

Vision Document for Regaining MTNL Glory

Strategy : Unlocking Sunk Assets
& Energize HR Talent

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MTNL Revival – Facts

- ▶ MTNL Revenue : Rs 3500 Crore
- ▶ Broadly 55% of revenue comes from Mumbai and 45% comes from Delhi
- ▶ Employee Expenses : 69% of Revenue.
- ▶ Interest Cost : 35% of Revenue
- ▶ Company is being managed by taking Rs 150 Crore Bank Loan each Month
- ▶ For taking bank Loan also “Sovereign Guarantee” from Government is required

MTNL Revival – Revenue

- ▶ MTNL Revenue : Rs 3500 Crore is either stagnant or slightly decreasing
- ▶ Even if we remove Bank Interest, company is in Operational Loss ~ Rs 900 Crore
- ▶ We are unable to meet Employees Aspirations
- ▶ Revenue Enhancement is the only viable option for Company's revival & regaining MTNL glory

MTNL – Recent Major Decisions

- ▶ MTNL Mobile Expansion Plan has been approved by the Board
- ▶ Mobile Expansion will cost Rs 1138 Crore in phases
- ▶ Fund for Local Area Network Improvement has also been earmarked
- ▶ Fund required for improving services will also be arranged, as and when needed

MTNL Revival – Revenue

- ▶ Will Such Expansion automatically result in increase in revenue?
- ▶ Answer is obviously : NO
- ▶ In Delhi and Mumbai Competition is very intense
- ▶ Customers have a choice
- ▶ Customer needs GOOD Services in hours ~ We provide in days / weeks

How much increase in revenue , we are looking for?

**Increase from Rs 3500 Crore
to Rs 5500 Crore
for sustained growth**

Is it possible?

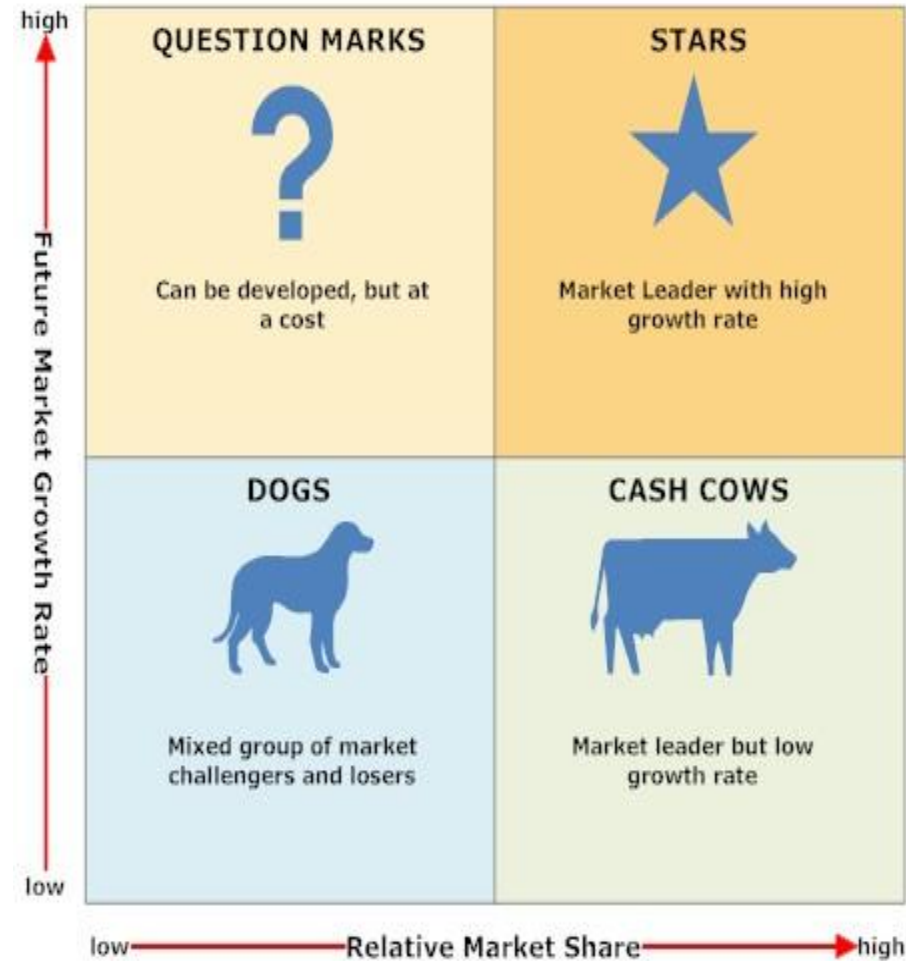
Yes, We Can.

If We Exploit Our STRENGTH

Landline Revenue

BCG Matrix

- ▶ In Marketing Term this product for us is known as “Cash Cow” – We are Market Leader but low growth rate
- ▶ Around 45% spare capacity available
- ▶ Any increase in revenue will significantly add to profit



Why Landline is Declining

Possible Reasons

- ▶ Reduced Utility
- ▶ Even If it is faulty, it may not be known to user. Hence it doesn't work when needed
- ▶ Troublesome Bill Payment System
- ▶ Non Feasible in Outskirts, where colonies are coming up
- ▶ Services Delivery in Days / Weeks
- ▶ No Service Assurance

Landline Strategy

- ▶ Each House will definitely take a Landline Connections, provided
 - It works, when needed
 - Bill Payment Simplification – If we create a system of Landline Bill Payment through our Mobile Voucher System – Potentially we can convert these Landlines in Prepaid
- ▶ Let us Create Demand, where Cable pairs are available and Connections can be provided only with drop wire and instruments

Landline – Potential Revenue Increase

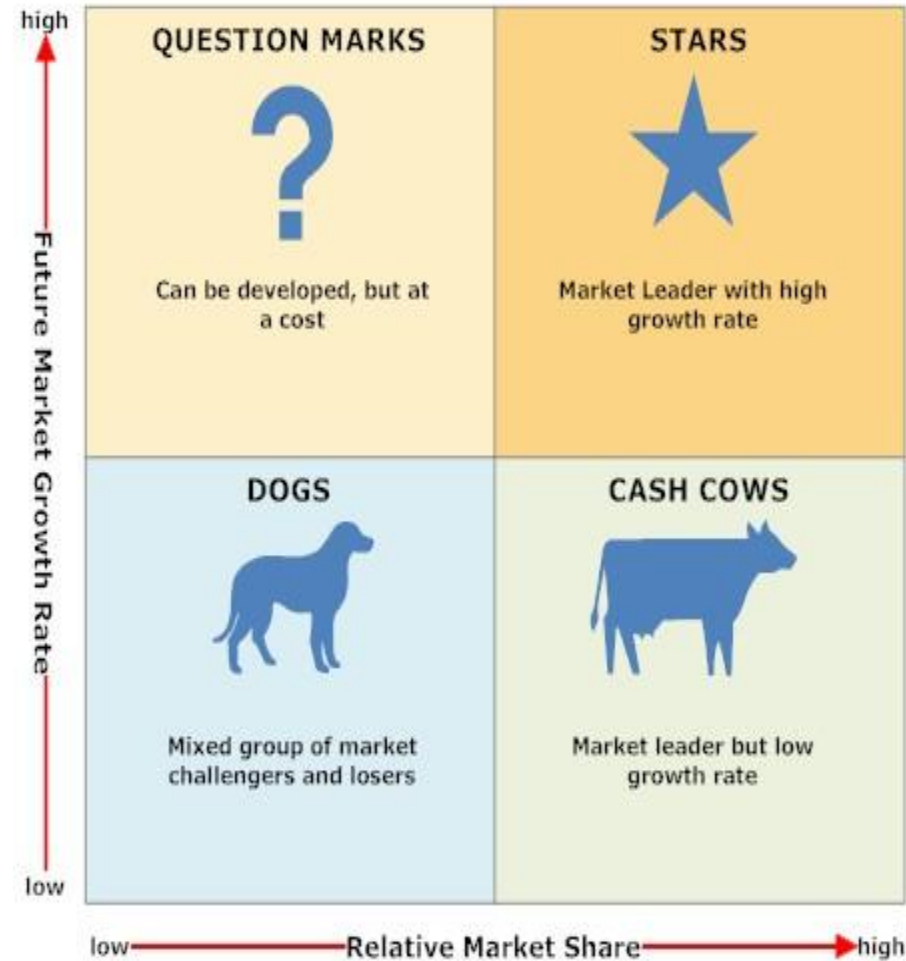
City	No. Of Connections	Expected per month revenue	Annual Revenue in Rs Crore
Mumbai	400,000	300	144
Delhi	400,000	300	144
Total	800,000	600	288

- ▶ No Major Investment needed
- ▶ If we proactively maintain our existing Landline connections, possible of 10% increase in revenue ~ Rs 100 Crore can't be ruled out

Broadband Revenue

- ▶ In Marketing Term this product for us is a “STAR” – We are Market Leader and growth is also very high
- ▶ Around 40% spare capacity in BB is available
- ▶ Technically all Landline are also a potential BB connections

BCG Matrix



Why BB over Landline is Declining

Possible Reasons

- ▶ Of Late , Net BB Connections in Delhi is marginally positive and in Mumbai it is negative.
- ▶ Once If goes faulty, no body can assure when it will start functioning. No Service Assurance
- ▶ Troublesome Bill Payment System
- ▶ Low Speed Problem
- ▶ Associated WiFi not very effective
- ▶ Non Feasible in Outskirts, where colonies are coming up
- ▶ Services Delivery in Days / Weeks

Broadband Strategy

- ▶ Surrender Rate is very High - Arrest
- ▶ Broadband is dependent upon Line Conditions. Check - Whether in a race to increase speed, whether quality has been compromised
- ▶ Position MTNL Broadband as a home WiFi Solution for Smart Phones / Tablets
- ▶ Explore giving MTNL 3G Data Card during BB Faulty Period

Broadband – Potential Revenue Increase

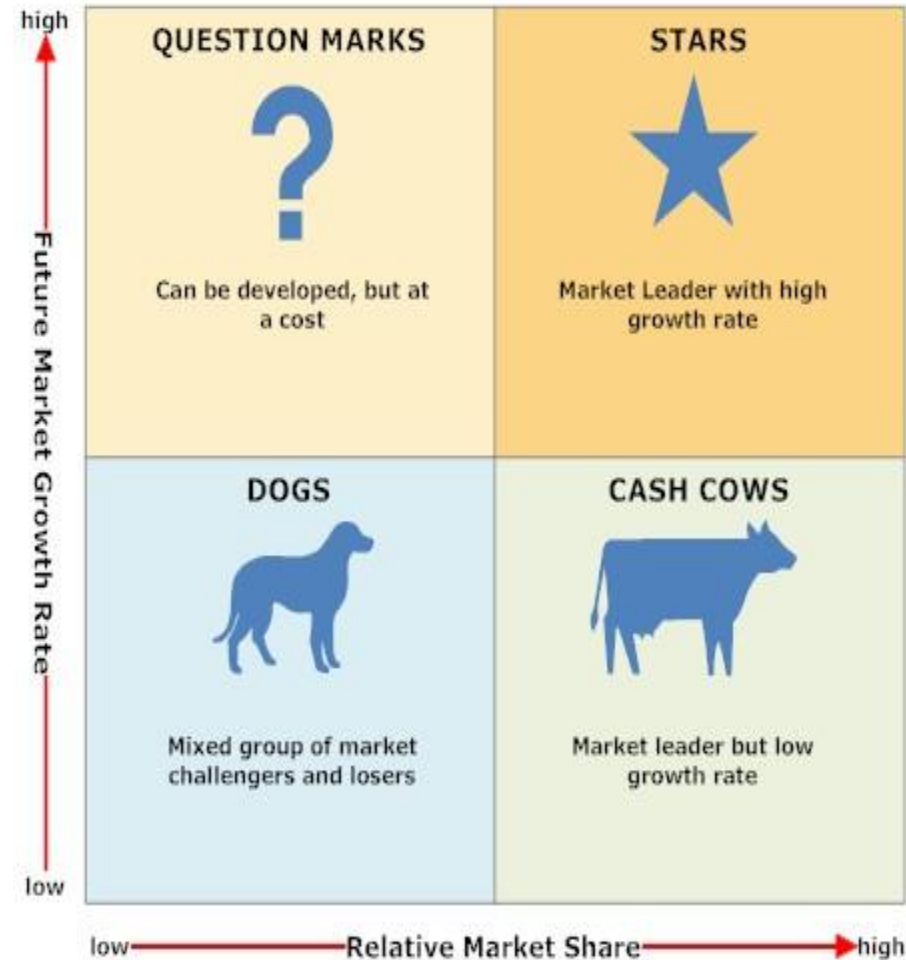
City	No. Of Connections	Expected per month revenue	Annual Revenue in Rs Crore
Mumbai	250,000	500	150
Delhi	250,000	500	150
Total	500,000	1,000	300

- ▶ Capacity already available
- ▶ Limit Broadband Speed as per Line Condition
- ▶ With good customer experience possibility of additional 15% increase in revenue ~ Rs 100 Crore is possible
- ▶ Even 100 Crore Investment in External Plant Planned will elongate MTNL BB a STAR

Broadband on Fiber Revenue

BCG Matrix

- ▶ In Marketing Term this product for us is known as “Question Marks” – We have small Market share but high growth rate
- ▶ 15000 Lines in each city capacity available
- ▶ Any increase in revenue will significantly add to profit



Why BB on Fiber Growth is Slow

Possible Reasons

- ▶ All three factors need improvements
 - Supply Side – Penetration
 - Demand Side – Absorption
 - Absorption Capacity – Productive Use
- ▶ FTTH is developed for Home Segment – Where Absorption and Productive Use is greatly impacted
- ▶ Fiber only available on Road
- ▶ Private Fiber Players are developing these services as Service Provider Neutral
- ▶ Long Gestation Period

Broad Band on Fiber Strategy

- ▶ MTNL is best placed now
 - Mumbai Surveillance Project has given us opportunity to map full city by Fiber
 - Delhi FTTH to Hon'ble MPs house has given similar opportunity in Delhi
- ▶ Develop Managed Services on Revenue Share Basis
- ▶ Reasonable Share and Timely Payment is an essence
- ▶ Partner with IPTV Service Provider on revenue share basis. With Time Shift TV it is very popular.

FTTH (High Speed Broadband on Fiber) Potential Revenue Increase in 3 Years

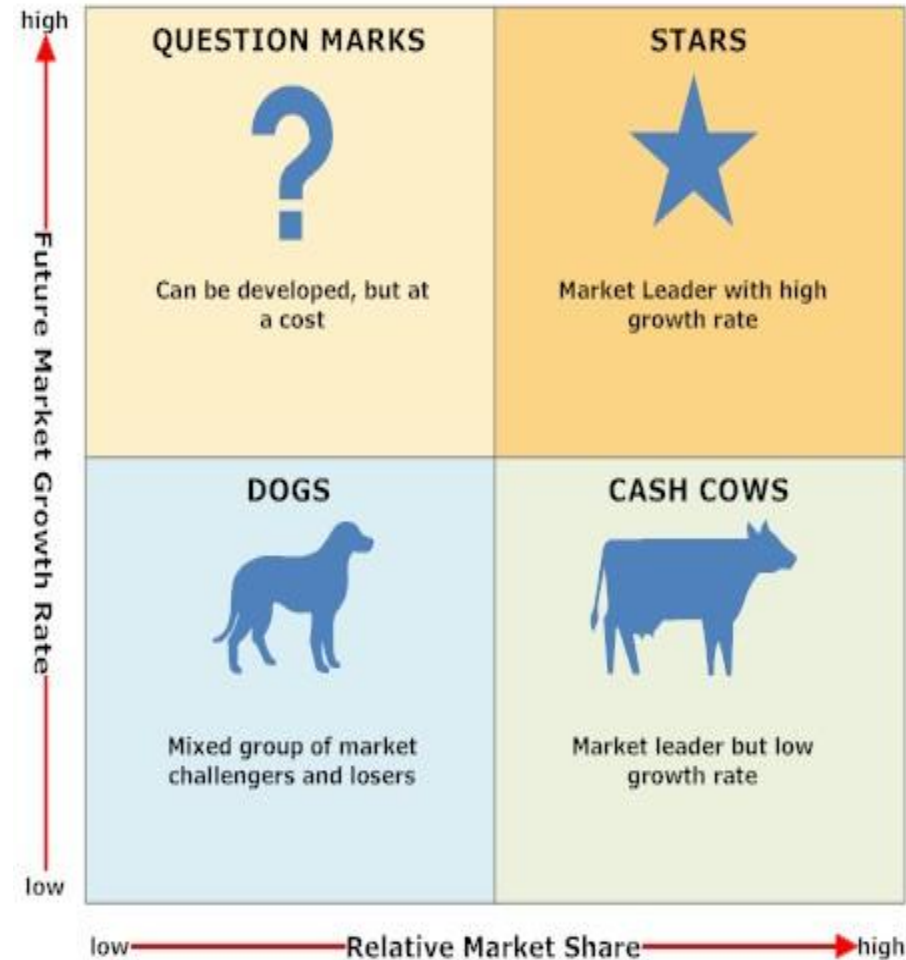
City	No. Of Connections	Expected per month revenue	Annual Revenue in Rs Crore
Mumbai	200,000	1,000	240
Delhi	150,000	1,000	180
Total	350,000	2,000	420

- ▶ 15000 Capacity Equipments for each City already available
- ▶ Partnership Model for Marketing and Customer Maintenance ~ 25 - 30% revenue Share Likely
- ▶ With good customer experience possibility of additional 15% increase in revenue ~ Rs 80 Crore is possible
- ▶ ~~SUNK COST~~ for MTNL

Mobile Revenue Increase

BCG Matrix

- ▶ In Marketing Term this product for us is known as “Question Mark” – We have a low market share and though growth is also slow, but growth of mobile based services is very high.
- ▶ Around 50% spare capacity available
- ▶ Any increase in revenue will significantly add to profit



Why Mobile is Declining

Possible Reasons

- ▶ Less Coverage
- ▶ Less Selling Network
- ▶ Less Branding Appeal
- ▶ Less Value Added Services
- ▶ Very Less coverage in adjoining areas, which are part of Mobile License, though Not for Land lines.
- ▶ Ineffective Call Center
- ▶ Less Data Speed

Mobile Strategy

- ▶ Mobile Expansion Plan is approved by the Board.
- ▶ Network Improvement will gradually happen
- ▶ Targeted Marketing to the Customer Left our Services May Help
- ▶ Selling Network – Franchisee as well as through Sanchar Haats need drastic Improvements
- ▶ Call Center need to be more effective

Mobile – Potential Revenue Increase

City	No. Of Connections	Expected per month revenue	Annual Revenue in Rs Crore
Mumbai	1,500,000	100	180
Delhi	1,500,000	100	180
Total	3,000,000	200	360

Spectrum Sharing and Trading Policy will further help in unlocking Spectrum Value.

- ▶ Regain the Lost Customers. Focus on VLR
- ▶ Customized Service to Enterprise Customers – In Building Solutions on Demand as per their requirements
- ▶ Strengthen Franchisee as well as In House Sales Network
- ▶ With good customer experience possibility of additional 10% increase in revenue ~ Rs 100 Crore is possible

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Home Surveillance Services on BB N/W Potential Revenue Increase in 3 Years

City	No. Of Connections	No. of Cameras	Expected per month revenue	Annual Revenue in Rs Crore
Mumbai	600,000	5	500	360
Delhi	400,000	5	500	240
Total	1,000,000	10	1,000	600
Managed Services Model. Even we share 50% revenue. Huge Potential to unlock MTNL sunk assets				

- ▶ We have Customers and there is huge need for such services
- ▶ With Mumbai Surveillance Project in Hand, We will gain experience in handling such projects
- ▶ With good customer experience possibility of additional 50% increase in revenue ~ Rs 300 Crore is possible
- ▶ No additional Investment anticipated

Dedicate Internet Leased Lines

Potential Revenue Increase in 3 Years

City	No. Of Connections	Speed	Expected per month revenue	Annual Revenue in Rs Crore
Mumbai	50,000	10-20 Mbps	10,000	600
Delhi	50,000	10-20 Mbps	10,000	600
Total	100,000	10-20 Mbps	20,000	1,200

Managed Services Model for RF End Link and Marketing. Even we share 30% revenue. Huge Potential to unlock MTNL

- ▶ Huge Investment in Upgrading Transmission Network as a part of Mobile Expansion Planned
- ▶ With Full Feasibility of Backhaul from all Mobile towers, We can provide connections on demand.
- ▶ Pricing proposed is MTNL only can provide, because of our SUNK COSTS and Unutilized assets.
- ▶ With good customer experience possibility of additional 50% increase in revenue ~ Rs 600 Crore is possible
- ▶ No additional Investment anticipated

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Potential Additional Revenue In 3 Years On Recurring Basis By Unlocking Existing Assets

Services	Mumbai	Delhi	Total in Rs Crores
Landline	144	144	288
Broadband	150	150	300
Broadband on Fiber	240	180	420
Mobile	180	180	360
Home Surveillance	360	240	600
Internet Leased Lines	600	600	1,200
Total	1,674	1,494	3,168

Marketing Focus – Summary

Name of Items	Strategy
General	Only Customers can help us regain our past glory, Re-establish customer bondage
	Phone Mechanics to cover each house in his area, once in a month and restore confidence of Customer in MTNL
	Consider yourself as Doctor with a Job to give over all relief and not that my portion is ok
	House to House Mapping for availing MTNL Services
	Reasonable revenue sharing in Managed Services and Enterprise Business and Timely payment
Landline - 288 Cr	Generate Demand in Feasible Areas
	Ensure that Connection works by proactive maintenance
	Provide Payment facility of Bill through Mobile recharge coupon

Marketing Focus – Summary

Name of Items	Strategy
Broadband - 300 Cr	Provide Speed as per Line Condition
	Arest Surrender
	Position Broadband as a WiFi Facility at home for Smart Phones / Tablets
	Involve Customers in troubleshooting by educating them
Broadband on Fiber - 420 Cr	All Broadband Customers Paying Rs 1000/- or more pm
	Expand through Partnership as Managed Services
Mobile - 360 Cr	Strenthen Franchisee / SancharHaat / Call Center Network
	Traget the earlier customer, who surrendered our services
	Customized services to Enterprise Customers

Marketing Focus – Summary

Name of Items	Strategy
Home Surveillance - 600 Cr	Launch Managed Services
	Targetted Marketing to BB Customers
Internet Leased Lines - 1200 Cr	MTNL is virtually non-existent in this category
	With Expansion of transmission N/W due to Mobile all existing as well as New Towers are POP, which makes whole city
	Last Mile on RF on Managed Services
	Aggressive Rates for Massive Market Acquisition
	Synergy with BSNL in Expanding Other Pan India Enterprise Businesses.

Success Rate

- ▶ I am convinced more than 100%
- ▶ As we develop this as a Shared Vision to regain Past Glory – Success Rate will go on increasing
- ▶ If we all in MTNL work for this. No body, not even Competition, can STOP US from regaining our Past glory
- ▶ The approach suggested is NOT the only approach, though it is time tested.
- ▶ Once everyone in MTNL starts thinking, we will have much more stories to share from each of Us.
- ▶ Let us do it for OUR sake.

Let Us Do It

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