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CASE CLUB

# CASE SIMULATION

## Case question:

Our client is a mobile network operator in the USA. It has recently been suffering from high costs driven by increasing data usage, and this has led to a fall in profit. They want to explore options for increasing their revenue.

## Key questions

What are the drivers of revenue for a mobile network operator and what improvement levers do we have?

Beyond the commodity business of transmitting data, in what other ways could a network operator generate revenue from the growth in the mobile internet?

A quantitative assessment of whether it would be better to charge customers per Mb of data usage rather than a fixed fee, and a qualitative view on whether it is a good idea or not.

- Pricing models

## Useful information

### □ 15 millions users

- 10% use 1GB
- 40% use 100Mb
- 40% use 10Mb
- 10% do not use data package

### □ Pricing strategy

- Current: \$5 per month as a fixed price
- Proposed: \$0.05 per Mb

**Case time**

## Key questions:

What are the drivers of revenue for a mobile network operator and what improvement levers do we have?

- Number of devices
- Usage

Beyond the commodity business of transmitting data, in what other ways could a network operator generate revenue from the growth in the mobile internet?

- Create content and charge customers for that
- Charge for hosting content, i.e. a web portal where content owners pay for their content to be included
- Introduce advertising to the network

A quantitative assessment of whether it would be better to charge customers per Mb of data usage rather than a fixed fee, and a qualitative view on whether it is a good idea or not.

- Pricing models