

## Payoff Matrix

	Fit	Value Added	Risk	Cost	Total
IG Networks	0	4	2	1	12
Armstrong	4	3	2	4	13
Empress	4	4	4	4	16
Grameen Foundation	4	4	4	4	16

## Final Recommendation: Non-equity Strategic Alliance with Grameen Bank



## Key Takeaway

Safaricom must pursue alternatives that *differentiate* their products and services from low cost telecommunications competitors while also maintaining their *commitment to improving* the lives of Kenyans.

## Alternatives



## Financials

## Summary

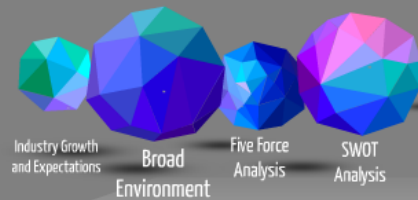
"M-Pesa, Safaricom's pervasive mobile money service in Kenya is the gramine bank of the next decade. It is proof that technology will take microfinance mainstream and it has accelerated a global movement to take advantage of technologies power." *Advanced Technologies for Microfinance*



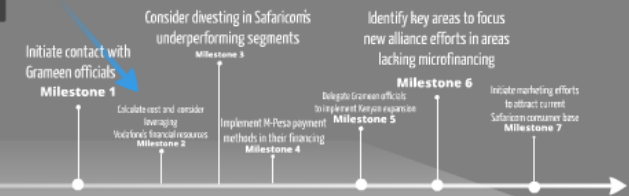
### Key Issues Facing Safaricom

- Untapped low income consumer market
- Weakening financial situation
- Lack of differentiation

## External Analysis



## Timeline and Implementation Plan



# M-Pesa Power Leaver Service

Thecasesolution.com



## Key Takeaway

Safaricom must pursue alternatives that *differentiate* their products and services from low cost telecommunications competitors while also maintaining their *commitment* to *improving* the lives of Kenyans.

## Alternatives



## Financials

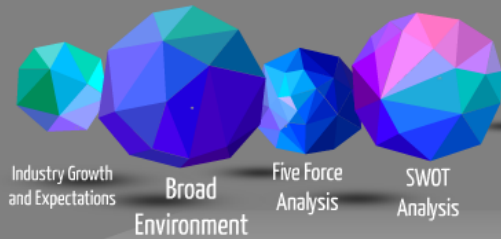
Item	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	1,000,000	1,200,000	1,500,000	1,800,000	2,200,000	2,600,000	3,000,000	3,500,000	4,000,000	4,500,000
Expenses	800,000	900,000	1,000,000	1,100,000	1,200,000	1,300,000	1,400,000	1,500,000	1,600,000	1,700,000
Profit	200,000	300,000	500,000	700,000	1,000,000	1,300,000	1,600,000	2,000,000	2,400,000	2,800,000

## Summary

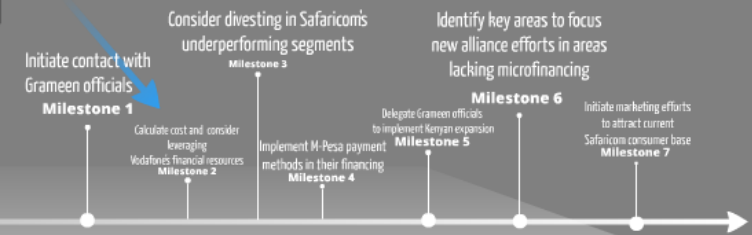
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## External Analysis



## Timeline and Implementation Plan



# M-Pesa Power Leaving Service

### Key Values and Missions

**Values:**

1. "Niko na Safaricom"
2. Community involvements
  - M-Pesa Foundation
  - Safaricom Foundation
  - Safaricom Sevens
  - Niko na Safaricom Live

**Mission:**

1. Deliver the 'Best Network in Kenya'
2. Grow mobile and fixed data
3. Deepen financial inclusion
4. Retain and reward the loyal customer base
5. Encourage further innovation

### Key People and Human Resources

**Robert (Bob) Gallymore**  
CEO as of November 2010 & Executive Director on Board of Directors

**John Tomlinson**  
CFO as of November 2011

**Rita Oduho**  
Marketing Director as of May 2013

3,254 employees; hires equal numbers of men and women

### Safaricom History

- 1997 - Founded as a private limited liability company (LLC)
- 2002 - Became a publicly traded company
- Largest mobile provider in Kenya
- 19.4 million customers
- Prepaid and postpaid mobile, voice, and data services (99% customers are prepaid)
- Over 2,900 base stations that provide 2G and 3G services

### Internal Analysis

**Business Segments**

- 1) Service Revenue (from airtime, value added, local and international)
- 2) Other Revenue (hardware, insurance and other services)

**Marketing**

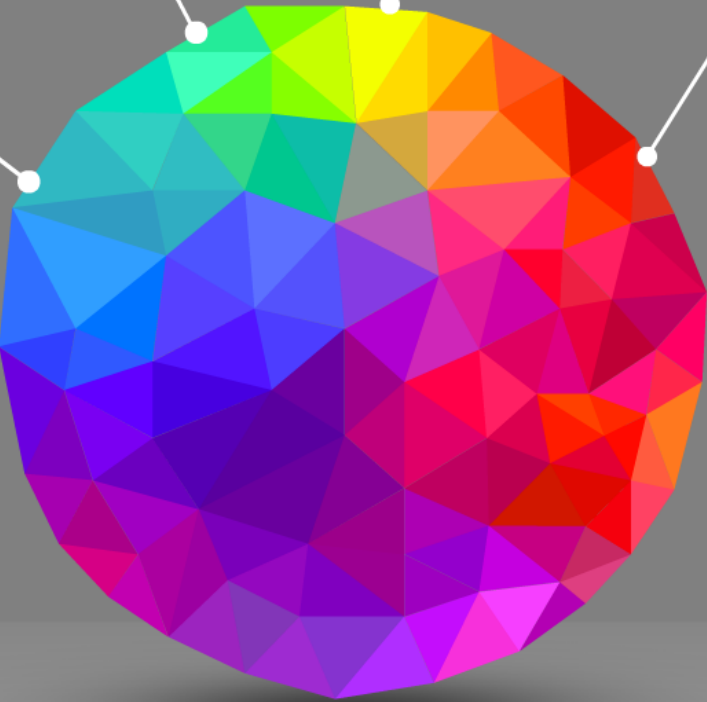
- 100+ Service Channels
- Sales and Advertising
- "Send Money Home" marketing campaign

**Financials**

Year	Revenue (KSh)	Operating Profit (KSh)	Net Profit (KSh)
2010	1,000,000	150,000	100,000
2011	1,200,000	180,000	120,000
2012	1,400,000	220,000	150,000

**Growth Strategies**

- The Safaricom Foundation
- Deep Customer Engagement
- Financial Inclusion
- Prepaid Services



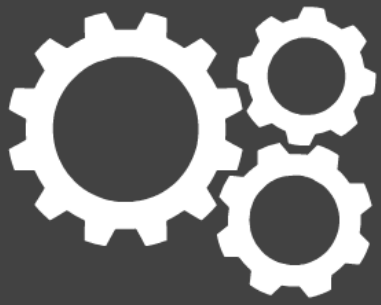
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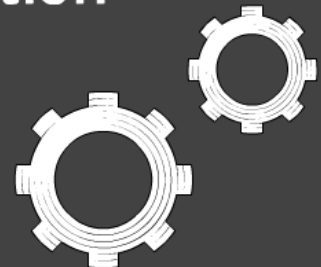
# Key Values and Missions

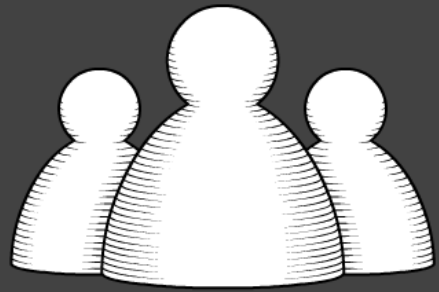
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## Mission:

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# Key People and Human Resources



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CEO as of November 2010 &  
Executive Director on Board of  
Directors



**John Tombleson**  
CFO as of November 2011



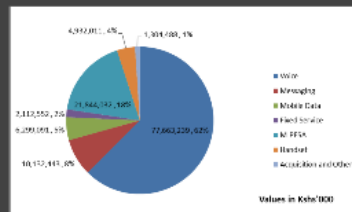
**Rita Okuthe**  
Marketing Director as of May 2013

3,254 employees; hires equal numbers of men and women

# Internal Analysis

## Business Segments

- 1) Service Revenue (voice, messaging, mobile data, fixed service and M-Pesa)
- 2) Other Revenue (handset, acquisition and other revenue)



## Marketing

- Distribution channels
- Sales and Advertising
- “Send Money Home” marketing campaign



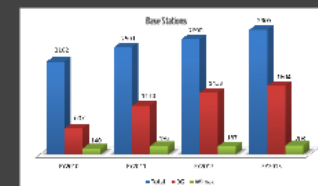
## Financials

	2013	2012	2011
Revenue	1,429,742	1,230,541	1,090,852
EBITDA	311,676	231,758	410,849
EBIT	292,703	199,783	223,002
Net Profit	201,723	149,228	153,100
EPS	0.51	0.37	0.38
Dividend	0.38	0.25	0.23
Yield	2.37%	1.88%	1.53%

	2013	2012	2011	INDUSTRY
Gross Margin	55%	49%	52%	61%
Net Margin	14%	12%	14%	11%
Returns on Assets	14%	10%	12%	9%
Returns on Equity	22%	18%	20%	19%
Current Ratio	0.69	0.56	0.64	1.40
Quick Ratio	0.63	0.49	0.46	1.19
Debt to Equity	0.61	0.69	0.69	1.37
Total Debt to Total Assets	0.38	0.41	0.41	0.26
Asset Turnover	0.96	0.88	0.83	0.49
Price-Earning Ratio	13.68	10.05	11.42	12.13

## Growth Strategies

- The Safaricom Foundation
- Base Station Investments
- Acquisitions
- Partnerships



# Business Segments

- 1) Service Revenue (voice, messaging, mobile data, fixed service and M-Pesa)
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