

Business Development from Start to Scale
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Week - 08
Corporate Development
Lecture - 40
A Telecom Fightback

Hi friends, welcome to the NPTEL course Business Development from Start to Scale. We are in week 8 with the theme of corporate development. In this lecture, the 40th in the series, we discussed the case of a telecommunication companies fightback in the turbulent business and external environment.

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**BUSINESS DEVELOPMENT IN INDUSTRIES
UNDER TRANSFORMATION**

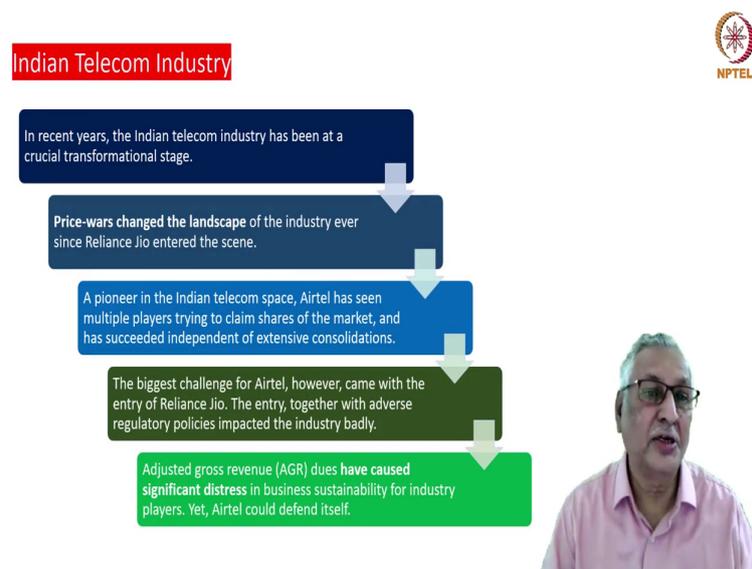
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The company is Airtel. This case demonstrates how a company can undertake business development successfully, even when industries are under stress and transformation.

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Let us look at the Indian telecom industry. In recent years, the Indian telecom industry has been at a critical transformational stage. Price was changed the landscape of the industry ever since Reliance Jio entered the scene.

A pioneer in the Indian telecom space, Airtel has seen multiple players coming into the industry, some of them with ring-a-way and some consolidating. But Airtel succeeded independent of these kinds of extensive consolidations as well as exits. The biggest challenge for Airtel; however, came with the entry of Reliance Jio. The entry together with adverse regulatory policies impacted the telecommunications industry and the players badly.

Adjusted gross revenue, AGR dues have caused significant distress in business sustainability for the industry players. Yet Airtel could defend itself. We will look at the telecom industry in the individual players as well as Airtel to understand how this has been made possible by Airtel's determination as well as strategic initiative.

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Indian Telecom Market



| High Subscriber Base | Mobile Dominant | The Networks | New Regulatory Frameworks |
|---|---|--|---|
| India has 1189.15 million Subscriber base as of September 2021. | Mobile devices with high-speed mobile internet are now a lifestyle enabler, delivering services from banking, commerce to education and healthcare. | 4G/5G networks are now accelerating India's journey towards becoming a digitally integrated economy and each player is fighting to sustain with its Unique strategic positioning and Product offering in market. | Easing of the stress on the telecom industry, Appreciation of the telecom industry's vital role in the Covid pandemic years New Initiatives such as 5G auctions, Satellite based NB-IoT, and Phased Manufacturing Programme (PMP) for telecom gear, 100% FDI etc. |



If you look at the evaluation of the Indian telecom market, recently India has achieved the 1200 million subscriber base.

Mobile dominance in Indian telecom industry is very well known. Because of the high-speed mobile internet, mobile devices became a lifestyle enabler. They delivered several services from banking and commerce to education and healthcare. Whatever was being done through a

laptop or desktop computer by individuals is now being done through their mobile networks as well as through their mobile smartphones.

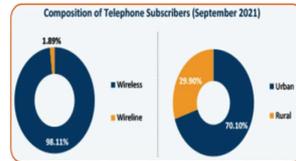
The 4G and 5G networks are now accelerating India's journey towards becoming a digitally integrated economy. Each player is trying hard to retain a place for itself in this emerging Indian telecom market. They are trying different strategies including unique strategic positioning and unique product offerings in the market. However, as I said earlier, the regulatory policies have been looking at milking the industry through various juice, taxes and spectrum auctions.

The new regulatory framework that has been in place since the last year has led to an easing of the stress in the telecom industry. The government began appreciating the telecom industry's vital role in the COVID pandemic years. Work from home has been made possible not barely, because of computer connectivity, but because of the telecommunication backbone that serve the nation and also the global connectivity.

New initiatives are going to take place such as 5G auctions, satellites-based NB-IoT and phased manufacturing programme for telecom gear. Along with their 100 percent FDI that has already been in place should auger well for the Indian telecom industry as well as the telecom market.

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Indian Telecom Industry – 2



Facts
#1 in Globally fastest Growing App Market
#2 Largest Telecom Market Globally.
#2 Highest Number of Internet Users



You can look at the composition of telecom subscribers. India is unique with its dominance of wireless and wireline mix having changed substantially over the last 10 or 15 years.

At some point of time 2 decades ago, Indian telecommunication market was dominated only by wireline. Today, wireless dominates with 98 percent share. Similarly, the penetration in rural has also been very impressive. 70 percent of the market continues through urban networks, but rural has significant 30 percent. However, given that 66 percent of the population still lives in India's 600,000 villages, there is a lot to be done in terms of increasing the penetration of subscriber base in the rural markets.

So, these are the graphics related to the wireless subscription in millions as well as broadband subscribers in a million. There are three facts related to the Indian telecom industry. First, it is

the globally fastest growing app market. Secondly, it is the largest telecom market globally and thirdly, it has got the highest number of internet users.

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Bharti Airtel Became a Leading Global Communication Service Provider

- Operations in 18 countries across Asia and Africa.
- Bharti Airtel had over 403 million customers across its operations at the end of March 2019.
- Quad Play: The only established operator to leverage quad play: Mobile, Fixed Voice, Broadband and DTH

Diversified Portfolios

- Consumer Services:** Mobility, Home Broadband, DTH
- Enterprise Services:** Voice, Data & Subsea Cables, nextrange, Data centers, Cloud, Cyber Security
- Digital Services:** airtel money, airtel xstream, Airtel Thanks, airtel networks

Key Metrics:

- 190M+ Monthly digitally engaged users
- 1B+ Touchpoints captured daily
- INR 1B+ Worth daily transactions
- 200M Digital identities
- 1M+ Digitally connected retailers
- 10B+ Customer attributes captured daily
- 60%+ Customers transacting online
- 95% Network coverage in India

Facts:

- #1 in Active Subscribers based on TRAI VLR
- #2 Revenue Market Share in India
- #2 Operator in Africa
- #2 most valuable brand in India (Brandz ranking by Millward Brown & WPP plc)
- #3 Top mobile service provider globally in terms of subscribers

Categories: Distribution, Data, Payments, Network

Bharti Airtel became a leading global communication service provider over the last 3 decades.

Operations in 18 countries across Asia and Africa. Bharti Airtel had over 403 million customers across its operations at the end of March 2019 and this subscriber base has further grown as you as you will see from second-order presentations in the later part of the lecture. It is also the only established operator to leverage the quad play, Mobile, Fixed, Voice, Broadband and DTH.

So, this is the diversified portfolio of business services at consumer level, enterprise level as well as at digital level. In terms of consumer services, the company provides mobility, home-broadband, DTH. In the context of enterprise services, voice, data and subsea cables, data centers, cloud and cybersecurity are provided. In respect of digital services, the company provides music streaming as well as OTT streaming.

Airtel also operates a mobile app for itself and for bill payments and Airtel payments bank. In terms of the factual position about Airtel, it has been number one in active subscribers based on TRAI VLR for a number of years. It has been the strongest in terms of revenue market share in India and it is the only operator from India operating in Africa.

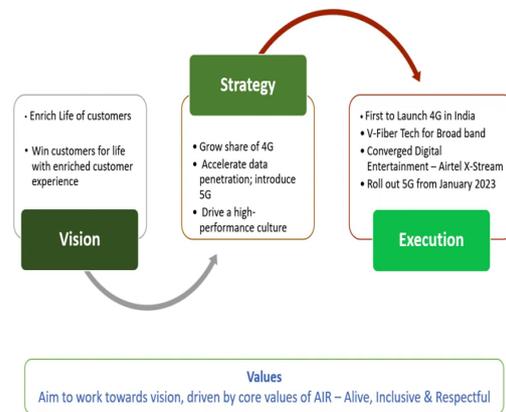
It is considered as one of the most valuable brands in India. In fact, the second value brand in India and also it is the top 3 mobile service providers globally in terms of subscribers.

There are several aspects of Airtel's distribution, data, payments and network capabilities as you can see from this in terms of the monthly digitally engaged users, touch points, daily transactions in terms of value, digital identities, digital connector retailers, customer attributes that are captured daily, customers transacting online and network coverage in India.

These metrics indicate that it is possible to analyze a business in terms of not merely revenues, profits, market share, subscriber base, etcetera. But there could be various other digital imprints, various other telecommunication imprints that are going to serve as useful metrics in analyzing one company or the other company. So, the depth of information available in terms of telecommunication performance is really stupendous and companies would do well to look at these kinds of metrics in other industries as well.

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Strategy Formulation



So, let us look at strategy formulation at Airtel. The company had a significant enduring vision enrich the life of the customers win customers for life with enriched customer experience. The strategy was in terms of being one of the first to launch 4G in India and continue the growth journey with 4G. Similarly, acceleration of data penetration and introduction of 5G were two strategic components that have been taken up seriously in the last 2 years and the company drives a high performance culture.

In terms of execution, as I said, the company has been the first to launch 4G in India. As a result of that, it has taken an unbeatable lead over Vodafone Idea which stayed with 2G and 3G and continues to have hesitant views on rolling out either 4G or 5G in a big way. It has been the first to launch V-Fiber Tech for Broad band. It had developed a platform for converged digital entertainment called Airtel X-Stream.

It has planned to roll out 5G from January 2023 in various cities of the country. The values of Airtel are in terms of aim to work towards vision driven by core values of AIR Alive Inclusive and Respectful. Air is an acronym for alive inclusive and respectful.

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Company Analysis – 1

| Financial Performance | Vision, Mission, Strategy & Execution | Assets & Resources | Leadership & Management |
|--|---|---|--|
| 3.66 Mn Gross revenue per employee per month | <ul style="list-style-type: none"> Airtel Thanks Program was extended to Broadband customers for premium entertainment content from Netflix, Amazon etc. 160+Mn Digitally engaged users 78.3% reduction in network emission intensity for mobile | <ul style="list-style-type: none"> Deployed Superior LTE2100 Spectrum in certain regions 822,336 Mn Intangible assets and goodwill Airtel X Labs platform helps gain insights from millions of customers to drive revenues | <ul style="list-style-type: none"> Highly Competent and effective Board 75% Succession Rate, Middle to Top Management High Degree of involvement of Independent Directors |



In terms of company analysis, as I said in my previous lectures as well, we have got to benchmark a company in terms of not merely financial performance, but also in terms of its vision, mission strategy and execution in terms of its assets and resources as well as leadership and management.

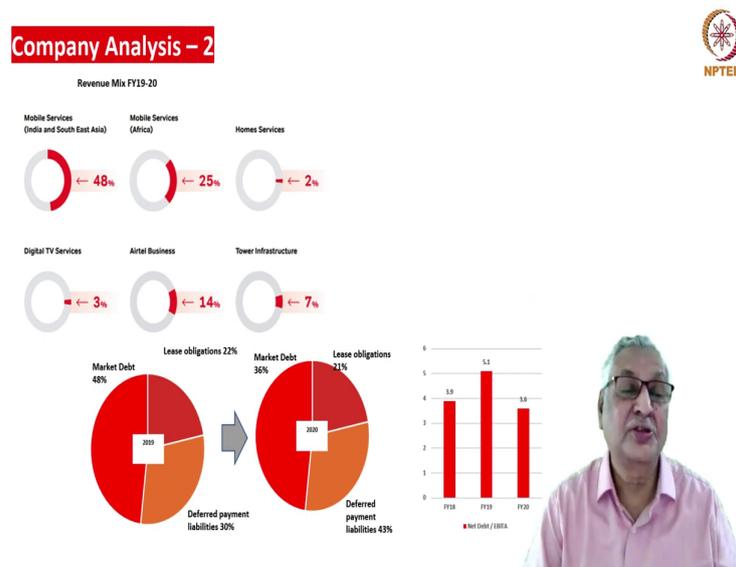
In each of these things, the company has done well. 3.66 million gross revenue per employee per month is one of the highest we could have seen in the Indian telecom industry. And similarly, in terms of customer connectivity, Airtel has taken significant leaps and bounds by

engaging with the users on a regular basis. And also, there has been a contribution to the environment in terms of reduction in network emission intensity for mobile.

In terms of assets and resources, it has been modernizing despite the kind of revenue stress and profit stress the company has been going through. Deployed superior LTE 2100 spectrum in certain regions generated a 20 to 336 million intangible assets and goodwill. And also created Airtel X Labs platform to gain inputs from millions of customers to drive revenues.

Leadership and management has seen stability at the top at the founder level and it also has a highly competent and effective board, 75 percent succession rate middle to top management and high degree of involvement of independent directors.

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The revenue mix during the financial year 2020 has been in terms of mobile services accounting for 48 percent from India and Southeast Asia, 25 percent in Africa and home services being a 2 percent digital services 3 percent Airtel business 14 percent and tower infrastructure 7 percent The company has these obligations like all telecommunication players would have, but it has kept in terms of control.

Different payment liabilities have increased from 2019 30 percent to 43 percent in 2020 that is a overhang for the company.

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Airtel's Corporate Strategy

- Go to Market**
 - Grow 4G Devices Market Share
 - Increase data adoption through efficient and affordable plans
- Network Experience**
 - Improve customer experience through quality
 - Optimize data usage cost through advanced technologies
- Valuable Customers**
 - Acquire 4G customers through bundling and upgradation
 - Empower homes through high-speed broad band and bundling
- Operational Efficiency**
 - Improve Network Design through Innovation
 - Drive Cost efficiency
- People & Culture**
 - Promote High performance organization
 - Develop talents in organization

NPTEL



Airtel's corporate strategy has 5 pillars go to market through 4G increase data adoption ensure high level of network experience and satisfaction through quality, optimized data usage cost, through advanced technologies. Acquire valuable customers through 4G includes

both high usage homes as well as enterprises and offering of high speed broadband and bundling of various offers has been at the core of gaining customer loyalty.

Operational efficiency has been beefed up network design through innovation and cost efficiency and promotion of a high performance organization and development of internal talent in organization has led to a good people culture platform in the company.

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This is the timeline of Airtel in 1995-2000 the journey began. British Telecom acquired 21.5 percent equity, because that was the time when no cellular telephony network would be set up with some level of foreign collaboration.

But it broke public sector monopoly in the Indian telecom industry and it has had also a strategic partnership with Singtel. In 2001-2005 the second phase of the journey started

getting into the submarine cable situation offering MMS and GPRS partnering with IBM for various IT requirements outsourcing and also providing customer connect through easy recharge, hello tunes and prepaid life time validity.

I may share here that I have been a part of the Indian telecommunication journey, because I have partnered with my partner Hinduja Group in terms of bringing in cable and wireless to India and also Singtel into India. Some of these were actually bid for as circles and one and of course, the group decided to move out of the highly competitive telecommunication industry and concentrated in various other aspects of its business such as banking, finance and of course, flagship commercial vehicles.

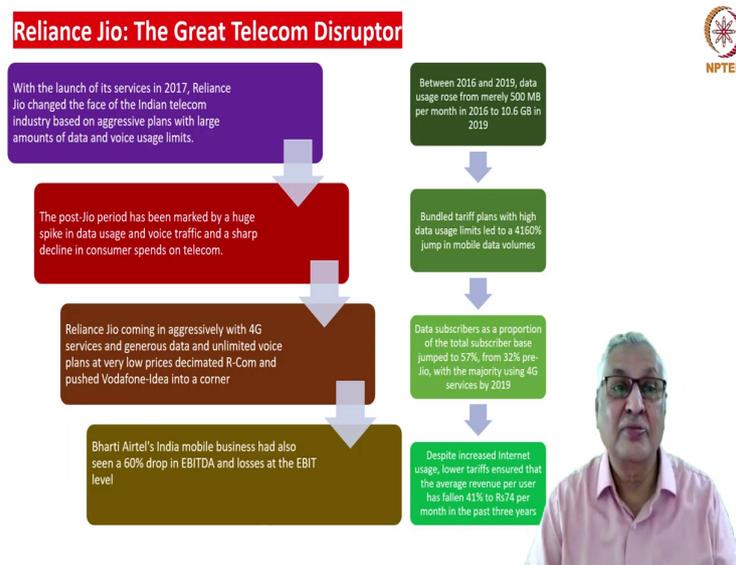
So, I understand first-hand how competitive and how tough was it to get into an industry such as telecommunication industry and also how determined and how deep pocketed a company needed to be to enter into this industry. So, anyway coming back to Airtel in between 2006 and 2010 the company established Bharti Infratel the tower company developed a partnership with Gujarat government introduced DTH services partnered with Apple to introduce iPhone 3G. It rebranded providing a unified face to customers and also has pioneered the first data center in Noida.

Between 2011 and 2015 the company moved into another stage. It has become the first company to introduce 3G in India, also launched 3G Wi-Fi dongle to provide anywhere wireless connectivity and Airtel Money, Wynk Music have been introduced and it also emerged as the third largest mobile operator in the world with 3 million subscribers by 2015. It also applied for a payments bank license.

Between 2016 and 2019 it became the first company to launch 4G and 4G plus services in India rolled out Airtel Payment bank. Airtel thanks first exclusive rewards program for customers has been launched and also Airtel extreme converged digital entertainment application. 2020 onwards the company took further strides. Launched Wynk Tube collaborated with TCS for Made in India 5G launched Airtel IoT, Airtel Black. Airtel Black is to bundle various family accounts to provide seamless connectivity and also unified billing.

Today it partners with Google Cloud and Cisco for Airtel Office Internet. Airtel Nxtra is a 38 megawatt hyperscale DC that is been set up in Chennai. So, if you look at the journey of Airtel the company has never sat still. It has always been innovating in terms of business initiatives and also technology led infrastructure as well as service initiatives and probably that explains why Airtel could support itself during the turbulent phase of the Indian telecommunication industry.

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But then came Reliance Jio. It has been the greatest industrial disruptor and in fact, the greatest telecom disruptor as well. With the launch of its services in 2017 Reliance Jio changed the phase of the Indian telecommunication industry. It had launched itself with aggressive plans with large amounts of data and voice usage limits.

You can think of Reliance Jio as one of the greatest examples of penetrative pricing strategy to gain market share in the shortest possible time frame. The post Jio period therefore, has been marked by a huge spike in data usage and voice traffic and a sharp decline in consumer spends on telecom and that enlarged the volume base or the subscriber base in this case.

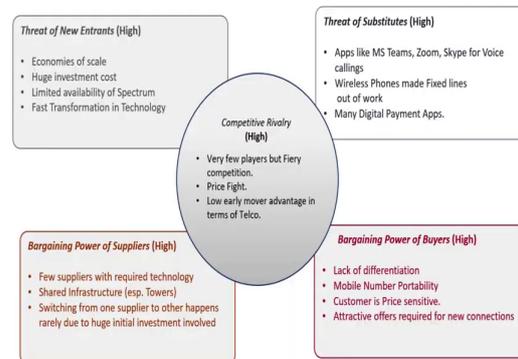
Reliance Jio coming in aggressively with 4G services and generous data and unlimited voice plans at very low prices, decimated Reliance communications and pushed Vodafone Idea into a corner, because Vodafone Idea was not proactive enough, was not visionary enough to be able to foresee the onslaught and defend itself in a proper manner.

Bharti Airtel's India mobile business had also seen a 60 percent drop in EBITDA and losses at the EBIT level after the entry of Reliance Jio. Between 2016 and 2019 data usage rose from mere 500 MB per month in 2016 to 10.6 GB in 2019. The company bundled various tariff plans with high data usage limits and this has led to a 4160 percent jump in mobile data volumes which is incredible and amazing. Data subscribers has a proportion of the total subscriber base jumped to 57 percent from the 32 percent in pre- Jio with the majority using 4G services by 2019.

Despite increased internet usage, lower tariffs ensured that the average revenue per user has fallen 41 percent to rupees 74 per month in the past few years. That is the usage increased, the subscriber based increased, but the revenue has not increased in terms of the per cut our revenue contribution and that has been a big setback for the Indian telecom industry as a whole.

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Industry Analysis: Porter's 5 Forces Model



When you look at industry analysis in terms of the Porters 5 Forces Model, you can look at the various competitive forces as follows.

The threat of new entrants has been high for the incumbents. Economies of scale, huge investment cost, limited availability of spectrum, fast transformation in technology made sure that whenever a new entrant came into the industry, it upset the apple cart of the incumbents. Bargaining power of suppliers has been high, because there are only few suppliers worldwide in terms of the required technology.

They had limited shared infrastructure in India, especially towers and switching from one supply to other happens rarely due to huge initial investment that is involved. There has also been bargaining power of buyers that is the customers. There was not great differentiation

prior to reliance Jio entering the field. So, Therefore, between Vodafone Idea and Airtel there was a kind of level playing field without differentiation.

Mobile number portability was coming up as an option, but really it did not take off the way it took off in the developed world. Customer is price sensitive attractive offers were always required for new connections. The threat of substitutes in the industry has been high because apps like MS Teams, Zoom, Skype for Voice callings began occupying the telecommunication space. Wireless phones made fixed lines completely out of work and many digital payment apps came into the system.

Competitive rivalry was very high again, because although there were only very few players, the competition was fierce. There has been fight on various price bundles and offer bundles and low early mover advantage did not exist, because the longer the company stood in the market and the industry, the higher has been the stress on the player. Therefore, in matter of fact, there has been very little early mover advantage in terms of each telco.

So, it required the companies to be different and differentiated in being able to meet the peculiarities of the Indian telecommunication industry.

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Airtel - SWOT ANALYSIS

| Strengths | Weaknesses | Opportunities | Threats |
|--|---|---|--|
| <ul style="list-style-type: none">• Quad Play• Early mover in Datacenter Business• Market Leadership• Strong Brand Identity• Great Distribution Platform.• Diversified Portfolios• Strong Network• Widespread Infrastructure• Well planned alliances | <ul style="list-style-type: none">• Fast Changing Customer Needs• Fluctuating Customer Base• African operations – Not much Profitable | <ul style="list-style-type: none">• Market development• 5G move• Digital payments• Increasing Content Usage by Customers• Non-mobile businesses• Improved industry dynamics• Strong Partner Ecosystem | <ul style="list-style-type: none">• Increased Competition (especially Reliance Jio)• Mobile Number Portability• Regulatory Changes• High spectrum prices• Customer preferences for low priced packs• Pandemics/ Disasters |



Looking at the swot analysis of Airtel we can look at some of these factors. Strengths have been in terms of quad play, being an early mover in data center business, market leadership, strong brand identity, great distribution platform, diversified portfolios, strong network, widespread infrastructure and well-planned alliances.

However, in terms of weaknesses, the fast-changing consumer needs, fluctuating customer base and investment heavy operations in Africa were causes for concern. In terms of opportunities, the huge Indian population and the continued growth increase in urbanization, increase in rural areas wanting telecommunication services. The need for businesses to have higher level of data services and the work from home all compounded market development drive.

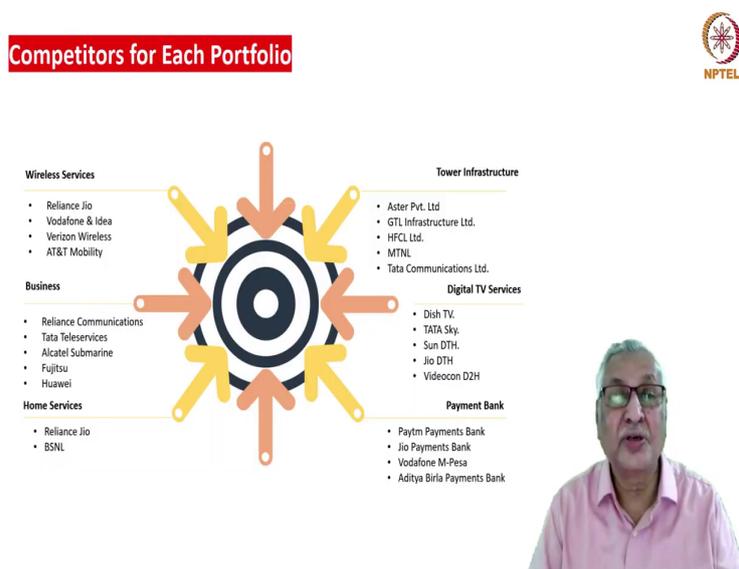
The move by the government to bring in 5G also is adding to a new opportunity basket. Digital payments, increasing content usage by customers, non-mobile businesses, improved industry dynamics and strong partner ecosystems are the other opportunities that are available for Airtel. But the threats, Reliance Jio is not going to let the go anytime soon.

It would continue its approach of increased competition, although it also has its own profitability that needs to be protected. Mobile number portability is a threat. Regulatory changes could be there in future and there could be high spectrum prices in spite of government wanting to keep the burden low. The natural resources have to be sold at a particular benchmark price. Therefore, there could be high bidding cost of 5G spectrum.

Customer preferences for low priced packs, pandemics and disasters. There could also be a threat in terms of another player entering the market. As of now, the other biggest conglomerate, Adani has not entered the telecommunication industry in a formal way, but it has bought spectrum for what it calls private use and also for its data centers.

But it is possible that Adani could be the 4th important player in the Indian telecommunication industry, completely altering the dynamics in a few years if that happens.

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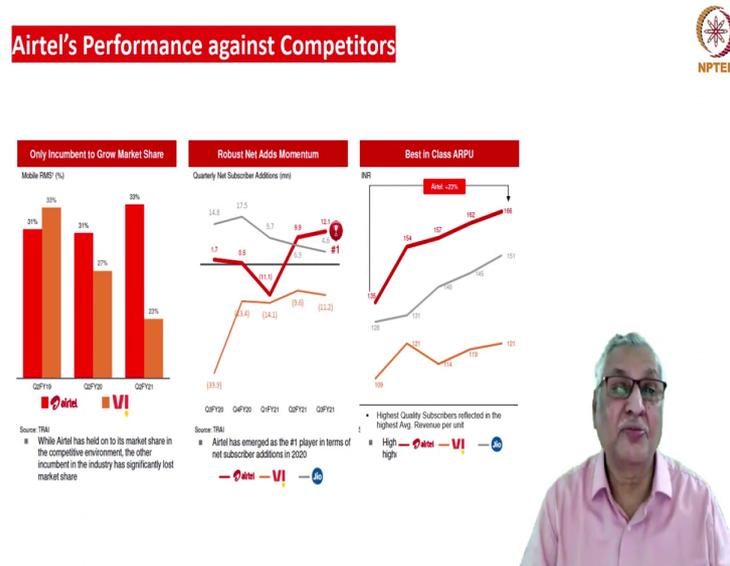
There have been competitors for Airtel image portfolio. In the wireless services, Reliance Jio, Vodafone, Idea, Verizon Wireless, AT and T Mobility.

Interestingly, foreign-based technology players could also operate these services. In terms of business, Reliance communications, Tata Teleservices, Alcatel Submarine, Fujitsu and Huawei. Home services, Reliance Jio and BSNL. Tower infrastructure, Aster, GTL, HFCL, MTNL and Tata communications. Digital TV, Dish TV, Tata Sky, Sun DHT, Jio DTH and Videocon. And in terms of payment bank to quote a few, Paytm, Jio, Vodafone and Aditya Birla.

What this slide conveys is that there is stress from the environment on one side, but there is also stress due to competitors in the diverse portfolio lines. That itself is another significant

competitive force in the industry. So, the company has to tackle external forces as well as industry specific forces.

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Airtel's performance against competitors has been price worthy against this background.

It has been the only incumbent to grow market share. From FY 19, on a quarter-to-quarter basis in FY 21, it grew its market share from 31 percent to 33 percent. In the same period, Vodafone Idea, the other established player lost market share from 33 percent to 23 percent. However, only 2 percent of the market share loss went to the gain of market share for Airtel; the rest went to Reliance Jio. Robust Net has added momentum to the company's operations and importantly, the company has the best-in-class ARPU.

Highest quality subscribers are reflected in the highest average revenue per unit and that has been higher than even Jio.

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Sustainable Competitive Advantage



- Airtel gained a long-term competitive edge by renting out its infrastructure, which was made possible by its telecom tower network.
- In many areas, newer competitors realized that renting Airtel's existing infrastructure was less expensive than building new towers.
- As a result, the company may maintain a cost advantage by charging its competitors higher prices than its own.
- A well-known brand name on a global scale provides a competitive edge. With over 275 million members across 20 countries, Bharti Airtel, the parent firm, is the world's second largest mobile telecommunications provider by subscriber base. This is a difficult-to-replicate competitive edge.



The sustainable competitive advantage is based on number of factors as you know by now. In this case, the company's assumptions and the company's achievements have enabled Airtel to have sustainable competitive advantage. Better than the competitors assumptions and better than the competitors achievements, these together ensure that Airtel had likely sustainable competitive advantage.

And Jio continues to have likely competitive success and VI is likely to have competitive failure sooner or later. Whereas, BSNL remains with likely endemic competitive

disadvantage, because its assumptions are worse than the competitors and its accomplishments have been worse than the competitors.

The government of India is doing one final round of funding for BSNL to be able to revive itself and come into play in a big way through 4G and BSNL also has come to itself to be a strong player in terms of extending the network in the rural areas. So, Airtel gained a long-term competitive edge by renting out its infrastructure which was made possible by its telecom tower network.

In many areas, newer competitors realized that renting Airtel's existing infrastructure was less expensive than building new towers. As a result, the company may maintain a cost advantage by charging its competitors higher prices than its own transfer prices. Being a well-known brand name on a global scale provides a competitive advantage.

Cross-border arrangements are possible. 275 million members across 20 countries, Bharti Airtel's subscriber base is pretty interesting for any telecommunication player from abroad to join hands with. This is a difficult to replicate competitive edge. But what is important is that the company has always had wise and superior assumptions about the competition and its achievements have been better than the competitors at all times. This is a very good combination to have.

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Airtel's demand type can also be analyzed. It is present in four areas. In landline services, it has witnessed declining demand. In terms of tower infrastructure, services and banking, it has witnessed irregular demand. In respect of Airtel business broadband and V-Fiber, the company has seen full demand. And in terms of mobile services, Wi-Fi Digital TV services, that is Airtel extreme, the company has witnessed over full demand.

Airtel's strategy is based on navigating through these 4 demand times, optimizing its supply profile as well as managing the demand profile in a way that its strategy executes on focus in each of these demand types.

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Sustainability Strategy



- Airtel performs a materiality assessment process every two years to re-evaluate and prioritize the material concerns that influence its corporate sustainability strategy.
- Detailed stakeholder engagement survey is conducted to capture the stakeholders' expectations, as well as an assessment of the principal risks discovered by the company's risk management methodology.



As a good company, the company also has thought about sustainability. So, it has a stakeholders and materiality assessment process that covers employees, customers, government, community, industry, shareholders, NGOs, media and business partners. The company performs a materiality assessment every two years to re-evaluate and prioritize the material concerns that influence its corporate sustainability strategy.

Detailed stakeholder engagement survey is conducted to capture these stakeholders expectations as well as an assessment of the principal risks discovered by the company's risk management methodology.

Again, this may not directly add to the bottom line or the top line or to the market share, but they keep the company in good standing in the eyes of all the stakeholders and also helps the

company to visualize the sustainability risks and businesses that could emerge in future and be practically prepared for meeting those risks.

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The slide features a red header with the title "Targeting Strategies". Below the title, there are two bullet points: "Airtel mainly targets people in the age group of 15-25 and elderlies by using different campaigns." and "Airtel's spectrum is wide, from elites to non-elites; it serves all the groups with its financial and business plans." To the right of the text is a vertical list of six yellow rounded rectangles containing the target categories: "Elite to Non-elite", "Upmarket Professionals", "Entrepreneurs", "Low-income mass category", "Youth", and "Women and senior citizens". Below the text is a photograph of a diverse group of people. In the bottom right corner, there is a video feed of a man with glasses and a pink shirt speaking. The NPTEL logo is visible in the top right corner of the slide.

The company is known for its targeting strategies. Airtel mainly targets people in the age group of 15 to 25 and elderly by using different campaigns. Airtel's communication spectrum is wide. From elites to non-elites, it serves all the groups with its financial and business plans. So, the targeting strategies are in terms of 6 categories. Elite to non-elite, upmarket professionals, entrepreneurs, low income, mass category, youth, women and senior citizens.

The targets through its communication strategies as well as its plans, each of these categories at different points of times in seamless succession.

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Strategic Marketing - Through Innovations



The company's strategic marketing initiatives have been reflecting business innovation. One focus on existing business, for that attractive propositions such as bundle pricing programs, partnerships with best-in-class content and device upgrades through partnerships.

And focusing on existing customers building loyalty through the Thanks Loyalty program. Structured reward system real-time offers update silver, gold and platinum, upsell tiers. Then Airtel home quad play platform for providing three combined services of Post Paid, Home broadband DTH. Bill Payment is one of the biggest pain points for consumers. So, it has unified the billing structure in terms of one bill with a unified customer support center, has also innovated on remote debugging of several wireless and rotor issues through its remote service capabilities.

And in terms of Airtel business, it created new business verticals through Bluejeans, resume partnership, AWS through Amazon partnership, Semantic and Kaspersky through cybersecurity solutions. And data centers have been provided by the company in various parts of the country.

Ten large development centers and 120 plus edge development centers under the Nextra data brand.

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How Does Airtel withstand JIO's Competition?

| Main USP of Airtel → Unmatched "Quality of Service" | | |
|---|---|--|
| Competitive Cost (Matched Jio Cost but not too low) | Spectrum Availability (High bandwidth in terms of Spectrum) | 4G Consolidated position 5G Early mover advantage |
| Stats <ul style="list-style-type: none"><input type="checkbox"/> Tight competition in terms of Market Share.<input type="checkbox"/> No.1 Company in India in terms of Active Subscriber List.<input type="checkbox"/> Data & Call Usage<ul style="list-style-type: none">Airtel User : 16 GB a month and 1,005 min a month per userJio User : 12 GB a month and 776 min a month per user | | |



But the question remains, how did Airtel withstand Jio's competition and how does it propose to withstand? This question will be tackled through a number of slides as we go forward. First, the main USB. To be able to meet the match of a (Refer Time: 31:25), like Reliance Jio,

the company needed the best possible quality of service and that has been provided by Airtel. That was the different shield for Airtel.

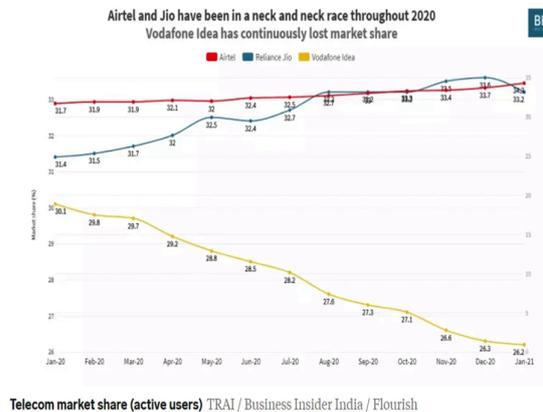
It also supported it through competitive cost, matched Jio cost, but not too low. It ensured for itselfs spectrum availability. Therefore, it could provide adequate bandwidth for its customers and it consolidated its position strongly in 4G and is adopting an early-more advantage in 5G. Therefore, the points to be considered or despite the tight competition in terms of market share, the company has remained number one in terms of active subscriber list.

It is not about the total subscribers, but the subscribers which are active in terms of the network. In terms of data and call usage, an Airtel user has 16 GB month and 1005 minutes in a month per user. Whereas Jio despite its higher market share has only 12 GB month and 776 minute a month per user.

Therefore, you have more data savvy users who are operating through Airtel.

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Telecom Market Shares

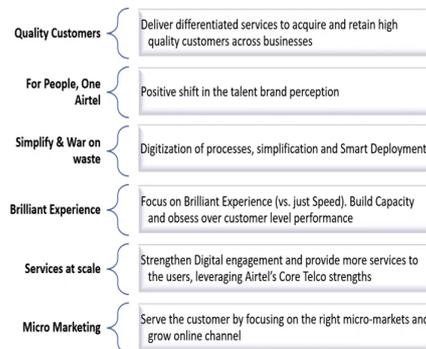


This provides succinctly how the neck and neck race in the Indian telecommunication industry has evolved over just one year and led to the fall of Vodafone Idea from 30 percent market share to 26 percent market share and Jio raising from 0 to 31 percent by 20 and then consolidating at 33 percent by 2021.

But between these 2 extremes, we have Airtel, very strong, very robust and very steady between 32 and 34 percent that reflects the strength of the business strategy and business execution as well as customer service on the part of Airtel. And these are the ones which are going to support any company when it is faced with environmental and business turbulence. And this is the; this is the chief lesson that comes from the case study of Airtel.

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Strategic Business Pillars



The strategic business pillars for Airtel have been in terms of quality customers, differentiated services to acquire and retain high quality customers across businesses. For people, one Airtel, positive shift in the talent brand perception, simplifying and reducing the waste, digitization processes, simplification and smart deployment to be used as platforms for greater connectivity with enterprises as well as with individuals.

Focus on brilliant experience, not just speed, it is the brilliant experience. Build capacity and obsess over customer level performance, there was a time when the customer call drops were significant irritates for customers. However, Airtel met the challenges add on and proven itself to be rectifying the situation and coming on top of the situation.

Services at scale is the other pillar, strengthening digital engagement and providing more services to the users leveraging Airtel's Core Telco strengths and micro marketing, serving

the customer by focusing on the right micro markets and growing online channel. These were the strategic business pillars of Airtel.

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How Airtel Achieved and Retained Market Standing?



- Initially Airtel followed the business strategy of Outsourcing all its business operations except marketing, sales and finance.
- Built "Minutes factory" model of low cost and high volumes.
- Later changed its Formula by following "Realization and cost per minute" (Subscribes to per-minute effective rate, cost and margin).
- Focus towards high-potential metro areas helped it to slowly penetrate further down the pyramid into the other circles of the country.
- Airtel sponsored major shows like Kaun Banega Crorepati and Indian Idol, which helped them to retain and further increase ARPU.
- Airtel's business strategy of covering the entire country through its network has clearly paid off in a big way, and this has resulted in a steady and consistent increase in its subscriber base.



So, how did Airtel achieve and retain market standing? Initially, Airtel followed the business strategy of outsourcing all its business operations except marketing, sales and finance.

Built minutes factory model of low cost and high volumes. Later, changed its own formula by following realization and cost per minute. Subscribes to per minute effective rate, cost and margin. Focus towards high potential metro areas helped the company to slowly penetrate further down the pyramid into other circles of the country. That is wind in certain localities and locations which offered reasonable revenue and profit and use that strength to get into other locations.

Airtel sponsored major shows like Kaun Banega Crorepati and Indian Idol and those shows firmly placed Airtel in the minds of the consumers whether they are Airtel users or otherwise. These initiatives which helped Airtel to retain and further increase ARPU. Airtel's business strategy of covering the entire country through its network has clearly paid off in a big way and this has resulted in a steady and consistent increase in its subscriber base.

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Megatrends in Industry



| | |
|---|---|
|  | Surge in Smartphone Market <ul style="list-style-type: none">• 1st to introduce Voice over Wi-Fi• Invested over Rs 70,000 crores in high-speed network rollouts• Introduced new technologies such as pre-5G Massive MIMO and Carrier Aggregation. |
|  | Cloud & Data Services <ul style="list-style-type: none">• Partnered with AWS for Data center & with Google Cloud for providing G-Suite to SMBs.• Nxtra Data Limited - enterprise valuation is approximately US\$1.2 billion.• State of the art DCs in Pune & Chennai, and is building more across Chennai, Mumbai and Kolkata. |
|  | Cashless Economy <ul style="list-style-type: none">• Airtel and Oracle Partnership to Accelerate India's Digital Economy• Airtel Payments Bank and Mastercard partnership to create differentiated card solutions (NFC) |
|  | IoT <ul style="list-style-type: none">• Airtel IoT → E2E end-to-end platform (Billions of devices and apps can be managed)• 5G Ready Network with NB-IoT, 4G/2G connectivity using Airtel e-Sim• Already supports Major businesses across Manufacturing, Logistics, Automobiles, BFSI and Utilities |



One of the mega trends in the telecommunication industry and how did Airtel capture this? The first mega trend is the surge in this smartphone market. Airtel was the first to introduce voice over Wi-Fi. It invested over 70,000 crore in high speed network rollouts. It introduced new technologies such as Pre-5G, Massive, MIMO and Carrier Aggregation. The second mega trend was Cloud and Data Services.

The company partnered with AWS for Data center and with Google Cloud for providing g-suite to SMBs. Nxtra Data Limited is a branded subsidiary. Enterprise valuation is approximately 1.2 billion dollars State of the art DCs in Pune and Chennai and Airtel is building more across Chennai, Mumbai and Kolkata. Cashless economy has been supported by Airtel's strategy from the beginning.

Airtel and Oracle Partnership to accelerate India's digital economy as well as Airtel Payments Bank and Mastercard Partnership to create differentiated card solutions, NFC. And finally, Internet of Things. Airtel IOT, E2E, end to end platform, billions of devices and apps could be managed. 5G-Ready Network with NB-IOT, 4G-2G connectivity using Airtel e-Sim. Airtel supports major businesses across manufacturing, logistics, automobiles, BFSI and utilities through its IOT initiative.

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Airtel's strategy to implement 5G in India



- Capgemini** → Partners to co-innovate on 5G solutioning, and System Integration (SI) capabilities
- Nokia** → Partners to do India's First 5G trial in the 700 MHz band
- Ericsson** → Partners to do India's first Rural 5G trial
- Intel** → For 5G network development by leveraging vRAN / O-RAN technologies.
- Qualcomm** → Utilize the Qualcomm® 5G RAN Platforms to roll-out virtualized and Open RAN-based 5G networks.
- TCS** → 5G based Remote Robotic Operations and AI driven Quality Inspection for Factories of the Future.
- Popular Gamers (Mortal & Mamba)** → Collaboration to test Airtel's hyper fast and ultra-low latency 5G network
- Customers** → Working with **Apollo Hospitals, Flipkart** and several leading manufacturing companies to test 5G based solutions



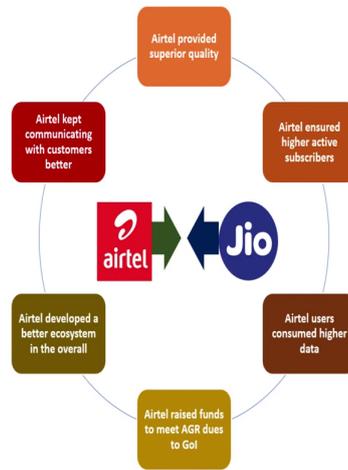
Airtel's strategy to implement 5G in India has also been forward-looking. It has collaborated with various strategic technology partners and also enterprise customers to test real-life 5G applications of the future. This has opened limitless possibilities for enterprises to enhance productivity and serve their customers even better with digitally-enabled applications. With Capgemini, Co-innovation on 5G Solution and System Integration.

With Nokia in the 700-megahertz band. With Ericsson to do the first rural 5G trial. With Intel for a 5G network development by leveraging V-RAN and ORAN technologies. With Qualcomm, to utilize Qualcomm 5G RAN platforms to roll out virtualized and open-RAN-based 5G networks. With TCS, 5G-based remote-robotic operations and AI driven quality inspection for factories of the future.

Popular gamers Mortal and Mamba. Collaboration to test Airtel's hyper fast and ultra-low latency 5G network. And with customers working with big customers such as Apollo Hospitals, Flipkart and several other leading manufacturing companies to test 5G-based solutions.

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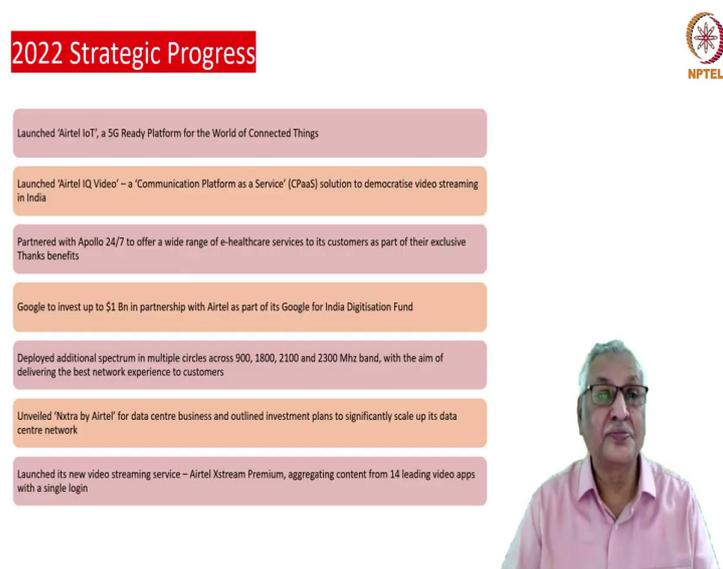
Why and How Airtel Could Survive: Forward Thinking



Forward-thinking has been at the root of Airtel's survival against Reliance on slot and continuing consolidation in the market.

One, Airtel provided superior quality. Airtel ensured higher active subscribers. Airtel users consumed higher data. Airtel raised funds to meet AGR dues to GOI. Airtel developed a better ecosystem in the overall and Airtel communicating with customers better. And that has been an important aspect of Airtel's consolidation and growth strategy.

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2022 Strategic Progress

- Launched 'Airtel IoT', a 5G Ready Platform for the World of Connected Things
- Launched 'Airtel IQ Video' – a 'Communication Platform as a Service' (CPaaS) solution to democratise video streaming in India
- Partnered with Apollo 24/7 to offer a wide range of e-healthcare services to its customers as part of their exclusive Thanks benefits
- Google to invest up to \$1 Bn in partnership with Airtel as part of its Google for India Digitisation Fund
- Deployed additional spectrum in multiple circles across 900, 1800, 2100 and 2300 Mhz band, with the aim of delivering the best network experience to customers
- Unveiled 'Nxtra by Airtel' for data centre business and outlined investment plans to significantly scale up its data centre network
- Launched its new video streaming service – Airtel Xstream Premium, aggregating content from 14 leading video apps with a single login



In 2022, the company continues to make strategic progress.

Launching of Airtel IOT, a 5G Ready platform for the world of connected things. Launching of Airtel IQ Video, a communication platform as a service CPaaS. As a solution to democratize video streaming in India, partnering with Apollo 24 7 to offer a wide range of e-health care services to its customers. Google to invest up to 1 billion dollar in partnership with Airtel as part of its Google for India Digitalization Fund.

Deployment of additional spectrum in multiple circles across 900, 1800, 2100, and 2300, mega-hertz bands with the aim of delivering the best network experience to customers. Unveiling of Nxtra by Airtel for data centre businesses and investment plans to support a new

video streaming service Airtel extra premium aggregating content from 14 leading video apps with a single login.

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2022 Strategic Alliances and Partnerships



Formed a joint venture with **Hughes** to provide satellite broadband services in India

Conducted India's first rural 5G trial in partnership with **Ericsson**

Acquired an additional 2.86% stake in **Vahan** Inc. as part of its Startup Accelerator Program

Extended partnership with **Oracle** to support the growth of India's digital economy by bringing a range of industry-leading cloud solutions to 1 Mn+ enterprise customers

Entered into an agreement with **Vodafone** Plc. to buy a 4.7% equity interest in Indus Towers

Partnering **Meta** for growth of India's digital ecosystem, including global connectivity infrastructure and CPaaS based new age solutions

Signed a partnership with **Google** for developing India's 5G, Cloud and smartphone connectivity solutions



Strategic alliances also our power in Airtel's growth. Joint venture with Hughes for satellite broadband services. As is said with Ericsson, 5G rural trial, acquired an additional 3 percent stake in Vahan Inc. as part of the startup accelerator program.

Partnership with Oracle for enterprise connectivity entered into an agreement with Vodafone PLC to buy equity interest in Indus towers, Partnering Meta previously Facebook for growth of India's digital ecosystem including global connectivity infrastructure and CPaaS based new age solutions.

Partnership with Google for developing India's 5G Cloud and smartphone connectivity solutions.

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The slide features a red header with the text "Airtel's OpenRAN Strategy". Below the header is a graphic showing a city map with a central "5G" icon and various network-related symbols like Wi-Fi, signal strength, and location pins. To the right of the slide is the NPTEL logo. A speaker, a man in a pink shirt and glasses, is overlaid on the bottom right of the slide content.

- Bharti Airtel is aiming at making OpenRAN (Open Radio Access Network) to form a part of its live 5G network towards the end of 2023 fiscal year.
- Open RAN or O-RAN is considered as a viable and cost-effective strategy to roll out 5G networks as it allows telecom carriers to mix-and-match telecom hardware and software components sourced from multiple vendors to build scalable networks and discourages vendor lock-ins
- The company believes that OpenRAN's readiness to serve a larger scale will cut down the cost of ownership
- It has already run trials for live openRAN sites in Punjab and has got good results. The company also has other versions live in their own lab at Manesar
- Airtel has been working with US's Mavenir, Xilinx, Japan's Altiostar and NEC and Taiwan's Sercom to develop equipment using OpenRAN technology

Source: <https://telecom.economictimes.indiatimes.com/>

Airtel's OpenRan Strategy is an interesting development technologically in the Indian telecommunication area. It is trying to do this OpenRan network be a part of its live 5G network towards the end of 2023 fiscal year. This is considered a viable and cost-effective strategy to roll out 5G networks as it allows telecom carriers to mix and match telecom hardware and software components sourced from multiple vendors and that helps the company build scalable networks and discourages vendors blocking.

The company believes that OpenRan readiness to serve a larger scale will cut down the cost of ownership. The company has already run trials for live OpenRan sites in Punjab and has got good results. The company also has other versions live in its own lab at Manesar. Airtel

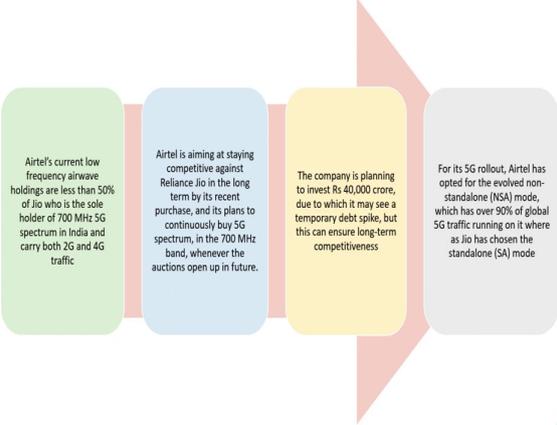
has been working with US Mavenir, Xilinx, Japan's Altiostar and NEC and Taiwan's Sercom to develop equipment using OpenRan technology.

In the telecommunication industry being dependent on vendors and having lock-in with vendors is one of the biggest investment tracks or the hangovers that could exist, because of quick roll-out without thinking about the future flexibility.

Airtel with its experience in the telecommunication industry is striving to avoid that vendor lock-in while also having the best of vendors on its side in terms of multiple collaborations.

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Airtel's Competitive Strategy against Reliance Jio



The diagram consists of four colored boxes (green, blue, yellow, grey) arranged horizontally, with a large red arrow pointing to the right behind them. Each box contains text describing Airtel's strategy against Reliance Jio.

- Green box:** Airtel's current low frequency airwave holdings are less than 50% of Jio who is the sole holder of 700 MHz 5G spectrum in India and carry both 2G and 4G traffic
- Blue box:** Airtel is aiming at staying competitive against Reliance Jio in the long term by its recent purchase, and its plans to continuously buy 5G spectrum, in the 700 MHz band, whenever the auctions open up in future.
- Yellow box:** The company is planning to invest Rs 40,000 crore, due to which it may see a temporary debt spike, but this can ensure long-term competitiveness
- Grey box:** For its 5G rollout, Airtel has opted for the evolved non-standalone (NSA) mode, which has over 90% of global 5G traffic running on it where as Jio has chosen the standalone (SA) mode

Source: airtel: Airtel may splurge around Rs 40k crore on 700 MHz spectrum to stay competitive vs Jio in 5G space: IIFL - The Economic Times (indiatimes.com)



So, the competitive strategy against reliance Jio moving forward would be as follows. First, it has to current the low frequency airwave of holdings that are less than 50 percent of Jio, because 700 megahertz 5G spectrum is very important. In this, Airtel has not gone as far as

Jio has gone in terms of cornering the 5G spectrum, although it is far ahead compared to Vodafone Idea.

So, it has to centroid this rather small imbalance and has to continuously buy 5G spectrum in the 700 megahertz band apart from whatever it has bought so far whenever the auctions open up in future. The company is planning a 40,000 crore rupee investment cycle to be able to maintain its 5G strategy and this could cause further debt spike.

The company has to look at equity capital restructuring at the appropriate time. So, that its debt levels are reduced and it is able to have a good profitability. For 5G rollout, Airtel has opted for the evolved non-standalone mode which has over 90 percent of 5G traffic running on it whereas, Jio has chosen the standalone mode. So, whether Airtel would have sustainable competitive advantage in future, because of its choice needs to be verified as the company moves forward in its strategy.

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Airtel, Reliance Jio, Vodafone Idea Financials

Values in Rs. Crore



| FINANCIAL YEAR | Bharti Airtel Ltd. | | Vodafone Idea Ltd. | | Reliance Jio | |
|----------------|--------------------|-------------|--------------------|-------------|---------------|-------------|
| | TOTAL REVENUE | PROFIT/LOSS | TOTAL REVENUE | PROFIT/LOSS | TOTAL REVENUE | PROFIT/LOSS |
| FY22 | 72,064.70 | -3,625.00 | 38,318.20 | -28,435.10 | 81,587 | 15,487 |
| FY21 | 66,713.80 | -25,197.60 | 41,931.10 | -46,293.70 | 73,503 | 12,071 |
| FY20 | 56,559.60 | -36,088.20 | 45,801.10 | -73,131.50 | 14,835 | 5,562 |
| FY19 | 52,238.70 | -1,869.20 | 37,932.10 | -14,056.00 | 11,715 | 2,964 |
| FY18 | 53,898.60 | 79.20 | 28,435.10 | -4,458.30 | 38,838 | 8,704 |

Sources: Moneycontrol, Business-standard.com



Let us look at the financials. You can see the kind of dial rates in which Vodafone Idea is. In FY 18, Vodafone Idea had 4,458 crore loss against a revenue of 28,435 crores. In FY 21 and FY 20 its revenues and profitability were under great distress. Its worst period was in FY 20 when its losses far outnumbered its revenue. Revenue was just 45,801 crores whereas, loss was 73,131 crore. Imagine how a company can run under such burden of losses and burden of debt burden of duties.

It reduced to 46,294 crore loss and on a revenue base of 42,000 crore in FY 21. But In FY 22 the loss has been further narrowed down to 28,435 crores, but the revenue also reduced taking back the company to FY 19 level. And this has been possible because there has been marginal increase in prices after Jio also held back on its aggressive penetration pricing strategy.

If you compare that with Bharti Airtel you will find that from a profit of 79 crores over a revenue of 54,000 crores the company moved to a loss of 36,000 crores over a revenue of 56,000 crores in FY 20. But like Vodafone Idea it also reduced its losses to 3,625 crores, but increased the revenue 72,664 crores in FY 22.

So, you can see the impact of the adverse regulatory and tax policies and adverse debt burden and interest costs. In the worst years of the Indian telecommunication industry namely financial year 2020 and financial year 2021. But the telecom industry is now seeing the light of the day. In contrast reliance Jio has been profitable from the beginning 8,700 crores profit over the revenue of 38,838 crores which increased to 15,487 crores on a revenue base of 81,587 crores in FY 22.

This has been made possible. It has prudently managed its equity capital structure removing the debt through equity infusions that have taken place during the COVID pandemic time. And that has been a master stroke by Reliance Jio. If you look at the overall strategy was to commit huge investments to establish, the most modern infrastructure and network across India based on data and 4G.

Once that network was established the company went all out with its penetration pricing policy to secure market share as most almost of 33 percent. But once these objectives have been achieved the company began de-risking itself by substituting debt with equity and correcting the capital structure anomaly. So, this is an instructive lesson how companies can go under and how can companies fight back and how can companies stay profitable in spite of the penetration pricing strategies.

This table is very important in terms of understanding 3 different strategies of 3 different companies which are still working in the telecommunication industry in India.

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The Mistakes That Vodafone Idea Made and Airtel Avoided

When compared to Vodafone Idea, Airtel has six times more cash and 1.5 times more subscribers. Even though Vodafone Idea has more spectrum than Reliance Jio but still gets less traffic



| | | | | |
|--|--|---|---|---|
| <p>Vodafone has been facing problems over the years, starting with the retrospective taxation case over the 2007 acquisition of a controlling stake in Hutchison Essar's Indian assets internationally, the verdict over the repayment of adjusted gross revenue (AGR) dues, the slow roll-out of 4G services, and the escalating debt burden.</p> | <p>Even after the merger with Idea in 2018, and an increased active users of 43 million, Vodafone Idea was not able to succeed.</p> <p>Vi has the lowest ARPU when compared to Airtel and Jio.</p> | <p>Despite Jio entry and aggressive pricing and customer acquisition strategy, Airtel was able to sustain the market.</p> <p>Airtel improved its debt leverage, made right acquisitions at the right time and was able to maintain its loyal customer whereas Vi was not able to match Jio's pricing with its enormous debt</p> | <p>With Jio's entry, what essentially was a voice market, changed into data market with India ending with cheapest mobile data in the world.</p> <p>Airtel was quick to adapt to the changing telecom industry rolling out 4G and 5G and data plans matching Jio.</p> <p>However, Vi was not proactive and started losing millions of customers every quarter due to its inability to invest adequately in expanding its 4G network</p> | <p>While Airtel and Jio are strategically planning to increase customer base and rolling out 5G, Vi must work on reducing its financial debt to avoid potentially dragged to NCLT by any financial creditor in future</p> |
|--|--|---|---|---|



The mistakes that Vodafone Idea made and Airtel avoided. This is exemplified by the fact that compared to Vodafone Idea, Airtel has 6 times more cash and 1.5 times more subscribers. Even the Vodafone Idea has more spectrum than Reliance Jio, Vodafone Idea still gets less traffic.

So, starts with the problems that Vodafone faced. The retrospective taxation case over the 2007 acquisition of a controlling stake in Hutchison Essar's Indian assets internationally. The verdict over the repayment of AGR dues and this to slow rollout of 4G services.

These three together dealt a blow from which Vodafone Idea could never recover and the reason for that is the lack of proactive approach by the leadership of Vodafone Idea and also making necessary provisions in the books to be able to manage these adversities. Secondly,

even after the merger with Idea in 2018 and an increased active user base of 43 million, the company was not able to succeed.

It had the lowest ARPU compared to Airtel and Jio. The contrast is evident between Airtel and Vodafone Idea. Despite Jio entry and aggressive pricing and customer acquisition strategy, Airtel was able to sustain the market. It improved its debt leverage, made right acquisitions at the right time and was able to maintain its loyal customer base.

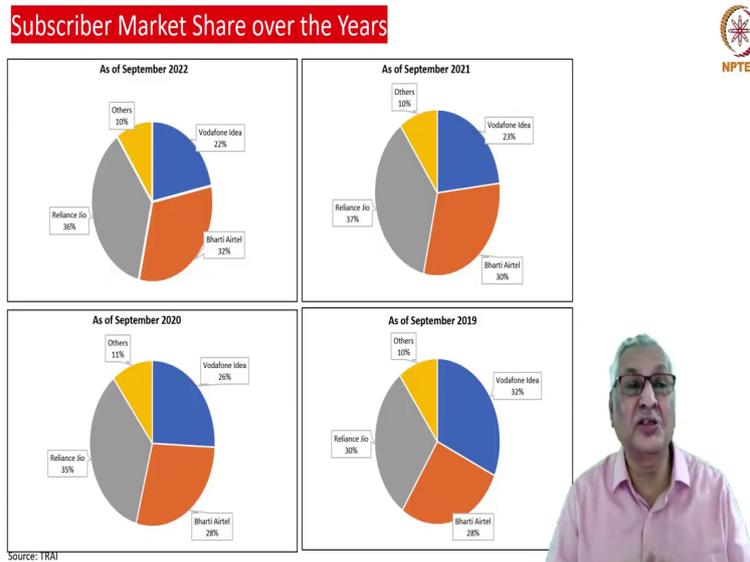
Whereas VI was not able to match Jio's pricing with its enormous debt. With Jio's entry, what essentially was a voice market changed into data market and India came to having the cheapest mobile data infrastructure, cheapest mobile data platforms in the world.

While Airtel was quick to adapt to the changing telecommunication industry by rolling out first 4G and now, poised to launch 4G and with data plans matching Jio, VI started losing millions of customers every quarter due to its inability to invest adequately, expanding its 4G network.

While Airtel and Jio are strategically planning to increase customer base and rolling out 5G, VI now needs to work double-time on reducing its financial debt to avoid getting dragged to NCLT by any financial creditor in future. And that is the tall challenge for Vodafone Idea. Even its conversion of debt into equity by the government under the revival plan has not taken place, because the Vodafone share price is yet to test a power value. And that has been a bigger problem for Vodafone Idea.

And also, the promoters have not been infusing adequate funds into the company. And that is one of the unstated preconditions for government to convert the debt into the equity. So, in a sense, Vodafone Idea continues to hang by a thread, whereas, Airtel has been able to build a solid foundation which is unassailable even if reliance Jio continues on its aggressive path.

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So, you can see the subscriber market share over the years. As of September 2019, Vodafone Idea had 32 percent market share, Bharti Airtel only 28 percent and Reliance Jio, 30 percent.

As of September 20, Bharti Airtel remained at 28 percent. Vodafone Idea reduced to 26 percent and Reliance Jio gained 35 percent. Then came 2021. Bharti Airtel improved to 30 percent. Vodafone and Idea reduced further to 23 percent and reliance Jio got into 37 percent. As of September 22, reliance Jio is at 36 percent, the largest subscriber base. Bharti Airtel at 32 percent, Vodafone Idea marginally down to 22 percent, others hold 10 percent.

Very instructive movement of market share over the years.

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Airtel Future Plans



- 1 Airtel is planning on spending Rs. 88,000 crore in business with Indus Towers, Rs. 15,000 crore for the services from data centre firm Nxta and up to Rs. 14,000 crore for the telecom services, bandwidth and VAS of Bharti Hexacom
- 2 With the recent partnership with Google, Airtel is planning to building extensive offerings that cover a range of Android-enabled devices, and developing a Cloud ecosystem
- 3 Considering the increase in 5G consumption of videos, immersive technologies such as AR and VR, and IoT which, in turn, require passive infrastructure during 5G rollouts, the company is proposing Rs 17,000 crore in Indus Towers for the next four years
- 4 Airtel is planning to continue with the aggressive capital expenditure plans for expansion in network and telecom set-up to stay competitive



Airtel's future plans continue to invest because this is an industry where technology and investment are paramount drivers of sustainability from a business perspective. So, spending 88,000 crores in Indus Tower business, 15,000 crores in the data centre business and 14,000 crore all rupees in for the telecommunication services bandwidth and VAS.

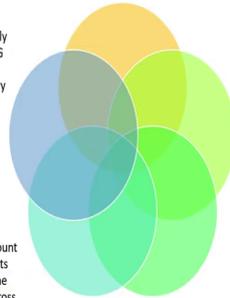
Given the 5G consumption, may investing 17,000 crore Indus Towers for a 5G related activities and also has plans to bring in videos, immersive technologies, AR, VR and IoT in a smooth and seamless fashion into the telecommunication network. And extensive offerings to cover a range of Android enabled devices developing a cloud ecosystem and continuing with aggressive capital expenditure plans for expansion network and telecom setup to stay competitive even beyond 23 financial year.

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How Airtel Met Jio Risk



Airtel not only matched Jio's offers but also steadily continued to expand its 4G coverage and spectrum footprint across the country



The company went on to acquire telecoms like Tikona, Telenor and the consumer wireless business of Tata Teleservices which not only gave them more spectrum but eliminated the threat from Jio acquiring these small players

It also spent a good amount of money in digitizing its business to improve the customer experience across a range of services and channels

In 2017, Airtel responded to the JioPhone, the low-cost 4G device through an alliance with Karbonn and other Indian device makers to produce its own low-cost 4G handsets



How Airtel met Jio risk can be seen in terms of these four circles. One, it matched Jio's offers and steadily continued to expand its 4G coverage and spectrum footprint across the country. Wherever feasible the company went on to acquire telecommunication companies which could provide additional subscriber base and it also prevented geo from acquiring those kinds of small companies. It spent a good amount of money in digitizing its business to improve the customer experience across a range of services and channels.

And In 2017, Airtel responded to the Jio phone. The low cost 4G device through an alliance with carbon and other Indian device makers to produce its own low cost 4G handsets.

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How Airtel Met Jio Risk



Even though Airtel was coping up with the risk from Jio entry by matching up with Jio's price, acquiring telcos etc, one main reason for the company to sustain in spite of heavy competition from Jio is its product/service ecosystem strategy

Even before Jio's entry, Airtel had built as strong product/service ecosystem. Therefore, consumers were not very willing to switch to other networks. Airtel has already strategically placed its service in the lifestyle of the consumer.

In 2016, when reliance Jio entered the market, Airtel had already had a strong customer base. Airtel DTH had a market share of 25%. It had a strong hold of enterprise services and provided better customer service than other service providers.

The company has also laid the foundation for Airtel broadband in 2017 and had over 2.1 million customers when Jio entered the market

With multiple brands, Airtel was able to penetrate into consumer life and build an strong ecosystem. It was thus able to withstand the aggressive pricing strategy from Jio.



Even though Airtel was coping up with the risk from Jio entry by matching up with Jio's price, acquiring telcos etcetera. One main reason for the company to sustain in spite of heavy competition from Jio is its product service ecosystem strategy.

Even before Jio's entry the company built a strong product service ecosystem. Therefore, there was customer loyalty that was very much there for Airtel. And when the service was placed strategically in the lifestyle of the consumer, you have seen the various target consumer groups that the company targeted in an earlier slide. It was very difficult for Jio to dislodge Airtel. It was able to dislodge Vodafone Idea which did not have that level of customer loyalty.

So, the strong customer base retained for Airtel even after reliance Jio entered. Then Airtel brand band in 2017 provided further strength to Airtel. And with multiple brands, multiple

services, Airtel was able to get deep into consumer life and build a strong ecosystem. That is how it could withstand the aggressive pricing strategy from Jio. So, pricing is not the only consideration for a company to meet a new challenge from an aggressive competitor.

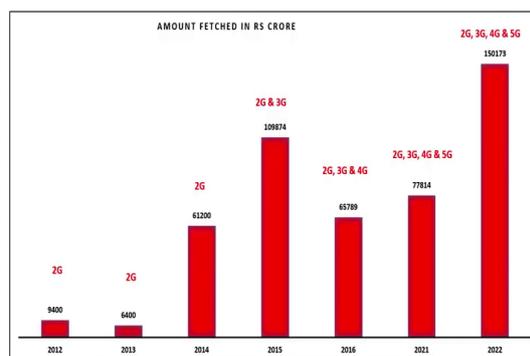
Having a product service ecosystem and strong brand loyalty which is engaged on a contiguous basis is also equally important.

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Spectrum Auctions of 5G



In the recent auction for the 5G spectrum in India concluded on August 1, 2022, Reliance Jio spent over Rs. 88,000 crore and emerged as a top buyer. Bharti Airtel came second and spent Rs. 43,000 crore



The spectrum auctions of 5G are not going to be cheap. So, you can see in 2012, only 9400 crore was the revenue that the government received from 2G auctions. But it went up in 2015 to 109 874 crores once the government decided that the natural resources have to be licensed at a fair value for the citizens of India.

And that trend continues even in the current wave of spectrum auctions. In the recent auction for the 5G spectrum in India, Reliance Jio spent over 88,000 crores, but Bharti Airtel spent only 43,000 crores. There is still a looming weakness, a looming gap that would need to be bridged by Bharti Airtel to continue on its strong journey going forward.

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Summary

- Airtel has served its customers as a well-established telecom operator for almost two decades and is a **formidable brand** that got a lot of attention and recognition.
- Despite dynamic consumer wants and evolving technology patterns, **Airtel's popularity has remained consistent throughout.**
- Airtel has been **successful in predicting customer needs and adapting to an ever-changing environment.**
- In Covid-19 crisis, Airtel has proved how **resilient and agile** it is, and turned it as an opportunity for serving more customers with its diversified products and services
- Given the competition now in the Wireless market and the booming of new Megatrends, Airtel's **Strategic Business Development anticipating the Mega trends is highly commendable.**
- Addressing the **Megatrends like 5G, IOT & Datacenter**, Airtel is creating for itself an **early mover advantage.**
- **Airtel is building a strong ecosystem** by having the right **Strategic partnerships with Global Market leaders** like AWS, Google Cloud, Nokia, Ericsson etc.



So, the summary is that Airtel has served its customers as a well-established telecom operator for almost 2 decades.

Its past is its greatest strength. It becoming a formidable brand with a lot of attention and recognition is its strength. And it has been a dynamic company strategically. Consumer wants changed. Technology patterns evolved, but Airtel's popularity remained consistent

throughout. That was because the company's technology aspect was dynamic. Airtel has been successful in predicting consumer needs and adapting to an ever changing environment.

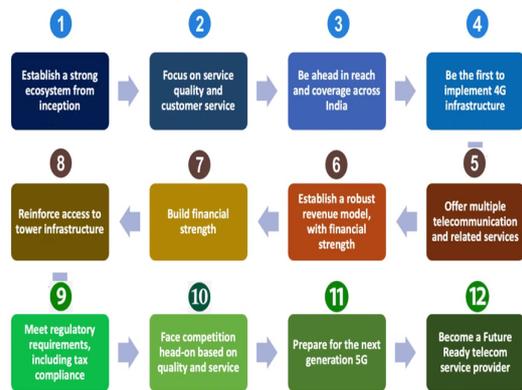
In Covid-19 crisis, Airtel proved how resilient and agile it is and turned it as an opportunity for serving more customers with its diversified products and services. Given the competition that exists now in the wireless market and the booming of new megatrends Airtel's strategic business development, is founded on anticipating the megatrends and that is highly commendable. Addressing the megatrends like 5G, IoT and data center, Airtel is creating for itself an early more advantage in those segments.

Airtel is building a strong ecosystem by having the right strategic partnerships with global technology and market leaders such as AWS, Google Cloud, Nokia, Ericsson and various other companies. This summarizes how Airtel has been able to face the onslaught of Reliance Jio. How Airtel has been able to be successful in its own right? How the good deeds of the past in terms of business and marketing strategies as well as technology strategies were leveraged to ensure that Airtel remained ahead of the curve.

And these are valuable lessons for business development for any company.

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Business Reinforcement by Airtel



So, let us look at the business reinforcement strategy by Airtel. It all started with establishing a strong ecosystem from inception. This is the underlying strategy of Airtel. Focus on service quality and customer service.

Be ahead in reach and coverage across India. Be the first to implement 4G infrastructure. Offer multiple telecommunication and related services, because in a population as huge as India's and as diverse as rural and urban, you need to have multiple telecommunication related services.

Establish a robust revenue model with financial strength, build financial strength on a continuous basis, reinforce access to tower infrastructure, meet regulatory requirements including tax compliance, face competition head on based on quality and service, prepare for the next generation 5G in due time and become a future ready telecom service provider. This

is an industry where technology drives change and where consumers are always anticipating change.

And the only way in which business development can be done by a company such as Airtel is to be ahead of the curve in terms of technology, investment, quality of service, customer experience and creative business modelling. These are the 5 important aspects of business development for a telecommunication company. And Airtel has proved itself in this arena very strongly. With this we come to the end of this lecture.

Thank you very much.