

*Examining the Benefits of  
Infrastructure Sharing and  
Managed Services- the lean  
operator Model*

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# MARKET DYNAMICS

- ARPU DECLINING
- INTERCONNECT RATES
- TRANSMISSION COST
- Q.O.S
- OPEX INCREASING

**LEAN OPERATOR**

# CHALLENGES

- Limited Utility Power
- Diesel Power 17 hours/day
- Security/Theft
- Community Issues
- Maintenance
- Nationwide Coverage
- Political challenges
- Vendor Management

# SOLUTIONS

Two key aspects of lean operator business model are:

Managed Services including:

- Network operations i.e. Passive and Active
- IT operations
- Customer care

Infrastructure sharing

- Co-location
- Transmission

## Manage Your Customers, Brand, Sales & Growth and Not Your “Infrastructure”

### Benefits to operators

- Allows operator to focus on core strength of managing the business and not running the network
- Adopt a third party strategy and service consolidation to achieve immediate cost reduction by 70%
- Achieve operational excellence in a market where average site uptime is only 70%
- Focus on service quality improvement to achieve business KPI

# VALUATION

The valuation of wireless Operator is:

Call Revenue (No. of Subscribers **X** ARPU)

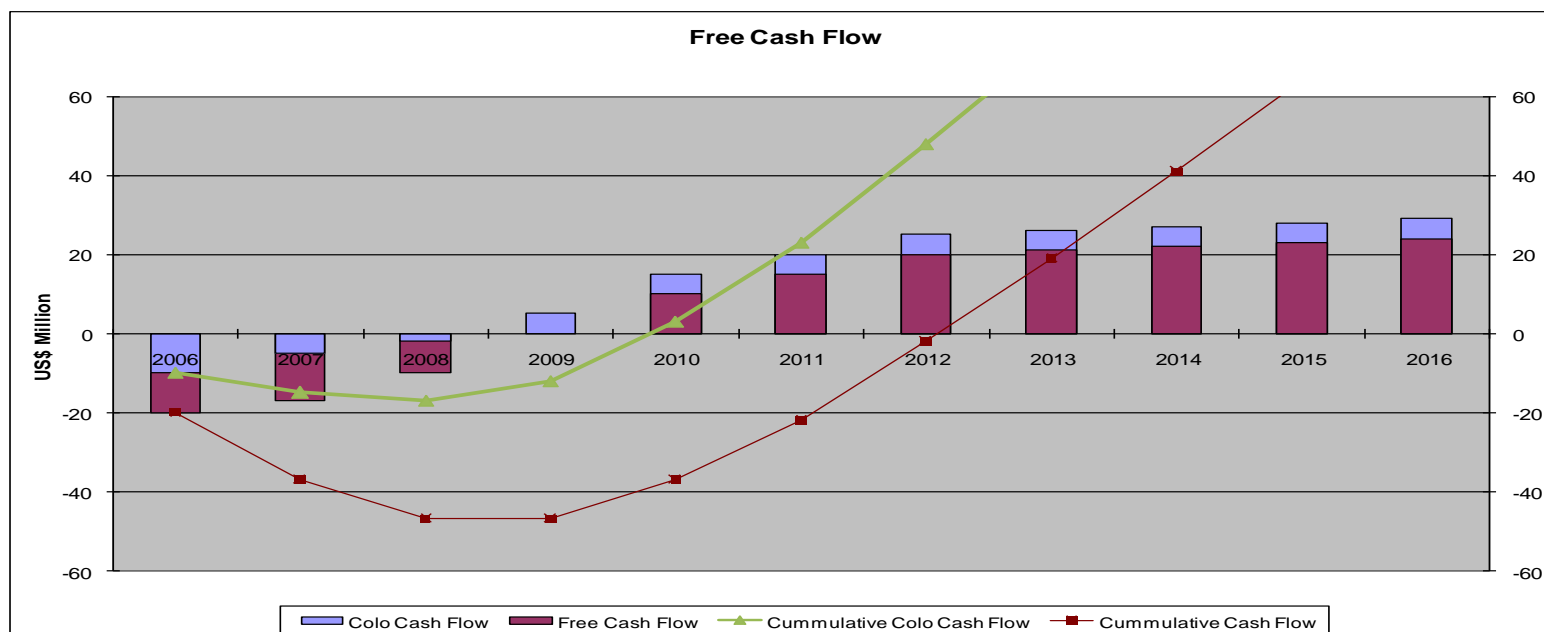
**+** TERMN. Revenue ( **# of Subscriber X Term. Fee**)

- Customer Acquisition Costs
- OPEX

***Are you focused on creating shareholders' Value ???***

# CASH FLOW AND PEAK FUNDING

- **For most Operators, peak funding requirement is key factor**
  - Different roll out strategies can have a large impact on capital needed but also on long term market share and profitability



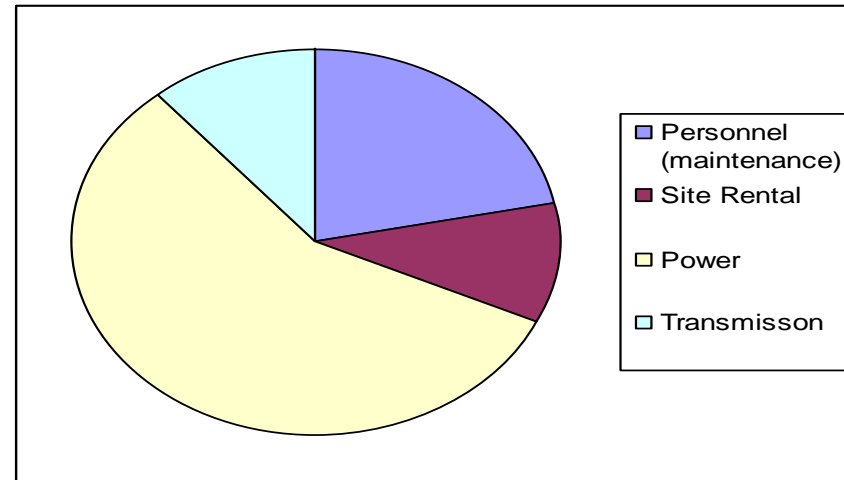
# OPERATING EXPENSES

## □ Operating Expenses need to be defined carefully:

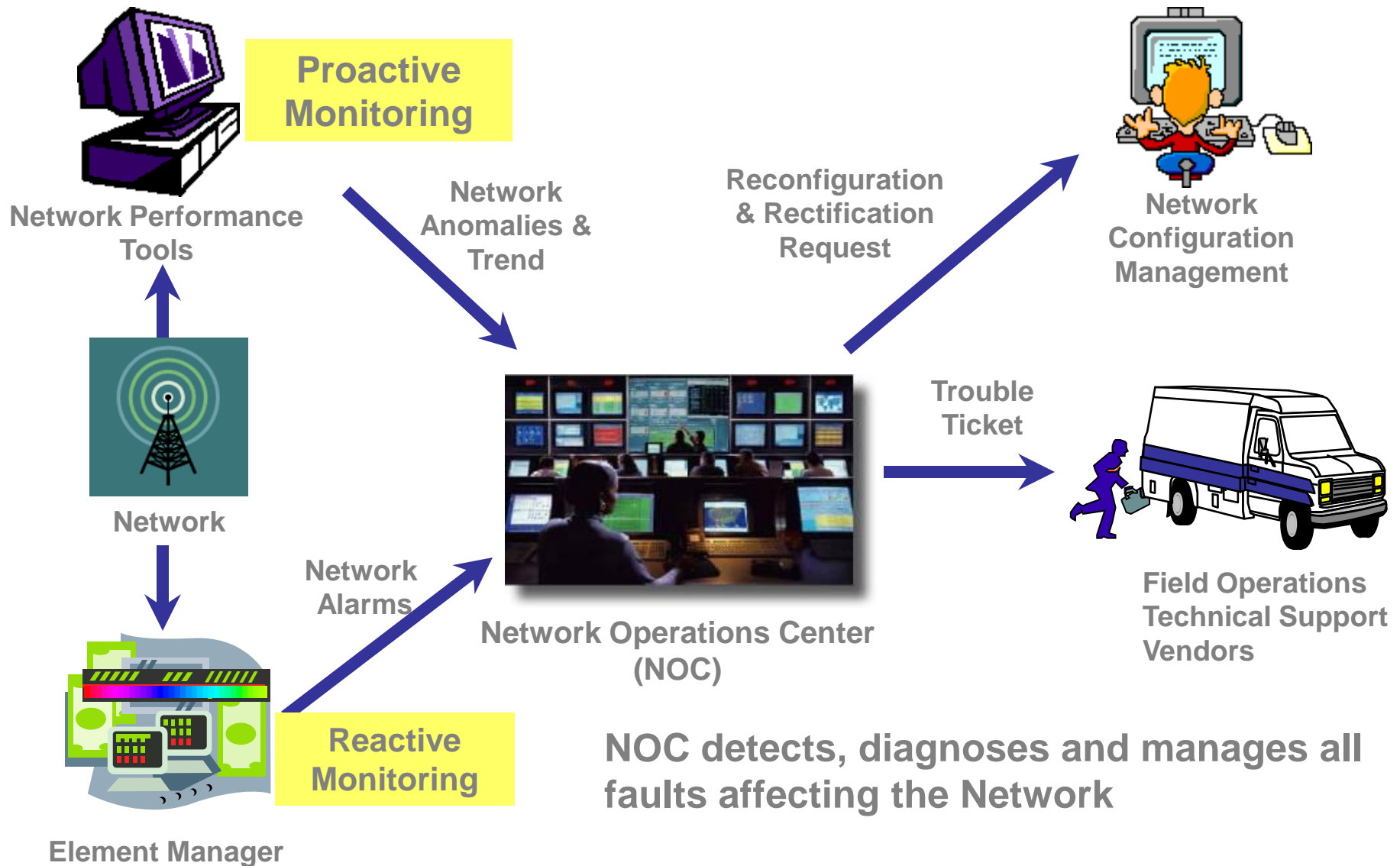
- Does Technical Opex include 'site' and 'operating' costs?
- How should manpower costs be allocated?
- How are Sales, Marketing and Administrative costs accounted for?
- Resulting Opex figure may vary from 5%- 30% of Capex or more

## □ 'Typical' breakdown of site operating expenses?

- Personnel (maintenance) 20%
- Site rental 10%
- Power 50+%
- Transmission 20%
- Vendor Support
- Depreciation
- Tax Benefit
- Opportunity Cost



# Centralized Monitoring Solution for Operations



Element Manager

11/4/2009

# HTN ADVANTAGE

- ❑ 1000+ Sites nationwide
- ❑ All major Operators GSM,CDMA AND WIMAX
- ❑ SLA 99.9% versus 70%
- ❑ Only true INFRASTRUCTURE SHARING company
- ❑ NOC- passive and active capability
- ❑ Tools such as Telemetry, Asset Mgt..
- ❑ Fully Managed Service
- ❑ In-house preventive and corrective maintenance

# BENEFITS

## **Time to Market**

- Gain customers immediately
- No hassle with Government approval
- No hassle about legal ownership of site
- Optimal site location

## **Quality of Service**

- Full in house management
- Guaranteed Uptime
- Improved customer satisfaction
- Increase in revenue per customer
- Reduced Churn

## **Capex Reduction**

- Convert Capex to Opex
- Improves ROI per BTS
- Improved Cash Flow
- Environment friendly

## **Opex Reduction**

- Reduced Customer acquisition costs
- Serve Low ARPU customer profitably
- Niche Services
- Enter rural markets