

Publication: The Pioneer

Date: October 28, 2013

Telcos hope big from data biz in coming yrs

ANCHAL KAKROO ■ NEW DELHI




With the growth in voice business slowing down, Indian telcom majors have shifted their focus towards their mobile internet business. As the sales of smart phones also exponentially rising, network providers expect this to boom up data usage among customers. According to the latest data by Telecom Regulatory Authority of India (TRAI), from the 120 crore plus population, over 90 crore people are currently availing telecom services. Of these 90 crore subscribers, 96 per cent or nearly 87.67 crore are connected through wireless networks.

Data business has just started signs of growth and coupled with rising mobile users and higher sales of devices capable of using data, industry leaders are rushing in to capitalise this new emerged segment. India's mobile data traffic and revenue rose nearly by 117 per cent and 91.5 per cent respectively by July 31, 2013 on year on year (YoY) basis. There are in total 13 major

telecom operators in the country out of which Bharti Airtel holds the biggest market share of 21.93 per cent. For Airtel, voice services still contribute the biggest portion of their revenue but going forward, they expect the numbers and trends to change drastically. With the data market growing exponentially, Bharti's average revenue per user (ARPU) for data also has gained sharply by 59 per cent YoY to Rs 63 by June end. Company also registered an increase of 81 per cent in average data usage per customer. Data segment's contribution towards company's total mobile revenue also rose to 7.4 per cent from 4.3 per cent as on June 30, 2012.

Keeping in view this rising demand and usage of mobile internet, the company has recently launched 'Rs 1 campaign' back in May. Through this move, the company hopes to attract more users by making mobile internet more affordable.

Another major player of the telecom sector, Vodafone India, has made data penetration and increasing data usage among customers as their primary objec-

		
<p>For the last couple of years our focus has been on data services. Building a strong data business is the future of telecom sector. Currently data penetration is very less in the country but we expect it to grow drastically in the coming years</p>	<p>Mobile internet penetration in India is very low at 4-4.5 per cent as compared to US and Japan where it is at 74.7 per cent and 113 per cent respectively. Going forward, mobile internet is the next level of growth for the sector</p>	<p>The recent price cut of 80 per cent would make internet access affordable for customers who use mobile internet in a limited way</p>
<p>Anupam Vasudev, Chief Marketing Officer, Airtel</p>	<p>Himanshu Kapania, Managing Director, Idea Cellular</p>	<p>Vivek Mathur, Chief Commercial Officer, Vodafone India</p>

ive. Talking about company's strategy, Vivek Mathur, Chief Commercial Officer of Vodafone India said, "The overall internet penetration in India is low while the mobile penetration is several times higher. Hence, most consumers, especially in the rural and semi-rural areas will discover the power of the internet via the mobile."

Of the total revenue, 7.7 per cent is generated by data browsing for the company and it contributed to 26% of the overall growth in Q1 FY14. In order to scale up the data usages among their users and attract more subscribers, Vodafone has launched multiple offers and schemes. Explaining company's strategy, Vivek added that the recent price cut of 80 per cent would make internet access affordable for customers who use mobile internet in a limited way. Apart from that, the company has developed special packages for student and first time internet users.

Idea Cellular too feels the next big move in telecom would come from mobile data.

Discussing on the sidelines of an event organised by Cellular Operators Association of India (COAI), Himanshu Kapania, Managing Director of Idea Cellular said, "Mobile internet penetration in India is very low at 4-4.5 per cent as compared to US and Japan where it is at 74.7 per cent and 113 per cent respectively. Going forward, mobile internet is the next level of growth for the sector."

The company recently announced its second quarter results as per which their value added segment (VAS) services growth was led by higher mobile data implementation. The data revenue contribution to service revenue jumped to 8.7 per cent, 3.3 per cent YoY. Per user data volume of the company grew sharply by 99.6 per cent to 17.5 billion megabytes in Q2 FY14 over last year. With over 12.7 crore subscribers, the company has a large customer base to expand its data volumes.

In an attempt to make data services more affordable, the company offers packages as

low as Rs 5 for one day of validity. Company also recently started providing 3G data services to its customers at 2G tariffs.

Just like others, Airtel too is betting heavy on mobile data growth. Company's Chief Marketing Officer, Anupam Vasudev said, "For the last couple of years our focus has been on data services. Building a strong data business is the future of telecom sector. Currently data penetration is very less in the country but we expect it to grow drastically in the coming years."

Airtel's data revenue has double in calendar year 2012 as compared to 2011 and the company is expecting the same growth in 2013 as well. As far as company's strategy goes, he added, "The biggest game changer in data services would be video download. With the huge rise in smart phone sales, people now have mobiles with big screens and with the country most interested in entertainment, more and more customers are using mobile data for downloading videos."