



**EMI**  
Emerging Markets Institute



Cornell  
SC Johnson College of Business

Reinventing Global Value Chains  
**2022 EMI Annual Conference**

at Cornell Tech, NY  
November 4, 2022

[emiconference.com](http://emiconference.com)

## 2022 Cornell Corning EMI Case Competition: Telco X

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Cornell  
SC Johnson College of Business



## Welcome to the 6<sup>th</sup> Cornell Corning Emerging Markets Institute Case Competition!

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Dear Participants,

**Welcome to the 6<sup>th</sup> Cornell Corning Emerging Markets Institute Case Competition.** This case study competition is part of the flagship event of the institute – The EMI Annual Conference. This year, on the 12th anniversary of the EMI at SC Johnson College of Business at Cornell University, the theme is ‘Reinventing Global Value Chains’. The committee is excited to be holding this event with the immense support of the Emerging Markets Institute at Cornell SC Johnson College of Business and the enthusiasm of all the participating schools across the globe.

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The panel of judges are eager to see each your unique response.

Stay healthy, stay safe!



## Acknowledgements

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This case study was developed by: Clarisse Marcella Alpaert, Natalia Jaramillo, Noel Lui  
Thank you for the contributions of William Robert Montgomery, Sofía Kalantzi,

Under the supervision of Lourdes S. Casanova, Anne Miroux  
Special thanks to Corning International for its financial support and in particular to Claude  
Echahamian, President and General Manager, Corning International

**WARNING:** Participating students are specifically prohibited from sharing any information issued in this case without prior consent from  
from the SC Johnson College of Business.



## Guidelines

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### Round 1 (the Proposal):

- Teams must submit a PowerPoint deck with max. 10 slides to the case competition committee to the conference email account (emiconference@cornell.edu).
- The title and team introduction slides will not count towards the 10-page maximum.
- A maximum of 5 pages of appendices are allowed per team.
- Submissions must be in .PPT or .PPTX format.
- The PowerPoint deck must state the team name and all team members, as used during registration.
- Teams are free to use advisors as long as the advisors are listed as contributors in the submission deck.
- Any avenue of primary and secondary research is allowed so long as it does not violate the law; however key details within this PowerPoint must be kept confidential and may not be shared with external parties.
- Additional media such as music, video, third-party animation and other features outside the features of PowerPoint are prohibited; this is because the submissions will be printed out for evaluation by the judges.



## Guidelines

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### Round 2 (the Pitch):

- Finalist teams must send their pitch deck via email to [emiconference@cornell.edu](mailto:emiconference@cornell.edu).
- Pitch deck will need to be based on the submission from Round 1 with the addition of two (2) 'executive summary' slides if the team deems them necessary.
- Total time for the pitch/presentation is 10 minutes with additional time for Q&A from the judges.
- Third-party media besides PowerPoint is prohibited in the interest of making judging and evaluation simple for the panel of judges and in the interest of time during the presentations.
- Teams cannot change members once registered except for emergency situations (done on case-by-case basis).
- A meeting will be established prior to the event to walk the teams through details, at least one member from each of the finalist teams must attend.
- An additional evaluation criteria during this final round will be added to include "presentation quality."



## Round 1 Evaluation Criteria

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<b>Content (90%)</b>	<b>Weight</b>
<b>Clarity</b>	0.3
<b>Creativity and innovativeness of ideas</b>	0.2
<b>Sound reasoning</b>	0.3
<b>The thoroughness of the solution</b>	0.2
<b>Data Quality and Visual Effectiveness (10%)</b>	<b>Weight</b>
<b>Effectiveness of infographics/data visualization</b>	0.8
<b>Quality of visual design overall</b>	0.2



## **Telco X is experiencing is losing market share to its main competitors. What should be its turnaround strategy to address this situation?**

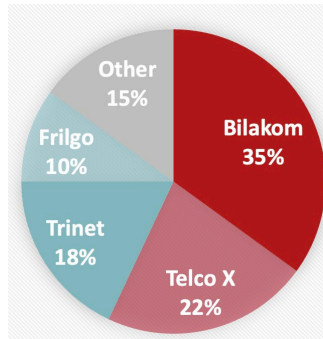
### BACKGROUND

The Southeast Asian telecom sector experiences continuing growth due to increased population, widespread phone adoption, and the rise of 5G.

*Telco X* is a telecom operator that is operating in Indonesia. The company is experiencing slowing sales growth, is struggling with innovation, and is facing a government that is meddling in the roll-out of 5G.

Indonesia has 4 main telco players:

- Bilakom (state-owned, 35% market share)
- Telco X (22% market share)
- Trinet (privately held, 18% market share)
- Frilgo (privately held, 10% market share)



### CHALLENGE

**What should be Telco X's turnaround strategy?**

#### QUESTIONS TO CONSIDER

- What actions should Telco X consider to address the loss of market share, both in the short and long term?
- What changes or expansions should Telco X make to its current business model?
- How should Telco X further prepare itself for challenges concerning its 5G rollout?

# Southeast Asia: a Diverse and Fast-Growing Region still Recovering from the Pandemic



**Southeast Asia** consists of 11 countries and is generally divided into mainland and island zones.

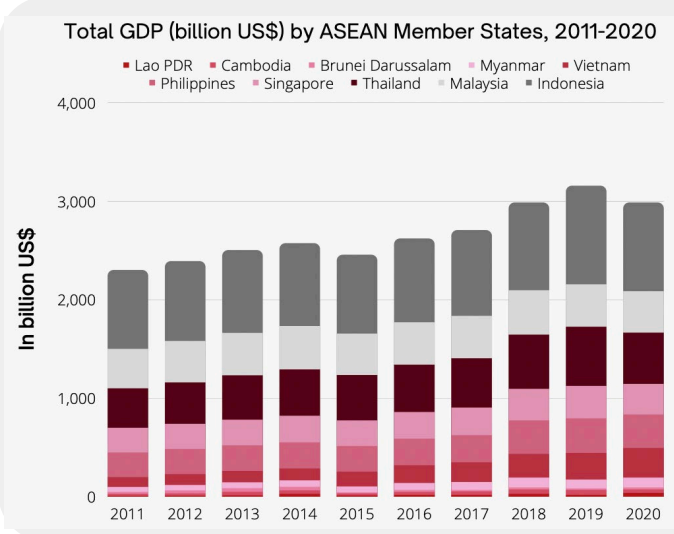
**Mainland:**

- Myanmar
- Thailand
- Laos
- Cambodia
- Vietnam

**Island zones:**

- Malaysia
- Singapore
- Indonesia
- The Philippines
- Brunei
- The new nation of East Timor

Southeast Asia has experienced **strong population growth**, averaging ~1.2% YOY growth since 2011 and increasing population density. **Increasing rates of urbanization** across the region are going hand in hand with greater economic development (economic output per person) and the growth of the middle class. However, while some countries in Southeast Asia are urbanized and developed, others have yet to make this transformation.



Southeast Asia has experienced **high GDP growth**, averaging ~5% YOY growth throughout the past decade. However, the COVID-19 pandemic has reversed this trend, with negative GDP growth throughout the past 3 years.

Southeast Asia has a **large informal sector**, with over half of its workforce earning their living in the informal sector.

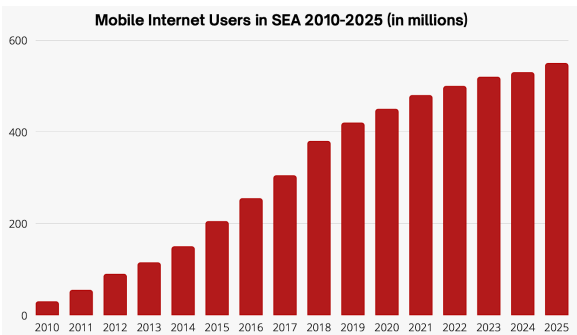
**The COVID-19 pandemic** has led to a **socio-economic crisis** following the health crisis and response. There has been a disproportionate impact on the most vulnerable populations, exacerbating inequalities in income, access to basic services, and access to social protection. Southeast Asian governments have followed a short-term approach, addressing only the most immediate socioeconomic impacts of the pandemic.



# Southeast Asia is Experiencing a Growing Telecom Industry with Heavy M&A Activity

## Southeast Asia's telecom sector is growing...

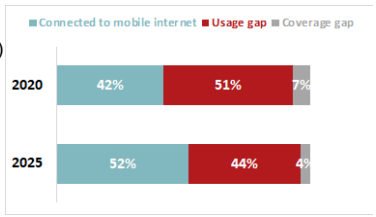
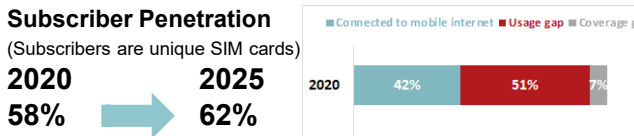
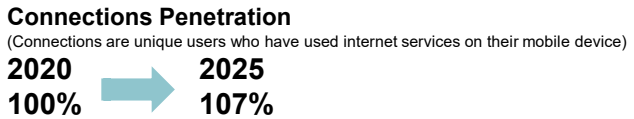
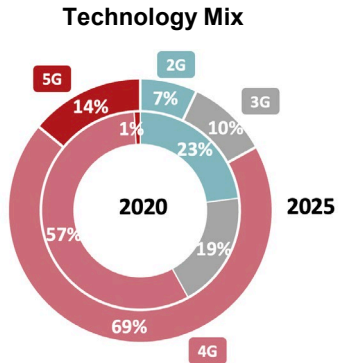
There is an **increase in smartphone adoption**, however growth rates are slowing down. Mobile internet users are expected to increase from 468 million in 2020 to ~530 million in 2025. As of 2022, **73%** of the population of Southeast Asia uses the internet.



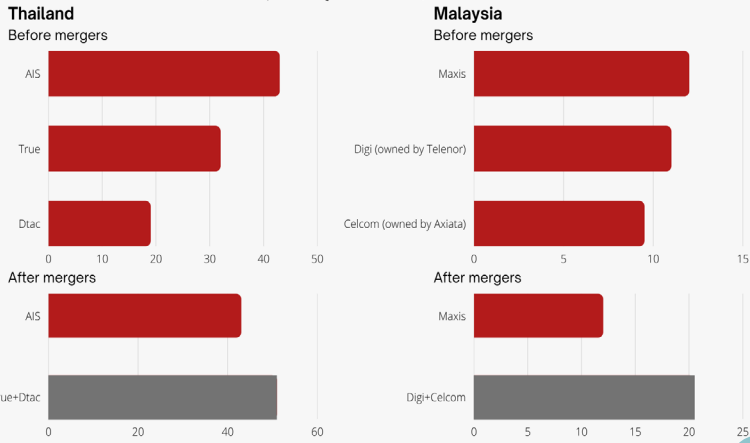
Southeast Asia's telecoms industry is rapidly **consolidating into a few big players as 5G investment across the region continues**. Consolidation has been a major trend in the telecom industry throughout the last few years, as telcos are in search for larger market share, improved profitability, and growth into adjacent business sectors or activities.

In **2021** alone, **M&A deals** were estimated to be worth a combined **\$30bn in Southeast Asia**. Southeast Asia's low interest rates, accessible capital markets, and private capital create facilitating conditions for M&A activity.

## Asia Pacific's telecom sector is growing...



Number of subscribers (millions, third quarter 2021)



# The Role of Southeast Asia's Telecom Industry in Managing the COVID-19 Pandemic

**Digital technology and connectivity played a fundamental role in managing the effects of the COVID pandemic and keeping communities and companies worldwide connected.** Digital infrastructure served as an enabler to keep the world productive through online work and education and supported social interaction during lockdowns. It also helped governments effectively manage the pandemic, allowing them to combat outbreaks and quickly share credible information. Last, it enabled innovative solutions to combat the spread of the virus.

Southeast Asia in particular, due to their proximity to the epicenter of the outbreak, was among the first regions to be impacted by the pandemic. **Various telecom operators played a fundamental role in providing direct support to combat the pandemic and its effects:**

- One operator partnered with a Disease Control and Prevention Agency unit to develop an AI-based service facilitating the scheduling and after-care of COVID-19 vaccines
- Another operator provided benefits to help low-income customers stay connected on its network during the peak of COVID-19

## Moving forward...

Digital technologies did not only aid in managing the pandemic, but it also **helps regions recover from the pandemic**. Connectivity remains a key enabler to keep people safe and build economies that can deal better with future external shocks.

**Digital transformation enabled by technologies such as 5G, AI, big data, and IoT will play a crucial factor in unlocking the potential of a post-pandemic digital economy.** In order to enable this digital advancement crucial to rebuilding economies, countries need enabling policies. **Many governments are transforming regulatory frameworks to make it easier for telcos to accelerate investment and innovation toward a digitally inclusive society.** Policies are adapted to facilitate infrastructure deployment to meet future connectivity demand. Governments and policymakers see these efforts as an investment in economic growth, societal inclusive development, and technological innovation.

2018	Human Development Index (HDI)	Mobile Phone Subscriptions (per 100 people)	Fixed Broadband Subscriptions (per 100 people)
Singapore	0.935	145.7	28
Brunei	0.845	131.9	11.5
Malaysia	0.804	134.5	8.6
Thailand	0.765	180.2	13.2
Philippines	0.712	110.1	3.7
Indonesia	0.707	119.8	3.3
Vietnam	0.693	147.2	13.6
Timor	0.626	103.2	0
Lao PDR	0.604	51.9	0.6
Myanmar	0.584	113.8	0.2
Cambodia	0.581	119.5	1

# The Impact of the COVID-19 Pandemic on the Business Models of Southeast Asia's Telcos

Since the pandemic, telcos are playing in a business environment that need to provide more than just the functional needs...

Research on 20 telcos across Southeast Asian countries shows that there were 3 main archetype Covid-19 responses:

## 1. Pillars

6 out of 20 telcos provided stable connectivity and strong customer support, including relaxing bill payment terms

## 3. Unreliables

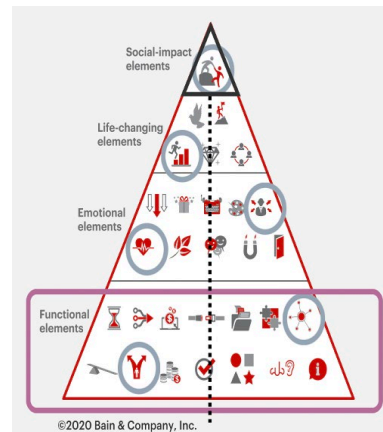
3 out of 20 telcos did not provide stable connectivity and many customers reported feeling unsupported

## 2. Commodities

11 out of 20 telcos provided stable network service but were not as proactive with new offerings

Southeast Asian telecom pillars were two times more likely than the region's unreliable telcos to deliver emotional elements of value (on top of functional elements), boosting customer loyalty and ultimately increasing the share of customers.

Succeeding beyond the current crisis requires telcos to move up the pyramid and deliver high-order elements of value.

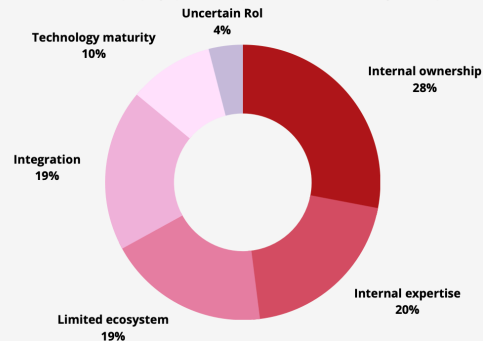


## Telecom providers are exploring changes/expansions to their business models

- Multiple telecom operators are considering **open RAN solutions** for network deployment and operation, allowing a reduction of costs of deploying and operating networks, and reduced vendor lock-in through higher flexibility and diversification of equipment suppliers
- Telecom providers are **sourcing equipment from new operators**, not just the usual suspects Huawei and Ericsson
- Bigger push to implement **IoT solutions**, with a focus on tackling the integration challenge and a focus on partnerships to scale IoT services
- Expanding in activities such as mobile payments, e-commerce, and
- Tailoring to **new client segments**, especially rural and unconnected populations

Most operators view uncertainty around internal ownership as the top obstacle to open RAN deployment; interestingly, only 4% highlight uncertain RoI

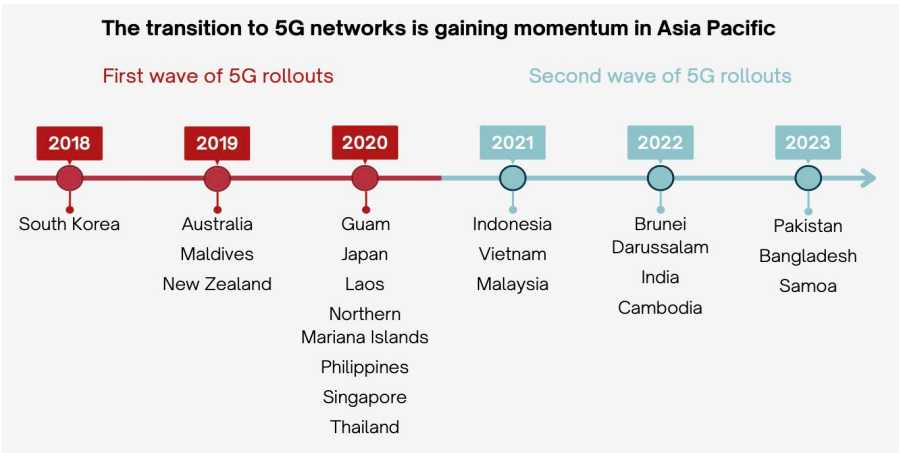
What is the greatest obstacle to deploying open RAN in your network? (Percentage of respondents)



# The Rise of 5G and its Impact globally, and specifically on Southeast Asia

The rise of 5G, offering a new global wireless standard based on increased reliability, capacity, availability, and connectivity. However, 4G is expected to remain the dominant tech for the foreseeable future. 4G currently accounts for 54% of mobile connections, expected to rise to 71% by 2025.

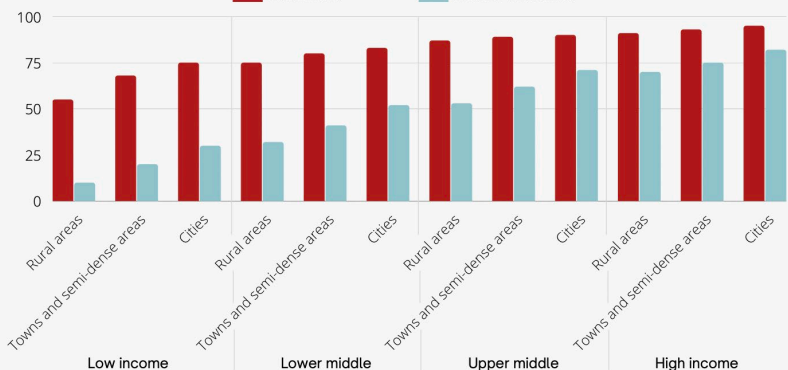
A second wave of 5G makes inroads into new markets, aiming to tailor to large markets with modest income levels, driving the strides to more affordable 5G devices. 5G, however, requires staggering network-related infrastructure capital expenditures. Realizing its potential also requires investment in applications development.



Use and regular access to the Internet

Shares of respondents who have used the Internet in the past seven days and who have regular Internet access

Internet use (Red bar) Access to Internet (Blue bar)

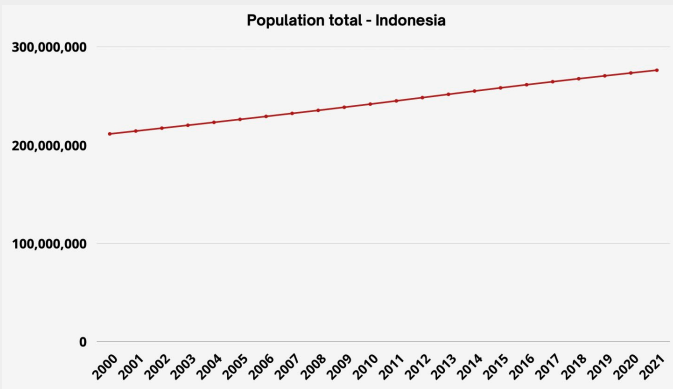


With the rise of 5G and its high employment cost, there exists a high risk of digital divide...

- Digital services require high speed and high-performance networks, and are of fundamental importance to populations in a post-pandemic world
- These digital services require major infrastructure expenditures
- Communities might be left behind as 1) these infrastructure requirements are often lacking in rural and unconnected areas, and 2) services and support are increasingly based on digital awareness, literacy, and access, which again are lower in rural and unconnected areas.
- Additionally, internet access prices are highest in countries least able to afford it. Unconnected populations will be at greater risk of exclusion from many life-enhancing services online.

# Indonesia: the World's Largest Archipelagic State with Highest GDP across ASEAN Countries

Indonesia is the world's largest archipelagic state with over 17'000 islands. Indonesia has experienced **strong population growth** throughout the past two decades, accumulating to a total population of over **276 million people**, making it the world's fourth most populous country, with Java housing more than half.



Indonesia has the **world's 7th largest economy by purchasing power**. The country has experienced **high GDP growth**, averaging over 5% YOY growth throughout the past decade. Its GDP growth is driven by strong export performance. The pandemic, however, has caused a negative **~2% YOY growth throughout 2020 and 2021**, dropping the country status from upper-middle to lower-middle income country status. The country has cut its poverty rate in half since 1999, hitting under 10% before the pandemic hit. Post COVID-19 recovery has been indicated by continued increased household consumption and investment levels.

Indonesia faces **domestic development challenges and experiences increasing tensions among demographic groups**. These tensions arose due to uneven benefits from economic and democratic progress throughout the past two decades, as well as fragile institutions that fail to address inequalities and service needs. Indonesia is currently following a **national 20-year development plan** to further strengthen its economy, spanning from 2005 until 2025.

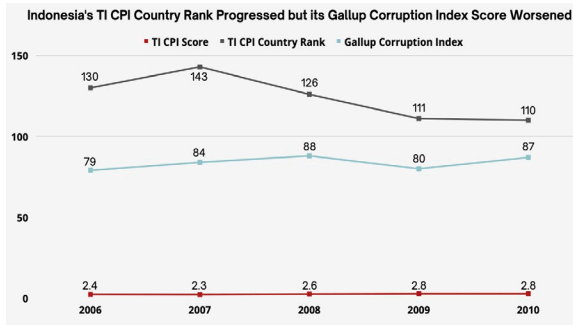


# Indonesia Faces Moderate Political Instability and a High Level of Continued Corruption

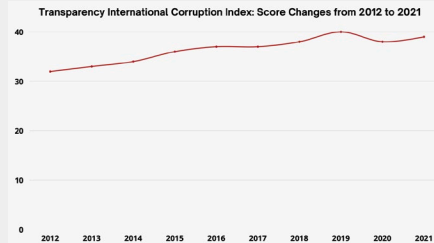
## From autocratic to a democratic state: the age reformation (*Reformasi*)

In 1998, Suharto's dictatorship of more than 30 years ended following much discontent over the New Order government, the corrupt nature of its dictatorship, violence, repression, and the economic collapse. **Suharto's authoritarian rule falls** and Indonesia experiences democratic gains. After the end of Suharto's rule, the country has faced a major **economic crisis and political turmoil**. The situation stabilized in 2004 with Indonesia's first presidential election, electing Susilo Bambang Yudhoyono. Opinions about Yudhoyono's effectiveness in reducing corruption remain mixed. Instead of eliminating corruption, many articles suggest that decentralization broadened the number of individuals seeking bribes and kickbacks.

The reform did increase Indonesia's stability and security, including major improvements in political processes, increasing freedom of the press, more effective law enforcement, and greater regional autonomy. **Jokowi's election in 2014** marked the country's **progress towards democratization**. Concerns are rising in recent years, however, as Jokowi forms closer ties with the police and army.

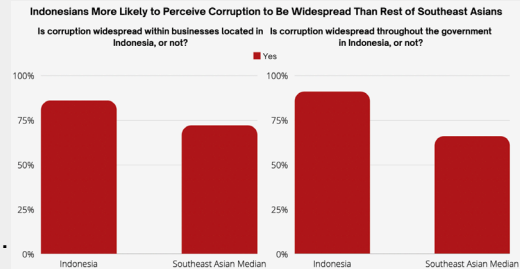


## Widespread corruption continues even after the end of Suharto's rule



Indonesia has long been plagued by **widespread corruption** throughout the country's government and business sectors. It currently scores 38 out of 100 on the Transparency International Corruption Index in 2021, improving throughout the past decade, however a score under 50 indicates serious corruption problems.

The Global Corruption Barometer found that 92% of people think government corruption is a big problem in 2020, with 30% of public service users reportedly having paid a bribe throughout the year. The KPK was set up in 2003 to investigate and eliminate corruption. However, in 2019, a law passed to let the army general head the commission, which renders the commission de facto useless.



# Indonesia's Telecom Industry Faces Continued Government Meddling in the 5G Roll-Out

The Government of Indonesia (GOI) has been supporting 5G network deployment in the hope that it will steer innovation and technology adoption, ultimately driving economic growth. The telecommunications sector is **subject to the Ministry of Communications and Informatics' (MCI) control**. The MCI organizes and regulated the management and use of telecommunications and the internet. There are strong concerns about the independence of the MCI as a regulatory body after the **dissolution of the BRTI in November 2020** which was a more independent regulator established in 2003 to ensure fair competition among telecom providers, resolve conflicts, and develop standards for service quality. President Joko Widodo also dissolved the Telecommunications Advisory Agency (BPT) which was responsible for providing considerations, suggestions, and opinions to the government in formulating policy and solving strategic problems in the telecommunications sector.

The Indonesian government adopted a **neutral technology policy in the implementation of 5G services**. Through this policy, the operators are given the freedom to employ and choose the latest technology in the utilization of radio frequency bands that have been stipulated in their licenses.

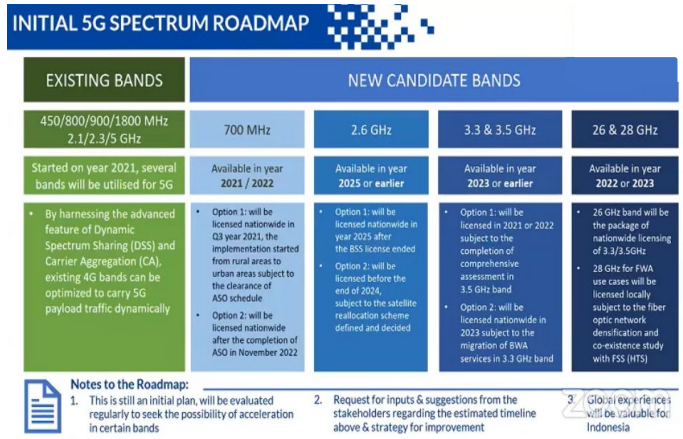
Several things that the government is currently doing include:

1. Increasing the TKDN aspect of 5G devices, synergizing with the Ministry of Industry in this regard;
2. Conducting application ecosystem development;
3. Prioritizing 5G-oriented digital talent development; and
4. Synchronizing policies between the central and regional governments for the deployment of the new 5G infrastructure.



# Indonesia's 5G Status Quo and Roll Out Plan for Country-Wide 5G Deployment

- The government and several telecom operators in Indonesia have started to **roll out 5G services since 2021**. The government aims to achieve evenly-distributed 5G access across the archipelago by 2025.
- Currently, the major operators in Indonesia provide 5G services by operating on the less efficient 2.3 GHz band (auctioned in April 2021) and 1.8 GHz band (reframed from the 3G/4G network).
- The **switch-off of analogue broadcasting** is expected to be completed **by the end of 2022**, which will free up the entire 700 MHz frequency band. The more ideal 2.6 GHz and 3.5GHz band for 5G will not be available **until 2023**.
- The government is also working with the private sector to **upgrade the existing 4G towers to 5G**. Major telcos such as Bilakom are trying to list a telecom equipment subsidiary by 2022.
- Operators across Indonesia have transferred most of their radio tower business to tower companies in order to reduce the high network costs and accelerate service coverage. Tower spinoffs continue over time.



## Operating Frequencies and bandwidth allotted to major operators (MHz, 2018)

Company	450	800	900	1800	2100	2300	Total
Player 1				20	30		50
Player 2			25	40	30		95
Player 3	15						15
Player 4		22					22
Player 5						30	30
Player 6			30	45	30	30	135
Player 7			15	45	30		90
<b>Total Bandwidth</b>	<b>15</b>	<b>22</b>	<b>70</b>	<b>150</b>	<b>120</b>	<b>60</b>	<b>437</b>

- The Ministry of Communication and Information (MCI) held the first **2.3 GHz frequency band auction in November 2020**, with three winners. 2.3 GHz is suitable for both 4G and 5G network.
- However, MCI later called off the auction and **the reauction took place in April 2021**. This time with only two winners, including Bilakom.
- Many vendors are active in the Indonesian network infrastructure market, including Huawei, ZTE, Ericsson, and Nokia.

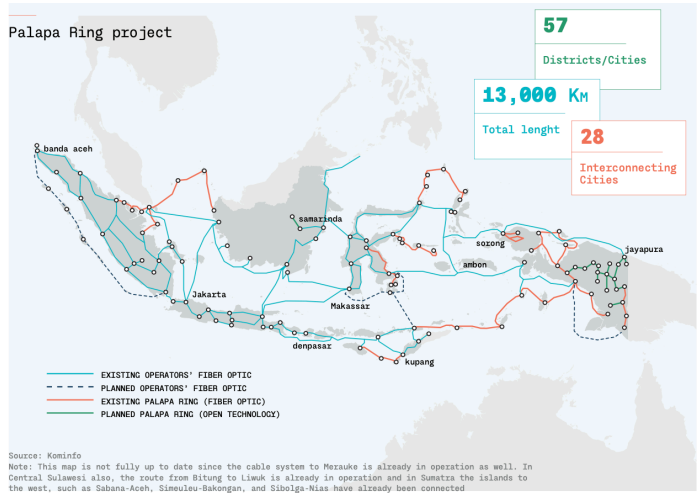


# Indonesia Faces High Infrastructural Limitations Putting at Risk its Country-Wide 5G Deployment

The digital market is growing at a fast pace, however **geographical infrastructural disparity** between islands such as Java and Bali and the rest of Indonesia poses a major challenge for further development within the telecommunications sector across Indonesia. Indonesia's complex geographical situation with many islands and rural regions impedes development. **Connectivity remains highly concentrated in the Western part of the archipelago.** Over 3,000 rural villages and townships remain unserved by any operator as of January 2022.

Many places across Indonesia also lack infrastructure, facing **severe spectrum shortages for 5G technology** and a **lack of policy and regulation**, ultimately leading to high subscription prices and high transaction costs. Mobile **broadband speed** remains problematic with 21.4 Mbps mobile broadband download speed in July 2021, ranking the country 110th among 139 countries in Ookla's speedtest.

Much of ICT infrastructure is built by providers, hence the distribution reflects the market dominance of the three major players. **The Omnibus law is one of the initiatives of the government that aim to develop telecommunications across the entirety of the country.** This law reforms the business licensing regime and provides an opportunity for foreign investors to invest in 5G infrastructure-related activities. In the telecom sector in particular, this law encourages the sharing of passive telecoms infrastructure and highlights a greater role for the central and local governments to participate in the development of infrastructure.



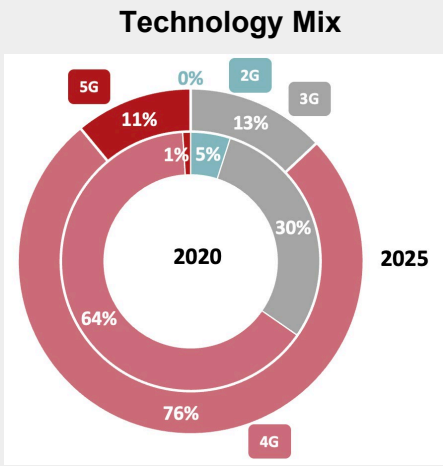
Under the Omnibus law, telecom operators are now allowed to cooperate in **spectrum sharing** for new technologies, and to **transfer spectrum rights** to each other. The omnibus law also sped up the analog switch-off by setting an end date of November 2022 and requires businesses that own passive telecommunication infrastructure to give telecom operators access for the utilization of such infrastructure.

Nearly 500,000 Base Transceiver Stations (BTS) have been installed in regions that have not received cellular telecom services. Indonesia's tower industry is fast consolidating into an oligopoly with three large tower companies: Protelindo controls about 30% of the telecom tower market in Southeast Asia's largest economy, followed by Mitratel at 24-25% and a third tower company, Tower Bersama Infrastructure, at approximately 20%.

# Indonesian Telcos Experience Increasing Subscribers but Face Diminishing Profit Margins

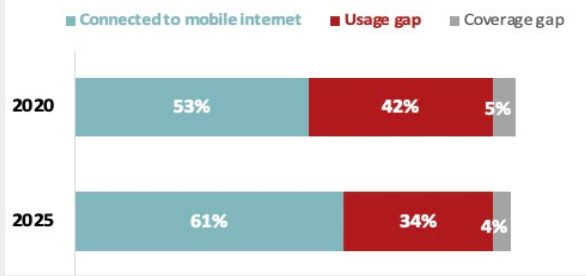
With approximately 355 million mobile cellular subscription as of 2020, Indonesia is ranked as the third largest cellular market in the world only behind India and China. The Indonesian cellular phone market is **facing sharp competition with diminishing profit margins.**

However, the country's telecommunications industry retains lucrative prospects for growth in data and value-added services. Prepaid wireless subscriptions account for 97% of subscribers, making it relatively easy for customers to switch providers.



**Connections Penetration** (Connections are unique users who have used internet services on their mobile device) **2020 100%** → **2025 107%**

**Subscriber Penetration** (Subscribers are unique SIM cards). **2020 66%** → **2025 69%**



The COVID-19 pandemic has contributed to **significant increases in internet penetration and the use of digital platforms.** As of 2020, the internet penetration rate was reported at 69%, and in 2022 at approximately 74%. A similar increase can be seen for mobile connections, increasing by 1.2% between January 2020 and January 2021 and 3.6% between January 2021 and January 2022, with an expected 107% by 2025.

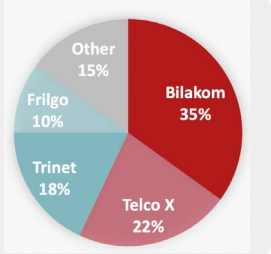
Nonetheless, **connecting people is not just about network coverage. Internet must be affordable as well.** Indonesia ranked 61st out of 100 countries analyzed by the Economist Intelligence Unit's annual Inclusive Internet Index in 2020 but had come a significant way in the 2-years since the start of the pandemic, ranking 46th in the 2022 Index edition. Compared with its regional peers, Indonesia outperforms Cambodia and the Philippines but lags Thailand, Singapore, Malaysia, and Vietnam in terms of overall internet affordability. The price of mobile prepaid data in Indonesia—1GB at an average of 0.95 percent of GNI per capita—is lower than the ASEAN average of 1.4 percent and the global average of 5.5 percent. On the other hand, fixed broadband subscriptions are prohibitively costly for many.

# Indonesia's Telecom Industry Contains 4 Key Players Making Up Most of the Market

The telecom sector in Indonesia faces high levels of competition and has experienced much **M&A activity**, with 7 players having been consolidated to 4 main players in recent years. **Competitive advantages** in the sector are on derived from high levels of innovation and low price points. **Value drivers** for telecom providers include expanded coverage, greater affordability, service improvements, and increased data usage and smartphone penetration. All four key players have rolled out 5G services in 2021. Telco players in Indonesia face **risks** such as adverse macroeconomic trends after the pandemic, asymmetrical regulation, irrational competition, and difficulties in securing new subscribers without the necessary network expansion, among others.

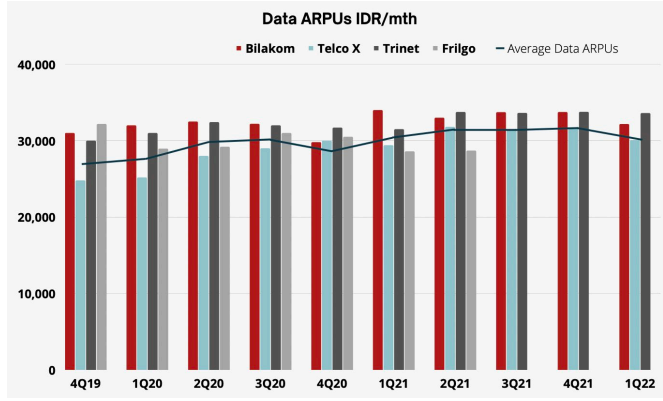
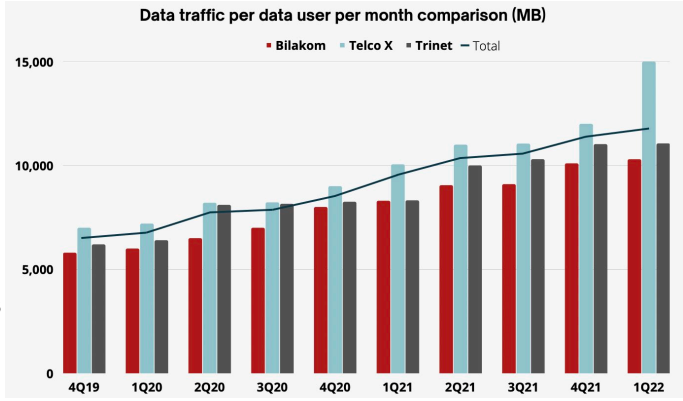
The **four key players** are

- **Bilakom**, with ~35% market share. Bilakom is a **majority state-owned company**.
- **Telco X** with approximately 22% market share. Formerly a state-owned company, the government currently holds less than 20% of its shares.
- **Trinet**, privately held, with ~18% market share.
- **Frilgo**, with 10% market share.



Major telco operators record **increased data traffic per user and increased data spending per user (ARPU = average revenue per user)**.

Based on these trend, **Bilakom has raised prices** across several data packages throughout the past years.



# Bilakom: the Biggest Telecom Player in Indonesia with ~35% Market Share

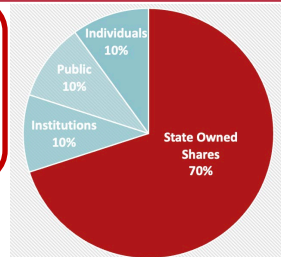
## SNAPSHOT

Bilakom was founded in the 90's and has been **one of the key players** in the Indonesia telecommunications space throughout the past 2 decades. Bilakom has **expanded into digital services**, including financial services, gaming, and digital advertising services since 2010. The company was among the first operators in Indonesia to roll out 4G and 5G. It has a proven ability to operate its assets and **master its B2B and B2C customer relationships**



## OWNERSHIP

The **majority of shares of Bilakom are held by the state (~70%)**, with the rest of its shares being held by individuals, public, and institutions.



## NEXT STEPS

Bilakom is planning to

- Further **foster innovation** through efforts and new partnerships in areas such as education tech, fintech, and AI.
- **Scale up its 5G coverage**
- Expand its relentless efforts to better serve its customers

## RESULTS (2021)



**Total customer base exceeds 150 million**, including 110 million data users, representing an **increase of 6%** from 2020.

**Sales revenues amount to 1 trillion USD**, indicating a recovery toward pre-COVID levels, with an EBITDA margin of ~50% and a net income margin of 25%. Total assets approximate 1.25 trillion, a small decline since 2020.



Management attributes its strong financial and operational results to the **enhanced capability of its digital business and the solid growth of its BTS network**, capturing and connecting an increasing share of the population.

# Trinet: an Increasingly Successful Telecom Player in Indonesia with ~18% Market Share

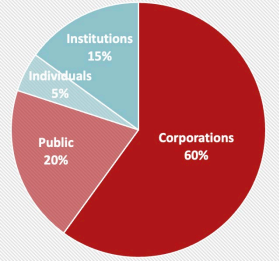
## SNAPSHOT

Trinet was founded in the 80's, was the first private mobile service operator, and has performed consistently in the Indonesia telecommunications space since. The company offers **various services beyond its telecom and network services, including digital banking services and gaming**. Trinet is very **customer-focused** and prides itself in having transformed its business model to better serve its customers continuously.



## OWNERSHIP

The majority of shares of Trinet are held by a corporation (~60%), with the rest of its shares being held by individuals, public, and institutions.



## NEXT STEPS

- Trinet is planning to
- **Further expand its 5G roll-out**, focusing on building the supporting ecosystems and expand coverage across the country
  - **Transform its business model to better serve its customers**
  - **Partner with international companies** to expand digital offerings

## RESULTS (2021)



Total customer base remains relatively constant at approximately 60 million.

Revenues amount to half a trillion USD, with data services contributing 90% of its service revenues. Their **EBITDA margin grew** considerably to 45%. Trinet was able to **decrease its operating expenses** by ~10%



Management explains its financial and operational results to their **focus on digitization as a point of differentiation** hand in hand with launching products to better serve its customers. They are optimistic about the future.

# Frilgo: a Recently Founded, No-Frills Telecom Player in Indonesia with ~10% Market Share

## SNAPSHOT

Frilgo was founded in 2015 and has quickly captured market share in the Indonesian telecommunications sector. Frilgo has attracted customers through **transparent and flexible product bundles at low price point**. The company has a **no-frills approach** and is **expanding at a quick rate** across Indonesia. It is investing much in branding, **automation, and self-service tools**. Frilgo is considered a disruptor with quick growth potential for its good-enough value-focused services.



## OWNERSHIP

The majority of shares of Frilgo are **privately held**.

## NEXT STEPS

Frilgo is planning to

- **Expand its operations within Indonesia and penetrate other ASEAN countries**
- Start **bundling third-party services with its core offerings**
- Attract new market segments by **competing on price point**

## RESULTS (2021)



**Total customer base exceeds 40 million, all of them data users**, representing an increase of 10% from 2020.

Sales revenues amount to 0.3 trillion USD.



Management attributes its strong growth results to its **no-frills approach, providing good enough data speed coverage** with a narrow focus on entering the **low-price segment of broadband subscriptions**

# Telco X: the Second Biggest Telecom Player in Indonesia with ~22% Market Share

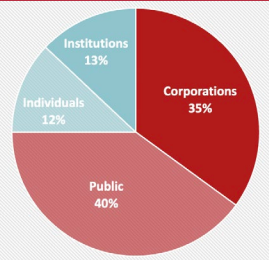
## SNAPSHOT

Telco X started operating at the start of the 80s. Telco X was **formerly owned by the Indonesian government**; however, government shares have been divested throughout the past 3 decades. From 2010 until present, Telco X has **expanded its digital services**, focusing on scalable digital platforms in, among others, mobile financing advertising and e-commerce.



## OWNERSHIP

The shares of Telco X are held mainly by **both corporations (~35%) and public (~40%)**. The rest of its shares are being held by individuals and institutions.



## NEXT STEPS

Telco X is planning to **explore ways to combat the operational and financial challenges** the company is facing.

## RESULTS (2021)



**Total customer base exceeds 85 million**, representing a **3% decrease** from 2020.

**Sales revenues amount to 0.65 trillion**, a slight **decrease** from Telco X's 2020 revenue.



Telco X is experiencing **slowing sales growth**, a continuously **decreasing core net profit margin**, and a **decrease in market share**. Management assumes a contributing factor is slowing innovation and suspects it might be falling behind in the 5G roll-out.



## INCLUDE A SLIDE DIVING DEEPER INTO TELCO X (implement Bill's ideas)

More info on why Telco X is experiencing stagnating growth and losing market share

Access to Capital, COVID impact on revenues, less cash on balance sheet to fund growth...

Add fictional timeline on Telco X?

Provide some financial statements that indicate the various drivers of slowing growth

### Bill:

3. One area I think we could briefly introduce is the capital markets. We're talking about a company that has stagnating growth – but there are potentially many impediments driving that; you laid out many in your presentation. It may be worth providing some context re: access to capital. Perhaps COVID has impacted revenues and therefore Telco X currently doesn't have the cash on balance sheet to fund growth, whether organic or inorganic. So how should Telco X think about acquiring this capital?
  - a. Debt – could drive interesting discussion re: rising interest rates globally
  - b. Equity – the equity markets have been very jittery and therefore Telco X will have to think critically about the narrative they craft for investor ROE if they hope to obtain the price they're looking for
  - c. Other – there's a large focus on global infrastructure related funding. For example, the G7 recently announced a US \$600bn global infrastructure plan (<https://www.npr.org/2022/06/26/1107701371/biden-announced-a-600-billion-global-infrastructure-program-to-counter-chinas-cl>)



## Challenge & Opportunity for Telco X

***Telco X* is experiencing slowing sales growth, is struggling with innovation, and is facing a government that is meddling in the roll-out of 5G. Telco X is losing market share to its competitors.**

### **What should be its turnaround strategy to address this situation?**

- What actions should Telco X consider to address the loss of market share, both in the short and long term?
- What changes or expansions should Telco X make to its current business model?
- How should Telco X further prepare itself for challenges concerning its 5G rollout?

Thank you!



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