



ZONE MOBILE

Retaining Customers



By Offering Mobile



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Why Wireless? Why Now?

- #1 Competitive threat to landlines and usage
- New revenue and profit center
- Retention tool
- Shift in Average Revenue Per User (ARPU) is to wireless
- Next element in triple or quad play



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#1 Threat to Landlines

- There are 255 million wireless U.S. subscribers
- Wireless has penetrated more than 89 percent of U.S.

Jmak Tech – www.loveforbiz.com



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#1 Threat to Landlines

	September 2006	April 2007
Landline-Only Homes	14.5%	12.3%
Cellphone-Only Homes	12.4%	14.0%

US Households with Voice Landlines	US Households with Cellphones
84.5%	86.2%

Source: Mediamark Research



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#1 Threat to Landlines

According to the Nielsen Company

- More than 20 Million U.S. households have ditched their landline phones and rely solely on wireless handsets
- One in five U.S. households will be wireless-only by the end of 2009

Source: Study By Next Year, 1 in 5 U.S. Households Will Be Wireless-Only, Allie Winter, RCR, 9/17/08



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T-Mobile Commercial





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Are you seeing this trend?

New Revenue and Profit Center

- Retain subscriber landlines (bundles)
- Generate margin on the spread between the wholesale and retail price
 - Rate plan package margins
 - SMS (texting) overage (2 trillion sent a day)
 - Airtime overage margins
 - Roaming margins
 - Ancillary services such as: activation fees, early termination fees, roaming, data services, etc.
- Margin on phone accessory sales
- Shift in Average Revenue Per User (ARPU) is to Wireless

Average Revenue Per User

- Long Distance: \$18.46 Decreasing
- Internet: \$28.35 Stable
- Cable TV: \$37.23 Stable
- Wireless: \$45.00 Increasing

New Revenue and Profit Center

According to the 2008 NTCA Marketing
& Benchmark Survey Report:

- The average penetration of cellular/mobile wireless service was 24% of covered population
- Higher penetration rates were reported by rural companies

Why do you think this is?



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Retention Tool

- Since 14% of all U.S. Households are moving to strictly wireless, why not offer them a service that will keep them as your customer?
 - Someone is going to make the revenue off the customer. Why not you?
- It is cheaper to maintain a customer than to recruit a new one.



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Next Element In Triple or Quad Play

- 34% of ILEC's say that the population in their markets is growing
 - With the population in markets growing, the competitive pressures will increase
 - Verizon...AT&T...Charter...Time Warner Cable...Cox Communications



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Competitive Pressures

Verizon

- FiOS TV
- DIRECTV Service
- Mobile
- High-Speed Internet
- Telephone Service



Are they bundling all four products?

Competitive Pressures

AT&T

- U-verse TV
- DISH Network Service
- Mobile
- High-Speed Internet
- Telephone Service



Are they bundling all four products?

Competitive Pressures

Charter

- Digital Cable
- High-Speed Internet
- Digital Telephone



They do bundle their three products, but don't have a quad play

Competitive Pressures

Time Warner Cable

- Digital Cable
- High-Speed Internet
- Digital Telephone



They do bundle their three products, but don't have a quad play

Used to offer Wireless called Pivot...will they try again?

Competitive Pressures

Cox Communications

- Digital Cable
- High-Speed Internet
- Digital Telephone



They do bundle their three products, but don't have a quad play...yet



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Competitive Pressures

Cox Communications

News from RCR Wireless on February 19, 2009

“Cox hires two wireless execs to build 700 MHz network”

<http://www.rcrwireless.com/article/20090219/WIRELESS/902199991/1082>





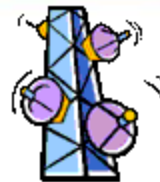
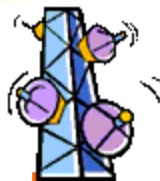
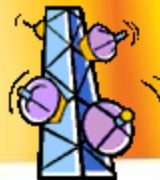
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Competitive Pressures Triple or Quad Play

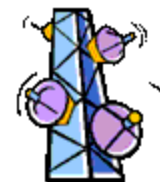
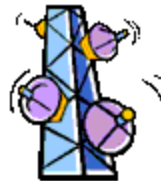
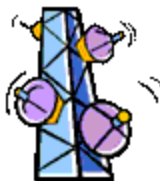
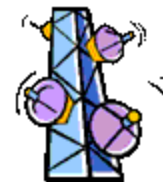
- Cable companies offering triple play with
 - Television
 - Cable Broadband
 - VoIP
- Sprint Wireless partnering with cable companies to offer Quad Play
 - Comcast
 - Time Warner
- It's only a matter of time until all cable companies will have the ability to compete with a quad play highlighting a wireless product



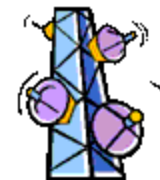
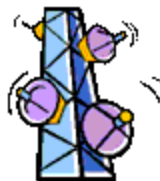
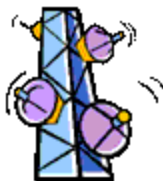
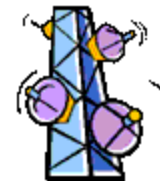
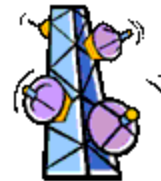
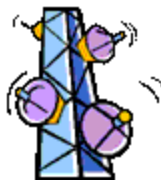
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Mobile Wireless Options



Buy spectrum/build your own network





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Mobile Wireless Options

Buy spectrum/build your own network

What are the Pros?

- Build out local coverage
- Ownership of network
- Total control
- Good profit margins
- Create own offering
- Own customer base



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Mobile Wireless Options

Buy spectrum/build your own network

What are the Cons?

- Large upfront cost
- ROI may take years
- Roaming agreements
- Management of network
- Difficulty of purchasing spectrum



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Mobile Wireless Options

Resale Agent



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Mobile Wireless Options

Resale Agent

What are the Pros?

- Network provided
- Competitive offerings available
- All materials provided
- Utilize a national brand
- Latest handsets available



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Mobile Wireless Options

Resale Agent

What are the Cons?

- Don't own customer base
- No control over network
- Can't bill customer on one bill
- Can't brand local name
- One-time commission
- Can't have more than one in the same area



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Mobile Wireless Options

MVNO



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MVNO

Mobile **V**irtual **N**etwork **O**perator

MVNOs are wireless companies that have their own brand, marketing, retail outlets, and phone offerings, but use another operator's infrastructure (towers and network) instead of building their own.



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Mobile Wireless Options

MVNO

What are the Pros?

- Nationwide network provided
- Quicker set-up
- Low upfront costs
- Instant revenue generated
- Ability to brand local name
- Own customer base



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Mobile Wireless Options

MVNO

What are the Cons?

- Do not own network
- Limited handset offering

Known MVNOs

Disney Mobile

ESPN Mobile

Helio

"Disney is not a mobile company, they are a media company, and this is an expected realization that being a mobile company never really made sense," said Rick Heineman, a spokesman for Helio.

http://news.cnet.com/8301-10784_3-9786517-7.html



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Roundtable Discussion

What is needed in order to make the perfect mobile offering?



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Question:

What features do end-users want with their mobile offering?

Answer:

Everything a large carrier offers!



Thank You!



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