

MOBILE VIRTUAL NETWORK OPERATOR



Business Plan

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Prepaid MVNO Business Plan

Written by Thomas Aabo, European Wireless Specialist, "Prepaid MVNO Business Plan" is a full business plan based on the launch of an illustrative Mobile Virtual Network Operator (MVNO) known as Vibe. The plan covers all aspects of the Company launch plan including market assessment, funding requirements, financial analysis, market segmentation and product differentiation. Also included is go-to-market plan, distribution and replenishment plans, comparison of prepaid MVNO's in Europe versus US and more. The major benefit of this report is to assist in the development of an MVNO launch and to help validate existing plans.

While this report will be of interest to anyone involved in the start-up or business development in the wireless space, it will be of particular value to the following groups:

- Investors and Analysts in the mobile space
- Suppliers of MVNO equipment and software
- MVNE/MVNO service providers
- Consultants and systems integration companies
- Mobile Carriers

About the Author



Thomas Aabo has spent the last several years in the US focusing on the MVNO space working for several start-ups and consulting major brands on MVNO strategies. In 2004 he initiated the TELCOME project, seeking to migrate the successful Scandinavian no-frills prepay online model to the US market-place. His extensive experience in wireless business models, technologies and partners is used at conferences and MVNO work-shops throughout the US. Prior to engaging the mobile space Mr. Aabo worked in shipping for Maersk Sealand, the world's largest shipping company in Copenhagen and New York. Mr. Aabo holds a bachelor of International Business from Copenhagen Business School.

Introduction

A Mobile Virtual Network Operator (MVNO) is a most innovative tool in attracting consumer attention for the savvy brand owner or affinity group. An MVNO is in fact a marketing tool utilizing mobile telecommunications as its method of interacting with the end-user. As such the MVNO can create significant additional brand-value and optimized customer experience for the intelligent virtual operator. It is the intention of this paper to outline the structure of an effective and fully execution-able business plan to launch an MVNO in the US market place.

This document is intended for the discerning entrepreneur or manager seeking to leverage an idea or concept in the wireless space to gain funding or attention with partners and potential hires. The model chosen reflects a prepaid operation due the limited initial start-up requirements and the added value for the customer.

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Executive Summary

a. *The Business*

VIBE is launching an innovative and potentially disruptive customer-service focused wireless experience in the US – changing the way the consumer views mobile services and operators. VIBE will focus on the customer service, control and experience the market is seeking – consumer complaints on carriers rose 38% last year according to the FCC. The Wireless Industry ranks second in consumer dislikes, only trumped by the automobile industry. Main points of frustration are lengthy contracts, lack of transparency and control as well as a perceived customer-hostility from the carriers. VIBE will empower consumers with full control of their wireless services through an exclusive and innovative on-line platform proven by leading European service providers. The Company will, as the only among the growing number of US mobile services providers, address and provide attractive service aimed directly at the current consumer frustration and will revolutionize the industry by offering prepaid services that are competitive with the current post-paid market pricing and value-added services, thus creating a shift in consumer mentality towards - and conception of - prepaid. VIBE will provide a “no frills”, honest, transparent and fairly priced wireless service. The Company will through the deployment of a unique web interface and attractive services become the category creator and prime-mover of advanced prepaid wireless and hence set a high barrier for competitive entry in order to become the national leader within 5 years. The Company will effectively transform prepaid services to become a first-rate product, setting it above other prepaid and postpaid wireless offerings. This new product will, if marketed correctly, capture more than 10% of the market within 5 years of inception.

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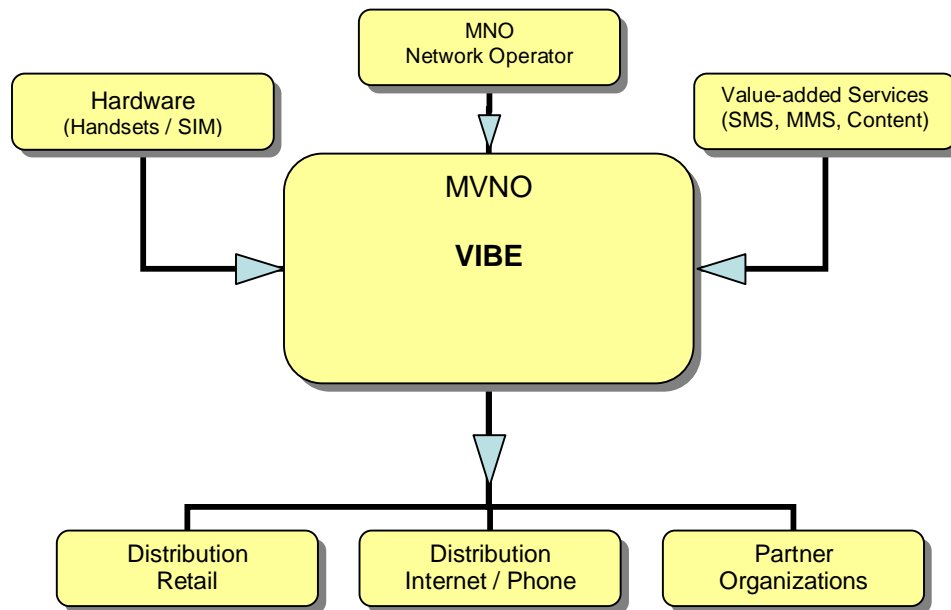


Figure 1: Business Model

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		Year 0 - Q1	Q2	Q3	Q4	Year 1	Year 2
Financial summary							
Revenues	US\$	1,505,573	3,925,748			872,237	93,218,339
COGS	US\$	757,667				3	72,020,747
Gross Margin	US\$	747,906					21,197,592
Admin costs	US\$	3,111					933,281
EBITDA	US\$	-					4,312
Depreciation	US\$						458
EBIT	US\$	-2,902,368					853
Tax & Interests	US\$						0
Net profit	US\$						853
Total - CAPEX	US\$	270,900					152,100
Marketing cost - (excl launch)	US\$	1,370,000	1,000,000			1,000,000	5,480,000
Closing cash	US\$	3,223,264	2,618,100			1,31,832	5,717,996

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