

Making a mark in the Indian Telecom Industry



Arun Kapur, Group President, Quippo and Managing Director, Quippo Telecom Infrastructure Limited talks to **Juhi Shrivastava** about his company's projects, operations and future plans

Please give us an overview of Quippo Telecom Infrastructure Ltd? What is the current financial status of the company?

Quippo Telecom Infrastructure Ltd (QTIL) has been incorporated with an objective to provide 'Shared Passive Telecom Infrastructure'. This unique and pioneering effort was conceptualised and sponsored by Quippo Infrastructure Equipment Ltd – the first and largest equipment rental company in India. We have a established significant presence in the Indian telecom industry as the first independent tower rental company.

With our high quality, cost-effective and time-bound services, we have gained exceptional confidence among leading telecom players and proof of concept has been achieved from our customer through site sharing. In the last two years, we have developed 3,500 towers in 12 circles, which include Punjab, Karnataka, UP (East), UP (West), Haryana, MP, Gujarat, Rajasthan, West Bengal, Bihar, Assam and North East. More than 50% of these are already shared by multiple operators.

We are doing pretty well in financial terms. The company is poised for a high growth trajectory, both organic and inorganic.

What are the key focus areas of the company?

With the changes in the regulatory and business environment, we are already thinking of offering total end-to-end solutions, which includes passive and active sharing, last mile connectivity and managed services. We aim to become a true infrastructure partner to the telecom world.

How do you perceive the opportunity of the entry of new players in the telecom segment from the point of view of their tower deployments?

From the tower deployment perspective, the more the entrants, the higher is the scope of deployment. We are already on with the process of signing agreements with them for their roll out. In fact these new entrants will also strengthen our business model of having higher tenancy ratio. Therefore it's a great business opportunity for us and we would like to tap it as soon as possible.

Apparently the company is planning huge investment to ramp up its telecom infrastructure business. Please provide us the details of this?

We envisage a portfolio of more

than 40,000 towers by 2011. To achieve this vision, we have already fixed up an adequate investment to fund our expansion plan in the coming years. We have also initiated the processes of forging/acquiring partnership in technology, project management, equipment sourcing and operation, and maintenance etc., to efficiently manage and implement the various projects.

QTIL is currently present across 12 circles and it will be operational in 3 more circles in near future. Within the financial year 2008-2009, we are expected to have a pan India presence.

We are also looking at strategic partnership with other telecom operators/tower companies. We have recently acquired entire tower portfolio of Spice Telecom with the exclusive rights to rollout for their future requirements. This acquisition alone gives us an opportunity to rollout over 12,000 towers in the next few years time.

We are now in the process of developing innovative business models in telecom space and looking at other revenue streams.

Many major companies are consolidating to expand their market presence? What you have to say about this? What are the

Tête-à-tête

benefits of such consolidations for the customers and what difference is this going to make in the Indian telecom market?

As mentioned before as well, consolidation is the need of the hour and ours was the first move towards it by acquiring Spice towers and being a front runner in the bid for TTSL towers. I am sure the benefits will be passed on to the end customer by the operator's, since they will be saving on their capex and opex both.

Apparently the company is also planning to venture into active infrastructure sharing, what is happening on this front?

We are in final stages of devising our business model and strategy and we will launch this shortly.

What are the other projects in which the company is planning to get engaged into? Please also provide us the financial status of these projects.

The key focus area for QTIL is to develop a world class customer centric organisation which is process driven and scalable. Absorption of technology velocity and most importantly, developing knowledge and skills are the key focus areas of QTIL.

Having said that, we are already emerging as the major thought leader in the industry and in humility, we believe we have that appreciation from our customers.

We are already expanding our offerings to include 'Active Infra Sharing', MSC hosting, interconnect and data centre hosting, indoor solutions both for commercial and residential including triple play (Voice, Video and Data) and mobile number portability.

Realising the strong demand for integrated telecom solutions in IT, ITES hospitality and real estate industry; we have partnered with

the world leaders in telecom solution and developed an innovative business model – Shared In-Building Solution (IBS). In short, we will become true strategic and growth partners of the service providers bringing unparalleled benefits of capital, size and scale, technology and the highest service standards.

QTIL has entered into a contract with Tarantula.net? What are the benefits that QTIL has derived from this and how did it help you to improve the functioning of the company?

Our venture with Tarantula.net would benefit the entire Indian mobile industry by providing a structured, transparent, online workflow process for managing the complexities of infrastructure rollout, maintenance and sharing. Quippo also foresees a significant time and cost savings which will help the company prevent leakage of operational assets, thereby improving the company's cash flows.

What are the future prospects of the Indian telecom market? What is your game plan to tap this market?

Mobile telephony industry is India's showcase of growth, state-of-the-art technology, business model innovation and significant value creation – all in a relatively short time span of barely over a decade. At global level, India is second largest in terms of subscriber base (after China), it still has tremendous growth opportunities given the current tele-density of barely 22%.

Whilst the penetration in urban markets has reached close to many international peers; it is the rural market with a population of more than 70% and penetration of less than 5% which offers both maximum challenges and opportunities. The

industry's eco-system is uniquely characterised by one of lowest call rates, lowest ARPU's, amongst one of the highest MOU's and a strong competitive intensity – which is set to increase even further through introduction of new players as well as new technologies. The telecom industry is also one of the prime contributors to India's GDP with strong contribution and correlation to growth of both services and manufacturing sector. The key challenge still remains a cost-effective and scalable infrastructure, which is where the collaborative business model of shared infrastructure, assumes a compelling proposition.

What are your demands and recommendations to the government to improve the telecom infrastructure of India?

We would like to recommend the following:

- Change in necessary regulatory framework to enable IP1 infrastructure providers to offer active infrastructure sharing also
- Necessary tax benefits for infrastructure providers to make infrastructure sharing more attractive
- Encourage MVNO model in India which will to an extent address the issues of the spectrum.

Where you see your company five years hence?

As a new and emergent global trans-national, we are committed towards world class systems and processes and a 360o reputation as an Indian employer brand. Five years down the line, Quippo will be a name to reckon with, providing end-to-end solutions and playing a key role in country's communication industry even more actively. We will eventually emerge as total infrastructure partner of the telecom world. ■