

Speaker Notes – ISS – India sessions

Welcome to ISS, Ladies and Gentlemen

This is an important workshop for us in the Nokia transformation journey. We hope to take the next step in this exciting journey through this workshop. The overall champion for this workshop is **Colin Giles**. We are running two workshops in India- one in Gurgaon and one in Mumbai.

The structure for today will start with what we discussed at the **Strategy Sharing in May 2009**. We will then cover our progress so far and there has been a fair bit of progress, we will cover our learning's and then the way forward after this for all of us.

If we look at what we said at the strategy sharing session.

We said that in profit terms, **companies that have solutions** ie. Apple and Rim have the same profit as Nokia at one fifth our size.

We discussed that India Operators are under pressure since there are too many players and the price war on sim cards and plans has eroded value.

We also pointed out that value added services or VAS is already at 300 crs to 1000 crs per month post & prepaid.

We discussed that Nokia's installed base in this country is big. It is more than 200 million today. This lead is so big that competition is about 6 to 7 years behind us. This should be a strength, should not make us arrogant.

And we explain the rationale of services with the revenue per month argument. We can increase our monthly revenue by 60 % by selling service. The impact on profitability is of a similar order,

As a result, the Indian strategic objectives are..... the key one to note is to **“Establish Solutions Selling”**

We also shared a roadmap for India services over the next three years. We will check progress later on.

That was what we said in May. Let us see what we have done in the last six months.

Let's revisit the context again....

Nokia has more than 50 % of installed base, that is about 200 mln users. The best operator Airtel has a user base of 100 mln. India has 14 operators of which two established ones are Mnc's – Vodafone and TATA DOCOMO. There is a price war today, value is eroding.

In services having a good set of application developers is Key. We have **170k developers in India !!**

It can be safely said that **subsidy will not be** the mainstream biz model in India, could be a niche business model. Operator seeks from Nokia our user base , a link to cross link their platform with ours and they look to technology inputs from us.

India is a big base globally in the internet world. The numbers are huge. The point is that this can explode with

mobile phones. The current base is essentially a PC led base, **when mobiles kick in, the numbers will grow exponentially.**

How have we managed our internal transformation so far? Nokia is aiming for **300 million active users.** We will get there. Along the way, the challenge is also to monetize it. Of this 300 mln, we believe that **India could be 60 mln.** This is an audacious target but this can be done given the open distribution nature of this market and the significance of the Nokia brand in this ecosystem.

We need to move from being device sellers to a state of being solutions sellers.

We're had significant training and communication, we have put in a lot of people on the ground and moved the promoters with training and also incentivized them to sell services.

We have many initiatives like reverse mentoring and a solution plug in for all employees.

The solution path will need a stronger ecosystem. The ecosystem will involve the government for issues like

banking application, the regulators and firms that do business with the same consumer. **Our leverage point is the community of Nokia users in India.**

We are a digital product with physical business models; we have to add digital biz models to our physical ones.

India has been a test ground for a number of services basically because of the Nokia brand Strength and the fact that this is an open distribution market where the consumer is truly the boss.

- Navigation has not met our desired expectations
- With NLT we seem to be transforming a number of things. We have seen innovative consumer contact program like the 2000 strong farmer contact program in Hassan, Karnataka. This is different stuff but hugely value adding to NLT.
- With NLT we learnt not to look at service price as percentage of ARPU but more compare it to what the consumers spend today to get the same information, we learnt that in a country like India, there is a huge value to be unlocked in information arbitrage.

- We have started TAP & PAY with Vodaphone and Citibank in Bangalore. This replaces a credit card. This initial result is good.
- Tej is a mid level information solution for fragmented industries with loads of suppliers and loads of buyers. This is in test market in Gujarat.
- The music store has been a huge success; we have hit 100k active users in 30 days.
- We have started NMS
- Our results are good. We will be close to the 5.1 million active user targets. The key to services is AWARENESS, Number of operators, and Range of Devices in that order.

So the key messages for you to take back are.

1. We need a new mindset- sell solutions
2. This space is dynamic and will EVOLVE
3. We seem to be doing most things right
4. We need excellent Execution
5. We will WIN.

