

Videocon Telecom plans to make a comeback in telecom business

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Videocon Telecom, the versatile, friendly and dynamic telecom brand of the \$10 billion worth Videocon Group talked about its plans to make a comeback in the telecom space taking the MVNO route. The telco plans to file application with the DoT for Unified (UL) Virtual network operator (VNO) License. The license will enable Videocon Telecom to offer mobile phone services across the country thru bulk buying of Talktime & Data (4G/3G) from existing operators and offering it to end users under its established brand name of Videocon Telecom. Owing to the strengths of the group, the telco is confident that its comeback will be a big success. Firstly, Videocon Telecom has a good brand recall in the telecom space, the brand totally represents the group's brand ethos of 'value for money'. Secondly, one of the key strength of the brand is its Sales and Distribution network, which the telco is quite confident about to leverage on. Thirdly, the group's presence in telecom related businesses including its own Smartphone brand, Videocon Smartphone will help the telco to offer 4G handset bundle offers to compete in the market. The telco also has presence in other telecom businesses incl NLD and ILD wholesale business and enjoys a 10% market share, which the telco feel would be an added advantage to offer competitive retail products to its customers. The telco believes that the MVNO model itself opens up opportunities that can be leverage upon. Firstly, the MVNO player does not have to commit huge investments of lacs of corers into the business on spectrum and network infrastructure, its more of an opex business model for them. Secondly, the model allows the MVNO player to offer latest technologies incl 3G/4G and as and eventually even the 5th Generation technology to its customers. Further, the way the MVNO model operates is that the VNO player has to only focus on its Sales/Distribution, marketing & customer service delivery, while the other aspect of Network infrastructure is managed by the NSO (Network service operator) or the TSP (Telecom service provider). Videocon Telecom has very carefully evaluated the VNO business model and has studied the industry best practices in International markets including brands like Lebara, Tesco etc and will exercise these leanings including customer loyalty program in India. Videocon Telecom is already in talks with some existing Telecom players for business agreements to obtain bulk access to network services (Voice, 4G/3G data & SMS) at wholesale rates. MVNO rollout usually is very quick, generally it should take about 6-8 months depending on the no. of circles, and since Videocon Telecom has already been in the telecom space and has the required infrastructure including Billing platform (IN), Service delivery platform, VAS platform etc, and to top it all, a team of telecom professional, the telco feels that the rollout period for the telco would be 3-4 months. The telco plans to offer mobile phones services in select circles, however in a phased manner. The telco will prioritize rollout in Punjab telecom circle where the telco is currently providing GSM mobile services and has a strong 30 Lac customer base (approx 10% customer market share). Videocon Telecom plans to migrate its subscribers in Punjab on the MVNO platform to continue to provide mobility services, but with an added option of 4G/3G data. Speaking about the same, Arvind Bali said, "I think the MVNO platform opens up opportunity for both, existing telecom players and new players wanting to explore the space. Existing telecom players will benefit by monetising their un-used network capacity, and at the same time, new players can foray in the space without committing huge investments in Network and Spectrum. Ultimately, the customers get the benefit by greater competition in the telecom sector, while offering more choices to consumers. What it takes to make the MVNO model successful is (a) A Solid Customer Acquisition strategy. (b) A strategic host operator agreement and (c) A well thought thru Go to market plan; and we are confident that our strategy addresses all these fundamentals. We have our

own strengths including a strong brand, robust Sales and Distribution Network, presence in Smartphones, presence in telecom related businesses including NLD/ILD etc which will help us make our come back stronger. We have very carefully evaluated the MVNO model, and we feel it is a perfect platform for us to make a comeback in the telecom space. Our comeback will be much bolder and stronger and will give us the opportunity for a level playing field with others as now we will be able to offer 4G and 3G data. We are already in contact with some existing service providers for bulk purchase of Voice, data and SMS, and we are working on the volume-matrices to arrive at the wholesale arrangement. Our first and foremost priority for MVNO rollout will be Punjab telecom circle, where we already have a strong 3 Mn Customers ie approx 10% CMS, where we plan to migrate the base to MVNO and offer them 4G/3G data in addition to current service portfolio” Mr Bali added

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