

# How to Expedite Market Growth with Entry Terminals and Solutions

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Mobile Entry Products

Nokia Mobile Phones

Nokia Capital Market Days 2003

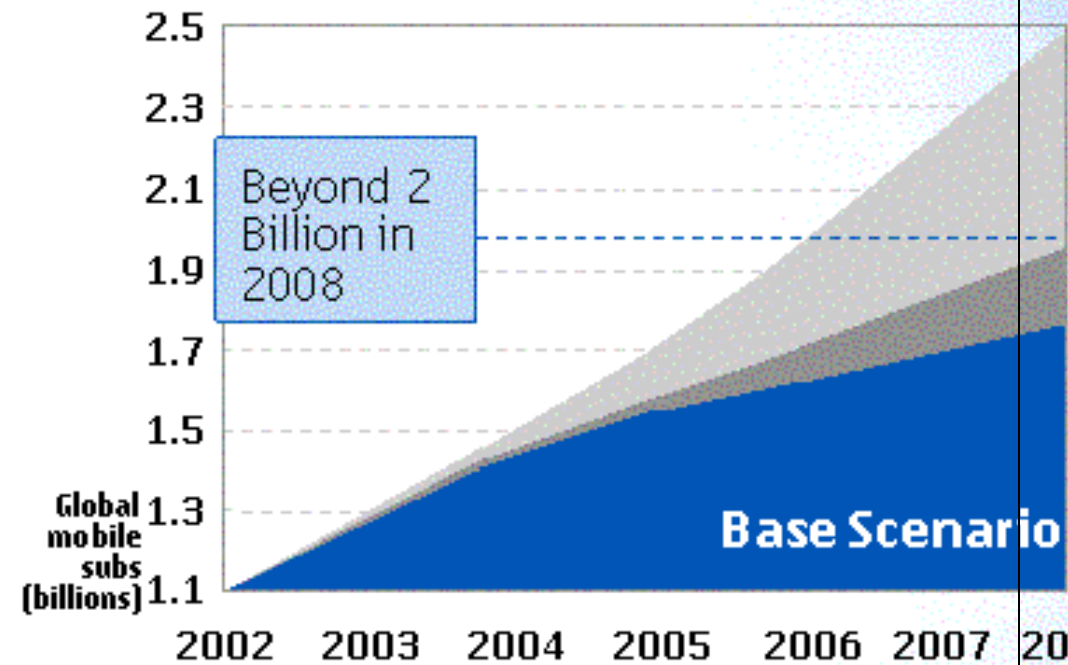
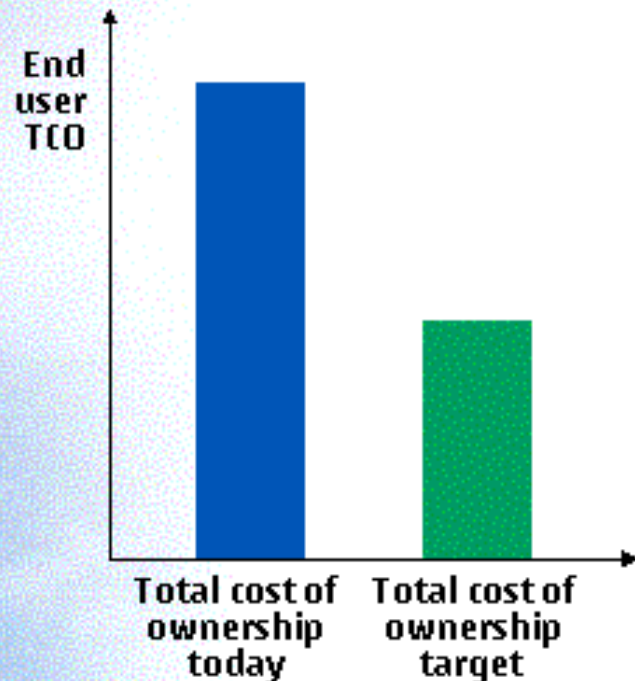
# Outline

- Market Opportunity
- Key Growth Enablers
- Nokia's Strategy

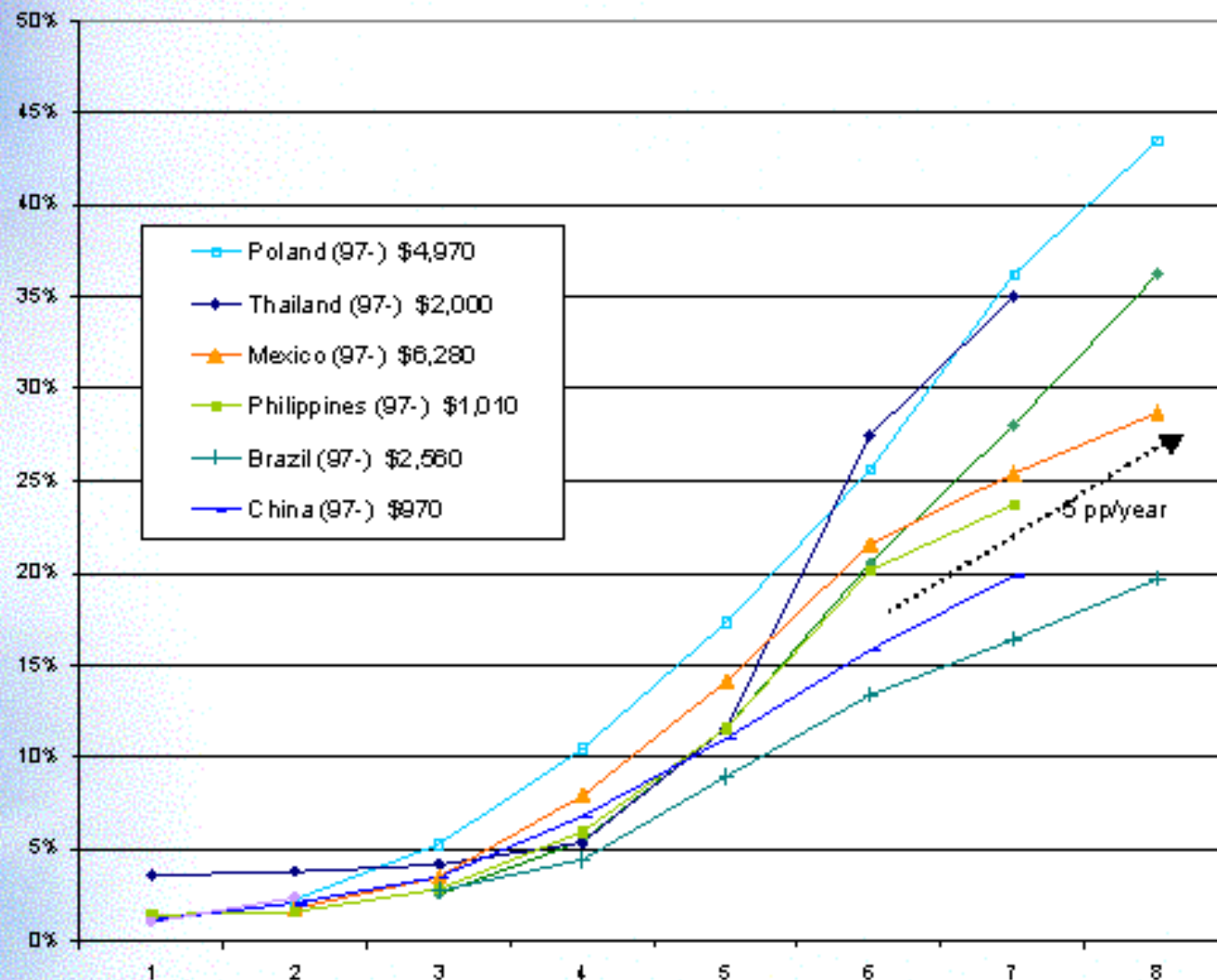


# Opportunity to Double the Global Penetration by Halving End User Total Cost of Ownership

- Growth is driven by lower Total Cost of Ownership (TCO)
- Halving TCO could double the penetration (18% to 36%)

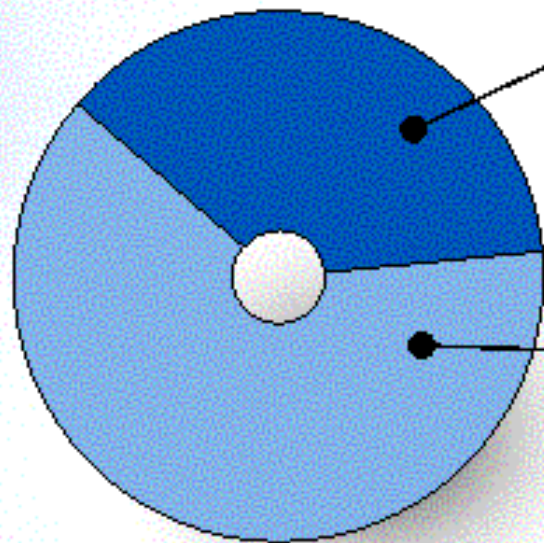


# Large Markets Experiencing Rapid Growth



- Over 75 % of global new user growth in 2002 from low penetration markets
- Top 10 markets accounted close to 60% of the growth

# End-user Perspective of Affordability



## Handset cost = price of terminal

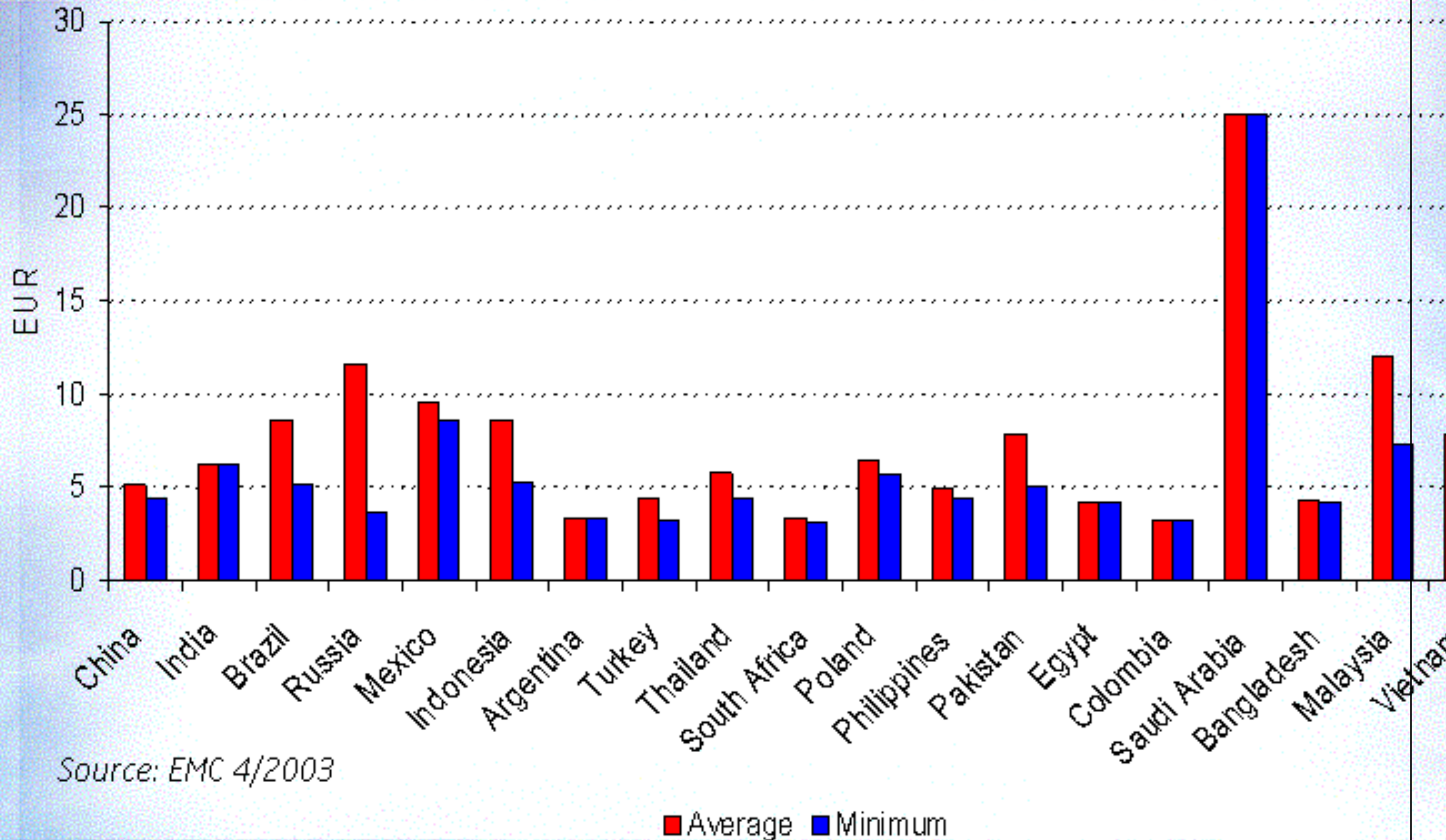
- Functionality, manufacturing, distribution and logistics costs, taxes, customs

## Service cost = cost of air-time + monthly fees

- Driven by operator's business case and service strategy
- OPEX, CAPEX, taxes, profits

The cost level seen by an end-user is influenced by the decisions and actions of service providers, government and equipment providers.

# Lowest Monthly Top Up Costs in Many Markets Below 5 €



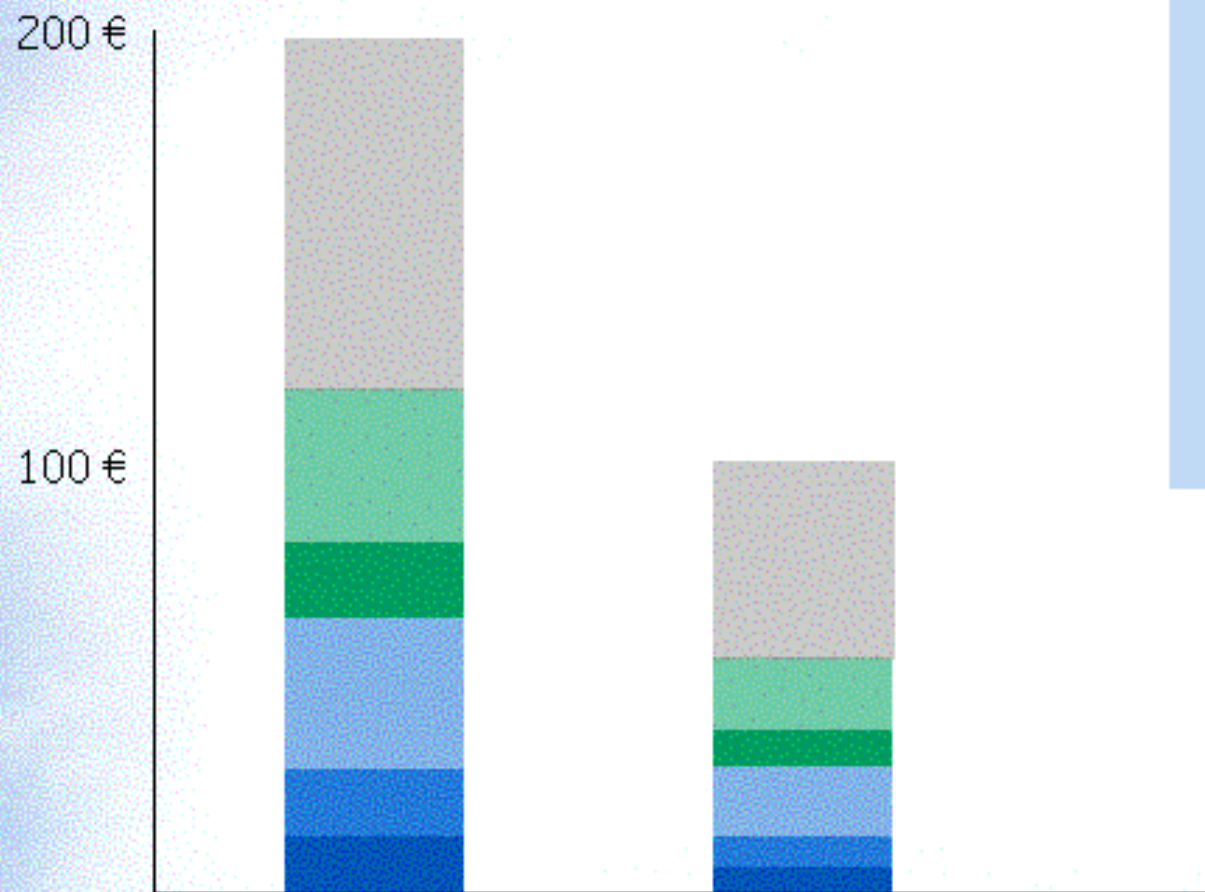
Source: EMC 4/2003

■ Average ■ Minimum

# Nokia Mission for Mobile Entry Products and Solutions

- Drive voice totally wireless
- Expand the mobile market by addressing new cost sensitive mobile user segments with an end-to-end offering
- Create innovative solutions enabling the lowest total cost of ownership for the mobile user

# Drive Down Total Cost of Ownership to Attract New User Segments



- Ensure affordable and attractive terminal and service offerings in key growth markets
- Focus on GSM as the most cost-effective end to end platform

- Terminal cost to end user
- Profit before taxes
- Subscriber acquisition
- Service OPEX
- Network OPEX
- Network CAPEX depreciation

# Mobile Entry Products Approach



- **Range of terminals optimized for entry level users**
  - Affordability
  - Ease of use
  - Voice and messaging
  - Visual attraction
- **Innovative new product concepts and applications**
  - Applications enabling lower cost of usage
  - Services providing good value
  - New concepts enabling differentiated operator business modes



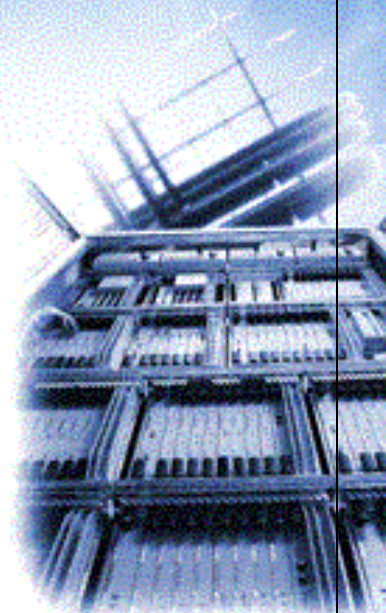
# Network Solutions Approach

## Strategic intent:

- To establish the market for the next 1 billion mobile subscribers, with solutions that enable profitable business for mobile operators

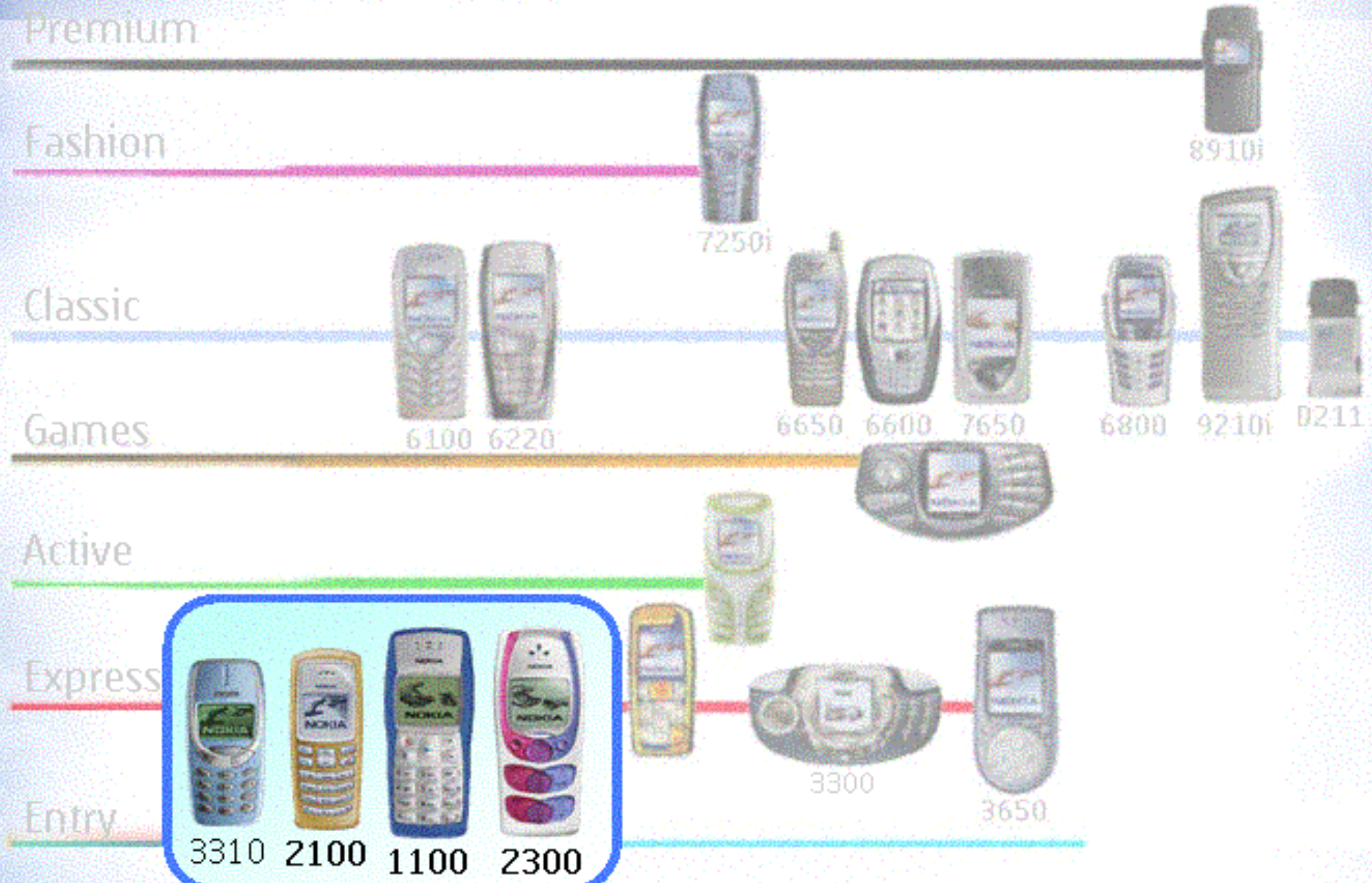
## Key strategies:

- Working together with operators and local partners to build low-ARPU operator business cases
- Driving the total cost of ownership down by cost-focused product and services development programs
- Offering a total end-to-end product and service solution



# Use of Entry Terminals to Expand the Market

# Different design for different needs



Entry category

# Nokia 1100 – work smarter



## Product Positioning

- “Reliable & robust Nokia phone for staying connected with work & family”
- “Facilitates my quest for income enhancement.”



# Nokia 2300 – Full of friends



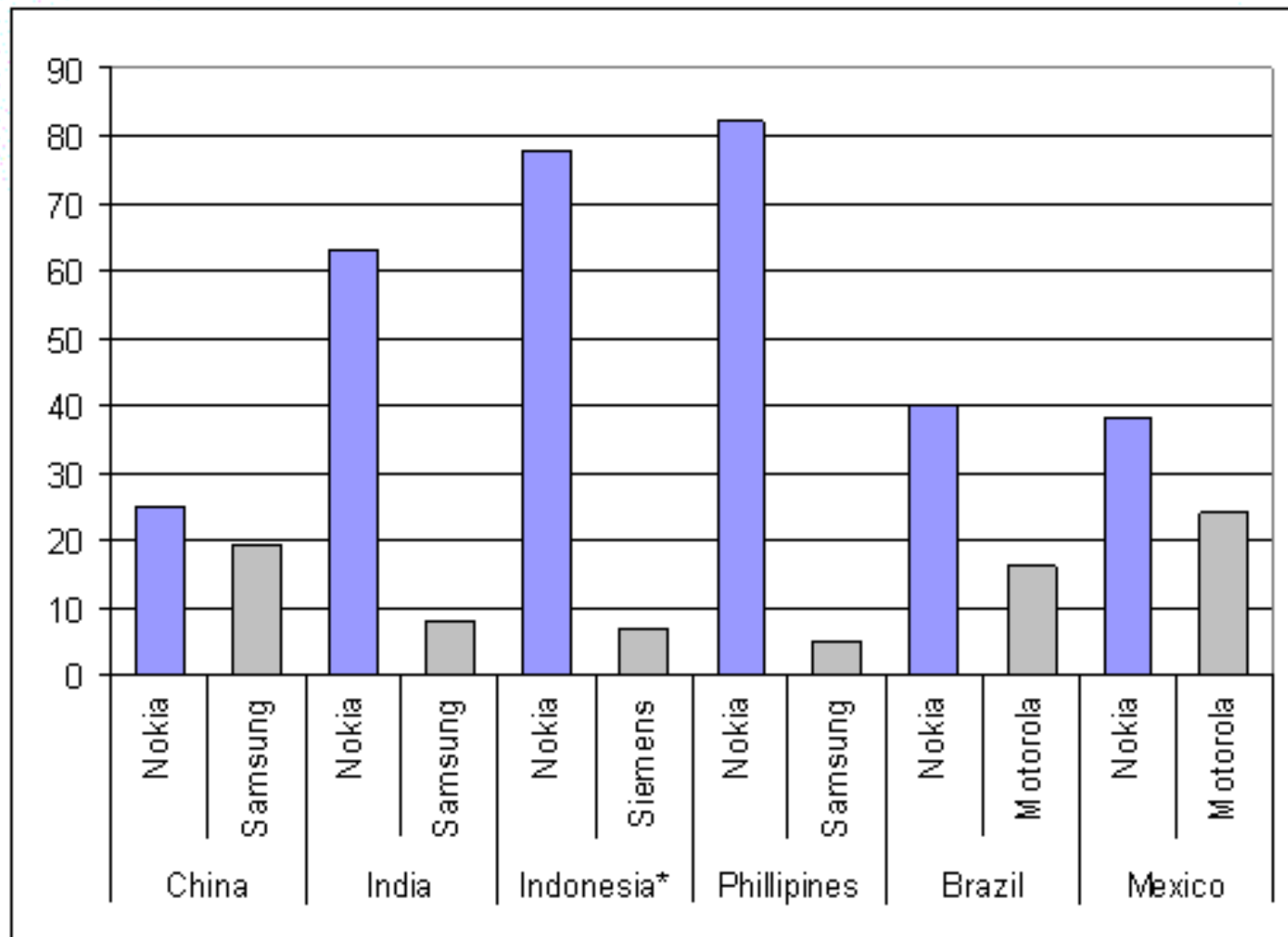
## Product Positioning

- “With Nokia 2300 I'm close to my friends and fun”
- Targeted to trend conscious, sociable first time users



# Nokia Most Preferred Brand in All Growth Markets

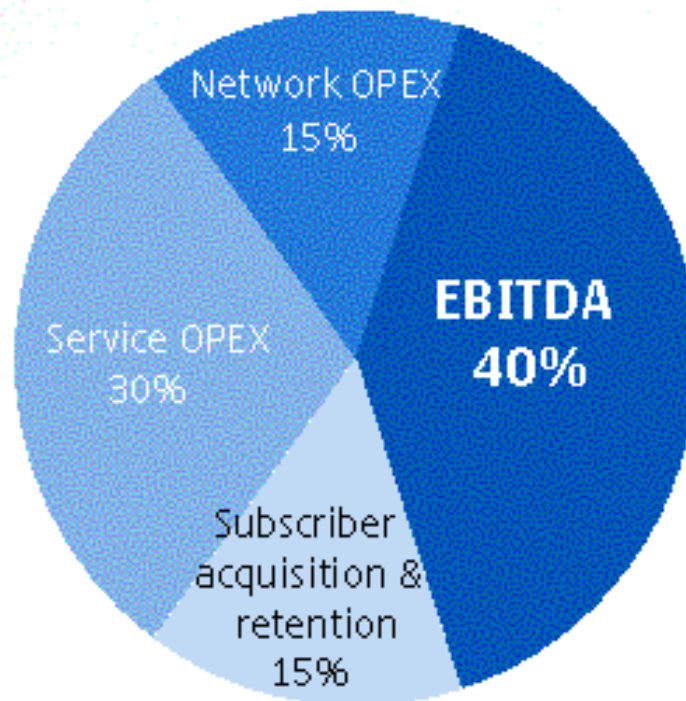
*Nokia vs. #2 in Brand Preference*



# How to Enable Operators Profitable Growth Through Low ARPU Segment



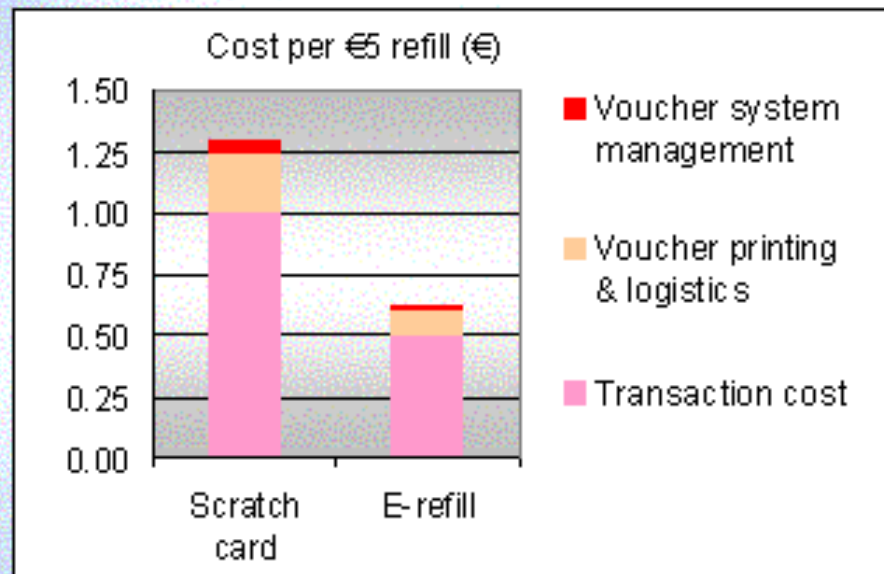
# Target Setting for Entry Prepaid Segment



## Entry business...

- is profitable
- is a significant upside
- calls for new business models

# E-refill reduces cost and increases flexibility



## Cost savings

- Less management
- Voucher printing
- Lower commissions (dealers get more volume in return)

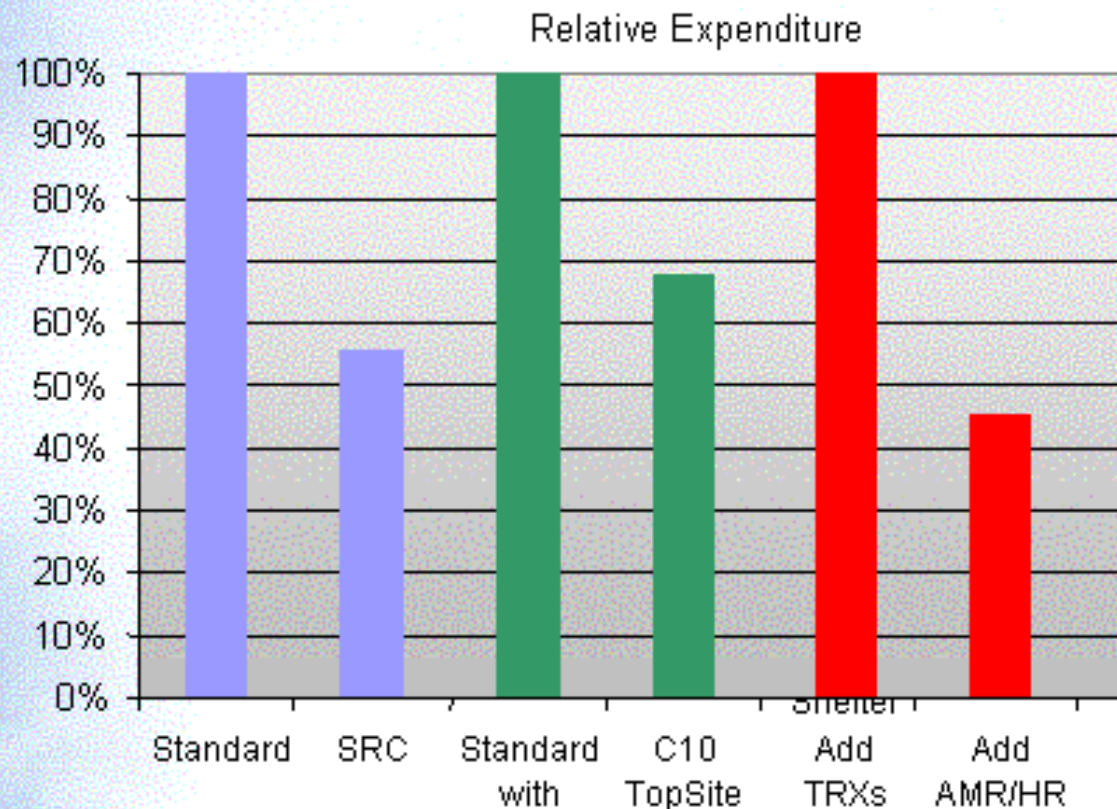
## More affordable

- Low cost per refill allows low denominations
- Low denominations allow for better mass market adoption

## Increased reach

- Flexibility in dealer selection: Anyone can become one
- Better reach to remote locations
- Vouchers from every corner shop

# Reduced Network Expenditure with Optimised Solutions



- Operators can save 30-50% in network investments, where the solutions are applicable

# How to Get Beyond 2 Billion Mobile Subscribers

## Essential requirements:

- Favourable regulatory and competitive environment
- Operator dedication and innovations to implement low cost business models
- Reduced cost of ownership to the end-user

**Tremendous growth opportunity for the industry and the end-users**



**NOKIA**  
CONNECTING PEOPLE