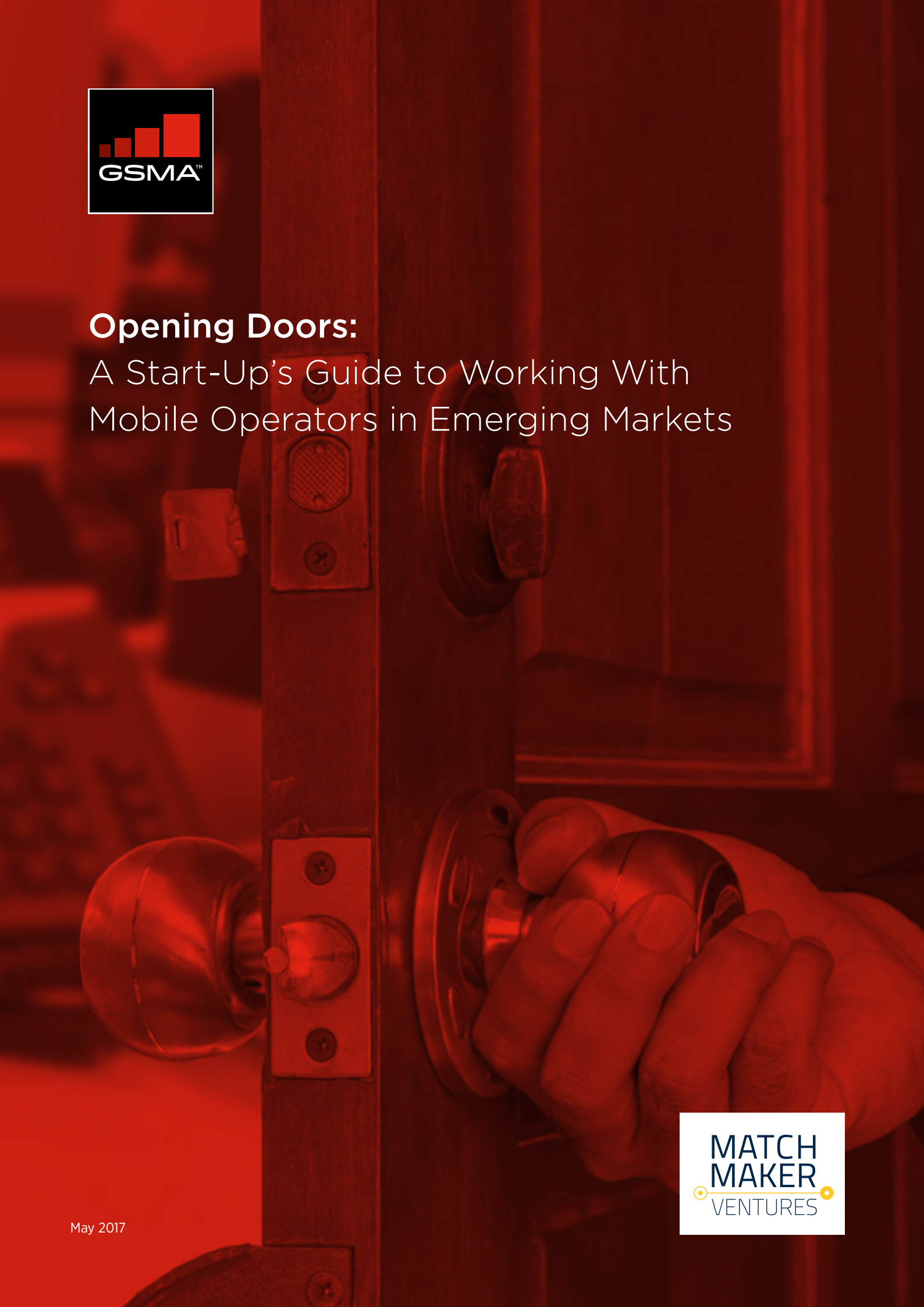


Opening Doors:
A Start-Up's Guide to Working With Mobile Operators in Emerging Markets

May 2017

The GSMA represents the interests of mobile operators worldwide, uniting nearly 800 operators with almost 300 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces industry-leading events such as Mobile World Congress, Mobile World Congress Shanghai, Mobile World Congress Americas and the Mobile 360 Series of conferences.

For more information, please visit the GSMA corporate website at www.gsma.com

Follow the GSMA on Twitter: @GSMA

Ecosystem Accelerator

The GSMA Ecosystem Accelerator programme focuses on bridging the gap between mobile operators and start-ups, enabling strong partnerships that foster the growth of innovative mobile products and services. These partnerships bring impactful mobile solutions to the people and places that need them most, generating the greatest socio-economic impact. In particular, the programme operates an Innovation Fund which supports African and Asian start-ups with direct grant funding, technical assistance, and connections with mobile operators. The programme is funded by the UK Department for International Development (DFID) and supported by the GSMA and its members.

Learn more at www.gsma.com/ecosystemaccelerator or contact us at accelerator@gsma.com

Follow GSMA Mobile for Development on Twitter: @GSMAm4d

MATCH MAKER VENTURES

Match-Maker Ventures accelerates innovation by fundamentally changing how corporates and start-ups collaborate. We maximize the success of the innovation journey and create impact within 12 months for both corporates and start-ups. Our metric is impact created and we are measured against this. Our unique network approach enables start-ups to scale fast by connecting start-ups to the global markets and corporates to benefit from pre-selected, globally scouted and well prepared innovation. By involving our global Match-Maker network we create "perfect matches" and ensure impact being created by managing the process end-to-end, from start-up sourcing to on-boarding. We work with leading-edge start-ups who already have achieved proof-of-concept and are ready to scale their business and large corporates willing to learn from start-ups. We focus on industries where we possess a deep understanding and a broad network: Telecoms, Media and Financial Services.

Learn more at www.match-maker.ventures or contact us at office@match-maker.ventures

UKaid from the British people

This document is an output of a project funded by UK aid from the Department for International Development (DFID), for the benefit of developing countries. The views expressed are not necessarily those of DFID.

Authors:

GSMA

Maxime Bayen – Senior Insights Manager
Sam Ajadi – Insights Manager

Match-Maker Ventures

Nicolai Schaettgen – Chief Executive Officer
Marek Paczkowski – Start-up Engagement Manager
Tauseef Riaz – Senior Representative

OPENING DOORS: A START-UP'S GUIDE TO WORKING WITH MOBILE OPERATORS IN EMERGING MARKETS

Mobile in emerging markets is becoming ubiquitous. The number of unique mobile subscribers in emerging markets has jumped from 177 million in 2000 to 3.7 billion in 2016. By 2020, 80% of global unique mobile subscribers will be in emerging markets.[1] While this exponential growth has turned local mobile operators into strong economic and social forces, the new digital era in which they now operate has affected their margins.

Accordingly, most mobile operators acknowledge the need to transform, with only 25% reporting they are satisfied or highly satisfied with their innovation efforts (versus 39% in developed markets), as per Match-Maker Ventures and Arthur D. Little research.[2] In the race to stay relevant and foster growth, operators are becoming more receptive to partnerships, particularly with innovative local start-ups.

Emerging market mobile operators and local start-ups can complement each other. As highlighted in a previous GSMA Ecosystem Accelerator report,[3] mobile operators have reached the scale that start-ups lack, while start-ups are developing the local innovation mobile operators need. Collaboration between start-ups and mobile operators are on the rise in various markets. Some of the most mature collaborations include Indosat Ooredoo and Wobe in Indonesia,[4] MTN and Jumia across Sub-Saharan Africa,[5] Safaricom and Eneza Education in Kenya,[6] and Telenor and WowBox in Bangladesh.[7] Each of these partnerships was forged by mobile operators and start-ups willing to leverage their respective strengths and find common ground.

This guide is aimed at start-ups interested in collaborating with mobile operators in emerging markets. The GSMA Ecosystem Accelerator programme and Match-Maker Ventures teamed up to produce this guide, which walks you through the process of securing a partnership with a mobile operator in your market and answers the questions that will arise along the way. Engaging with a mobile operator and building a partnership is a journey, and we have identified four main stages of this journey (Figure 1, following page).

1 https://www.gsmaintelligence.com/metrics/1/0/data/?report=52f383c746970
2 Match-Maker Ventures and Arthur D. Little, 2016, "Innovation Quest for Telecom Operators: The heat is on!" http://matchmaker.ventures/telco-study/
3 GSMA Ecosystem Accelerator programme, 2017, "Building Synergies: How Mobile Operators and Start-ups Can Partner for Impact in Emerging Markets", http://www.gsma.com/mobilefordevelopment/programme/ecosystem-accelerator/building-synergieshow-mobile-operators-and-start-ups-can-partner-for-impact-in-emerging-markets
4 Ooredoo, 3 October 2016, "Ooredoo Delivers Progress through Global Projects," http://ooredoo.com/en/media/news_view/ooredoo-delivers-progress-through-global-projects/
5 GSMA Ecosystem Accelerator programme, 2017, "Building Synergies: How Mobile Operators and Start-ups Can Partner for Impact in Emerging Markets", http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2017/01/Building-Synergies_How-Mobile-Operators-and-Start-ups-Can-Partner-for-Impact-in-Emerging-Markets.pdf (Jumia-MTN case study, p. 14)
6 Ibid., Eneza-Safaricom Case Study, p. 12.
7 Telenor Group, 16 November 2016, "Meet WowBox, a Telenor start-up", http://planet.telenor.com/2016/11/16/meet-wowbox-atelenor-start-up/

OPENING DOORS: A START-UP'S GUIDE TO WORKING WITH MOBILE OPERATORS IN EMERGING MARKETS

FIGURE 1

The four stages for start-ups to collaborate with mobile operators in emerging markets

1 Understanding the industry

Trends

What are the key trends in the mobile industry?

How do these trends affect your business?

Industry relevance

Does your solution address any of the current industry trends?

How can a mobile operator benefit from your solution?

Opportunity identified

2 Understanding your market

Market relevance

How do you overcome the specific challenges of your market?

What are the best sources to understand local mobile operators' haves and needs?

Engaging

Which mobile operator challenge or need do you want to address?

How do you establish contact with your potential partner?

Meeting scheduled

3 Pitching

Convincing

How do you identify and involve the right stakeholders at the mobile operator?

How do you craft a strong pitch for these stakeholders?

Negotiating

What factors will produce a successful negotiation?

What is essential to stipulate at this stage? What are the "must haves" of the contract?

Contract signed

4 Making the collaboration work

Go live

How do you ensure the right people from the mobile operator are involved?

Steering

How do you track the progress? What are the right KPIs?

How do you manage this relationship?

Collaboration on track

Understanding the industry: Mobile Operators 101

Understanding the current state of the mobile industry is critical when seeking a partnership with mobile operators, as it will enable you to address their specific needs and challenges. We have highlighted a handful of trends currently facing the mobile industry in emerging markets. We have illustrated them with quotes from mobile operator executives, and then reflected on the potential significance of these trends for your business in the context of a potential collaboration.

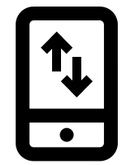
OPENING DOORS: A START-UP'S GUIDE TO WORKING WITH MOBILE OPERATORS IN EMERGING MARKETS

FIGURE 2

Key trends in the mobile industry in emerging markets and what they mean for start-ups

KEY TRENDS	WHAT DRIVES THESE TRENDS?	WHAT IT MEANS FOR START-UPS
Mobile data and digital services are the new engines of growth	• Customers are increasingly using mobile data. • Adoption of smartphones is on the rise. • Customers are shifting to digital lifestyle products and services. ***"Handset prices will continue to fall and we will continue to see increased data usage. Within a few years, you will see that the data usage in [emerging] markets will look more like it does in western markets."*** **— Sigve Brekke, CEO, Telenor (Southeast Asia)**	• Can your service drive usage of mobile data or other digital services like mobile money? • Can your expertise help operators better understand their digital users? • What type of device do your target customers use? • What platform best suits your audience? OS (iOS, Android) or USSD/SMS? • Will your business be affected by the transition to smartphones? • Are your apps built to consume data efficiently?
Mobile operators are aiming for more operational efficiency	• Operators have to keep investing to cope with the surge in traffic and their customers' expectations of service quality. • Operators are facing high tax and regulatory pressures. ***"Spectrum is still very expensive, the taxes, duties, the universal service obligations fund. All these issues together load our industry with 30–45% taxes depending on which part of the world you are in."*** **— Sunil Mittal, Chairman, Bharti Airtel (Global)**	• Can working with you help the mobile operator reduce its fixed or variable costs? • Can your distribution channel be a cost-effective way to cross-sell mobile operators' services and vice versa? • Does partnering with you create economies of scale? (e.g. infrastructure sharing or outsourcing activities between your start-up and mobile operator.)
New opportunities are appearing around traditional revenues	• Revenues from traditional usage of voice and SMS services are slowing down, pushing operators to look for new models. ***"We are investing for the long term and plan to continue playing a major role in the digital transformation of the region, from providing infrastructure and access to communications services through to developing new models that will help the region grow."*** **— Bruno Mettling, CEO, Orange Middle East Africa**	• Can your service help to directly boost the revenue of legacy services (voice, SMS, USSD)? • Can your service help mobile operators sell airtime more efficiently? • Can your physical resources (manufacturing, facilities, intellectual, building, vehicles, POS and distribution network) be used to sell more airtime? • Does your service rely on mobile operators' legacy services like voice, SMS, or USSD through the use of APIs?
The battle for customers is moving from acquisition to retention	• New users and acquisition is limited and costly • Emerging markets are dominated by prepaid mobile usage; mobile users are switching frequently between providers. ***"For high-value customers, which represent about 10% of our base, our key focus is retention... For the lower value mass market segment, where we are the primary SIM, but experience high multi-SIMing, our goal is to capture 100% of the SIM spend."*** **— Nick Read, CFO, Vodafone India**	• Can your service make the operator's customers more loyal? Can it extend the lifetime and value of the customer with the operator? • Does your service allow the operator to reach the new customer segment? • Is there a social element to your products and services that might lead your customers' families and friends to sign up for an operator's services?









MOBILE OPERATORS 101

LEARNING TO SPEAK THEIR LANGUAGE

The mobile industry has its own jargon. Here are some key terms and concepts you should know.

MOBILE INTERNET USERS
Total unique users who have used internet services (i.e. mobile data) on their mobile device(s).

Mobile internet penetration over market population (Q4 2016)*

68% DEVELOPED MARKETS

43% DEVELOPING MARKETS

ARPU
Average Revenue Per User. Total recurring revenue generated per connection (SIM card) per month.

ARPU (Q4 2016)*

Developed Markets $23

Developing Markets $5

3G COVERAGE
Mobile coverage by 3G network expressed as a percentage of the total market population.

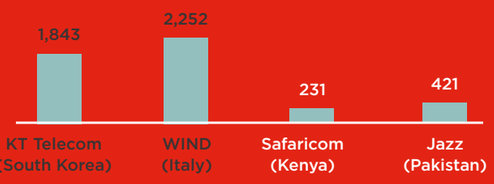
3G network coverage (Q4 2016)*

98% DEVELOPED MARKETS

79% DEVELOPING MARKETS

MOBILE DATA USAGE
Amount of data consumed, expressed in megabyte per connection (SIM card) per month.

Mobile data traffic per connection (MB)(Q3 2016)*



BASE STATION
Radio transmitter/receiver that maintains communication between the network and mobile users.

Connections per base station*

835
Developed Markets

1,578
Developing Markets

CHURN
Percentage of subscribers in a particular time frame (usually a month) that stop using a mobile operator's services.

Churn per month (Q3 2016)*

2% DEVELOPED MARKETS

3% ALGERIA
5% INDIA
6% PHILIPPINES

PREPAID
A prepaid tariff is credit purchased in advance of using a service (the opposite of postpaid).

Share of prepaid mobile connections (Q4 2016)*

41% DEVELOPED MARKETS

87% DEVELOPING MARKETS

MULTI-SIMMING
Occurs when a subscriber owns more than one SIM card.

SIM per unique subcriber (Q4 2016)*

US	1.33
W. EUROPE	1.34
BRAZIL	1.48
VIETNAM	1.66
S.AFRICA	2.16

- Mobile internet penetration: Percentage of unique subscribers in the total market population using mobile data.
- 3G network coverage: 3G mobile coverage, expressed as a percentage of the total market population, at the end of the period.
- ARPU: Average revenue per user. Total recurring (service) revenue generated per connection per month in the period.
- Mobile data traffic: Total data traffic transferred over the mobile network per connection per month in the period. Expressed in megabytes (MB).
- Connections per base station: Estimated number of connections by base station. Numbers are estimated based on a sample of operators reporting this data.
- SIM per unique subscriber: Total unique active SIM cards per subscriber at the end of the period.
- Churn: Total gross disconnections per month as a percentage of average total connections at the end of the period. (Figure for Algeria comes from one operator, Djezzy.)
- Prepaid mobile connections: Share of prepaid mobile connections, expressed as a percentage of total connections.

SOURCE: GSMA INTELLIGENCE

Understanding your market to find the best match

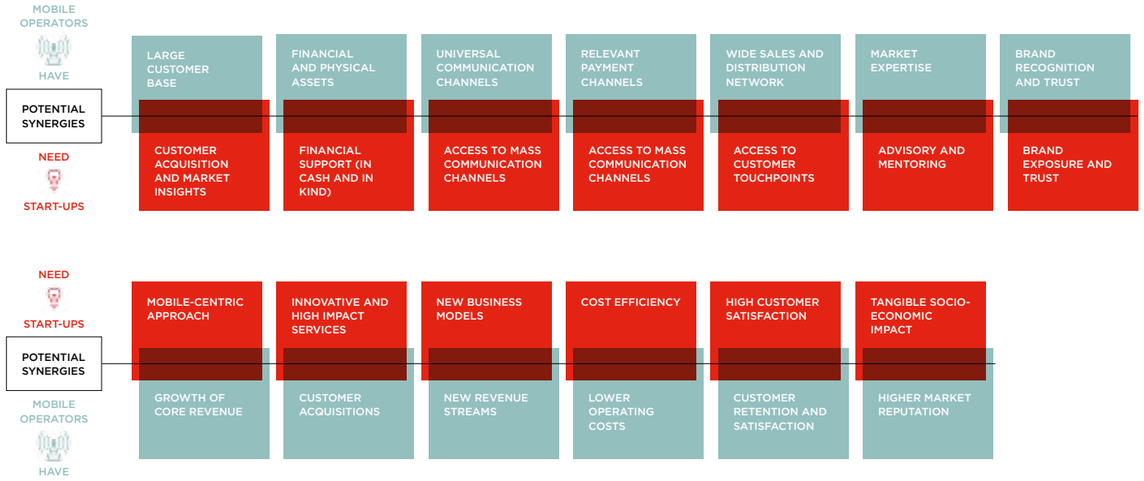
Once you are familiar with the mobile industry and its jargon, the next step is understanding the mobile market in your country of operation. This section highlights a few ways to uncover the challenges facing local mobile operators and opportunities to tailor your approach.

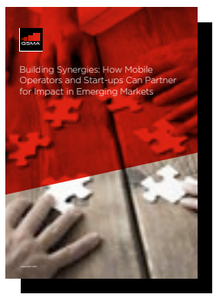
Understand the "haves" and "needs" of both sides

Knowing the value your business can bring to a mobile operator is critical. A robust offering will give you stronger bargaining power when a mobile operator agrees to discuss a potential collaboration. Therefore, you should understand what your business can bring to the table, as well as what you want from the partnership. The framework below, developed in a previous GSMA Ecosystem Accelerator publication, is a useful tool for this exercise.

FIGURE 3

A synergies framework for mobile operators and start-ups in emerging markets





Note: see the detailed framework on synergies in the report: *Building Synergies: How Mobile Operators and Start-ups Can Partner for Impact in Emerging Markets.*[8]

8 GSMA Ecosystem Accelerator programme, 2017, "Building Synergies: How Mobile Operators and Start-ups Can Partner for Impact in Emerging Markets" www.gsma.com/mobilefordevelopment/programme/ecosystem-accelerator/building-synergies-how-mobile-operators-and-start-ups-can-partner-for-impact-in-emerging-markets

OPENING DOORS: A START-UP'S GUIDE TO WORKING WITH MOBILE OPERATORS IN EMERGING MARKETS

To help you apply the same exercise from the mobile operator's standpoint, we have compiled some sources you can use to identify their specific "haves" and "needs".

MARKET DATA

- GSMA Intelligence provides research at global and regional levels. We recommend the following annual publications depending on your focus:
  - The Mobile Economy
  - Global Mobile Trends
  - The Mobile Economy, regional editions (India, Middle East and North Africa, Latin America and the Caribbean, Africa, Asia Pacific)
- Telegeography provides updates on the development of telecommunications in every country.

OPERATOR DATA

- If the mobile operator is a publicly listed company, you can browse their investor website, read their quarterly release and investor presentations, or listen to their earnings call.
- Follow the news and watch for quotes and references to key executives. This could provide insights into the challenges and opportunities facing the operator.
- For information on mobile operator networks and coverage, GSMA Intelligence maintains a free database you can access: GSM Roaming and Coverage Maps.

PRIMARY RESEARCH

- In your country of operation, ask your customers which operator they prefer, not only in terms of pricing, but also coverage and quality. This could help you determine which mobile operators you should engage with.
- Alternatively, conduct a quick survey of local airtime and SIM card street resellers.
- Reach out to people who have worked in the telecom industry and are willing to share their experience about what mobile operators have and need.

By the end of this phase, you should be able to identify the mobile operator(s) that best align(s) with your objectives. You should also have a clear idea of your "haves" and "needs" and those of the selected mobile operator(s). It is then time to contact key individuals in the organisation to schedule meetings.

How to get in contact with your match

A CEO is rarely the most suitable individual to contact, and while some mobile operators have appointed "internal champions" to interact with start-ups, most are still in the process of setting up a structured engagement mechanism. Securing the introductory meeting will therefore require connecting with the point of contact who deals with the type of partnership you are seeking (direct investment, joint venture, OTT reselling, etc.). The end goal is to engage with the team or individual whose KPIs would be positively affected by a collaboration with your start-up. This might mean interacting with different people in the organisation.

From this stage onward, building strong one-on-one relationships is vital. We therefore advise you to approach the engagement using a typical business development or sales model where persistence is essential. While there are no hard and fast rules when reaching out, here are four paths you could explore.

FIGURE 4

Four ways to connect with the mobile operator you have selected

PERFORM DESK-BASED RESEARCH

Look through this presentation to get a feel for the typical organisational structure of a mobile operator. Using tools like LinkedIn, identify key departments and individuals to contact. Understand their roles and responsibilities and learn as much as you can about them. Sweep through their social media profile. Select the right team/individuals according to your value proposition. For example, if you want your service to be sold to business customers, find out who is in charge of the enterprise segment.

CREATE BUY-IN THROUGH MOBILE OPERATOR PARTNERS

Identify companies or organisations that work with your preferred mobile operator or have in the past. Examples include vendors, service providers, other start-ups, and tech hubs. According to our research, 13% of the 600+ active tech hubs we identified in markets across Africa and South and Southeast Asia have a partnership with a mobile operator. Since partners have experience working with the operator, they tend to have unique insights on how they work, including the operator's third-party engagement processes. You should seek out these partners and build relationships with them.

PERFORM A COMPREHENSIVE PROBE OF YOUR NETWORK

The easiest way to secure a meeting with a mobile operator is by knowing a current or former staff member. Search your contacts for individuals who work for your selected operator. Your reach is broader than you may think: take advantage of your extended network of family, friends, colleagues, university alumni, etc. A non-executive-level employee working for a mobile operator might have a better picture of the operator's functional organisational structure than you do. They could help pinpoint key decision-makers and departments to contact. Beyond an introduction to the key person within the organisation, this interaction could help you learn more about the mobile operator.

ATTEND SELECT EVENTS

Attending carefully selected events will not only help you learn more about the mobile industry, but also buy you access to the mobile operator's key executives. Individuals representing companies at events tend to have a clear understanding of the organization's internal hierarchy. This makes them well-positioned to introduce or direct you to the right individuals/teams. Watch for events attended by your local mobile operators. Do they have a speaker slot? During the course of the event, introduce yourself and establish first contact.

Here is a table with examples of local, regional, and global events you could attend.*

	START-UP EVENTS	START-UP EVENTS HOSTED BY MOBILE OPERATORS	MOBILE INDUSTRY EVENTS
LOCAL	Thailand Startup Summit (Thailand) RiseUp (Egypt)	Etisalat Prize for Innovation (Nigeria) Indosat Ooredoo Wireless Innovation Contest (Indonesia)	NigeriaCom (Nigeria) Mobile 360 India (India)
REGIONAL	Tech in Asia Conference (Asia) Demo Africa (Africa) Emerge Americas (Latin America)	MTN-NEST Bootcamp (Africa) Digital Winners Asia (Asia)	Mobile 360 Africa (Africa) AfricaCom (Africa) Telecom World Asia (Asia)
GLOBAL	Seedstars World Social Innovation Summit	Telefonica's Open Future Global Race at 4YFN Swisscom's Call for Innovation	Mobile World Congress ITU Telecom World

* This list of events is not exhaustive.

Case Study 1

Zazu Africa and MTN Zambia

Zazu Africa is an end-to-end digital (and SMS/USSD) marketplace that connects farmers directly to buyers. Zazu's solution enables farmers to gain an average of 20% in revenue, while enabling buyers to save an average of 35% per transaction (compared to the traditional route through middlemen).

After launching operations in South Africa and Zimbabwe, Zazu's founders decided to expand into the Zambian market using a different approach: collaborating with local mobile operators to leverage their APIs and distribution networks. Below are some of the steps the Zazu team took to build a partnership with MTN Zambia.



"You know why you need the mobile operators, but you will need to show the mobile operators why they need you."
— Perseus Mlambo (CEO, Zazu)

UNDERSTANDING THE INDUSTRY

UNDERSTANDING YOUR MARKET

1. Perseus Mlambo, Zazu's founder, spoke with one of the company's advisors, Johan Bosini, who had collaborated with MTN in his previous role at Jumo World. This allowed the team to understand how a large mobile operator goes about partnering with local start-ups, how such organisations work, and how to develop an appropriate strategy to approach mobile operators in Zambia.

2. Before arriving in Zambia, the team researched local mobile operators.

3. Shortly after they arrived, the Zazu founders acquired SIM cards from all mobile providers to test which service was most suitable for local farmers. They also briefly surveyed street resellers of airtime in the areas where they planned to operate. Based on their research, and the fact that most users in their target segment usually own two SIM cards, they decided to consider partnerships with both MTN Zambia and Airtel Zambia (the two mobile operators have a joint market share of more than 85%).

4. After finding out in the news that a local tech hub, BongoHive, had an MoU with MTN Zambia, they approached the hub. BongoHive's team helped Zazu's founders to better understand how MTN Zambia functions, as well as the operator's expectations of start-ups. This was followed by LinkedIn research to narrow down which key individuals they should reach out to.

5. The team then reached out persistently to the three MTN Zambia staff members they had selected (all at the operational level) until they were able to secure a face-to-face meeting.

PITCHING TO A MOBILE OPERATOR

6. During this initial meeting, the MTN product manager asked them to draft a proposal of their plan to engage with farmers in Zambia, and later connected Zazu to the relevant team in the organisation (in this case, the enterprise segment department).

7. The founders then customised their pitch and engaged with relevant departments (enterprise, IT) at MTN Zambia.
"Tailor your pitch to the department you want to partner with."
— Perseus Mlambo

MAKING THE COLLABORATION WORK

8. The Zazu team has built a strong relationship with their point of contact at MTN and were able to get access to MTN Zambia's USSD API.

9. The team is now pursuing a similar, parallel engagement with Airtel Zambia.
"Show them how partnering with you will help them achieve their KPIs."
— Perseus Mlambo

BY THE NUMBERS

7 Months it took the Zazu team to engage and build a collaboration with MTN Zambia

30 Emails Zazu exchanged with MTN Zambia in the first three months of their collaboration

6 MTN Zambia executives the Zazu team have been engaging with

Pitching: from contact to agreement

If you are at this stage, it means you have secured a first meeting. This is a great achievement. You will now have to build trust in your solution and your team. You will need to convince the mobile operator (1) that your solution can create value for them, and (2) that you can deliver on your promise while (3) quickly identifying who the decision makers are and understanding the underlying decision-making process on the operator side.

The implementation challenge is often overlooked and considered too late in the process. Implementation of your solution at a mobile operator will likely be fundamentally different than what you have experienced before. Mobile operators think in millions, which is also what makes them attractive partners.

The more progress you make in your discussions, the more important it is to be clear on how you will deliver. To be successful, you should have documents (technical specifications, go-to-market approach, etc.) ready to share upon request. Mobile operators tend to be a lot more risk averse than start-ups and in general mobile operators associate start-ups with higher risk. You will need to change their perception that working with start-ups is risky and you need to establish trust in your delivery capabilities.

Building personal relationships and winning at least one strong internal supporter is the key to success. Ideally, take a "double crunch" approach: win a top-level sponsor who can serve as your champion/guardian, while also creating a strong relationship with those at middle-management and executive levels.

Finally, spend time informing all key decision makers about the collaboration upfront. Executives are particularly resistant to making decisions on the spot without enough information. Insist on inclusion and information sharing. Understand how your collaboration will affect key people and various departments; some might be opposed to it if they fear — rightfully or not — they could be negatively affected. Identifying and proactively addressing these concerns will be critical to your success.

> "One thing that I would have done differently? I would have spent more time identifying key influencers and spent a lot of time building relationships, not only with people I know, but also with new people all the way up the chain of command."
>
> — Nana Prempeh, CEO of the start-up Asoriba (Ghana)

Plan to be in it for the long run

Be realistic about how long the process will take. When you attempt to establish a commercial relationship with a mobile operator, you need to be in it for the long run. Three months from initial contact to agreement is outstanding, six months is very good, and nine months is still good. To ease and hasten decision making, always try to minimise the mobile operator's workload.

It will be a balancing act

We have already emphasised how important it is to understand your value proposition — your "haves" and their corresponding "needs" on the operator side (see Figure 3). You must now substantiate this value proposition to the mobile operator with data, as detailed and tangible as possible. You should ideally combine a top-down and bottom-up approach, providing data on both the size of the market ("How big is the opportunity?") and opportunities for concrete use cases ("How much would an individual be willing to pay?").

> "Whatever the benefits you want to sell to the operator, make sure to back your story with as much data as possible. If you're going to claim to operators that you can reduce their churn, recognise that you are taking on a huge burden of proof and if you want to be credible, you better deliver hard data to back up your pitch. The more the better."
>
> — Tongai Maramba, former CEO of Tigo Rwanda and Board Member of Esoko

Be careful to balance your value proposition with your capabilities to deliver. In a pitch, you do not want to be shy or conservative, nor should you make promises you cannot keep. Present detailed plans and roadmaps, and be clear about your present situation. Clearly understanding your value proposition will also help you to be much more assertive in propelling the relationship with the mobile operator in the right direction.

Winning is all about preparation

Pitching is a process that requires preparation, time, and effort. Avoid reusing the same material for presentations to different stakeholders (for instance, top management and technical teams). Tailoring your pitch to your audience will make it stronger and preparation will be appreciated.

You will need to conduct several meetings before any decision is made. Reflecting on his engagement with mobile operators in South Asia and Africa, Basit Malik, Founder of FieldForce, recalled, "It took us over ten meetings and discussions with stakeholders in different departments before we moved to contract negotiations." This is, however, the typical flow of business development and sales.

Ensure each meeting allows you to (1) validate your hypothesis on the potential for joint value creation, (2) understand the decision-making process better, and (3) progress towards the final decision maker. The graphic on next page (figure 5) can help to guide you through the process.

> "Ask for help. There are many people that have been in the telco industry and have left. Call these people up and try to understand how the telco works, so that you are more prepared for your meetings with your telco. If you just sit down and have a chat with these people it will save you a lot of trouble."
>
> — Adia Sowho, Digital Business Director at Etisalat Nigeria

FIGURE 5

How to have a successful pitch meeting with a mobile operator



Ending this phase with a verbal commitment is good, but you should strive to have a signed commitment. This does not necessarily mean you should not move ahead without a signed agreement, but you should make a very conscious decision about your next step. Weigh the strength of your position. You need to ensure the mobile operator's involvement in the collaboration is real and that resources are being allocated to the project.

Commercial agreement

At this stage, it is worth outlining a few considerations when negotiating with a mobile operator.

The commercial agreement requires special attention. You need to know what to focus on and where to draw your line, but also manage various internal stakeholders, some of whom may join late. To avoid being taken by surprise, sit with them and involve them at the start of the negotiation, otherwise you risk loosening your position piece by piece as everyone will have one final request.

Depending on the type of agreement, some or all the following points should be covered:

- **Description:** What is your solution/service and what level of support is provided?
- **Timelines and KPIs:** You should define and outline clear KPIs, including the consequences if the targets are not met.
- **Revenue model and payment terms:** Mobile operators are used to long payment cycles, which might become a serious issue for you.
- **Exclusivity clause:** Exclusivity clauses should be treated with great caution. Always seek to understand the rationale for this demand and insist on putting boundaries on these clauses (geographical coverage, time, certain milestones, etc.).
- **Equity and call options:** A simple rule to follow is: equity against investment, yes; equity against contract, no.
- **Duration and termination clauses:** Always define the consequences of the termination.

If things turn sour during a negotiation, do not get emotional, but use your exit card: "I am sorry, but this goes beyond my decision-making power, I would need to validate with my shareholders. May I come back to you on this?"

One final recommendation on negotiation tactics: Do not negotiate positions, but try to understand your counterpart's motivation. What is driving them?

Case Study 2

Smaato and Indosat Ooredoo

IMX is a joint venture between Smaato, a real-time digital advertising platform for mobile publishers, and Indosat Ooredoo, Indonesia's second largest mobile operator. Prior to establishing the joint venture, Smaato already had several commercial partnerships in place with mobile operators, and Indosat had an in-house digital advertising unit. However, both felt that forming a strategic joint venture and a separate company would align their interests and provide a better value creation opportunity.

This case study is written from the perspective of the newly appointed Chief Digital Services officer (Acting) of Indosat at that time (2015), Tauseef Riaz, who brokered the deal.



"One reason why the IMX joint venture between Smaato and Indosat Ooredoo works so well is because of the initial time Smaato spent on understanding Indosat Ooredoo's needs, educating their management, and making sure that Smaato's top-level management, including the CEO, were actively engaged in all discussions. This built a long-lasting relationship which was focused on creating real value."
— Tauseef Riaz (former CDO (A), Indosat)

UNDERSTANDING THE INDUSTRY

1. Smaato had already done some commercial work in Indonesia. This allowed them to help Indosat identify both the market opportunity for digital advertising and the potential challenges, which helped set expectations with Indosat management.

2. They also used data and case studies from similar markets to forge a long-term view and share it with Indosat.

PITCHING TO A MOBILE OPERATOR

3. Before pitching to Indosat management, Smaato had a number of meetings with Indosat's corporate headquarter team and digital advertising team to understand their needs and pain points.

4. Understanding Indosat's desire to pursue a digital advertising opportunity, they shared data and knowledge and held a number of workshops with the Indosat team to educate them about the digital advertising industry. Smaato's CEO regularly participated in the partnership meetings, and flew in senior experts from the United States and Singapore to meet the Indosat teams and build credibility.

5. Instead of pitching a solution upfront, Smaato showed flexibility, and invited Indosat to propose a structure that would work best and then helped customise it to meet both their needs.

6. Although Smaato was unable to match Indosat's financial contribution to the joint venture, they provided in-kind contribution in terms of access to their platform at a discount, their existing customer base, and 'free consulting'. This ensured the partnership was balanced and both parties were making an equal contribution.

MAKING THE COLLABORATION WORK

7. To make the collaboration work, Smaato focused not only on providing a solution, but also on educating Indosat to manage it.

8. The Smaato team built a close relationship with Indosat's digital advertising team, helped them recruit a new CEO for the joint venture, and provided extensive management training. In addition, they dedicated resources within their team to work for the joint venture and provide sales and operational support. A structured engagement model was put in place, which covered governance, progress review, and reporting.

9. The joint venture was formed in 2015 and has tripled revenue since then, expanding the team from three to over 30.

BY THE NUMBERS

6 Number of internal management approvals the joint venture had to go through before it was approved

3x Increase in Indosat Ooredoo's digital advertising revenue 2 years after launching the joint venture

Making the collaboration work: From agreement to collaboration

More and more mobile operators and start-ups are exploring collaborations. This is good news and reflects a growing perception that start-up collaboration is increasingly relevant for mobile operators globally.

Match-Maker Ventures' research has shown that partnering with start-ups was key for 45% of the mobile operators interviewed in emerging markets, while 58% consider innovation a priority.[9] Unfortunately, this has not yet always translated into specific processes and responsibilities for collaborations with start-ups.

To ensure a successful collaboration, you should follow three basic steps: (1) set up the collaboration structure, (2) keep the lines of communication open, and (3) remain close to your stakeholders.

1. Set up the collaboration structure

You will not be able to "control" a mobile operator, but you can put the collaboration on the right track by setting up (1) joint KPIs to track progress and escalating issues when required, and (2) a steering committee of all key stakeholders that meets regularly.

KPIs are typically numbers, but initially you should try to establish milestone KPIs, such as launch date or marketing campaigns developed or conducted. Gradually, KPIs will become "hard" KPIs with numerical targets, such as number of clients visited, number of transactions conducted, number of customers acquired, or revenue generated. Break down your KPIs/numbers into stages (weekly/monthly targets) so you can reflect on them later.

A steering committee that meets regularly is critical, especially in the first 6–12 months, with meetings held on a monthly basis. Set a fixed agenda and follow it to get the most out of these meetings. Always discuss topics such as: did we reach our target for the month? What are our next targets? What do we need to achieve to ensure we will meet our next targets?



Note: see the *Innovation Quest for Telecom Operators* report.[9]

2. Keep the lines of communication open

Communication with your partner is key. You will need to become the central point of knowledge for the collaboration and continuously expand your network.

As mobile operators are huge organisations, misalignment can happen easily. Teams sometimes do not communicate on a regular basis and might not all be on the same page about the collaboration. You will want all key stakeholders to agree on the objectives of the collaboration and what needs to be done to fulfil the value proposition. Enabling the mobile operator to overcome its internal communication challenges will also help you achieve your objective.

3. Stay close and committed

You should assign a client lead and implement basic account management principles (regular meetings with minutes, tracking of activities, regular reports to top management, etc.). It is important for the mobile operator to have one primary contact person who is accountable for the overall success of the collaboration and day-to-day operations, and is empowered to make decisions.

> "You can do a lot of e-mail follow-up, but I encourage you to be there in person, as in Africa personal meetings matter a lot. In Europe and the U.S., I know that people do a lot via e-mail and don't have time to meet you in person, but here they want to see you in person to reassure themselves that they find value in what you do."
>
> — Nana Prempeh, CEO of the start-up Asoriba (Ghana)

9 Match-Maker Ventures and Arthur D. Little, 2016, "Innovation Quest for Telecom Operators: The heat is on!" www.match-maker.ventures/telco-study

OPENING DOORS: A START-UP'S GUIDE TO WORKING WITH MOBILE OPERATORS IN EMERGING MARKETS

> "The relationship is one of the most critical parts of working with a mobile operator. We have a dedicated account manager who is on the customer site several times a week to ensure all requirements are being met."
>
> — Basit Masalik, CEO of FieldForce, a start-up providing field management software currently working with two mobile operators in emerging markets

Ideally, one of your team members should be on the ground with the mobile operator's team, especially in the initial stage. If you are working outside your home region and foresee an extended implementation period, consider hiring someone locally to save on travel expenses and to help overcome cultural and language barriers.

Finally, be ready for a long relationship. There are a lot of reasons to stay committed and if the relationship is managed successfully, both organisations will be able to reap significant benefits.



Case Study 3

Asoriba and Vodafone Ghana

Asoriba is a web and mobile application that enables local churches to manage their operations and engage seamlessly with members via the mobile app or SMS. Asoriba makes it easy to pay tithes and offerings from a phone via mobile money or credit card. To increase its market share and reach out to a broader group of customers, Asoriba is collaborating with mobile operators in Ghana.



"The most important thing is to show a mobile operator how they can benefit from the value you are bringing."
— Nana Prempeh (Co-founder, Asoriba)

UNDERSTANDING THE INDUSTRY

1. Asoriba's co-founder, Nana Prempeh, realised he needed to connect with corporates to scale his business, and quickly identified mobile operators as potential partners.

UNDERSTANDING YOUR MARKET

2. After meetings with the Head of Innovation of a mobile operator outside their market, the team had a better understanding of how mobile operators work, what their current challenges were, and how Asoriba could help create value for their customer base.

3. Asoriba identified three potential partners: Vodafone, TIGO and MTN — Ghana's leading mobile operators.

4. As Asoriba had been incubated in MEST (a leading local tech hub), which already had an ongoing relationship with Vodafone Ghana, the team leveraged this connection to schedule a face-to-face meeting.

"Many questions are thrown at you during the meeting, so you need to anticipate and be prepared"
— Nana Prempeh (Co-founder, Asoriba)

PITCHING TO A MOBILE OPERATOR

5. To prepare for the meeting with Vodafone, the CEO of Asoriba spent a lot of time understanding how Vodafone and Asoriba could work together. More importantly, he did all the calculations needed to show Vodafone how they could monetise Asoriba's products.

6. Before pitching to the decision makers, Asoriba's team met with multiple people to prepare for the meeting, and focused especially on reviewing the sales deck and anticipating all possible questions.

7. Asoriba met with all decision makers at Vodafone, pitching their value proposition and the potential financial benefits during a 10–15 minute presentation with the entire management team, followed by a Q&A.

MAKING THE COLLABORATION WORK

8. In between meetings, Nana dedicated time to building a personal relationship with all stakeholders involved. Instead of following up via e-mail, he made phone calls and frequently met with them in person to check the status of the collaboration.

9. Asoriba's team managed to build a close relationship with the Head of Innovation and his team, and established a trusted and continuous line of communication.

10. After several months of engagement, Asoriba's team is expecting to sign a contract soon.

"If you don't drive that relationship it really won't work"
— Nana Prempeh (Co-founder, Asoriba)

BY THE NUMBERS

11 Vodafone Ghana staff the Asoriba team have engaged with

15 minutes – The time Asoriba had to pitch their value proposition to decision makers at Vodafone

10 TIPS

FOR START-UPS AIMING TO WORK WITH MOBILE OPERATORS IN EMERGING MARKETS

1 Develop a good understanding of the mobile industry in your region and market.

2 Learn to speak the mobile operator's language: ARPU, churn, BTS...

3 Understand the "haves" and "needs" on both sides — yours and the mobile operator's.

4 Be persistent until you engage with the right people.

5 Approach this as a sales effort: build strong one-on-one relationships and be proactive in following up.

6 Build trust in your solution and your ability to deliver.

7 Understand how your solution will affect the mobile operator and how to make it work for them.

8 Prepare for all meetings and tailor your presentation to each audience.

9 Be prepared to assume most of the initial workload; once you have proved your worth, this will change.

10 Manage the on-boarding process and assign one clearly accountable contact person.



Acknowledgements

We would like to thank the mobile operators, external consultants, start-ups, and experts who were interviewed and consulted for this report:

- Adia Sowho, Director of Digital Business at Etisalat (Nigeria)
- Arnauld Blondet, Innovation Director for Africa Middle East at Orange
- Basit Malik, Founder and CEO at FieldForce (Pakistan)
- Nana Prempeh, Co-founder and CEO at Asoriba (Ghana)
- Neeraj Ramjathan, Senior Manager, Product and Innovation at MTN (South Africa)
- Perseus Mlambo, Founder of Zazu Africa (Zambia)
- Roshanth Gardiarachchi, Unit Manager, Product Service and Innovation at Dialog Axiata (Sri Lanka)
- Sohaib Arshad, Head of Group Corporate Responsibility at Veon
- Tongai Maramba, Board Member, Strategic Advisory Board at Esoko, former CEO of Millicom (Rwanda)

Further reading

- Match-Maker Ventures and Arthur D. Little: "The age of collaboration" www.match-maker.ventures/study/
- Match-Maker Ventures, Arthur D. Little, and TC3: "Telecom operator's innovation quest: The heat is on!" www.match-maker.ventures/telco-study/
- WhatAVenture: "5 Steps to Successfully Collaborate with Startups" www.whataventure.com/whitepaper/
- Nesta, Founders Intelligence, and Startup Europe Partnership: "Winning Together: A Guide to Successful Corporate-Startup Collaborations" www.nesta.org.uk/sites/default/files/winning-_together-june-2015.pdf
- Mazars: "Unleashing Africa's corporate innovation potential" www.mazars.com/Home/News/Our-publications/Surveys-and-studies/Unleashing-Africa-s-corporate-innovation-potential
- 500 Startup, INSEAD: "How do the World's Biggest Companies Deal with the Startup Revolution?" www.698640.hs-sites.com/500corporations
- GSMA Ecosystem Accelerator programme: "Building Synergies: How Mobile Operators and Start-ups Can Partner for Impact in Emerging Markets" www.gsma.com/mobilefordevelopment/programme/ecosystem-accelerator/building-synergies-how-mobile-operators-and-start-ups-can-partner-for-impact-in-emerging-markets
- GSMA Mobile for Development: "Legal considerations for partnerships between mobile operators & start-ups" www.gsma.com/mobilefordevelopment/programme/mobile-for-development/legal-considerations-partnerships-mobile-operators-start-ups



For further information please visit
the GSMA website at www.gsma.com





GSMA HEAD OFFICE
Floor 2
The Walbrook Building
25 Walbrook
London EC4N 8AF
United Kingdom
Tel: +44 (0)20 7356 0600
Fax: +44 (0)20 7356 0601