

Topic : Will Reliance Jio be a sustainable business model in a country like India?

Factors that will help Jio

- Largest fiber optic network in India
 - 250,000+ KMs of high quality fiber optic cable and have installed over 90,000 eco-friendly 4G towers.
 - Till date, Airtel Vodafone and Idea Cellular have used 12-24 fiber threads, while Jio is using mostly cables with 288 fibers (in some cases 96 fibers).
 - More fibers means, they will have more bandwidth and hence they will be able to offer more speed. The reason why most internet providers limit your data is basically because they do not have enough bandwidth to handle so much data. But Reliance will not be facing that problem.
- Disruptive Pricing
 - India's voice ARPU is less than Rs 150, but they made the voice free.
 - By making voice free and getting the price right they will be making us spend more on Data.
 - 2nd plan starts at Rs 499, but when compared to Rs 149 consumers will feel that they're getting more for Rs 499 compared to Rs 149 Plan.
 - 3.7 additional GB data and unlimited night data, 8 GB hotspot, this seems to be a better bargain to anyone who is spending over Rs.150 on voice and uses a little bit of data and is willing to upgrade to a 4G handset will do so. That is where the disruption will come in.
 - Now assume if 70% of the reliance subscribers go for 149 plan, 30% for Rs 499 plan. ARPU in this case is around Rs 256. So on a conservative estimated Reliance will end up with an ARPU which is almost 30% more than market leader Airtel (Bharti Airtel ARPU is Rs 196)
- 1 GBPS broadband in more than 100 cities
 - Jio announced to bring 1Gbps broadband to 100 cities in India.
 - This will be the fastest and most widespread broadband network in India, and maybe even the world.
 - Only a handful of operators in India offer 1Gbps or faster plans and most of those plans are limited to Mumbai and the only operators officially offering 1Gbps+ plans in India are Hayai and Reliance Ultraband

Other Revenue Streams

- Hand Set Sale - Reliance Digital had shipped LYF smartphones in large quantities anticipating the commercial launch of the 4G LTE network. LYF had become the 4th largest smartphone vendor in the first quarter of 2016 according to IDC. It has now 7.1% market share.
- App based services - It is banking on its content such as on-demand video, music streaming, news and high definition television services to consumers on the go at affordable prices in a bid to differentiate itself and attract subscribers in a highly competitive telecom market
- Broadband, wireless services and Broadcast TV distribution - Reliance Jio, the only pan-India license holder of broadband wireless spectrum and last year received a provisional license from the I&B ministry to function as an all-India cable television MSO. It is going to enter into broadcast TV distribution directly competing with the likes of Tata Sky, Airtel TV, Digital TV and Dish TV