# VIETTEL 3G BUSINESS MODEL

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# CONTENT

- Introduction
- Viettel – 3G
- 3G Business Model


CHUYÊN NGHIỆP - NHANH - HIỆU QUẢ
VIETTEL CORPORATION
viettel
Hãy nói theo cách của bạn

# INTRODUCTION

## Milestones

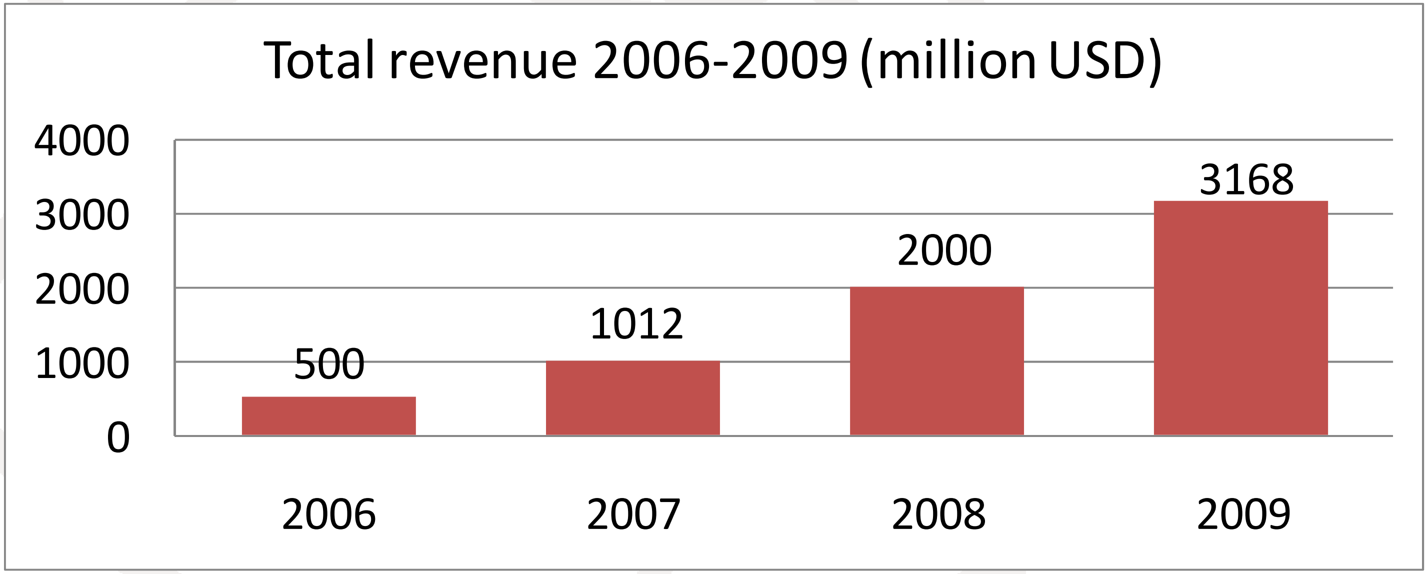
- **1/6/1989:** Establishment of SIGELCO, former organization of Viettel.
- **2000:** First VoIP service offered to market
- **2002-2003:** Internet & PSTN offered to market
- **2004:** Mobile phone service launched.
- **2006 – 2009:** Overseas investment (only operator have in VN)

# INTRODUCTION

- **Fields of business activity:**
  - Posts and Telecommunications services
  - Software products Development
  - Construction of Post and Telecommunication electrical transmission works.

# INTRODUCTION

## Key Achievements- Total revenue



# INTRODUCTION

**Awards:**

- Most well-known Brand in Vietnamese Telecom Industry
- The first Vietnamese operator to invest directly overseas.
- Ranked 83th among the 100 largest telecom company in the world
- Emerging Market Service Provider of the Year of Frost&Sullivan Asia Pacific ICT Awards 2009
- Best Operator in a Developing Market - WCA 2009

# INTRODUCTION

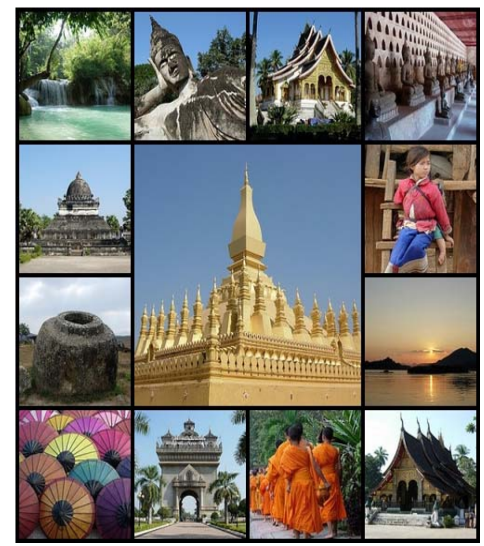
## Viettel investment – Cambodia market

- o Viettel stakes: 100%
- o Services offering: mobile/PSTN/Internet/ISP/FWP/Leased-line...
- o Network: *No. 1 network Infrastructure*
  - Biggest F.O network: 12,000km (2009); covering 100% districts.
  - Largest mobile network: covering 100% residential areas & 95% total area.
- o Total subs: 5.3M (Q1/2010) ; to be No. 1 in 2010
- o High Ranking: 2 out of 8 biggest operators in Cambodia

# INTRODUCTION

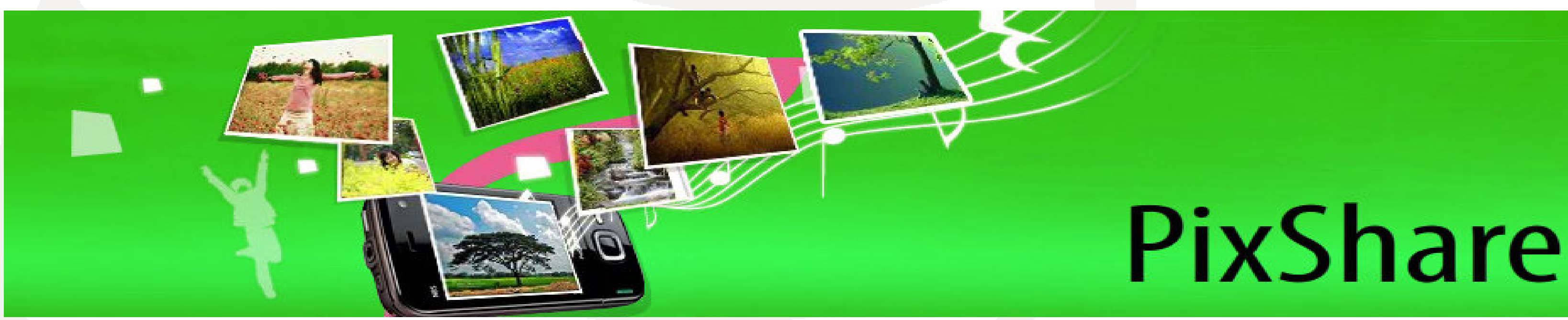
**Viettel investment – Laos market**

- Viettel stakes: 49%; LAT: 51% (JV since Apr2008)
- Brand: Unitel (Sep. 2009)
- Mobile network: BTS: 1,000 + BTS Capacity: 1,500,000 sub.
- Customer base: 1.5 million subs
- Target: No.1 operator in Laos (2010)




HBO
MobiTV


Mobile Internet


PixShare

# VIETTEL-3G

## Viettel's view:

- 3G: the inevitable continuation of 2G
- Favorable conditions for developing 3G in Vietnam:
  - Beauty contest (instead of the auction)
  - Right time for licensing in term of all aspects:
    - Network technology (HSPA +)
    - Diversity terminal/ Reasonable price
  - Particularly suitable with Vietnam - The country with low internet penetration and wired network infrastructure underdeveloped.
- 3G: an opportunity for mobile operators to penetrate broadband Internet Market

# VIETTEL-3G

**Rollout plan:**

- Licensed officially: **13/8/2009**
- Launched services: **25/3/2010** (8000 BTS covering 100% districts and 70% total area)
- Technology application: HSPA+

**Services:**

- Services for handset
- Pack for Laptop /Pack for PC

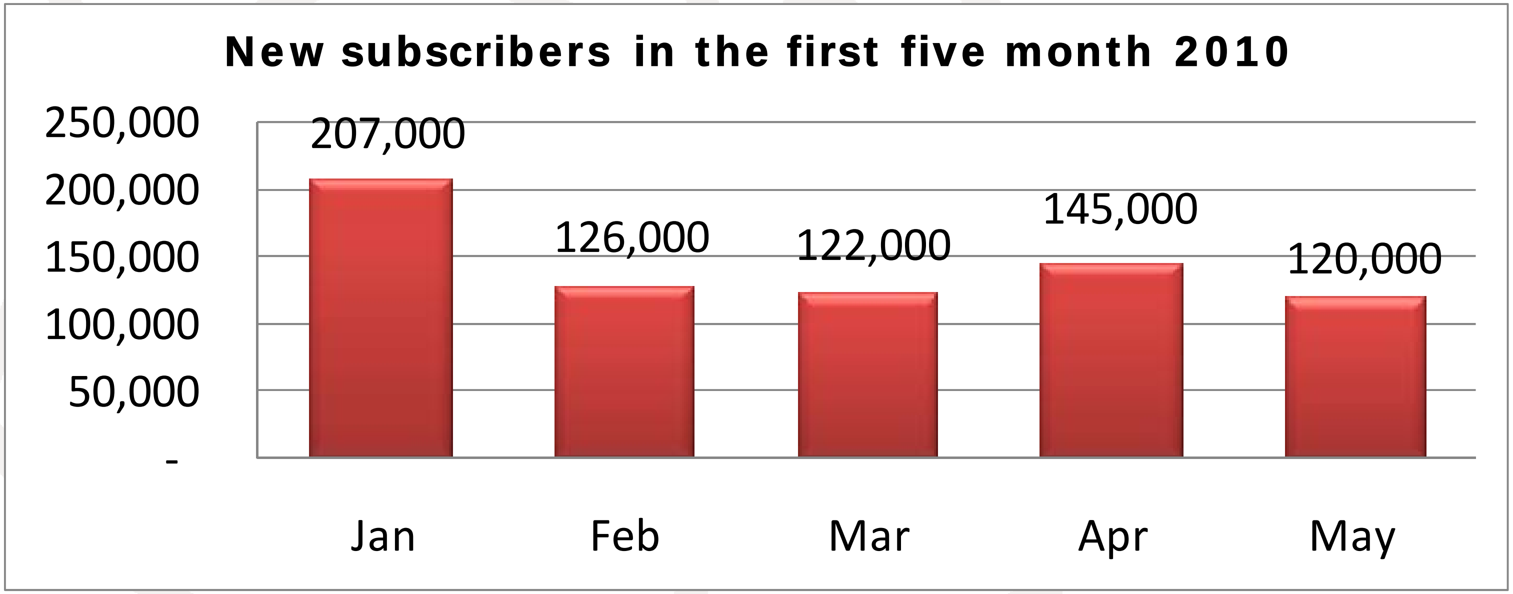
# VIETTEL-3G

**Services for handset:**

- Mobile Internet
- Mobile TV/ Mobile clip/ VOD
- Imuzik 3G
- Pixshare
- Vmail (Mobile Mail)
- Social Network
- Application - Game portal
- LBS

# VIETTEL-3G

## Services for handset:




**3G subs: 1.3 million (5% (2G+3G) subs)**

# VIETTEL-3G

**Services for handset:**

- Average level of usage: 70 Mb/sub/month
- ARPU of data: $2
- ARPU of voice: $14

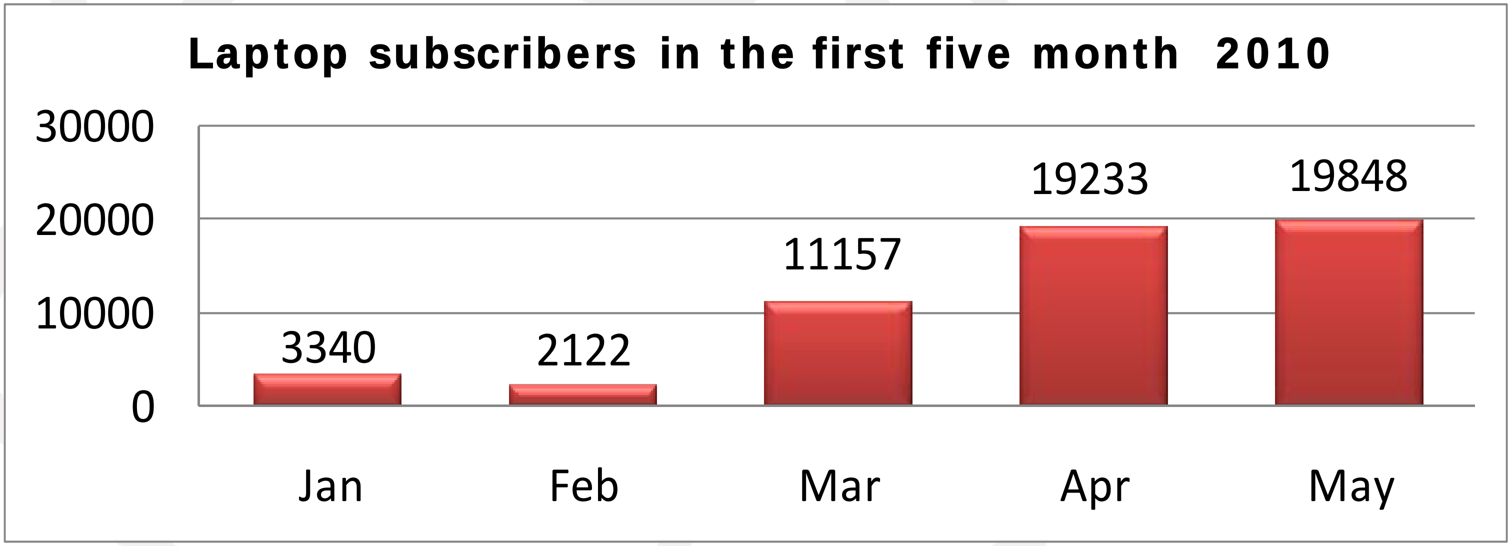
# VIETTEL-3G

**Services for handset:**

- ARPU of VAS:
  - Imuzik 3G: $1.5
  - Mobile TV: $2.0
  - Vmail: $0.5
  - Mstore: $0.4

# VIETTEL-3G

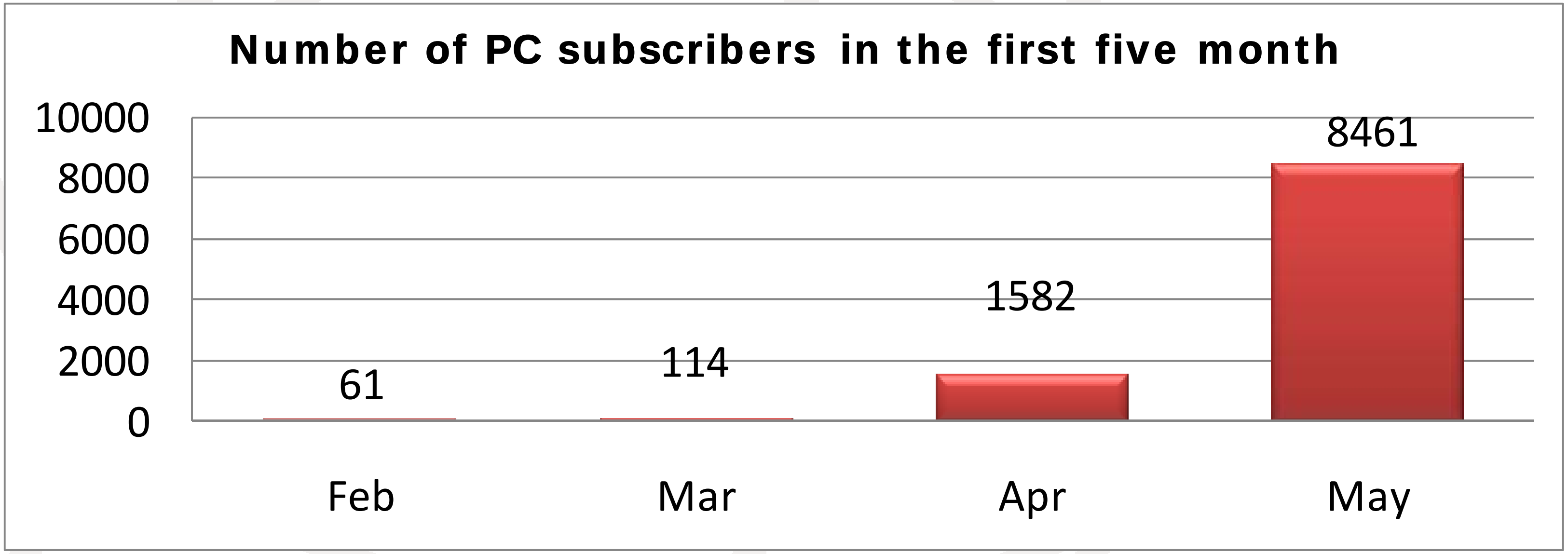
## Pack for Laptop / PC: Subscribers




**Total : 60,000 Laptop subs**

# VIETTEL-3G

## Pack for Laptop / PC:  Subscribers




**Total: 10,200 PC subs**

# VIETTEL-3G

## Pack for Laptop/PC : Tariff plan:

| No | Laptop | Object | Monthly access fee (vnd) | Inclusive data | Over Data Cost (vnd/Mb) |
|---|---|---|---|---|---|
| 1 | Laptop 40 | PostPaid | 30.000 | 300MB | 80 |
| 2 | Laptop 120 | | 100.000 | 2GB | |
| 3 | Laptop 250 | | 220.000 | 7GB | |
| 4 | Laptop Easy | PrePaid | - | 0 | 100 |

# VIETTEL-3G

## Pack for Laptop/PC: Tariff plan:

| No | PC | Object | Monthly access fee (vnd) | Inclusive data | Over Data Cost (vnd/Mb) |
|---|---|---|---|---|---|
| 1 | PC 30 | PostPaid | 30.000 | 300 | 80 |
| 2 | PC 100 | | 100.000 | 2GB | |
| 3 | PC 220 | | 220.000 | 7B | |
| 4 | PC Easy | PrePaid | - | 0 | 100 |

# VIETTEL-3G

## Pack for Laptop / PC

| | Laptop | PC |
|---|---|---|
| ARPU | $9.2 | $6.6 |
| Average level of usage (M) | 2.8G | 2.4G |

# CONCLUSION

- The growth of 3G mobile subscribers has not met expectation of operators (5% total (3G+2G) subs)
- The proportion of 3G value-added service revenue was unremarkable in comparing with voice and message:
  - *Data revenue/Total 3G revenue: 13%*
  - *Data revenue/ Total (2G+3G) revenue: 0.4%*

# CONCLUSION

- Broadband service is an opportunity for operators.
- Customer experiment is the key to success

# 3G BUSINESS MODEL

- 2G Business: Mobile operators act as both service providers and connectivity providers.
- 3G Business: Mobile operators only act as connectivity providers; other applications (excluding voice and SMS) are offered by other providers.

# 3G BUSINESS MODEL

**General trends :**

- Mobile operators tend to jump into the field of service and content provision in order not to become ‘dump pipe’
- Meanwhile, content providers also tend to provide mobile services, thus to become heavy opponents

# 3G BUSINESS MODEL

**Contradictions:**

- Mobile operators might not have enough resources to cover all the applications that their customers need (Elephant never dance)
- Revenue from 3G services is not enough to invest in network despite a rapid increase in demands

# 3G BUSINESS MODEL

**Contradictions:**

- It is hard for content and service Providers to deploy applications because they lack customer information. They also face with many difficulties in quality control and fee collection from *customers.*

# 3G BUSINESS MODEL

**Solutions:**

- Harmonious combination between the device manufacturers – Network operators - service/content providers on the basis of taking full advantage of their core strengths will create a fair environment in which the symbiotic factors make benefits for both related parties and customers.

# 3G BUSINESS MODEL

**The production equipment and technology Enterprise**

- Continue to improve radio access technology bandwidth in two directions: upgrading bandwidth and reducing costs (HSPA +, LTE, WIMAX ....).
- Ensure compatibility between generations to reduce investment costs.

# 3G BUSINESS MODEL

**Mobile operators**

- Take full advantages of existing infrastructure (BTS,  transmission,...) to lower investment costs;
- To fully exploit the strengths of their core customer relationship: trust of customers, billing systems, Mobile Portal, customer information (computer terminal type, location, ...).

# 3G BUSINESS MODEL

**Mobile operators**

- Focus more on what customers really expect from operators: Coverage, speed, network stability, convenience of use and accuracy of charging.
- Cooperate with content /services providers to bring better services to the customer through directly connecting among systems: Billing OCS, SMSC, LBS Engine , Mobile portal, …

# 3G BUSINESS MODEL

**Content/application Providers**

- Not only concentrate on entertainments but also tools and utilities for daily life.
- Cooperation with the operators in order to provide more advanced services.

# CONCLUSION

- Preferred 3G business model will be created by the common interests between equipment suppliers, operators and content/service providers.
- Operators have to enhance their core values at the same time, actively expanding its cooperation with content/service providers to give their customers new value added services.

# THANK YOU!