



Strategic Analyses for Jio

How can Jio enter a foreign market?

This presentation aims to

- Help Jio enter a foreign market
- Recommend the said foreign market
- Devise an entry plan into that market

A person wearing a white button-down shirt is shown from the chest down, pointing their right index finger towards the right side of the frame. The background is a blurred office setting. A white rectangular box with a blue border is overlaid on the right side of the image, containing the word 'Strategy' in a large, bold, black font. Below this box, a black rectangular box contains the definition of strategy in white text. At the bottom of the slide, there is a blue rectangular bar on the right and a small white number '2' on a black background in the bottom right corner.

Strategy

A plan of action designed to achieve a long-term goal



Pros and Cons of entering a foreign market

An overview of drivers for and restraints to sustainable growth in underserved markets

Comparison



Drivers for Sustainable Growth

- Large unmet demand for telephony services in developing markets
- Improved and better regulation for local telecom markets
- Universal access and universal service objectives
- Continued development of wireless technologies
- Decreasing hardware costs



Restraints to Sustainable Growth

- Competition might appear quickly if the market opportunity is good
- Specificity of local market conditions makes assessment difficult



Recommended Market

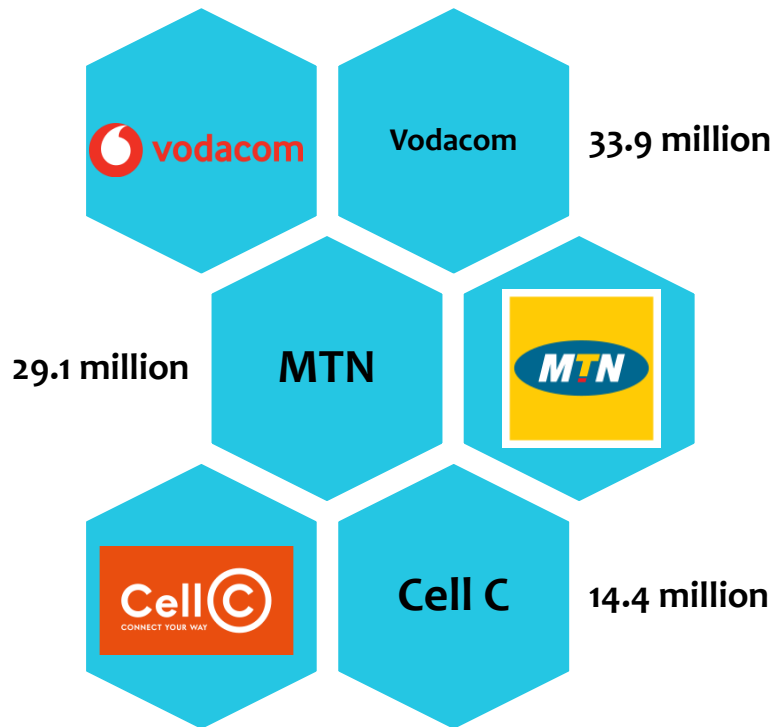
Republic of South Africa (RSA)

Supporters of growth

- A stable regulatory regime
- Per capita income higher than most developing nations
- Liberalized telecom market
- Adequate backbone infrastructure
- Huge scope for broadband services

Why is this the best time to enter RSA?

An overview of the current telecom sector



Subscriber Distribution

- Vodacom and MTN control 75% of the market share thereby establishing a duopoly in the country
- Cell C has a respectable 17% market share
- There has been a long-standing demand by the consumers for better competition in the telecom industry, which would bring down the prices as well as improve the services
- ICASA considers that mobile brand services are highly concentrated in the country

- Oger Telecoms, a shareholder in Cell C is looking to dilute its 46.5% stake to 27%
- This presents an excellent opportunity for Jio to invest in the MTO and take up minority ownership
- Jio can very well leverage the already established market share and expand its operations by offering superior services compared to Vodacom and MTN
- Jio can then expand to other markets in the continent after having understood the specificity of African markets



Entry Strategy

- Best way to enter RSA
- Ways to increase market share
- Ways to grow sustainably

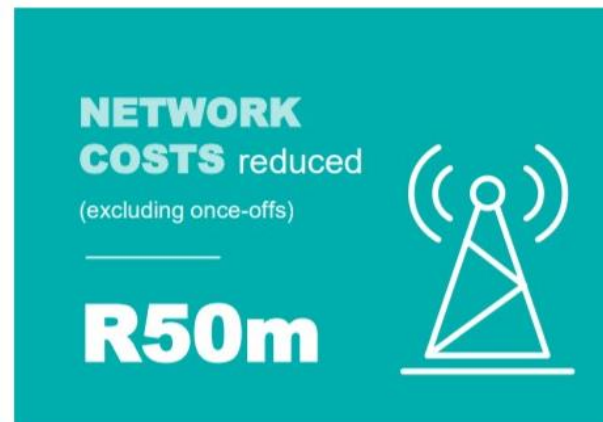
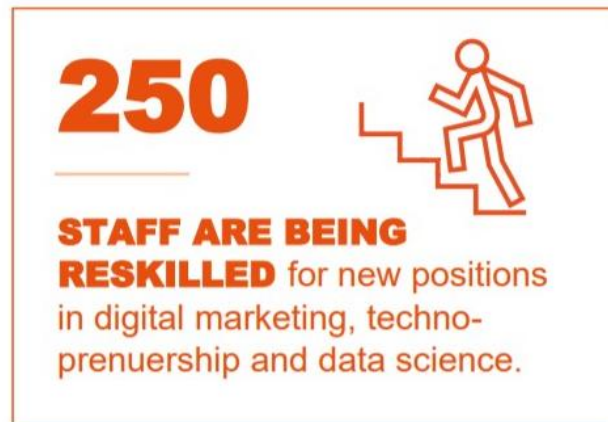
Entering RSA

Minority ownership in Cell C

- Cell C has a sizeable market share in South Africa. It boasts a strong infrastructure for telecommunication services.
- The MTO is actively looking for opportunities to expand its services by wanting to bid in the spectrum auctions
- Jio addresses the problem of lack of funds by taking a minority stake in the MTO and bidding in spectrum auctions
- A new leadership team has taken significant debt reduction measures since 2019 and would continue doing so in the next few years
- Jio has become a market leader in India in under 5 years and can very easily replicate the same in South Africa
- The company has recently signed an MOU with MTN to scale up its services
- The MTO aims to transition from a 'telco' to a 'techno'
- This presents as an excellent opportunity for Jio to invest and add real value to this transition
- The company has almost tripled its customer base in the past decade
- C Cell aims to improve its financial model by leveraging new age technologies
- The MTO is actively reskilling its staff for new positions in digital marketing, techno-prenuership and data science
- Jio can use its expertise in data analytics and improve customer satisfaction and grow sustainably

A glimpse of debt reduction measures taken by C Cell

Various restructuring initiatives taken by the MTO



Future of Telecom in South Africa

Opportunities for Jio to expand

- National infrastructure initiatives by the South African authorities act as market catalysts
- South Africa has not had a “Data Tsunami”, data prices are high, and consumers would be benefitted from an entry of a competitor, namely Jio, which is known to create data tsunamis ; India being a classic example
- Most MTOs in South Africa are transforming towards a new operating model through innovation and Jio too can contribute greatly to this change
- The new African middle class is actively adopting digital payment solutions and Jio too can foray into this segment
- Mobile advertising is set to grow exponentially in the coming years and would act as a huge revenue generator for MTOs
- Rapidly growing ICT sector in South Africa is a competitive landscape and a growing market, which Jio can easily foray into and offer its services
- The consumption of media has risen exponentially; OTT platforms, social media, etc. Demand for mobile data services has increased in the rural areas to and content creation has moved to local hubs (Nolly/Zollywood)



Thank You

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