Agenda

1. **Situation Overview**
   A) Market analysis of Myanmar
   B) Journey of Our Product → Ooredoo (m-wallet)
   C) Problem Overview
   D) Recommendation

2. **Analysis**
   A) m-Wallet vs. OTS
   B) Ooredoo’s positioning vis-à-vis Telenor.
   C) Ooredoo’s and Telenors’ competitive advantages
   D) Ooredoo’s SWOT Analysis
   E) **Impact to Stakeholders**
   F) Financial Comparison

3. **Alternatives**

4. **Implementation Strategy**
   A) Financial
   B) Risks
   C) Implementation Timeline
Situation Overview

Myanmar

Product

Problem
Situation Overview

Myanmar

95% penetration rate
Huge unbanked population
65% rural population
Situation Overview

Myanmar

Product

Problem

Recommendation

Analysis

Alternatives

Implementation

Conclusion

Situation Overview

Situation Overview
Situation Overview

Recommendation

Analysis

Alternatives

Implementation

Conclusion

OTC

Product

m-Wallet

Mobile Financial Service Provider

Over the Counter

Mobile Wallet
Situation Overview

**Problem**

Ooredoo launched a mobile wallet, **M-Pitesan**.

Should Ooredoo have considered an OTC strategy?

Should Ooredoo expand to financial services or remain focused on its core business in mobile telecommunications?

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**Recommendation**

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**Analysis**

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**Alternatives**

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**Implementation**

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**Conclusion**

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**KEY QUESTION:** What should Ooredoo do moving forward?

- **Continue with Mobile Wallet**
  - Past cost
  - Strong Potential Growth

- **Expand into Financial Services**
  - Increase user friendliness
  - Partner up with collaborators (banks)
  - Train agents

- **Educate the masses**
  - Use member channels
  - Hold banking seminars

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**Situation Overview**

**Recommendation**

**Analysis**

**Alternatives**

**Implementation**

**Conclusion**
# On The Counter (OTC) vs Mobile Wallet

## Situation Overview

<table>
<thead>
<tr>
<th>Security</th>
<th>Product Evolution</th>
<th>Ease of use</th>
<th>Customer Retention</th>
<th>Compatibility</th>
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<tbody>
<tr>
<td>OTC</td>
<td></td>
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<tr>
<td>Mobile Wallet</td>
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</tbody>
</table>

## Recommendation

## Analysis

## Alternatives

## Implementation

## Conclusion
Positioning: Where We Are

Inconvenient

Practicality

Impracticality

User-friendly

Situation Overview  Recommendation  Analysis  Alternatives  Implementation  Conclusion
Positioning: Where We Wanna Be

**Situation Overview**

**Recommendation**

**Analysis**

**Alternatives**

**Implementation**

**Conclusion**

Diagram showing a quadrant with axes labeled "Practicality" on the vertical axis and "Inconvenient" versus "User-friendly" on the horizontal axes. The quadrant is divided into four sections, each labeled differently. The diagram also includes logos and icons related to Telenor Group.
Competitive Advantages

**Ooredoo**
- Higher Customer Retention
- Mitigated Risks from Gov. Cooperation
- High Barriers to Entry

**Telenor**
- 2G
- Faster Adoption Speed
- Strong Community Bonds

---

**Situation Overview** | **Recommendation** | **Analysis** | **Alternatives** | **Implementation** | **Conclusion**
M-Pitesan Launch Impact on the Stakeholders

Stakeholder Map

- Shareholders
- Top Management Team
- Customers
- Government
- Employees
- Collaborators (Banks)
- Public
- Competitors (Telenor)

Situation Overview  Recommendation  Analysis  Alternatives  Implementation  Conclusion
Alternatives

1. Stay in Telecom industry
2. Expand to Financial Mobile Services
Alternatives

1. Stay in Telecom industry

2. Expand to Financial Mobile Services

Figure 1. Financial products/services that build on top of the mobile platform
## Telecommunication Industry

### OpenSignal Awards

<table>
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<th>Download Speed: 4G</th>
<th>Download Speed: 3G</th>
<th>Download Speed: Overall</th>
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<th>Latency: 4G</th>
<th>Latency: 3G</th>
<th>Availability: 4G</th>
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<tr>
<td>Telenor</td>
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</table>
**Mobile Banking Is A Key Driver Of Bank Selection**

*Q: When is the last time you accessed your bank account using a mobile device?*

*Q: Do the following statements describe you? “Yes” shown.*

**Consumers who use mobile banking**

- **2017**
  - Millennials: 92%
  - Gen X: 86%
  - Baby Boomers: 91%
  - All consumers: 83%

- **2018**
  - Millennials: 97%
  - Gen X: 91%
  - Baby Boomers: 79%
  - All consumers: 89%

**Mobile banking users who agree with these statements**

- **Mobile banking is the primary way I access my bank account**
  
  - 70% agree

- **I would research a bank’s mobile features before opening an account**
  
  - 64% agree

- **I would switch from a bank if they offered a poor mobile experience**
  
  - 61% agree

**Source:** Business Insider Intelligence Mobile Banking Competitive Edge Study, n=1,226, Q3 2018
Case Study - OVO

Indonesia’s Digital Payment Platform OVO Sees User Growth Exceed 400%

- Collaborate with 60,000+ Retail
- Loyalty Points (1 Rp = 1 OVO Point)
- Top-up
- Bill Payment
- Investment

Recommendation

Analysis

Alternatives

Implementation

Conclusion
Implementation Strategy: Goals

Maintain M-Wallet Services

Expand into Financial Services
Implementation Strategy: Core Ideas

Implementations

- User Friendly
- Agent Training
- Seminar
- Partnership
## Risks & Mitigations

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigations</th>
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</thead>
<tbody>
<tr>
<td>Lack of trust in banks</td>
<td>&gt; Less bank accounts = less use of mobile banking</td>
</tr>
<tr>
<td></td>
<td>&gt; Educate people about banking sector</td>
</tr>
<tr>
<td></td>
<td>&gt; Hold workshops (financial inclusion summits) and events (festival)</td>
</tr>
<tr>
<td>Security issues &amp; concerns</td>
<td>&gt; New emerging market</td>
</tr>
<tr>
<td></td>
<td>&gt; Increase safety measures</td>
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<tr>
<td></td>
<td>&gt; Implement multifactor authentication methods</td>
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<tr>
<td></td>
<td>&gt; Educate about risks through member facing channels</td>
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</table>

### Situation Overview

- **Recommendation**
- **Analysis**
- **Alternatives**
- **Implementation**
- **Conclusion**

**Alternatives**

- **Implementation**
  - Hold workshops (financial inclusion summits) and events (festival)
  - Implement multifactor authentication methods
  - Educate about risks through member facing channels
January  
- Develop app
- M-wallet offers
- Partner up with banks
- Banking Seminar

April  
- Agent Training

July  
- Develop app
- Agent Training
- Partner up with banks
- Partner up with banks

October  
- Agent Training
- Partner up with banks
- Partner up with banks

---

Situation Overview  Recommendation  Analysis  Alternatives  Implementation  Conclusion
Cost-Benefit Analysis

**Costs**

- Training Programs: > $150,000
- Research and Development: > $544/employee

**Benefits**

- Reduced Churn Rate (15%)
  - Retain Customer ~ 32%
  - Average Profit Margin ~ 35.37%
- Bank Commission: > $250/employee

**Net Benefit**: $75,250 - $53,550 = $21,650
## Financials (Short-Run)

### OTC Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly Cash Flows</td>
<td>(1,420,000.00)</td>
<td>(777,500.00)</td>
<td>(290,000.00)</td>
<td>417,500.00</td>
<td>2,420,000.00</td>
<td>4,750,000.00</td>
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<tr>
<td>NPV</td>
<td>$2,317,686.52</td>
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</table>

### Mobile Wallet Projections

<table>
<thead>
<tr>
<th>Year</th>
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<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly Cash Flows</td>
<td>(1,820,000.00)</td>
<td>(1,721,667.00)</td>
<td>(1,987,143.00)</td>
<td>1,627,500.00</td>
<td>698,333.00</td>
<td>3,240,000.00</td>
</tr>
<tr>
<td>NPV</td>
<td>-$1,196,270.91</td>
<td></td>
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</table>
Forecast for 8 Years: Mobile Wallet

**Situation Overview**

**Recommendation**

**Analysis**

**Alternatives**

**Implementation**

**Conclusion**

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**Profit (millions)**

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<tr>
<td></td>
<td>-$1.82</td>
<td>-$5.62</td>
<td>-$1.82</td>
<td>-$5.62</td>
<td>-$1.82</td>
<td>-$5.62</td>
<td>-$1.82</td>
<td>-$5.62</td>
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</tbody>
</table>

Decrease in profits of $3,862,490
Forecast for 8 Years: Mobile Wallet

NPV turns positive at Year 6 at $2,504,561 and increases at an exponential rate.
Forecast for 8 Years: OTC

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</thead>
<tbody>
<tr>
<td>Profit (millions)</td>
<td>10.0</td>
<td>5.0</td>
<td>0.0</td>
<td>-5.0</td>
<td>-10.0</td>
<td>-$1.42</td>
<td>-$.363</td>
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</tbody>
</table>

Decrease in profits of only $1,057,000

Situation Overview  Recommendation  Analysis  Alternatives  Implementation  Conclusion
**Forecast for 8 Years: OTC**

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<tbody>
<tr>
<td>Profit (millions)</td>
<td>-$1.42</td>
<td>5.0</td>
<td>0.0</td>
<td>-5.0</td>
<td>-10.0</td>
<td>$2.317</td>
<td>$11.636</td>
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</tr>
</tbody>
</table>

However, NPV profits turn positive at a lower rate and increases at a slower rate as well.

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**Situation Overview**

**Recommendation**

**Analysis**

**Alternatives**

**Implementation**

**Conclusion**
**KEY QUESTION:** What should Ooredoo do moving forward?

**Conclusion**

- **Continue with Mobile Wallet**
  - > Sunk cost
  - > Strong Potential Growth

- **Expand into Financial Services**
  - > Increase user friendliness
  - > Partner up with collaborators (banks)

- **Educate the masses**
  - > Use member channels
  - > Educate on security, technology, banking
## Appendix

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Solutions</th>
<th>Case Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWOT Analysis</td>
<td>Implementation Cost: Seminar</td>
<td>OVO</td>
</tr>
<tr>
<td>Financials Excel</td>
<td>Implementation Cost: Training</td>
<td></td>
</tr>
<tr>
<td>Revenue-Cost Projection</td>
<td>Implementation Cost: Partnership</td>
<td></td>
</tr>
<tr>
<td>Profit Margin Projection</td>
<td>Alternative Method: Reaching Rurals</td>
<td></td>
</tr>
<tr>
<td>Bank Commission: Transaction Fees</td>
<td></td>
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</tbody>
</table>
SWOT Analysis of Ooredoo’s Mobile Wallet

**Strengths**
- High customer retention rates
- Appeal to younger / tech savvy demographic

**Weaknesses**
- Difficult appeal to older demographics
- Increased cost as revenues increase

**Opportunities**
- Universal growth potential
- Emerging market growth
- Expand existing routes/channels/markets

**Threats**
- Low percentage of bank owners (for the time being)
- Telenor’s OST platforms large market share
Fees associated with accepting Credit Cards

There are two fees incurred when accepting credit and debit card payments. These fees do not include any potential equipment charges or gateway fees for online payments.

1. Interchange Fees:

Interchange fees are a percentage charged between the card brands such as VISA and Mastercard and our m-Pitesan app for accepting debit and credit cards. Currently this fee stands at 2.25%.

2. Transaction Fee:

Transaction Fee: $.062 cents per transaction
Volume Fee: $.629 cents for every $1,000 in gross sales*
The volume fee is calculated with a ceiling formula. As an example: $.01 to $1,000 in volume would result in a $.629 volume fee. $1,000.01 - $2,000 would result in a $1.258 volume fee, and so on.
Revenue and Cost
## Implementation Cost: Seminar

<table>
<thead>
<tr>
<th>1. Seminar</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Venue</strong></td>
<td><strong>Gifts &amp; Prizes</strong></td>
<td><strong>Food &amp; Beverages</strong></td>
<td></td>
</tr>
<tr>
<td>3-4 Star Hotel</td>
<td>Speaker Gifts</td>
<td>Group 1 Snack Break</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>Game Prizes</td>
<td>Group 2 Snack Break</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>Raffle</td>
<td>Picnic Lunch</td>
<td></td>
</tr>
<tr>
<td>Security Deposit</td>
<td>$1,000</td>
<td>Bottomless Coffee + Water</td>
<td></td>
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<tr>
<td>Parking</td>
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<tr>
<td><strong>Audio Visual</strong></td>
<td><strong>Keynote Speaker</strong></td>
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<tr>
<td>Screen &amp; Projectors</td>
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<tr>
<td>Special Equipment</td>
<td>e-money Company Speaker</td>
<td></td>
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<tr>
<td>2 AV Specialists</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$5,000</td>
<td></td>
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<tr>
<td><strong>Seminar cost total:</strong> $10,250</td>
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</table>
## Implementation Cost: Training

### 2. Training

<table>
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<tr>
<th>Venue</th>
<th>Branch</th>
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</thead>
<tbody>
<tr>
<td>Material</td>
<td>HR Team</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Opportunity Cost

| HR Team | $500 |
| Performance Manager | $300 |
| Employees | $10,000 |
| **Total** | **$10,800** |
| **Total per year** | **$43,200** |

Training (opportunity cost) cost total: $43,200
Assumptions:
Software development costs are included in the $1 B investment in m-Pitesan

The terms for partnerships with banks are in accordance to
Bank Commission: Transaction Fees

Software development and partnerships costs total: $0
# Profit Margin Projection

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<thead>
<tr>
<th>Year</th>
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<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>350,000.00</td>
<td>1,900,000.00</td>
<td>6,300,000.00</td>
<td>13,500,000.00</td>
<td>23,000,000.00</td>
<td>38,985,000.00</td>
<td>64,676,862.50</td>
<td>105,997,763.45</td>
<td>172,482,386.97</td>
<td>279,481,536.97</td>
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<tr>
<td>Revenue</td>
<td>2,071,500.00</td>
<td>3,888,000.00</td>
<td>7,927,500.00</td>
<td>12,800,000.00</td>
<td>19,760,000.00</td>
<td>41,915,445.63</td>
<td>63,450,156.25</td>
<td>95,567,992.54</td>
<td>143,553,415.73</td>
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<tr>
<td>Profit</td>
<td>(1,721,500.00)</td>
<td>(1,988,000.00)</td>
<td>(1,627,500.00)</td>
<td>100,000.00</td>
<td>3,240,000.00</td>
<td>11,543,250.00</td>
<td>22,761,417.30</td>
<td>42,547,607.73</td>
<td>76,914,390.64</td>
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<tr>
<td>Profit Margin</td>
<td>-4.9186</td>
<td>-1.0463</td>
<td>-0.258</td>
<td>0.0519</td>
<td>0.141</td>
<td>0.296</td>
<td>0.352</td>
<td>0.401</td>
<td>0.445</td>
<td>0.486</td>
<td></td>
</tr>
</tbody>
</table>

**Average Profit Margin last 5 years**

0.3538
Implementation Strategy

**Goal:**
1. Continue m-Wallet service
2. Expand to Financial Mobile Services

**Implementation:**
1. Develop user-friendly app
2. Incentivize m-wallet sign-up by airtime and workshop events
3. Train agents
4. Partner with collaborators (banks, goods and services companies)
Alternative Method: Reaching the Rurals
OVO features

- Collaborate with 60,000+ Retail
- Loyalty Points (1 Rp = 1 OVO Point)
- Top-up
- Bill Payment
- Investment

Cooperate with Grab
- Top Up using Grab Application
- Funds can used to pay Grab Services