Bharti Airtel One Rupee Mobile Video Service

Compelling content at affordable prices.

EXECUTIVE SUMMARY

Customer Name: Bharti Airtel

Industry: Telecommunications

Location: India

Number of Customers: 190 million subscribers in India; over 8 million in South Asia and over 66 million in Africa

BUSINESS CHALLENGES

- Compelling mobile video content offering at affordable rates
- Expanding addressable market for data consumption

NETWORK SOLUTION

- One Rupee Mobile Video Service provides first-time users access to mobile video at reasonable rates
- One Rupee expanded entertainment service delivers premium content, social networking, and information services to over 5500 device types including feature phones

BUSINESS RESULTS

- 10 million subscribers in first five months of service
- Strong pipeline of demand for mobile data
- ARPU boost in large part due to increased data consumption

Overview

Airtel's One Rupee is the first service in India to offer a range of compelling video content to mobile users at an affordable price. One Rupee is popular with new users accessing mobile video for the first time, and with existing subscribers looking to upgrade to higher-value data access bundles and other premium services.

Service Innovation

Airtel's One Rupee service launched in April 2013 as a mobile video download service. The One Rupee video service offers affordable videos across eight different genres (movies, comedy, music, sporting events clips, etc.). No fixed length is set for videos, but most are around three minutes.

- Each video costs INR 1 (US$0.016) per download.
- Catalog includes over 30,000 videos accessible by more than 500 devices capable of playing video over 2G and 3G networks.
- Three download options include:
  - Interactive voice response (IVR): subscribers dial a toll-free short code, choose the video, then receive a link in their SMS inbox to activate the video download.
  - Subscribers dial a short code to receive a link that will direct them to a video portal from which they choose their download.
  - Web browser access; browsing is free for customers.

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One Rupee expanded in August 2013 to become a full-service entertainment offering.

- Over 300,000 songs, videos, games, and photos available in several languages.
- Premium content packs available at an extra cost.
- Accessible by more than 5500 devices (video capable and non-capable) including feature phones.
- One-day custom mobile Internet packs for access to Facebook, Twitter, Yahoo! mail, and LinkedIn; 3 MB bundles and additional data consumption charged at standard tariffs.
- News updates from over 60 newspapers in 11 regional languages.

Opportunities

The biggest opportunity for Airtel is creating a strong pipeline of demand for mobile data, both from existing customers and new users to the mobile Internet. The One Rupee service addresses the end-user affordability issue while readying mobile Internet users for sustained data consumption necessary for Airtel's business growth.

Another opportunity is the increasing availability of affordable smartphones in India. As users upgrade from feature phones, they are becoming increasingly aware of the capabilities of their new devices, and with the One Rupee service, entry barriers to using mobile video are negligible.

> "We believe this is a very big strategic initiative to draw a lot of consumers to call into this number and over a period of time to start growing our VAS revenues."
> **— Gopal Vittal, CEO, Bharti Airtel**

Challenges

The biggest challenge that Airtel faces is accelerating the growth of the mobile Internet in India. In addition, despite heavy investments in 3G and significant marketing, Airtel and other Indian mobile operators have struggled to expand the addressable market for data consumption, which has been slowed by a lack of service offerings with an appealing mix of content at affordable rates. Operators also have significantly reduced and reengineered data tariffs in an effort to stimulate mobile data usage.

On the competitive front, Indian mobile operator Reliance Communications recently launched its own One Rupee type mobile video service. Given the highly competitive nature of the Indian market, other providers are also expected to launch similar mobile video offerings.

> "One Rupee attempts to make mobile video easily understandable to the Next Billion segment."
> **— Nickhil Jakatdar, CEO, Vuclip**

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Strategic Partnerships

Airtel partners with Vuclip, a provider of mobile video streaming solutions, to enable the mobile video functionality of the One Rupee service. Vuclip's technology uniquely addresses the problem of device fragmentation in emerging markets such as India, where the bulk of users are prepaid and use low-cost feature phones.

VuClip's core technology strength is its ability to efficiently transcode video streams in real time to multiple device screen formats. Vuclip also uses adaptive streaming techniques for efficient video delivery, enabling a compelling user experience.

Monetization

The business model for the One Rupee service is based on a revenue share of transactions between Airtel and Vuclip. The revenue share model is between 40 and 70 percent, depending on the market. Airtel charges INR 1 (US$0.016) per video download. Certain premium services involve a higher charge. Users are charged a daily, weekly, or monthly fee that is deducted through their telco billing. A new end-user device is not required for the One Rupee service because subscribers can use their existing devices in nearly all cases.

Success Metrics

According to Airtel, over 10 million users subscribed to the One Rupee video service in the first five months of the service. In the September 2013 quarter, Airtel announced an ARPU boost of INR15 (US$0.024) attributable in large part to increased data consumption.

For More Information

To find out more about the Bharti Airtel One Rupee Mobile Video Service, go to http://v.airtellive.com/.

Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
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