A Comparative Analysis of Smart Mobile Pty Limited in the Telecommunication Industry

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Executive Summary

This study is based on a comparative analysis of Smart Mobile Pty Limited in the telecommunication industry. The author incorporated an examination of the pre-paid Telco industry to indicate its market value and the risk faced by investors. Hence, this study is also based on a comparative analysis of two organizations within the telecom industry.

In the historical case assumptions, Smart offered prepaid services using Optus infrastructure and was assigned a 3.1% share of a $2.8 billion prepaid market. These private case figures are not verified current market statistics. Therefore, this research aims to analyze Smarts' performance within the Telco industry and advise the directors on a valuation. The process of discourse has become far easier than before. Due to this reason, the telecommunication industry has started to expand, and now it has covered a maximum market share. The telecom industry is increasing daily; therefore, it focuses on keeping the customers in the working domain to make the industry prominent and useful for the customers. However, the use of smartphones is not possible without the use of the Sims card. Risk analysis, business valuation, and ratio analysis have also been done to signify the importance of the study. Then, an analysis has been made of the analysis, and a reflection is also made on the findings and implications of the study. At last, the reports end with concise conclusions and recommendations.

1 Introduction

This study is based on a comparative analysis of the telecommunication industry. The organization selected for the study purposes is based in the telecommunication industry. This study is comprised of the case of Smart Mobile Pty Limited. It is a pre-paid provider of mobile telecommunication. The study's main aim is to elaborate on the market value of Smart Mobile Pty Limited in the telecom industry. The study will discuss whether choosing Smart Mobile Pty limited services will be fruitful or just a waste of time. Thus, the study's author incorporated the analysis of the pre-paid Telco industry to signify its market value and the risk faced by the investors. However, a recommendation analysis is also done in the study to minimize the risk factors. (138)

1.1 Background

The case organisation, Smart Mobile Pty Limited (Smart) is an Australian pre-paid mobile

Telecommunications provider which operates as a mobile virtual network operator (MVNO), providing wireless services to its customers with a youth focus (Smart Mobile Australia, 2018). In the historical case assumptions, Smart offered prepaid services using Optus infrastructure and was assigned a 3.1% share of a $2.8 billion prepaid market. These private case figures are not verified current market statistics.

1.2 Project Topic

The case assumes that prepaid services represented 39% of mobile services and that Smart had achieved a 37.4% compound annual revenue growth rate after launching with Optus in 2013. Those figures and the forecast slowdown are historical case inputs rather than current industry measurements, motivating the Smart Directors to engage Vic Investment Pty Limited (Vic) to run a sales process and invite investment into the business to expand its products. This process resulted in three offers, all being rejected. A second attempt overseen by Aust Advisory Partners (Aust) has seen further offers rejected due to the Directors not being aligned on the valuation of Smart. This has prevented new investment, which would allow Smart to expand into the $2.3bn Bring Your Device market (BYO market) and increase its awareness in its youth demographic.

1.3 Purpose of Research

Therefore, this research aims to analyze smart performance within the telco industry to advise the directors of a valuation that would be acceptable for allowing investment into the business and seeking out product opportunities. The pre-paid Telco industry will be examined, and the BYO market opportunity will be reviewed to recommend whether it's the right option to pursue. This analysis will expose investors' risks (Bodie, Kane, and Marcus, n.d.), and I shall provide recommendations to minimize such risks.

2 Literature Review

The mobile industry is growing very rapidly in this area. The use of mobile phones has made life easier. The process of discourse has become far easier than before. Due to this reason, the telecommunication industry has started to expand, and now it has covered a maximum market share. Thus, under this section, some discussion is made in the study by reading the perspective literature to extract the information from it.

2.1 General theories/discussion regarding pre-paid mobile and the telecom industry (Competition / Local market)

The study of Shrivastava (2018) shows that the prepaid mobile system has made communication easier. It allows customers to carry information everywhere by storing it on a SIM card that authorizes various services. The cell carriers have provided this service. In addition, a customer can choose between pre-paid cell phone services or a post-paid plan, which is a subscription plan. The competition for mobile phone services is getting higher daily; therefore, the demand for pre-paid mobile services is increasing. Thus, such services have been capturing a good place in the local market. This is because pre-paid plans are easy to use, making communication far easier. Therefore, the competition in the local market has become very tough. It becomes difficult for sellers to maintain their position in the market because some brands that exist in the market offer similar products.

Competition is the biggest issue for telecommunications organizations and affects their profit margins. A valuable part of the organization is the customers' satisfaction, but sometimes they cannot provide services as per the customers' demand in a very effective manner. To sustain the market, an organization must design the product according to customer demands and market trends. Technology is another issue that affects the organization very effectively and increases its maintenance cost. The local market has a different kind of vendors, and sometimes, they are not able to motivate the customers in a very effective manner. Sales of different kinds of plans are another challenge for the organization. Thus, they have to design the plans per the client's demands. To sustain itself in the market, management needs to develop the resources that increase workplace security and attract new customers to the organization.

2.2 Industry growth/border growth areas (related to theories and frameworks)

The study by Forge (2018) shows that the mobile phone industry is constantly growing. The number of mobile phone users is increasing day by day. Due to this reason, the market demand has increased, and the industry is growing because of the increasing number of consumers. The growing industry is because consumers have been allotted specific time to consume the allowed minutes on the Sims cards. Instead of going to a post-paid billing system, consumers prefer a pre-paid system. However, it is sharing its part regarding enhancing industry growth.

Growth depends on the organization's market value and facilitates management's ability to gain a competitive advantage. To develop the resources, management needs to identify the customers' demands so that they can attract them. The global platform effectively allows the organization to increase its sales. To grab the opportunities, management should develop the products according to the market trends, such as effective network facilities, low-range data packs, and many more. To maintain the organization's brand value, the technical team should develop the resources as per the customers' demands. The network must be good; thus, a customer does not face difficulties related to the network, and management can retain them longer.

2.3 Frameworks for business valuations

According to the business valuation framework, it is analyzed that the most important thing in the mobile sector is the credible use of technology. The technological factors depend on three credible sources: flexible, patentable, and scalable, to establish a credible market to the established market by providing services to maintain the initial customer base. Thus, makes the successful delivery in the market. This enables the mobile sectors to keep the business credible in the industry through vertical packaging and repeatable sales models. Hence, it elaborates on healthy market dominance in the industry. However, the value is increasing constantly.

The business valuation framework aids management in calculating the factors that affect management in different aspects. As per this valuation scheme, technology gradation depends on flexibility, patent, and scale. To develop the market, management needs to identify different phases of leadership, broader customer background, and analysis recommendations. It can be said that customers are a major factor that facilitates management's ability to gain a competitive advantage. Smart Mobile Pty Limited needs to develop its products by considering technological factors to compete in cut-throat competition.

2.4 Apply theory/frameworks to the telecom industry

The telecom industry is increasing daily; therefore, it focuses on keeping the customers in the working domain to make the industry prominent and useful for the customers. It continually tries to keep the work accurate and deliver services to customers in the telecom industry. The telecom industry is also working on flexible, patentable, and scalable factors to deliver an open and full-service market to consumers. The telecom industry is going through a phase of change that will create ample opportunities for organizations like Smart Mobile Pty Limited. To sustain the market, the organization should develop the resources that increase the production capacity of the organization and maintain the brand value of the organization. The telecom industry has to apply management theories to manage its resources and customer base. To utilize the resources, management needs to develop the technical resources like the latest computers, skilled employees, training facilities for the employees, and many more.

2.5 Apply theory/frameworks to Smart Mobile

It is denoted in the study of Beenau (2018) that technology has changed the lifestyles of people. The perception of the individuals becomes more focused towards the use of the Smart Mobile. It has limited the world to consumers in their purses or pockets. However, the use of smartphones is not possible without the use of the Sims card. Due to this fact, the mobile services sector is the main element of smart mobile access. Without the proper Sims process, the use of smart mobile devices becomes difficult if portable hotspots or Wi-Fi devices are not found in the access.

Risk Management

Risk management is a necessary factor that affects business integrity. Therefore, it is highly significant to focus on risk management. It is essential to analyze the risk at the initial stage to minimize it so it cannot hit the business process. Risk management is also useful in satisfying the investors so they do not hesitate to invest. Hence, some of the associated risks include

- Technological Risk
- Financial Risk
- Environmental Risk

Business Cycle

The business cycle is divided into four phases prosperity, recession, recovery, and depression. The Smart Mobile Pty Limited cycle at an earlier stage is found in the depression stage, and then by applying useful strategies, the business comes into the recovery stage where it has faced various issues. At last, they will be able to maintain their growth in the prosperity stage.

Risk is the major factor that affects the management in a very significant manner and reduces the brand value of the organization. In the business context, it can be said that the more risk you gain, the greater the chance of a mistake at the international level. Proper planning of resources and risk is the major step that management takes. The top management of Smart Mobile Pty Limited always focuses on developing plans that generate a better understanding of employees and employees.

Performance Bench-marking

From the table given above, it is analyzed that the performance of the mobile sector is increasing year by year. What it demands is increasing daily, and for this purpose, companies are focusing on continuous innovation and development to maintain their position in the market. To compete globally, management needs to assess the performance better and more effectively. To grab the opportunities, the business has to develop the resources that aid the business to gain the competitive advantage. Skilled and talented employees must be preferred by the management, and management can develop the market in a very effective manner. The management must grab growth opportunities by developing technical resources and effective services.

3 Research Methodology

The system of research is typically embraced from past investigations. The approach of this exploration paper is likewise based on a past research paper that analyzed the strategy of Smart

Mobile Pty Limited. The most indispensable piece of leading exploration depends on the examination system. Leading a legitimate research system is basic for making the base of research productive and successful. In this way, the focal point of the specialist is to get the bona fide information together. This validness is just conceivable by concentrating on the procedure system soundly. Subsequently, the whole credibility of the report depends on the strategy (Shen, 2018).

3.1 Research Method

This research method is based on positivism and interpretivism rationality. The usages of such theories are useful in understanding the reactions of respondents compellingly and effectively. The focal point of the creator in picking such rationalities is useful in the assurance of results on a more extensive range. The interpretivism reasoning goes under the graphical information portrayal. This empowers analysts to keep in mind the end goal to create an appropriate outcome understanding of the study

Compare and contract Smart mobile with Amaysim.

Case research was chosen as the methodology. A single holistic case is justified because the research presented by Smart Mobile allowed me to investigate the Telco industry with a focus on the pre-paid industry and Smart Mobile to address a critical concern for Smart Mobile and its Board with a valuation range that is benchmarked to the Australian pre-paid industry and the areas of growth in the wider Telco industry.

The second justification for a single case study is that it allows me to focus on Smart Mobile and provide an independent valuation for the Board of Smart Mobile to review. My role within Smart Mobile opens access to past performance data and future forecasts using theories and frameworks, leaving me with a solid understanding of the company's future performance under the current business model. To improve the organization's future performance, the implementation of the resources is necessary so that management can sustain the market very effectively. Today, all people use smartphones, but they cannot access them properly due to restrictions; thus, management should work to eradicate such kinds of restrictions. Smart mobiles provide various kinds of services to customers, but without network facilities, they are not able to capture the market share.

3.2 Data collection

The data will be used to evaluate the company's performance within the pre-paid industry. Data disclosing the performance of Amaysim Australia Limited (Amaysim) will be collected from IBIS World (IBIS World, 2018) and the Macquarie Banks Research report (Macquarie Research, 2017). This will be assessed and compared to Smart's performance to improve its valuation. Qualitative data analysis will provide insights into the ability of the Smart Management team to achieve the forecast numbers presented in the Information Memorandum (Aust Advisory Partners, 2017). Quantitative data analysis will be used to compare Smart's financial performance to that of Amaysim. The approach for the analysis will be to analyze Smart and compare its performance to that of Amaysim. Data collection is a crucial process that assists the researcher in jumping to a conclusion and facilitates the management to gain a competitive advantage. Primary data is collected from different questionnaires, interviews, focused groups, and many more. On the other hand, secondary data is collected from journals, books, previous research projects, etc. Researchers have to select the mode of data collection that is effective for the report and also increases the effectiveness of the research. To gain a competitive advantage, Smart Mobile Pty Limited has to identify the overall effectiveness of the report in a very effective manner.

4 Presentation of findings

4.1 Analysis

It is analyzed from the Smart Mobile PTY Limited NCIAL summary and Key Drivers that the total income actual for the years 2015 to 2016 and 2016 to 2017 are 17,584,703 with growth of 9% and 18,314,189 with a growth rate of 4% is reordered consequently and for 2018 growth rate it has been forecast from the year 2016 to 2017 is total income 18,980,000 with a growth rate of 4%.

It is analyzed from the Smart Mobile PTY Limited NCIAL summary and Key Drivers that the operating profit actual for the years 2015 to 2016 and 2016 to 2017 are 7,631,947 and 8, 560781 is reordered consequently, and for 2018 growth rate it has been forecast from the year 2016 to 2017 is an operating expense of 9,120,000.

It is analyzed from the Smart Mobile PTY Limited NCIAL summary and Key Drivers that the NPAT for the years 2015 to 2016 and 2016 to 2017 are 4.979.117 and 5,527,738 is reordered consequently, and for 2018 growth rate it has been forecast from the year 2016 to 2017 is NPAT of 6,349,000

4.2 Reflection on Findings and Implications

It is reflected that the net operating income growth value was higher in 2016 as compared to 2017

It is reflected that the operating profit value was lower in 2016 as compared to 2017

It is reflected that the NPAT value was lower in 2016 as compared to 2017

5 Conclusion and Recommendations

5.1 Final thoughts

The prepaid business reflects 39% of aggregate portable administrations (Telesyte, 2018) which has enabled Smart to develop in income at a 37.4% aggravated yearly development rate (CAGR) (I'll include the reference) since propelling with Optus (I'll include the reference) in March 2013. This development rate is the figure to moderate (I'll include the reference), inspiring the Smart Directors to connect with Vic Investment Pty Limited (Vic) to run a business procedure to welcome ventures into the business to extend its items. This procedure brought about three offers, all being rejected. A moment endeavor supervised by Aust Advisory Partners (Aust) has seen additional offers dismissed because the Directors did not adjust the valuation of Smart. This has anticipated new speculation, which would give Smart a chance to venture into the $2.3bn Bring Your Device advertise (BYO market) and increase its mindfulness in its appropriate statistics for youth demographics. Hence, the motivation behind this examination is to break down Smart execution inside the Telco business to educate the Directors concerning a valuation that would be adequate to permit speculation into the business and search out item openings. An examination of the prepaid telco industry will be conducted, and the BYO advertising opportunity will be audited to suggest whether it's the correct choice to seek it or not.

5.2 Recommendation

It is recommended to keep emphasizing innovation and creativity to deliver unique services to consumer

- To focus on the continuous development of the business activities
- To focus on increasing the technological creditability
- To focus on the implication of new projects and concepts to attract customers and market
- To hire analytical and skillful employees in the Research and development department

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