

The country's second largest GSM operator, Vodafone Essar has gained the most from the introduction of mobile number portability (MNP). The operator has garnered over 190,000 new subscribers, beating rivals Bharti airtel, BSNL, etc. However, Samaresh Parida, director, strategy, feels that MNP will not be a game changer for the company. In an interview with tele.net, he talks about the company's future thrust areas and its 3G-related plans. Excerpts...

What is the timeline for Vodafone Essar's pan-Indian 3G launch? What are your plans with regard to this?

Vodafone has launched 3G services in eight of its most important circles, including metros like Mumbai, Delhi, Kolkata and Chennai. These services have gone live in 12 major cities across India (Mumbai, Delhi, Chennai, Kolkata, Ahmedabad, Surat, Gandhidham, Lucknow, Kanpur, Nagpur, Pune and Coimbatore) with more planned shortly.

The company is offering its customers the chance to try 3G at no extra charge and till date, has acquired more than 200,000 3G users. It is adding 35,000 new users on a daily basis. It is also taking valuable feedback from these users and the same is being used to enhance the overall customer experience. The tariffs and the packages are yet to be announced.

Vodafone expects strong uptake of 3G services, particularly among the higher value customers, which is a growing segment owing to the rising affluence and increasing urban population. We have successful experience of delivering 3G services to many developed and emerging markets, and we will utilise that experience to offer services here in India.

What are the key challenges faced by the company in 3G rollouts?

The biggest challenge we face today is inadequate spectrum allocation. It is noteworthy to see how we have been able to extract so much performance out of so little spectrum. Limited spectrum, which is fragmented across so many players, leads to a huge loss in efficiency. We have estimated that fragmenting the same amount of spectrum across 10 operators instead of four roughly halves the total capacity of the network, severely limiting the customers'

experience. This situation has to be corrected.

How is 3G likely to change market dynamics in the Indian scenario?

With the advent of 3G technology, internet accessibility and its fast-track information advantages will become fully operational through mobile phones. India's huge population, which currently has only 3 per cent fixed penetration, should be well served by 3G technology. It is the only realistic chance for broadband internet services to reach rural areas. It will prove beneficial in delivering economic and social development, education and government services.

An effective communication and information interchange has a direct impact on commerce, service-oriented industries and technology. Television shows, cricket matches, etc. will become accessible at any time, anywhere. The 3G bonanza will kick off a new ecosystem in mobile advertising, mobile TV and mobile content.

How has the company's Indian experience differed from its international operations?

India is a very diverse market with varied needs. Also, the country has a huge population, which presents a great opportunity. In urban areas, there is a need for new technologies like 3G, whereas rural India is still acquainting itself with voice-based services. It is a hypercompetitive market with multiple telecom players and, therefore, innovation and uniqueness of products and service offerings is something we continuously undertake for this market.

What are the company's plans for the next three years?

We are focusing on meeting the varied needs of our customers across 22 circles. In matured circles, we aim to introduce and support new data services, whereas in new markets, we are more focused on increasing our customer base by providing superior voice-based services.

Enterprise solutions and m-commerce are two areas where Vodafone sees a huge potential and

demand.

Rural India is a huge potential market with a population of over 700 million and a massive economy, and we want to continue to deepen our reach in these areas too.

What is the one attribute that keeps Vodafone ahead of most of its rivals in this highly competitive market?

At Vodafone, we listen to our customers daily and place them at the heart of everything we do. Our brand identity, "Power to you", expresses our desire to offer our customers better choices and empower them with unique advantages. We develop our services and products based on a deep understanding of our customers' needs and constantly aim to provide them with superior and innovative offerings.

Does the company have a wish list that would enable the telecom sector to maintain its growth momentum?

Our wish list is to have:

- A level playing field
- Long-term sustainable reforms in the New Telecom Policy
- Adequate and appropriate spectrum allocation.

Do you expect consolidation in the telecom industry? What will be the advantages of such consolidation?

Due to historical licensing decisions, India has become the most competitive mobile market in the world – hypercompetitive would be the best description. In the short term, policymakers and consumers don't see the costs because prices look low. However, fragmented spectrum allocations have raised the costs and reduced capacity across the industry. In the interest of the whole industry, it is important that the M&A rules are changed to facilitate consolidation. Today, there are restrictive conditions, for example, the need to surrender the acquired company's spectrum, which effectively prohibits consolidation. These restrictions should be removed so that consolidation can take place as per market forces. That will benefit the entire industry as well as consumers.

Amid fierce price wars and sustainability concerns, consolidation will result in synergies in infrastructure, human resources and spectrum. This will bring down costs and improve quality of service, given the availability of spectrum and increased infrastructure investment.

What opportunities is MNP likely to create for the company?

We are happy with the encouraging feedback and number of enquiries we have received so far. The customers' choice is triggered by a number of factors. Companies that have a strong brand proposition, superior network and service quality, and innovative products and services service will have an edge. High-value customers are extremely wary of changing to the new service providers that have limited or untested network coverage and quality. We, at Vodafone, have made considerable investments in our network and customer service quality and have the necessary technology to enable number portability. We believe that our business and brand proposition, backed by the quality of network and customer services, will help us benefit from MNP. However, we do not believe that MNP is a game changer.

What trends do you foresee in the sector?

We foresee a strong uptake of 3G services. 3G will become synonymous with high-speed global mobility. It will provide superfast connectivity for data transmissions and will alter the way users communicate. There are numerous benefits of 3G; one can opt for video streaming, email, web browsing, data services and also access unlimited downloads of wallpapers, MP3 ringtones, themes, games, and so on. We also believe that enterprise business solutions and the need for a total communications solution provider will generate a lot of demand in the coming years.

How would you rate the organisation's overall performance?

Our growth rate, both in terms of customer acquisition and revenue, has been phenomenal in the past few years. Our market share has also increased consistently. We have adapted well in an industry that's moved from a growth phase to one in which costs and efficiency have become top priorities. We have accelerated innovation through various initiatives like establishing an infrastructure company, Indus, with two other operators, to develop shared towers and sites. This innovation will accelerate rural rollout. We have also used our global purchasing power to introduce very low-cost handsets in the Indian market. In the past few years, we have strengthened our commitment by extending our operations from 16 circles to all 22 circles.

Where do you see Vodafone Essar two years from now?

We are focusing on leveraging the Vodafone brand, scale and cost efficiency through disciplined capital expenditure. We will continue to aim at introducing globally benchmarked products and services. The economic prospects for India remain attractive and we are well positioned to benefit from the long-term opportunities that the country has to offer.

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