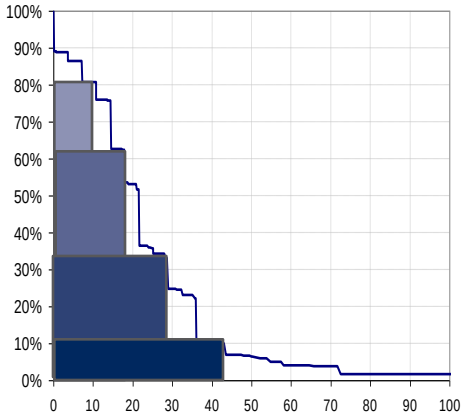
Approximately 3 small cells per Macro Site
In Urban environment

THE OPPORTUNITY!

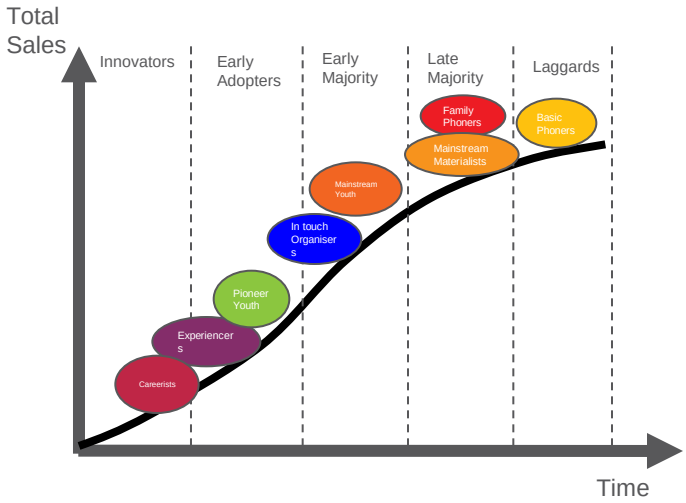
One Size Fits All



Tiered Pricing



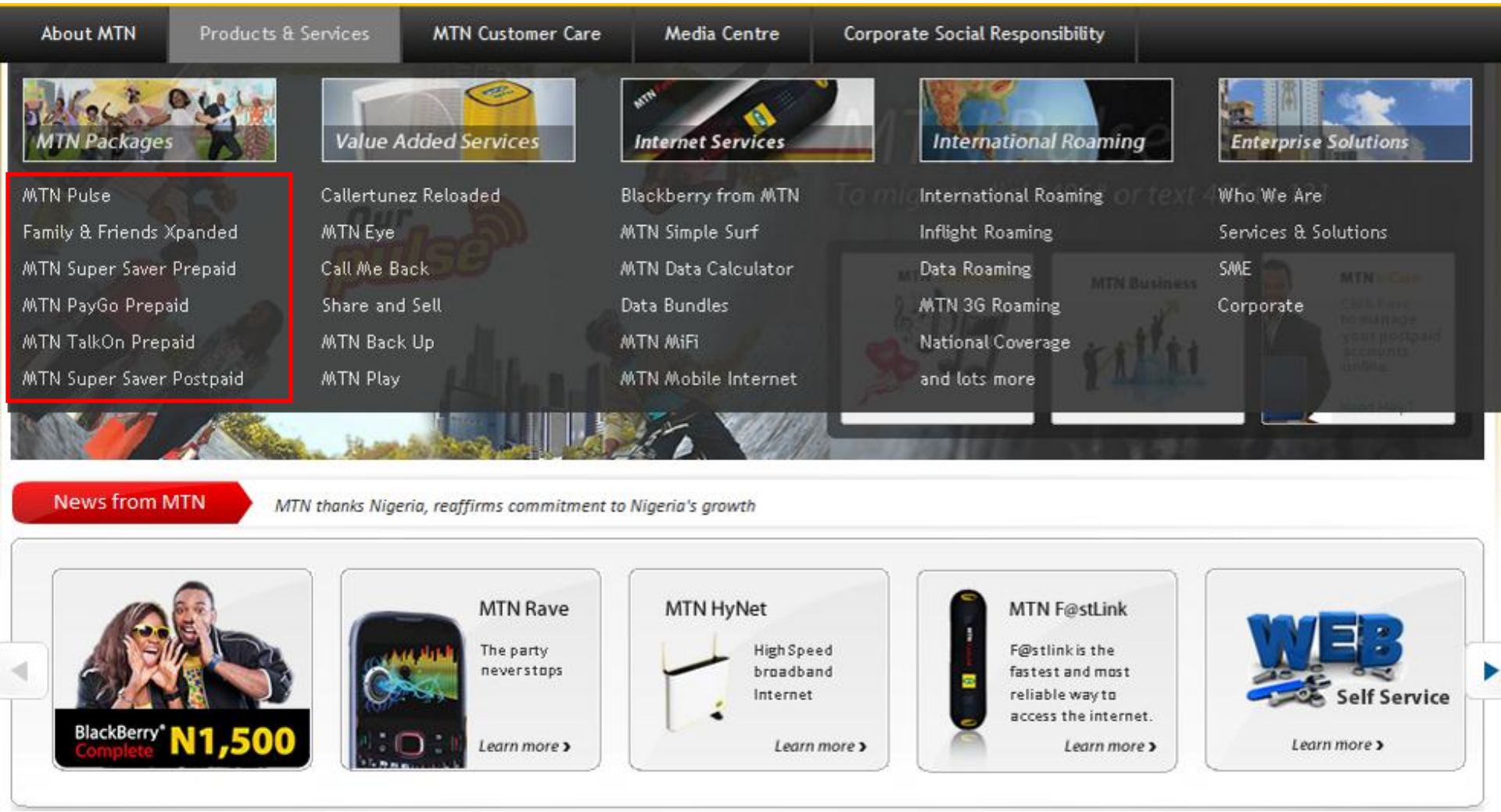
Segmentation



* Consumer Lab: Segmentation Model

* Consumer Lab: Price Elasticity

SEGMENTATION



SEGMENT EXAMPLE

What is MTN Pulse

22

The MTN Pulse tariff plan has been specially designed to help you satisfy your need to stand out in the world. With MTN Pulse, you will be on the cutting edge of modern telecommunications and can enjoy a world of FUN, CREATIVITY and FREEDOM.

Pulse Instant Bonus

Learn more

MTN Pulse Chat

Learn more

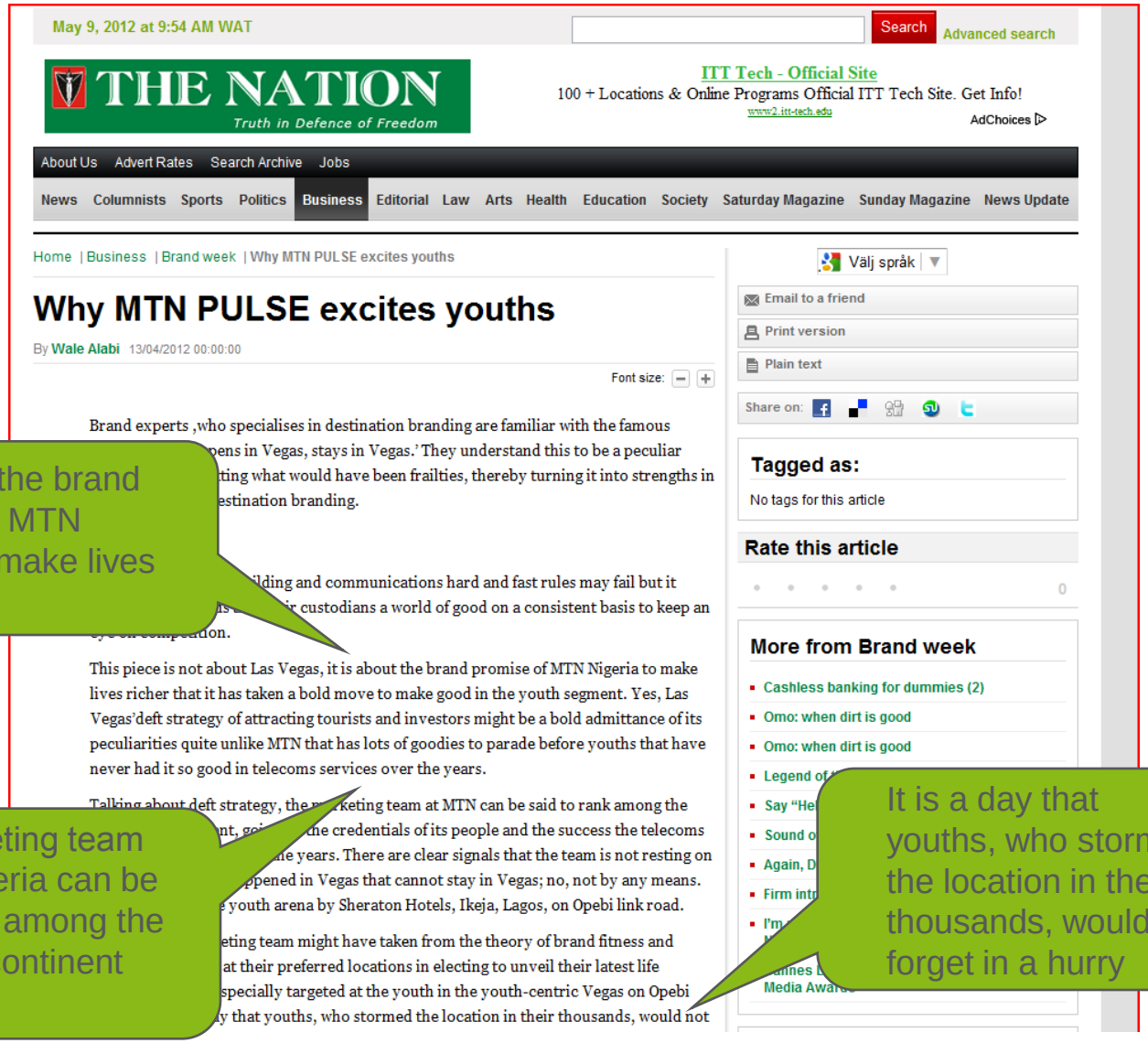
MTN Y'ello Friday

Learn more

MTN Products & Services

- MTN Packages
  - MTN Pulse
  - MTN Family & Friends Xpanded
  - MTN Super Saver Prepaid
  - MTN Super Saver Postpaid
  - MTN PayGo
  - MTN TalkOn
  - MTN Bundles
  - MTN Happy Hour
- Value Added Services
- Internet Services
- International Roaming
- Enterprise Solutions
- MTN Airtime
- Phones and Devices

MTN NIGERIA IN THE MEDIA



May 9, 2012 at 9:54 AM WAT

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Home | Business | Brand week | Why MTN PULSE excites youths

Why MTN PULSE excites youths

By Wale Alabi 13/04/2012 00:00:00

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Brand experts ,who specialises in destination branding are familiar with the famous ...pens in Vegas, stays in Vegas.' They understand this to be a peculiar ...ting what would have been frailties, thereby turning it into strengths in ...estination branding.

...ilding and communications hard and fast rules may fail but it ...ir custodians a world of good on a consistent basis to keep an ...ation.

This piece is not about Las Vegas, it is about the brand promise of MTN Nigeria to make lives richer that it has taken a bold move to make good in the youth segment. Yes, Las Vegas'deft strategy of attracting tourists and investors might be a bold admittance of its peculiarities quite unlike MTN that has lots of goodies to parade before youths that have never had it so good in telecoms services over the years.

Talking about deft strategy, the ...rketing team at MTN can be said to rank among the ...nt, go... ...he credentials of its people and the success the telecoms ...e years. There are clear signals that the team is not resting on ...ppened in Vegas that cannot stay in Vegas; no, not by any means. ...e youth arena by Sheraton Hotels, Ikeja, Lagos, on Opebi link road.

...eting team might have taken from the theory of brand fitness and ...at their preferred locations in electing to unveil their latest life ...specially targeted at the youth in the youth-centric Vegas on Opebi ...y that youths, who stormed the location in their thousands, would not

Välj språk

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More from Brand week

- Cashless banking for dummies (2)
- Omo: when dirt is good
- Omo: when dirt is good
- Legend of ...
- Say "He...
- Sound o...
- Again, D...
- Firm intr...
- I'm ...

...annes ...
Media Awards

It is about the brand promise of MTN Nigeria to make lives richer…

…the marketing team at MTN Nigeria can be said to rank among the best in the continent

It is a day that youths, who stormed the location in their thousands, would not forget in a hurry

LONG TERM GROWTH REQUIRES INCREASING SHARE OF WALLET (&TIME)

Clearly communicated Value...

In Reasonable Steps

UNPLUG!
MONETIZING DATA...

INCENTIVIST

Loyalty initiatives based on user behavior and experience

HERE & NOW

Proactive & ad hoc offerings based on time, place & situation

ONE-TRICK-PONY

Precise offerings that attract untapped segments to discover mobile broadband

ADD ON

More devices, services and alternative subscription models

MANAGEMENT

Capitalize on untapped needs in B2B

INVISIBLE

Winning in the Networked Society and M2M

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ONE, TWO OR MORE SCREENS
EVOLUTION & USER BEHAVIOR

Device Evolution

Complementing usage
Competing for time

FOUR SCREENS AND CLOUD ECOSYSTEM

icloud

Google

Microsoft

bada

amazon cloud player

Launch Player

OS Platforms and Cloud tying devices and usage together

Owning the User ”end 2 end”...

We are seeing a shift from one device to many devices connected together, anytime, anyplace

John Boynton
EVP and CMO, Rogers Communications

MY DEVICES: ROGERS EXAMPLE

› Data Share Plan

- Plan includes both **data and voice**
- Different post- paid options available
- One plan to connect up to **five mobile devices** by sharing data from mobile phone plan
- **Option to add device** cost $11.93/device/month
  For example tablets, dongles, mobile hotspots and laptops could be added
- **Requires Voice plan, minimum 200 minutes**

Example: rogers.com

60% of people not owning a tablet agree that tablets will transform the way we live, work and play
42% plan to purchase a tablet within the next year
69% claim they take their tablet everywhere they go

(Rogers reported ARPU ~ $62)

Source: rogers.com

SHARE EVERYTHING! VERIZON EXAMPLE

- Share Plan
  - Users choose Device and Data plan
  - Devices have separate monthly fee
  - Mix with selection of data plan
  - Up to 10 devices

- Examples:
  - 2 SmartPhones + 6GB = 160$/Month
  - SmartPhone + Tabet + 8GB = 140$/Month

Step 1	Step 2			
Monthly Line Access (per device)	**Shared Minutes**	**Shared Messages**	**Shared Data**	**Monthly Account Access (shared with up to 10 devices)**
Smartphones - $40 Basic Phones - $30 Jetpacks/USBs/ Notebooks/Netbooks - $20 Tablets - $10	Unlimited	Unlimited	1 GB	$50
	Unlimited	Unlimited	2 GB	$60
	Unlimited	Unlimited	4 GB	$70
	Unlimited	Unlimited	6 GB	$80
	Unlimited	Unlimited	8 GB	$90
	Unlimited	Unlimited	10 GB	$100

Source: rogers.com

1-800 DATA

- Is there a two sided way of paying?
  - Zero Rated Services
  - Accessing premium content (video) that doesn't hit the cap Mobile operators get new revenue stream
  - Partnerships enables preferential delivery – QoS functionality
  - Netflix, HBO, Vudu, Spotify
  - Will regulators allow it?

"We are getting those phone calls. The content guys are asking for it."
- AT&T CEO Randall Stephenson

Shared Data	Monthly Account Access (shared with up to 10 devices)
1 GB	$50
2 GB	$60
4 GB	$70
6 GB	$80
8 GB	$90
10 GB	$100

Source: rogers.com

LTE FWT – TELE2 EXAMPLE

- Large Pro and 4G
  - Up to 32 or 80Mbps
  - 199 or 399SEK
  - 20GB or Unlimited

Fast or very fast?

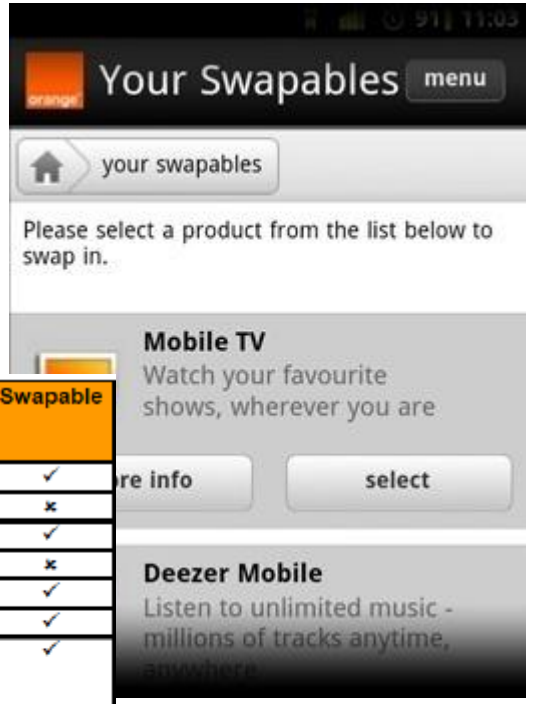
Choose from Large Pro and 4G. With Large Pro, everyone in the office downloading files and working toward larger systems in the 32 Mbit / s - for only 79 SEK / month until the New Year. If you choose 4G do you pay also just 79 SEK / month until the New Year - and may use an unlimited amount of data for up to 80 Mbit / s A 4G router is part of both subscriptions and you can easily upgrade the Large Pro to 4G later.

Source: tele2.se

MY SERVICES: ORANGE EXAMPLE

› Orange Swapables

- Total 12 Swapables today, but availability depends on the mobile phone model (Deezer, Sky Sports TV, The Times)
- **1 included** in base packages (2 in panther package)
- Swapables can be chosen and **changed every month**
- Some Swapables are also available as **add-ons** in the price range £3-9.99 per month



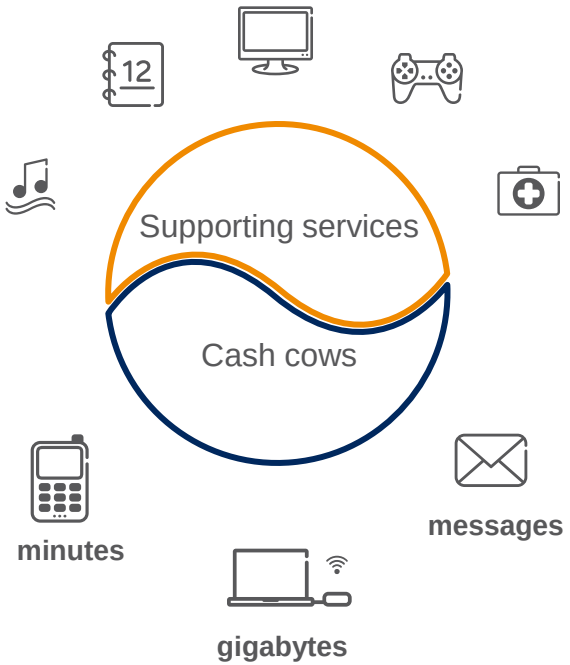
Example: orange.co.uk

Product	Swapable
Mobile TV (Starter Pack)	✓
Mobile TV (Max Pack)	×
Book Club	✓
Book Club Unlimited	×
24-7 Sport	✓
Sky Sports & News	✓
Deezer Mobile	✓
Deezer Premium	×
The Times	✓
MTV	✓
Play Games	✓
Games Zone	×
Daily Puzzler	✓
Gocommute	✓
Navigon	✓
Astrology	✓

Sources: orange.co.uk, mainline.uk.com

STC UP/CROSS SELL STRATEGY

- Strategy Detail:
  - One-Stop-Shop: Attract customers to self-care portal where they can top-up MBB subscriptions and discover personalized offer for additional services. Upselling and Cross selling
- Benefits:
  - Differentiate to competition on added value and customer experience instead of price
  - MBB subscriptions self-care drives 6M Users daily on STC Portal
  - Expect 100 M€/year in extra revenue



- STC Top Line growth 7,5%

STC SmartPhone ARPU nearly 3 times competition

SELLING AN EXPERIENCE

Guaranteed movie experience

Just nu får du surfa med maximal hastighet (upp till 80 Mbit/s) i 3 mån.

4G

Video Package

Surfa för 10 GB/mån. Just nu med 5-20 Mbit/s i hastighetslöfte. Dessutom surfar du obegränsat upp till 22 Mbit/s i våra 4 000 Homerun Wireless Zones.

Från **349 kr**/mån

Gå vidare

Prepaid	Start	Small	Medium	Large
Från 299 kr /mån	Från 89 kr /mån	Från 199 kr /mån	Från 299 kr /mån	
Just nu får en veckas fri surf vid registrering.	För dig som redan har fast bredband hos Telia.	För dig som vill testa på mobilt bredband eller som använder en surfplatta.	Surfa ofta, se på film och lyssna på musik.	Surfa mycket, med riktigt hög fart.

WHERE DO WE SPEND OUR MARKETING EFFORTS?

Communicating Value

?

Telia Musicplayer

Capturing Value

!

MONETIZING DATA...

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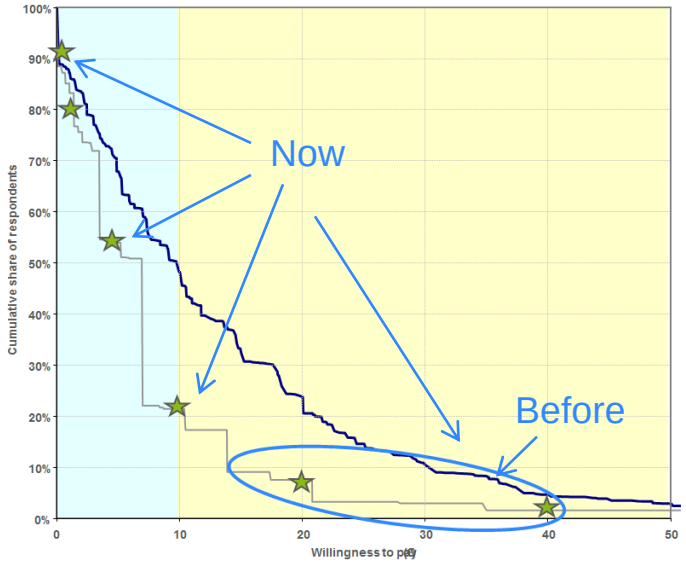
TELKOMSEL, BEYOND TIERED PRICING



Social Networking Package

Paket SNC

Info | Syarat dan Ketentuan | FAQ

Info

Paket Unlimited Social Networking and Chatting (SNC)

Facebook-an sepuasnya, narsis seabis-abisnyal dan chatting selama-lamanya. Nikmati paket Social Networking dan Chat pada jaringan selular terbaik dan harga yang sangat terjangkau. Paket ini terdiri dari unlimited akses ke:

- m.facebook.com
- m.twitter.com
- chatting menggunakan: Whatsapp, Nimbuzz, mig33, atau eBuddy

Pilih paket berlangganan kamu,

Paket	Tarif	Keyword	Menu
Harian	Rp 1,000 / hari	ARI kirim ke 3636	*363#
Mingguan	Rp 5,000 / 7 hari	NGGU kirim ke 3636	*363#
Bulanan	Rp 20,000 / 30 hari	ULAN kirim ke 3636	*363#

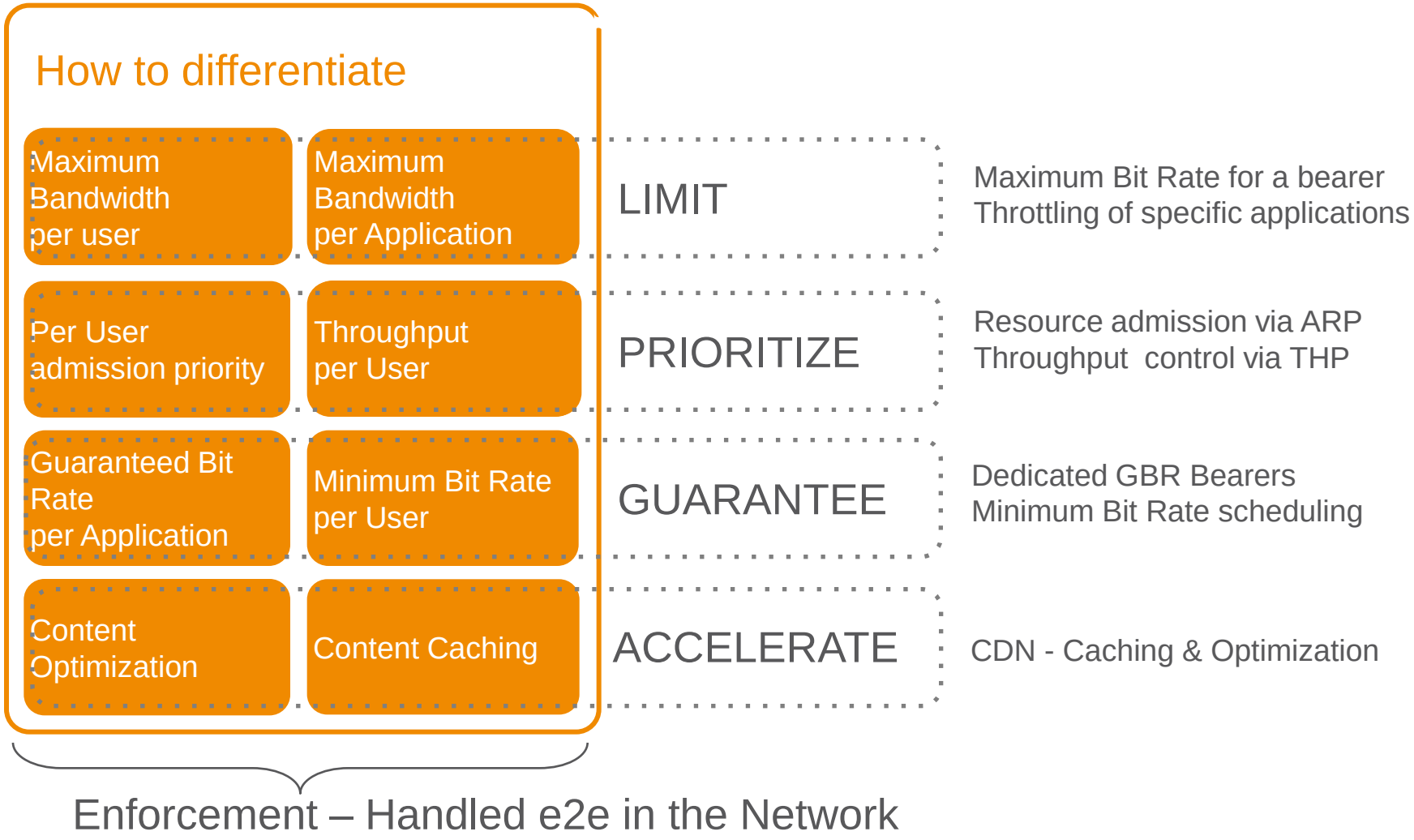
0.1 € /day
0.5 €/week
2 €/month

Individual Social Networking Option

Approximately 40% of subscribers are on Social Networking Packages
EBITDA level for this service is >60%, even Using Total NW Cost as the base.

- Social Networking Package
  - A selection of Social Media Networks are available for unlimited usage within package time frame.
  - Day, Week or Monthly prepaid packages
  - Works on ANY Data enabled phone
  - Separate option offering only NimBuzz access available for as little as 0,05€ per day.

DIFFERENTIATION TOOLBOX



DIFFERENTIATION TOOLBOX

How to differentiate

- Maximum Bandwidth per user
- Maximum Bandwidth per Application
- Per User admission priority
- Throughput per User
- Guaranteed Bit Rate per Application
- Minimum Bit Rate per User
- Content Optimization
- Content Caching

Smartpipe Control

- At Bearer establishment (static/dynamic)
- Dedicated Bearers
- At Bearer Modification
- IP Flow Control

When to differentiate

- Fair Usage Policy
- Time
- Location
- Terminal type
- Detected Service
- User interaction
- ...

Enforcement

Negotiation

PACKAGE - SOCIAL NETWORKING

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- **Maximum Bandwidth per Application**
- Per User admission priority
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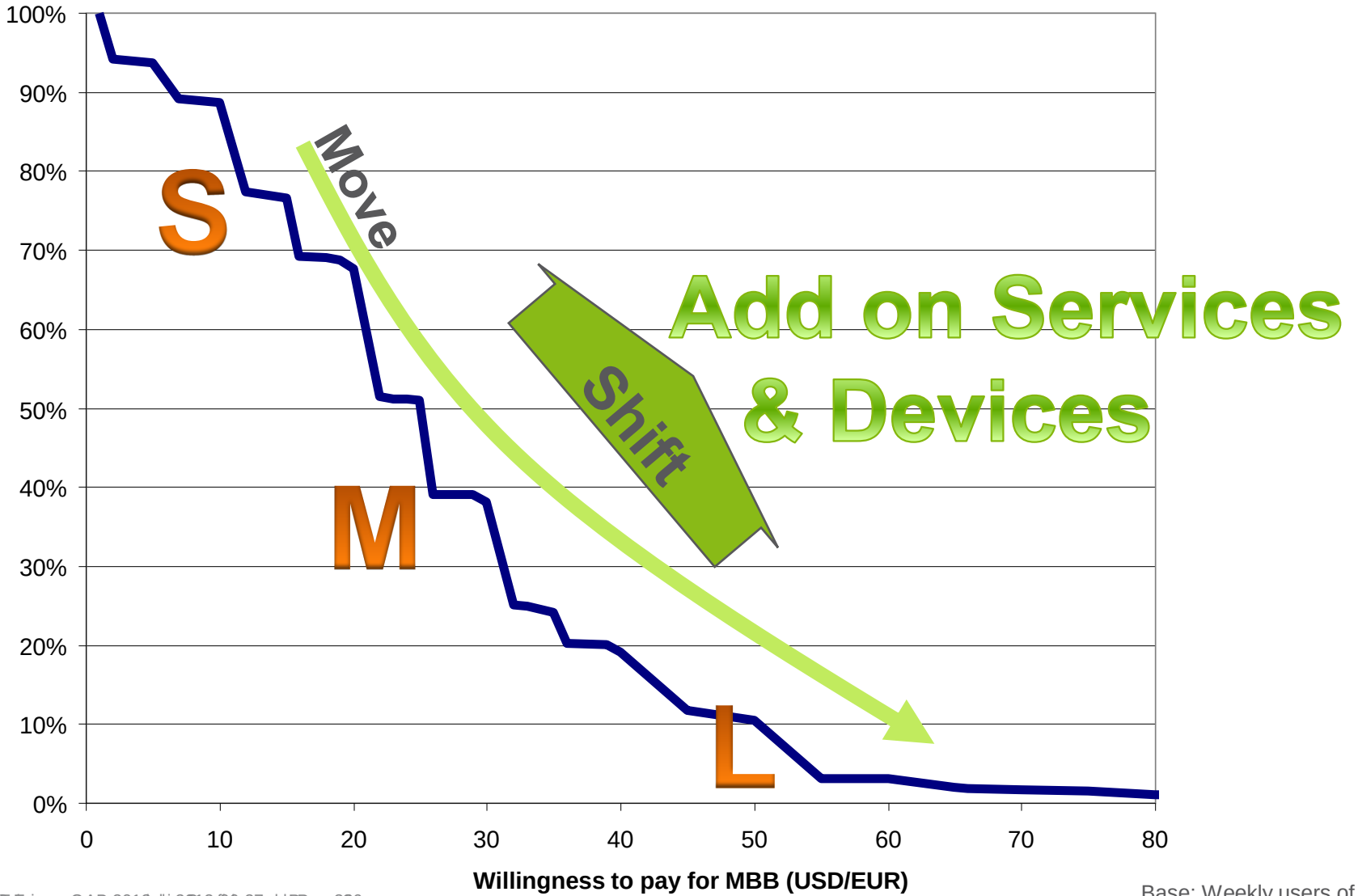
Enforcement

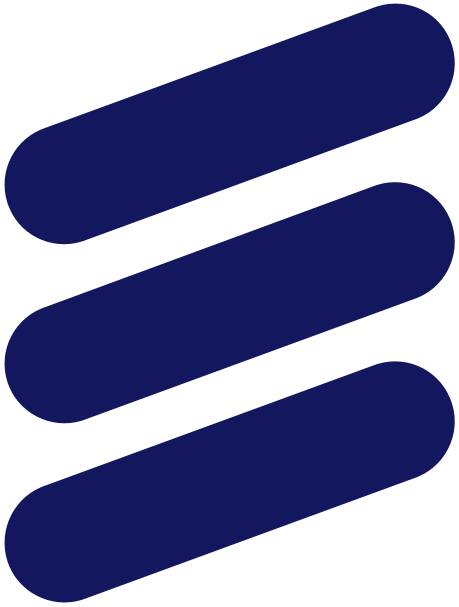
Negotiation

PRICE POSITIONING…
GENERATING LONG TERM GROWTH!



Base: Weekly users of Internet

Source: Infocom study 2010, ConsumerLab, Ericsson Analysis



ERICSSON