Our Job

Recommend whether Ooredoo should continue in the telecommunications industry or expand to the financial services market.
3E Strategy to Expand Financial Services

---

**Expand** agent network
3E Strategy to Expand Financial Services

- **Expand** agent network
- **Educate** agents
3E Strategy to Expand Financial Services

- **Expand** agent network
- **Educate** agents
- **Establish** financial services
Agenda

Analysis
- 2013 Market & Company Analysis
- 2019 Market & Company Analysis
- SWOT Analysis

Solution
- Decisions Considered
- Proposed Strategy

Recommendations
- Proposed Strategy Logistics
- Timeline
- Financial Analysis
- Risks & Mitigations

Q&A
2013
Market & Company Analysis
2% of Myanmar Population had Cell Phone Access
## Mobile Financing Strategy Viability

<table>
<thead>
<tr>
<th></th>
<th>OTC</th>
<th>Mobile Wallet</th>
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<td>Accessibility for Consumers</td>
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# Mobile Financing Strategy Viability

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<td></td>
<td></td>
</tr>
</tbody>
</table>

## Analysis

- **Accessibility for Consumers**: Essential to ensure widespread adoption.
- **Reasonable Cost to Company**: Necessary to remain competitive.
- **Reasonable Cost to Consumer**: Critical for customer satisfaction and loyalty.
- **Feasible Infrastructure**: Needed for smooth operation and scalability.
- **Market Size**: Important for long-term growth.
- **Potential Growth of Market Share**: Key to outperform competitors.
# Mobile Financing Strategy Viability

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<td></td>
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</tbody>
</table>
Stakeholder Impacts of M-PITESAN LAUNCH

CB Bank
Competitors
Agents
Consumers
OOREDOO
Government
Stakeholder Impacts of M-PITESAN LAUNCH

CB Bank

Competitors

Agents

Consumers

OOREDOO

Government

ANALYSIS
Stakeholder Impacts of M-PITESAN LAUNCH

- CB Bank
- Competitors
- Agents
- Consumers
- OOREDOO
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ANALYSIS
Stakeholder Impacts of M-PITESAN LAUNCH

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CB Bank

Competitors

Agents

Consumers

OOREDOO

Government

ANALYSIS
Stakeholder Impacts of M-PITESAN LAUNCH

- CB Bank
- Competitors
- Agents
- Consumers
- OOREDOO
- Government
2019
Market & Company Analysis
As of 2019, in Myanmar cell phone usage is increasing, GDP is growing causing increased demand for financial services yet the distrust in banks remains.
OOREDOO VS TELENOR POSITIONING

**Market Share**
- Ooredoo
- Telemor
- Ongo
- AMdocs

**Growth Strategy**
- High %
- Low %
- High Risk
- Low Risk

**Key**
- Telenor
- Ooredoo
- Ongo
- AMdocs
<table>
<thead>
<tr>
<th>S</th>
<th>W</th>
<th>O</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Preexisting mobile and financial infrastructure</td>
<td>- Low market share in market for current services</td>
<td>- Emerging small markets for mobile financial services</td>
<td>- Direct competition with Telenor</td>
</tr>
<tr>
<td>- Five-year experience in Myanmar market</td>
<td>- Small network of agents inappropriately distributed</td>
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**ANALYSIS**
<table>
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| **S** | - Preexisting mobile and financial infrastructure  
- Five-year experience in Myanmar market |
| **W** | - Low market share in market for current services  
- Small network of agents inappropriately distributed |
| **O** | - Emerging small markets for mobile financial services  
- Growing technology usage and accessibility in Myanmar |
| **T** | - Direct competition with Telenor  
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## Future Strategy Viability

<table>
<thead>
<tr>
<th></th>
<th>Leaving Myanmar</th>
<th>Developing telecommunications services</th>
<th>Furthering current mobile financial services</th>
<th>Expanding to new mobile financial services</th>
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**SOLUTION**
## Future Strategy Viability

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Recommend whether Ooredoo should continue in the telecommunications industry or expand to the financial services market.
3E Strategy to Expand Financial Services

- Expand agent network
- Educate agents
- Establish financial services
Strategy
Expanding Agent Network
Ooredoo Current Agent Network
Telenor has 8x More Agents than Ooredoo

Aim to increase network to 35,332 agents
Telenor has 8x More Agents than Ooredoo

MORE AGENTS → INCREASED SERVICE ACCESSIBILITY → LARGER MARKET REACH

Aim to increase network to 35,332 agents
Strategy
Educating Agents and Developing Services
Transitioning Agents to Ambassadors
Transitioning Agents to Ambassadors

AGENT

AMBASSADOR

RECOMMENDATION
Transitioning Agents to Ambassadors

AGENT = BANK TELLER

RECOMMENDATION
Transitioning Agents to Ambassadors

AGENT = BANK TELLER

AMBASSADOR = MONEY MANAGER
Transitioning Agents to Ambassadors

AGENT

= BANK TELLER

AMBASSADOR

= MONEY MANAGER

RECOMMENDATION
Transitioning Agents to Ambassadors

AGENT

= BANK TELLER

1 year of agent experience

AMBASSADOR

= MONEY MANAGER

RECOMMENDATION
Transitioning Agents to Ambassadors

1 year of agent experience
Performance evaluation

AGENT = BANK TELLER

AMBASSADOR = MONEY MANAGER
Transitioning Agents to Ambassadors

1 year of agent experience
Performance evaluation
Online training program

AGENT = BANK TELLER

AMBASSADOR = MONEY MANAGER
Transitioning Agents to Ambassadors

1 year of agent experience

TRAINED AGENTS → REDUCE DISTRUST OF FINANCIAL SERVICES

AGENT = BANK TELLER

Online training program

AMBASSADOR = MONEY MANAGER

RECOMMENDATION
Strategy
Establishing New Financial Services
Loans
Cross-Border Transactions

Loans

Cross-Border Transactions
Savings

- Loans
- Cross-Border Transactions
- Savings
TIMELINE

EXPAND
- Agent Hiring
- Developing Training

EDUCATE
- Training
- Hiring Ambassadors
- Savings

ESTABLISH
- Cross-Border Loans

YEAR 0 | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5

JUSTIFICATION
Revenue vs. Expenses

Year

0 1 2 3 4 5

USD

$- $10,000,000 $20,000,000 $30,000,000 $40,000,000 $50,000,000 $60,000,000

Total Revenue  Total Expenses  NPV
FINANCIAL ANALYSIS

DECREASED COSTS OVER TIME
FINANCIAL ANALYSIS

JUSTIFICATION

DECREASED COSTS
OVER TIME

REVENUES PROJECTED
TO INCREASE
FINANCIAL ANALYSIS

DECREASED COSTS OVER TIME

REVENUES PROJECTED TO INCREASE

NPV PROJECTED TO BE POSITIVE

JUSTIFICATION
RISKS AND MITIGATIONS

RISKS

- Qualification of Agents
- Low Financial Literacy

MITIGATIONS

- Monthly Evaluation
- Person-to-Person Contact

JUSTIFICATION
RISKS AND MITIGATIONS

RISKS

Qualification of Agents

Low Financial Literacy

MITIGATIONS

Monthly Evaluation

Person-to-Person Contact

JUSTIFICATION
RISKS AND MITIGATIONS

RISKS
- Qualification of Agents
- Low Financial Literacy

MITIGATIONS
- Monthly Evaluation
- Person-to-Person Contact

JUSTIFICATION
CONCLUSION

- Increased demand of services
- Distrust in banks
- Increased phone usage
CONCLUSION

Expand agent network

Distrust in banks

Increased phone usage
CONCLUSION

- Expand agent network
- Educate agents
- Increased phone usage
CONCLUSION

- **Expand** agent network
- **Educate** agents
- **Establish** financial services

JUSTIFICATION
Agent Growth Projections

Agent Growth Over 5 Year Plan

- Agent Count
- Ambassador Count
## Projected Income Statement

<table>
<thead>
<tr>
<th>Income Statement</th>
<th>1,150,000</th>
<th>1,250,000</th>
<th>1,450,000</th>
<th>1,650,000</th>
<th>1,950,000</th>
<th>2,050,000</th>
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</thead>
<tbody>
<tr>
<td><strong>Variable Revenue per Customer</strong></td>
<td>20</td>
<td>20.60</td>
<td>21.22</td>
<td>21.85</td>
<td>22.51</td>
<td>23.19</td>
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<tr>
<td><strong>Variable Cost per Customer</strong></td>
<td>18.70</td>
<td>18.89</td>
<td>19.08</td>
<td>19.27</td>
<td>19.46</td>
<td>19.65</td>
</tr>
<tr>
<td><strong>Year</strong></td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Mobile Wallet/OTC</td>
<td>23,000,000</td>
<td>25,750,000</td>
<td>30,766,100</td>
<td>36,059,991</td>
<td>43,894,844</td>
<td>47,530,237</td>
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<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,000</td>
<td>25,000</td>
<td>80,000</td>
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<tr>
<td>Cross Boarder Transactions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
<td>30,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Other Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
<td>10,000</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$23,000,000</td>
<td>$25,750,000</td>
<td>$30,766,100</td>
<td>$36,059,991</td>
<td>$43,894,844</td>
<td>$47,530,237</td>
</tr>
<tr>
<td>Training Plan Development Cost</td>
<td>2,500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>App Extension Development Cost</td>
<td>3,000,000</td>
<td>1,500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>API Platform Fee</td>
<td>-</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
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<tr>
<td>Annual Salary/Benefits</td>
<td>850,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
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<tr>
<td>Operating Expenses</td>
<td>11,000,000</td>
<td>14,000,000</td>
<td>18,000,000</td>
<td>24,000,000</td>
<td>20,000,000</td>
<td>18,000,000</td>
</tr>
<tr>
<td>Selling, General, Admin Expenses</td>
<td>5,600,000</td>
<td>5,600,000</td>
<td>5,600,000</td>
<td>5,600,000</td>
<td>5,600,000</td>
<td>5,600,000</td>
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<tr>
<td>Talent Acquisition Cost</td>
<td>517,500</td>
<td>1,086,750</td>
<td>2,294,250</td>
<td>458,850</td>
<td>252,450</td>
<td>265,050</td>
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<tr>
<td>Depreciation and Amortisation</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$30,967,500</td>
<td>$30,936,750</td>
<td>$34,644,250</td>
<td>$38,808,850</td>
<td>$34,602,450</td>
<td>$32,615,050</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>(7,967,500)</td>
<td>(5,186,750)</td>
<td>(3,878,150)</td>
<td>(2,718,859)</td>
<td>9,357,394</td>
<td>15,095,187</td>
</tr>
<tr>
<td>NPV</td>
<td>$ (7,967,500.00)</td>
<td>$(12,682,727.27)</td>
<td>$(15,887,809.92)</td>
<td>$(17,930,528.93)</td>
<td>$(11,539,303.20)</td>
<td>$(2,166,379.68)</td>
</tr>
</tbody>
</table>
95% of Myanmar Population has Cell Phone Access

Myanmar Mobile Phone Shipments by Device Type, 2012 to 2017

Source: Myanmar Mobile Phone, PC, and Tablet 2013-2017 Forecast and Analysis

Q&A
There was a 7.3% Increase in GDP

Expected Real GDP growth, 2018-23

Real GDP Increase → Increased need of financial services

Source: IMF WEO, PwC Analysis
5% of the Myanmar Population has a Bank Account

Bank Account Ownership in Myanmar

- 5% Percentage of Individuals with Bank Accounts
- 95% Percentage of Individuals without Bank Accounts

Q&A
## OOREDOO VS TELENOR

<table>
<thead>
<tr>
<th></th>
<th>OOREDOO</th>
<th>TELENOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>License Received</td>
<td>February 2014</td>
<td>February 2014</td>
</tr>
<tr>
<td>Services Offered</td>
<td>Mobile Wallet &amp; OTC</td>
<td>Mobile Wallet &amp; OTC</td>
</tr>
<tr>
<td>Retained Transaction Fee</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Service Compatibility</td>
<td>3G</td>
<td>2G and 3G</td>
</tr>
<tr>
<td>Growth Strategy</td>
<td>Conservative</td>
<td>Risky</td>
</tr>
<tr>
<td>Number of Locations</td>
<td>279 towns</td>
<td>330 towns</td>
</tr>
<tr>
<td>Number of Agents</td>
<td>5,000 agents</td>
<td>45,000 agents</td>
</tr>
<tr>
<td>Market Share</td>
<td>17.4%</td>
<td>31.6%</td>
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</tbody>
</table>
Ooredoo, a Qatari telecommunications company, partnered with the local lender CB Bank to create M-Pitesan, a mobile wallet service.
Telenor, a Norwegian telecommunications company, partnered with the local lender Yoma Bank to create, Wave Money, an OTC service.
FINANCIAL ANALYSIS

Revenue vs. Expenses

Year | 0     | 1     | 2     | 3     | 4     | 5     |
---   |-------|-------|-------|-------|-------|-------|
Total Revenue | 23,000,000 | 25,750,000 | 30,766,100 | 36,089,991 | 43,959,844 | 47,710,237 |
Total Expenses | 30,967,500 | 30,936,750 | 34,644,250 | 38,808,850 | 34,602,450 | 32,615,050 |
Net          | (7,967,500) | (5,186,750) | (3,878,150) | (2,718,859) | 9,357,394  | 15,095,187  |
NPV          | (7,967,500) | (12,682,727) | (15,887,810) | (17,930,529) | (11,539,303) | (2,166,380) |
RISKS AND MITIGATIONS

RISKS
- Qualification of Agents
- Low Financial Literacy

MITIGATIONS
- Monthly Evaluation
  - Developed criteria for evaluation
  - Training prior to promotion
- Person-to-Person Contact
  - Familiarity
  - Potential mentorship