

FROST & SULLIVAN



2022 COMPANY OF THE YEAR

*MALAYSIA
MOBILE SERVICES INDUSTRY*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. U Mobile excels in many of the criteria in the mobile services space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Malaysia’s Mobile Services Industry Challenges

According to the Malaysian Communications and Multimedia Commission (MCMC), Malaysia’s mobile services market has more than 39 million mobile subscribers and a mobile penetration rate of 122.0% as of 2021,¹ indicating a highly saturated market. Four major mobile network operators (MNOs) and four mobile virtual network operators (MVNOs) operate in the country, signaling stiff market competition. Despite declining revenues in traditional mobile services such as voice and SMS owing to over-the-top (OTT) communications providers disrupting the market and low consumer demand, mobile data consumption continues to soar, offsetting these losses.

MNOs in Malaysia compete by offering higher limit/unlimited mobile data plans at low prices, leading to lower average revenue per user (ARPU). To remain relevant, MNOs need to develop new, innovative business models to compete and retain subscriber revenue. They must also deliver enterprise-optimized services to expand market potential and capture growth opportunities in adjacent markets.

The impact of the COVID-19 pandemic has also led to transformational market trends such as remote working and online learning, redefining Malaysia’s mobile services market. Rapid changes in customers’ network consumption behavior and patterns have led to challenges and opportunities for mobile operators. In addition, market trends accelerate the penetration of mobile digital services, including

¹ MCMC Jendela 2021 Summary Report (11-March-2022)

mobile financial services, mobile gaming, video conferencing, and telemedicine, to support distributed, remote, and digital interactions of mobile subscribers in their personal and work lives.

MNOs are transforming into digital service providers to improve operations and explore new business models within vertical industries such as healthcare, retail, and financial services to boost revenue. The high usage of mobile digital services has increased the demand for mobile data and network traffic volume in dense residential and rural areas. The dramatic shift in customer behavior has strained network infrastructure and impacted customer experience, especially in network speed, capacity, and coverage, necessitating network optimization and infrastructure upgrades to boost network quality in underserved locations.

Best Practices Implementation

Established in 1998, U Mobile is a leading telecommunications service provider that offers a range of mobile and digital services, encompassing mobile voice, SMS, mobile data plans, mobile financial services, and digital insurance services. U Mobile's key differentiators include providing a high-quality, reliable, and advanced network. The company allocated an estimated RM1 billion for capital expenditure in 2021 to enhance network services and deliver superior mobile service experiences to its customer. The company

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**– Dewi Rengganis,
Industry Analyst**

maintains an aggressive investment pace in network and support solutions to address customers' rapidly growing data needs. As of 2021, U Mobile has 8,985 networks, which translates into 10% YoY growth. In comparison, its closest competitor owned fewer than 7,000 networks.

In Malaysia's highly competitive mobile communications market, where exceptional customer experience is the only way to grow, providers such as U Mobile that focus

on addressing and proactively predicting customer needs are poised to succeed. From January 2020 to June 2021, U Mobile recorded impressive growth in subscriber data usage by more than 80%, while total network data traffic grew by over 60% amid the surge in customers' mobile data demands. While the industry saw declining network performance due to higher data usage and network traffic volumes, U Mobile improved average speeds by 100%.

The company consistently invests in upgrading its network infrastructure, demonstrating its unparalleled focus on prioritizing customers' evolving needs. Frost & Sullivan believes that U Mobile's implementation of robust service quality levels and ability to rapidly scale operations to support data traffic demands validate its effective network strategy and best practices.

Addressing Unmet Needs

Malaysia's digital divide is widening due to market trends, underdeveloped network infrastructure in rural areas and certain urban areas, and the lack of reliable and affordable access to network connectivity and mobile devices. U Mobile actively pursues various social projects to address this digital divide. In 2021, U Mobile participated in the Empower NCER program, organized by Universiti Sains Malaysia, to assist Malaysian students from low-income households who could not learn online due to the lack of internet

access. Under the program, U Mobile distributed 340 connectivity plans to these students to maximize their potential through online learning.

To address the digital divide further, U Mobile teamed up with MCMC and the telecommunications industry in the Jointly program in the same year. The program aimed to collect and restore used mobile devices and allocate mobile devices to individuals living in the lowest income brackets across Malaysia. Frost & Sullivan applauds U Mobile for its relentless efforts to address the niche needs of underserved markets and develop solutions to cater to different market segments, reinforcing the company's position as a premier mobile services provider in the country.

Visionary Scenarios Through Mega Trends

The COVID-19 pandemic accelerated the use of telemedicine and remote monitoring to alleviate the high demands on hospital resources. Even before the pandemic, weak access to healthcare services has been an ongoing challenge for residents in remote and rural areas. Recognizing this pressing need, U Mobile has continued to enhance its solutions in the digital healthcare market, especially for Malaysians from low-income households.

In 2021, the company received a grant from the Qualcomm Wireless Reach initiative to provide telemedicine services in the country. In particular, U Mobile and Qualcomm will collaborate to enhance the DoctorOnCall platform, Malaysia's first and largest digital healthcare platform.

As part of the engagement, both companies have introduced the 24-month SIHAT healthcare program to monitor the condition of patients remotely and seamlessly with chronic diseases such as diabetes. U Mobile's high-speed 4G network facilitates live video consultations on the platform, ensuring positive customer experiences and improving healthcare access in rural communities. Frost & Sullivan attributes U Mobile's commitment to continuously driving consumer-centric product and service innovation as pivotal to its steady growth in Malaysia's mobile services industry.

Price/Performance Value

U Mobile's growth strategy to provide affordable and accessible mobile services sets it apart from its competitors in the market. In 2021, U Mobile launched 5G prepaid and postpaid plans at affordable prices between RM20 and RM38 (\$4.70 and \$8.93) per month.² Apart from its prepaid 5G services, which include unlimited data and calls, users can enjoy 30 hours of maximum speed on U Mobile's 4G or 5G network, while postpaid 5G services include 30 gigabytes of high-speed data and unlimited calls.

U Mobile is recognized for its competitive pricing strategy as the company offers the most affordable 5G-ready mobile service plans in the market, driving the adoption of 5G in Malaysia. U Mobile also provides customers the highest value among competitors through value-added services, such as speed boost to enhance customer experience.

U Mobile bundles its products and services into attractive packages that meet customers' needs. In October 2021, U Mobile launched a mobile service package that offers a new 4G device for free, is exempt from upfront payments, and allows a shorter contract period, providing customers more value. By

² RM1 = \$0.235 as of June 30, 2022

developing mobile service plans that deliver superior value, U Mobile continues to strengthen its customer-centric approach in the market.

Customer Service Experience

In a crowded market with intensifying competition, offering more customer-centric services is the priority of MNOs. Growing demand for seamless and personalized experiences is the primary driver to retaining and gaining subscribers. Recognizing this need for personalized customer service experiences, U Mobile has refreshed its website to provide customers with a more holistic user experience.

The company collaborated with GrowthOps on its website powered by Adobe Experience Cloud and hosted on Amazon Web Services. The website enables U Mobile to gain valuable insights to enhance customer experience through personalized content delivery and provide better digital channels. In addition to personalized experiences, U Mobile has launched Project PiXel, the company's transformation initiative to boost customer relationship management and billing. Once complete, U Mobile will be able to improve its customer experience further. Frost & Sullivan firmly believes that U Mobile's consistent efforts to ensure a comprehensive end-to-end digital experience for its customers reassert its status as the best mobile service provider in Malaysia.

Brand Equity

Over the past year, U Mobile has registered major wins, highlighting its stellar brand equity and performance record globally and in Malaysia. According to Open Signal's Global Mobile Network Experience Awards 2021,³ U Mobile's network secured an impressive four wins out of the five categories, including video experience, voice app experience, download speed experience, and 4G availability.

U Mobile was rated the best in the video experience and voice app experience category, which indicates that its subscribers experience high-quality video streaming on mobile devices and high-quality experiences for OTT voice services. It also outperforms the competition in download speed experience and 4G availability, emphasizing U Mobile's ability to keep pace with changing demands and offer high-quality network experiences to its customers. By consistently providing a high-quality network experience, U Mobile continues to outshine its competitors in Malaysia's mobile services market.

³ <https://www.opensignal.com/global-awards-2021>

Conclusion

Malaysia's mobile services industry is highly saturated and competitive, resulting in marginal revenue gains and subscriber growth. Network quality and customer experience are two essential factors for MNOs to compete effectively and create a strong point of differentiation. U Mobile's high-quality network is driven by its strong commitment to prioritizing customers' evolving needs and extensive investment in network infrastructure upgrades. U Mobile has launched 5G mobile services and social initiatives to address market demand for mobile data and narrow the digital divide in Malaysia. Through strategic partnerships and investments, U Mobile continues to blaze a trail with innovative consumer-centric solutions and digital business models, providing customers with a wide variety of plans that offer the best value in the market.

With its strong overall performance, U Mobile earns Frost & Sullivan's 2022 Malaysia Company of the Year Award in the mobile services industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

