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**Our mission:** To provide clear, practical and straightforward commercial advice to our clients in the Telecommunications, Media and Technology sectors



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## Ethnic MVNOs

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About Piran Partners – why we know about Ethnic Mobile Virtual Network Operators (MVNOs)

The market opportunity

Hosting a third party Ethnic MVNO vs an MNO brand

A success story

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# About Piran Partners



## MOBILE OPERATORS



Commercially Focused



Experienced

Independent



## THIRD PARTIES

## Who are Ethnic subscribers?

New immigrants to a country

People with family roots in other countries

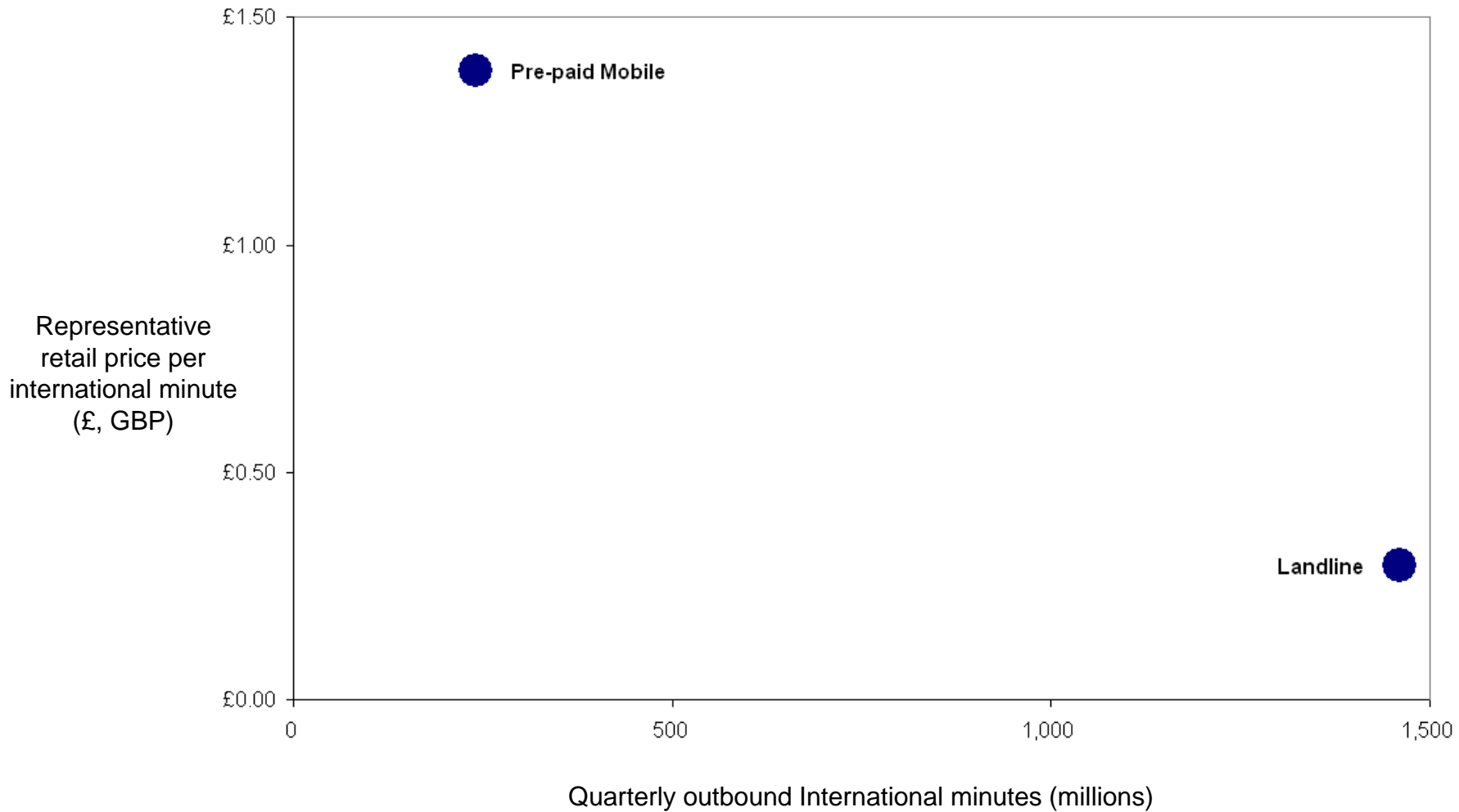
Long term visitors: students, gap year, work experience

Typically, 10% of the population of a progressive country falls into this group

Plentiful source of new consumers to a country

# Calling Internationally

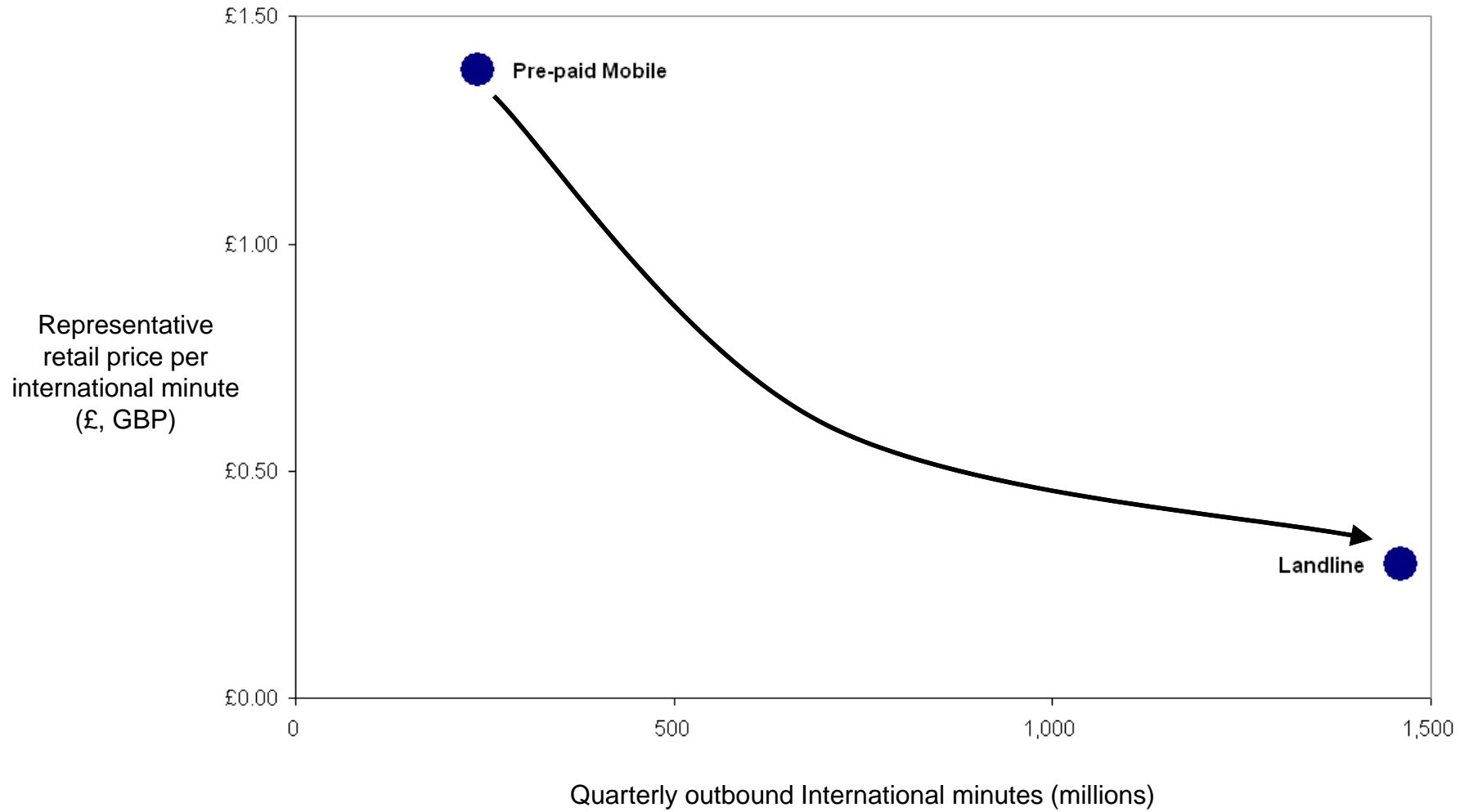
## Market price positioning



All UK mobile operators and all fixed operators

Source: Ofcom, Oct 2006.

# 'Price elasticity' curve

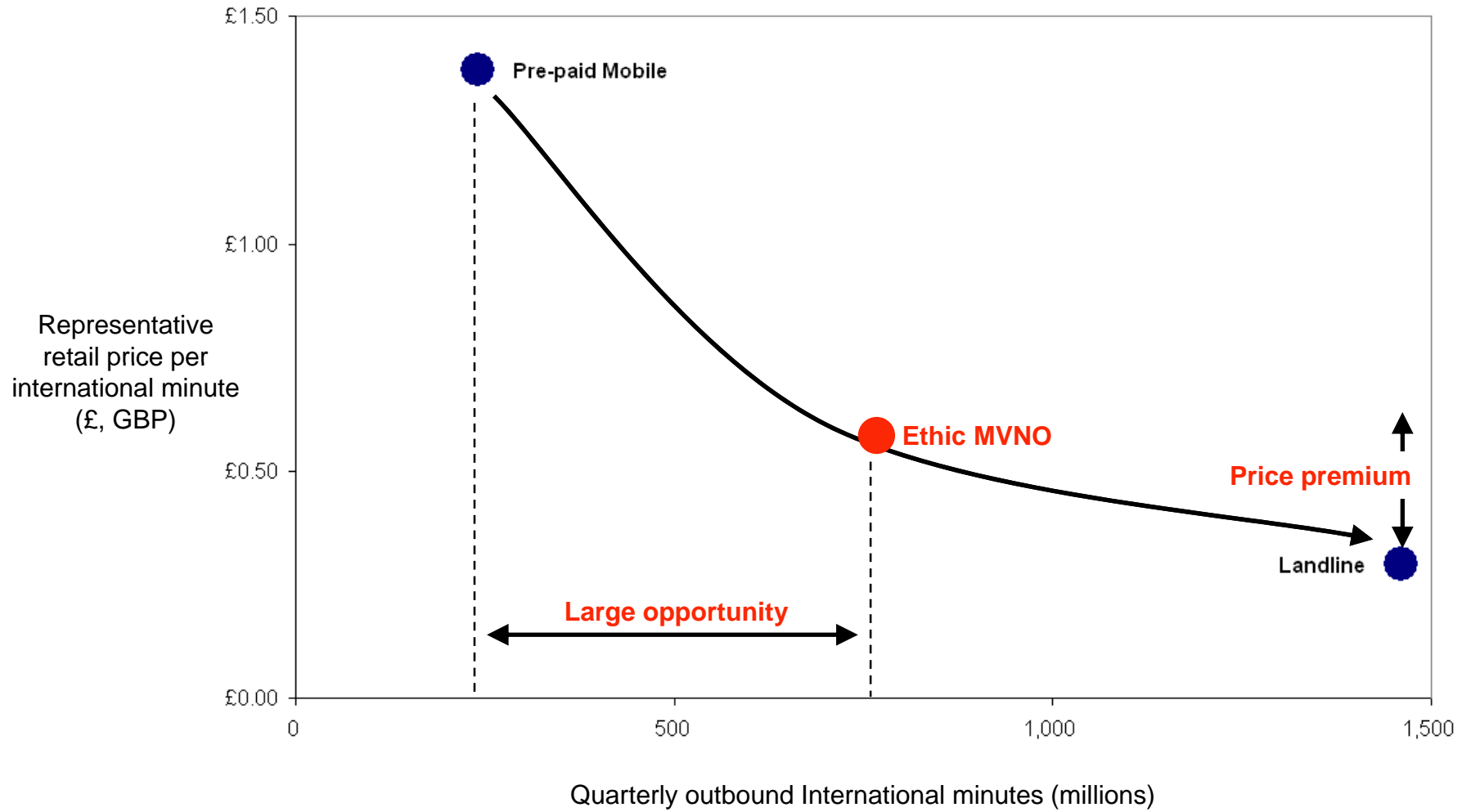


All UK mobile operators and all fixed operators

Source: Ofcom, Oct 2006.



# Ethnic MVNO



All UK mobile operators and all fixed operators

Source: Ofcom, Oct 2006.

## Benefits of hosting an Ethnic MVNO to an mobile network operator



- Substantial migration of traffic away from the landline networks
- Very large market, €6 billion across Europe by 2012
- Access to new immigrants – a substantial growth area
- How does a Mobile Network Operator address the market?
  - 100% owned subsidiary with new brand, e.g. KPN's e-plus Ayyildiz
  - Third party MVNO, e.g. CPW MobileWorld or Lebara Mobile

# Accessing the consumers

- Price alone simply doesn't work, distribution is key
- New immigrants are wary – need to prove the offer is genuine
- Need to sell the offer from within the community
- Without harming the own brand's international price point



# Maximising the profits from Ethnic MVNOs



- A national market can support between 3 to 4 different Ethnic MVNOs
- Pass responsibility for customer care to the Ethnic MVNO
- Ensure that national pricing is competitive but not too competitive
- Allow the Ethnic MVNO to route the international traffic

# Considering your portfolio

# How does an Ethnic MVNO fit your MVNO portfolio

- Traditional wisdom has it that an MVNO portfolio should comprise large:
  - Retailers
  - Brands

# How does an Ethnic MVNO fit your MVNO portfolio



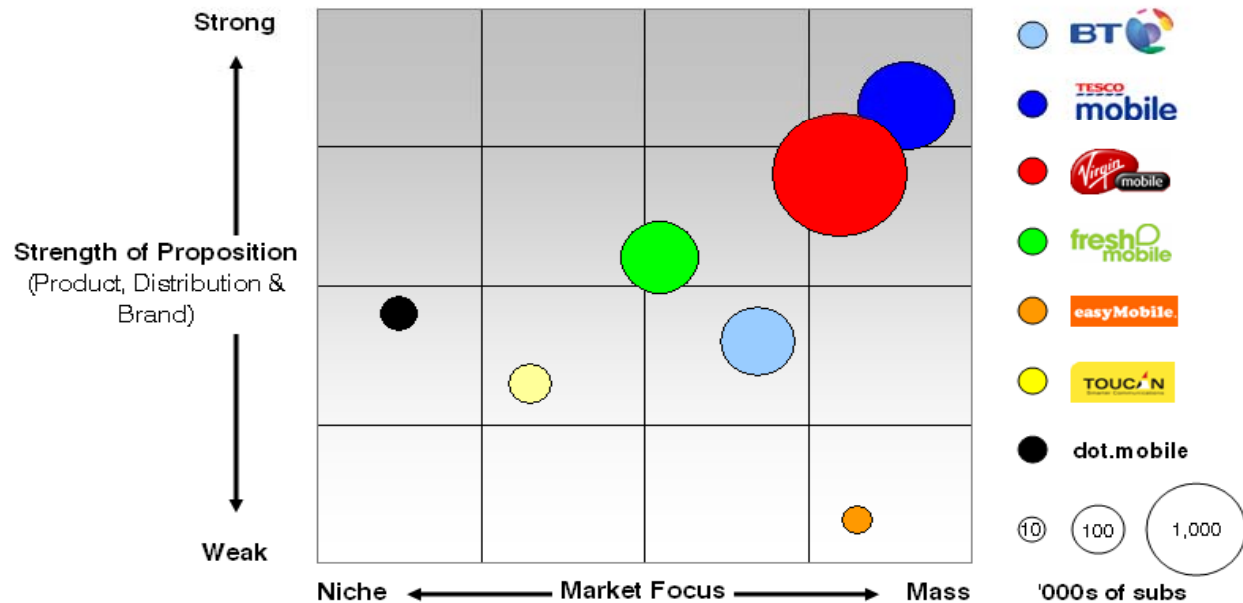
- Traditional wisdom has it that an MVNO portfolio should comprise large:
  - Retailers
  - Brands
- **We disagree.**

# How does an Ethnic MVNO fit your MVNO portfolio

- Traditional wisdom has it that an MVNO portfolio should comprise large:
  - Retailers
  - Brands
- We disagree.
- Optimum MVNO portfolio should comprise:
  - MVNOs with distribution – e.g. retailers
  - MVNOs with a very differentiated proposition – e.g. Ethnic MVNOs
  - Diversified portfolio of other MVNOs



# UK "MVNO" market overview



- Key dimensions of a sustainable MVNO:
  - Market Focus
  - Strength of Proposition
- Strength of Proposition is combination of:
  - uniqueness of product
  - distribution capability
  - brand recognition
- Pure on-line plays don't work
  - EasyMobile & Toucan

# Implementing an Ethnic MVNO

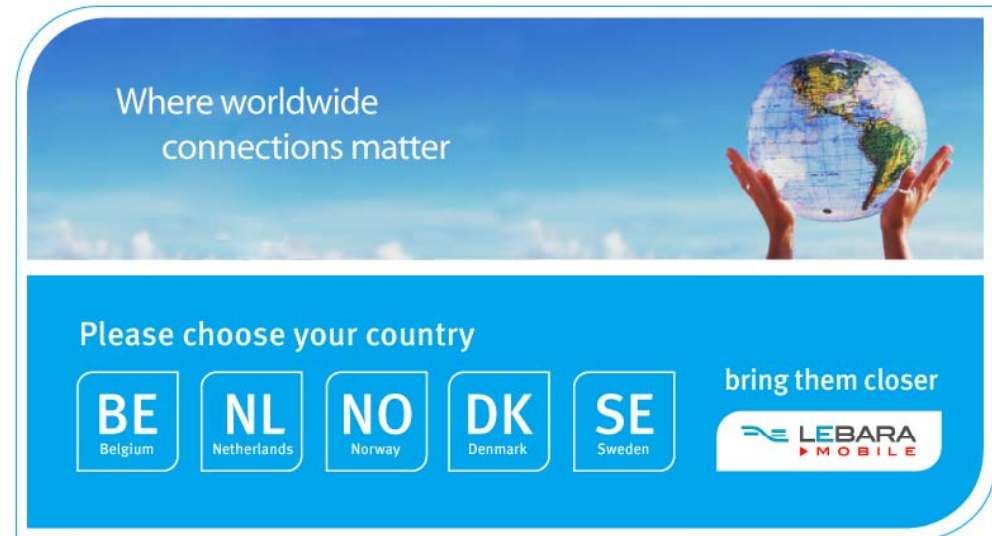
## Mobile Network Operators (MNO) need to:

- Decide whether the Ethnic MVNO carry the International Traffic?
  - They need to it's an important differentiator
- Check the Ethnic MVNOs proposition
  - Which consumers will the proposition target?
- Check the Ethnic MVNOs distribution
  - Is it multi-Ethnic? Is it effective? And will it reach the target consumers?
- Check the Ethnic MVNOs probity
  - The calling card market has historically been associated with dubious practices

# Real Life Example Piran Partner's Client

# Lebara Mobile

- Europe's #1 Ethnic MVNO
- 5 operational MVNOs
- Launching 3 more in 2007
- Over 450,000 users
- APRU over €20
- UK's 4<sup>th</sup> fastest growing privately held company



Where worldwide connections matter

Please choose your country

BE Belgium    NL Netherlands    NO Norway    DK Denmark    SE Sweden

bring them closer

LEBARA MOBILE

The screenshot shows a mobile service selection interface. At the top, a globe is held in two hands against a blue sky background. Below this, the text 'Where worldwide connections matter' is displayed. A blue bar contains the prompt 'Please choose your country' followed by five buttons for Belgium (BE), Netherlands (NL), Norway (NO), Denmark (DK), and Sweden (SE). To the right of these buttons is the text 'bring them closer' and the Lebara Mobile logo.

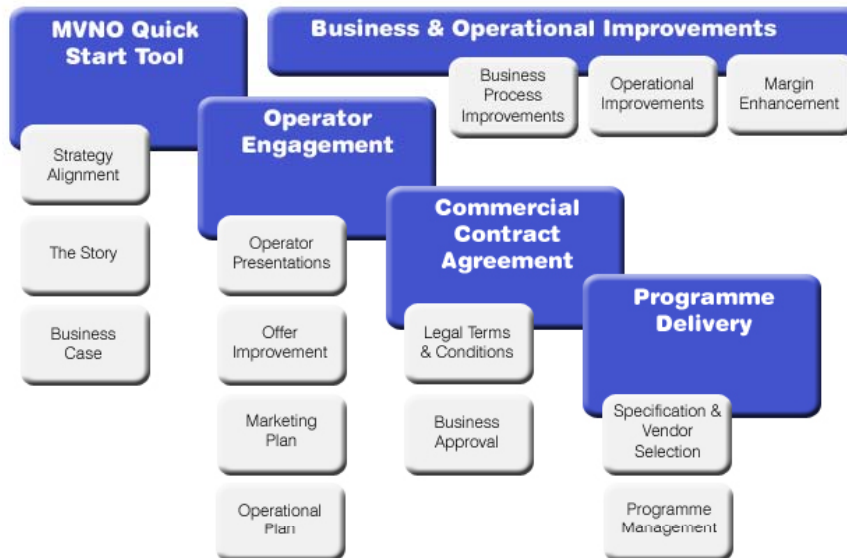
THE SUNDAY TIMES



# Piran Partners Methodology VPP™ (Virtual Partner Programme)

- **3<sup>rd</sup> Party –VPP for MVNOs**

Engagement process used to secure wholesale agreements with mobile operators for **third parties**.

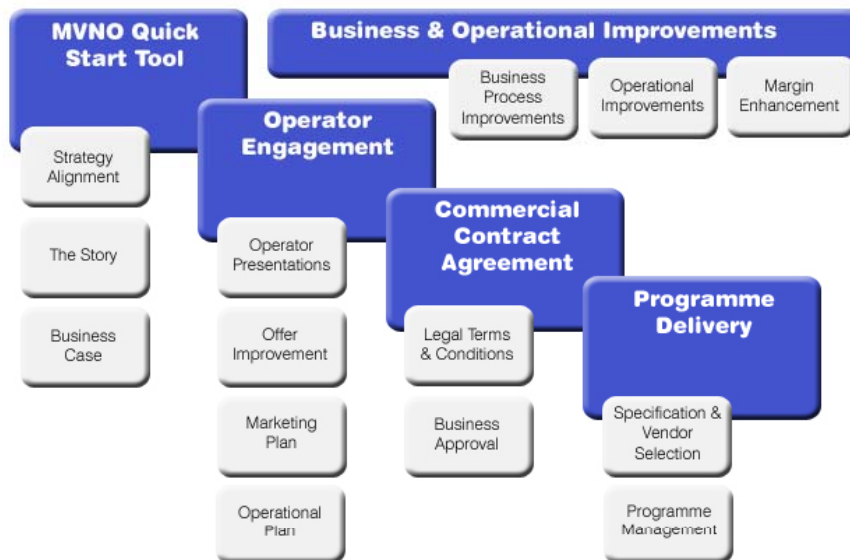


# Piran Partners Methodology VPP™ (Virtual Partner Programme)



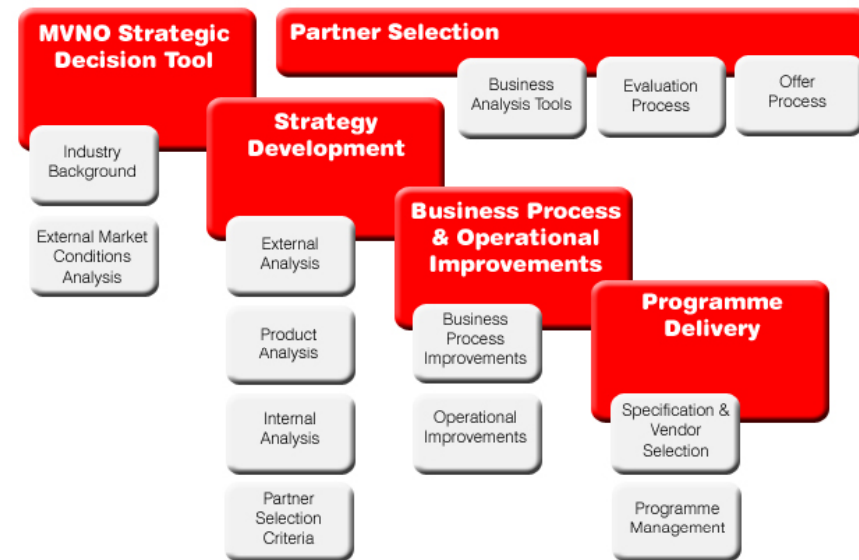
- **3<sup>rd</sup> Party –VPP for MVNOs**

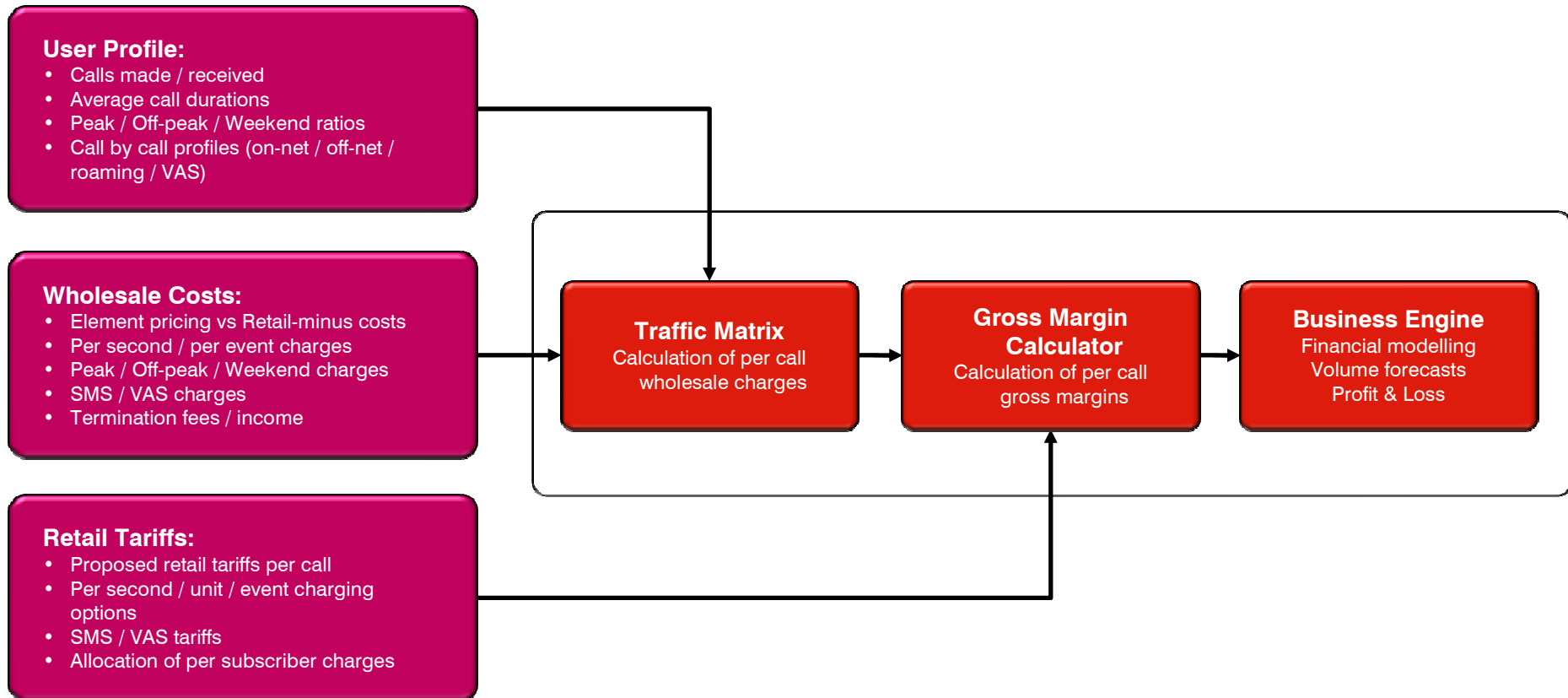
Engagement process used to secure wholesale agreements with mobile operators for **third parties**.



- **Operator – VPP for Carriers**

Process enables **operator** to define or improve their wholesale strategy, identify which partners to target and which products and services to offer, while understanding the operational impact on the business.





# Five Top Tips

## Gaining MVNO agreements



- **Get the story straight**
  - Don't approach MNOs until the story and strategy stands up from all angles
- **Be realistic**
  - Both with revenue projections and timeline expectations
- **Being conscious of the MNO's hidden hurdles**
  - Hidden icebergs waiting to hole your pitch
- **Ensure that everything is consistent**
  - Often two levels of detail in advance
- **It takes longer than expected**
  - Be patient



# Conclusions

# Conclusions

- **Ethnic MVNOs represent a substantial opportunity**
- **Third party MVNOs have been more successful than 100% owned subsidiaries of MNOs**
- **Don't put the MNO's brand at risk by launching a branded tariff plan**
- **The MVNO market is currently very receptive to well presented propositions with experienced management teams**

# Contact Piran Partners



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