

Telenor Grameenphone WowBox

Over the Top Internet Services



EXECUTIVE SUMMARY

COMPANY OVERVIEW

- **Customer Name:** Telenor, Grameenphone
- **Industry:** Telecommunications
- **Location:** Bangladesh, Southeast Asia

BUSINESS CHALLENGE/OPPORTUNITY

- Deliver a unique application that transitions the market to using data services and to increasing smartphone adoption, while providing users engaging content that doesn't deplete their data limits.

NETWORK SOLUTION

- The WowBox services are provided by an application built on a platform that has been developed by Telenor Digital.

BUSINESS RESULTS

- WowBox is evolving into an important prepaid distribution channel with users purchasing various data packs directly from the application. The application crossed the company's 2015 unique user target and was responsible for the sale of 85,000 data packs per day.

Overview

With the opportunity created by increased smartphone adoption, Telenor and Grameenphone are looking to quickly transition the market to using mobile data services through the WowBox lifestyle application. WowBox offers news, sports results, games, music, and lifestyle and partner offers without the customer using up their data limits.

Service Innovation

WowBox is an Android-based application providing free, zero-rated services to Grameenphone customers. Users get access to services, such as curated news stories, movie reviews, games, music with three new songs added to the library daily, social networks, contests, etc. It provides a platform by which local brands can engage with Grameenphone customers through the application with offers and discounts targeted to them. In addition to the zero-rated content, users also get 20 MB of data per week free of charge. WowBox is part of Telenor's Internet for All initiative and looks to convert

nondata users by providing them with a compelling Internet "lite" experience (download speeds of up to 1 Mbps).

WowBox provides Grameenphone with an innovative, fresh way to interact with customers through a new and direct digital channel. This channel is a major opportunity because smartphone penetration in Bangladesh broke the 10 percent mark in 2015, with accelerating growth expected in 2016.

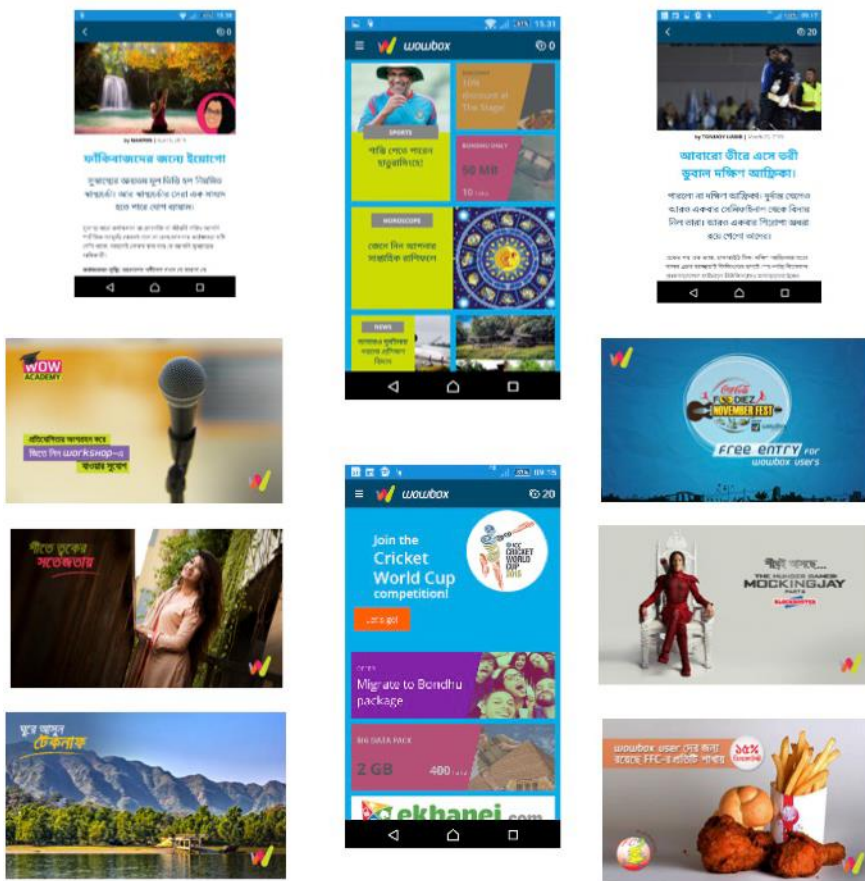
Prior to WowBox, Grameenphone's direct interaction with customers had been an analog experience, either through short messaging services (SMS) or unstructured supplementary service data (USSD), or through its physical retailers and distribution channels. WowBox breaks new ground by bringing a digital aspect to this conversation, adding another dimension to its customer relationship management and its marketing efforts.

It was launched in Bangladesh in May 2015, initially as a preloaded application on a low-cost Firefox operating system smartphone, manufactured by local original equipment manufacturer (OEM) Symphony.

The rise in Android's popularity in Bangladesh has seen the operator subsequently roll out WowBox on Android devices to address most smartphone users.

Users that purchase data plans or partner offers can receive tokens that can be accumulated and exchanged for more data packs, which encourage increased use of "open" Internet services and enhance product perception and operator branding.

Figure 1. WowBox Content and Offers



Source: WowBox

Opportunities

The WowBox business model is two-sided, providing opportunities from advertising and driving data use. WowBox provides an effective way for operators Telenor and Grameenphone to introduce mobile data services to new smartphone users unaccustomed to consuming and paying for mobile content. This new form of acquiring content is a key concern because mobile broadband connections are projected to scale from 13 percent at the end of 2015 to more than 70 percent by 2020. By providing data bonuses and discounts, WowBox also encourages content discovery for both new and savvy smartphone users. Service differentiation is enhanced and reduces churn risk, which is especially high among price-sensitive prepaid users, who make up the large majority of users.

WowBox is a prominent online channel for advertising partners and for Grameenphone itself. Key advertising partners range from local restaurant chains and movie theaters to multinational brands, such as Pepsi and Coca-Cola.

Telenor is now looking to rollout WowBox at similar operators in its portfolio. This expansion includes countries such as Pakistan and Myanmar, both of which are frontier markets experiencing exponential growth in smartphone users. The platform continues to be enhanced, and Telenor Digital is extending capabilities with stronger analytics features to enable better content personalization and targeted offers.

“WowBox has now become an important channel for Grameenphone, reaching out to a relevant base of their prepaid customers on Android Smartphones. WowBox allows us to present new offers directly to our customers, which also makes it a very valuable marketing tool for us.”

— Yasir Azman, Chief Marketing Officer, WowBox, Telenor

Challenges

Grameenphone faces a combination of problems common amongst developing market operators:

- High prepaid penetration and multi-SIM user dynamics resulting in high churn
- Low smartphone base—less than 10 percent of the population owns a 3G device, let alone a smartphone
- Low average revenue per unit (ARPU)—currently under US\$2.00
- User base unfamiliar with accessing and paying for mobile data services
- Small developer ecosystem, limited relevant content, low Internet penetration

With two-thirds of the population under 30-years-old, the potential for mobile data usage growth is high. However, at this early stage, smartphone and Internet penetration must first reach critical mass. At this writing, Ovum estimates the country's smartphone penetration to be a more than 10percent, but it will grow to more than 50 percent by 2020. User expectations and their education must be managed around zero-rated content and data bonuses to assure positive first impressions among new users.

Strategic Partnerships

Grameenphone's owner Telenor developed the WowBox application through its entrepreneurial technology community, Telenor Digital. The app was originally developed in cooperation with Mozilla and Symphony to provide Bangladeshis with an affordable and locally relevant experience. This has been a key area of focus because the Internet is still viewed by many people in Bangladesh as an elite service intended for wealthy subscribers.

Lower smartphone prices coupled with strong domestic growth of the Android platform led to the launch of the app on Google Play. Content is provided by the local digital marketing firm Magnito. Local advertisers are key partners, which helps provide more robust content through offers and discounts. Coca-Cola, Foodiez, Winterfest, Blockbuster Cinema, and Fortuna Fried Chicken are recent advertising partners.

Figure 2. Grameenphone's Strategic Partners

Partner	Function
Telenor Digital	Developer
Android; Firefox	OS Platforms
Symphony	Local sub-\$100 smartphone OEM Firefox and Android OS phones preloaded with WowBox
Magnito	Content partner
Local advertisers	Special offers

Monetization

The WowBox revenue model is simple. Grameenphone generates turnover through WowBox through:

- Advertising revenues from its local partners
- Sales of data and SMS products

Going forward, Telenor plans to use analytics to enhance the personalization and targeting capabilities of WowBox, which will in turn increase the appeal of WowBox to advertisers. The operator is not just looking at WowBox to directly drive revenues, but also as a way to introduce new users to data services and engage more deeply with savvy users. By controlling some of the real estate on the device, the operator can use a direct channel with customers to help enhance the experience, manage the relationship, and, ultimately, accelerate data usage to reach levels of those of Grameenphone's regional peers.

Success Metrics

WowBox was launched in May 2015 and by September of that year had reached 1.5 million users. The initial adoption target of 1 million users by the end of 2015 was surpassed months before the target date. Six months after the Android launch, WowBox enjoyed 600,000 unique, weekly users and sells approximately 85,000 data packs per day, with 20 percent of daily users purchasing a data pack each day. The 50 MB data and 1-day Facebook pack are the most popular data packs. Monetization is occurring through sales of data packs and partnerships with local advertisers, though the company has not made public revenue targets at this stage.

The priorities are as follows:

- Scaling the service to materially impact mobile churn through positive engagement and make the platform more attractive to large brands looking to market to the masses
- Continuing to explore the platform's capabilities as a direct mobile customer engagement tool

“Through WowBox, Grameenphone can offer a controlled real estate on the device interface, which provides a unique opportunity to manage the customer relationship directly.”

— Holger Hussman, Head of WowBox/Telenor Group, WowBox, Telenor

For More Information

For more information about Telenor, visit www.telenor.com.



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