

Whitepaper

# Most Innovative Wholesale

International telephony service has experienced huge changes from market liberalization, intense competition, rapid technology innovation and non-stop price declines. How Indonesian face the decline?

## Background

Over the past decades, international telephony service has experienced huge changes from market liberalization, intense competition, rapid technology innovation and non-stop price declines. This also happens in Indonesia termination wholesale market, which faces the same challenges such as migration to Over The TOP (OTT) application and alternative doors creating from grey route termination. Although Telin still enjoys a positive traffic growth, the annual Indonesian inbound traffic growth shows an alarm of declining trend from 22,8% in 2011 to 8,9% in 2013 (AT Kearney).

## Strategic Innovation

Looking at the above trend, Telin has created an innovative initiative to secure its wholesale voice business through a breakthrough program named as "New Equilibrium", which involves the following actions.

1. Re-profiling of Indonesia termination traffic so the breakthrough strategy can be applied to the market.
2. Strengthening Organic to Organic (O2O) collaboration with retail service providers in originating countries to give more benefit to organic partners by offering several business schemes such as revenue cap, enhance revenue commitment/volume commitment, attractive tiering rate base, and bilateral accounting rates which is also known as accounting rate regime.
3. Offering aggressive price for international outgoing calls (IDD) from Indonesia by taking advantage of privileges direct cost provided by Organic Partners.
4. Implementing enhanced detection & prevention system to minimize grey routes termination.

## What's new?

Unlike traditional wholesale practice, which focuses more on the wholesale swap market, Telin put more priority to support retails at both sides. Through this, Telin and its partners can have more flexibility over the cost, more control on quality and capacity as well as better assurance on revenue.

Before implementing "New Equilibrium", Telin has difficulty to capture Indonesia termination traffic from some countries that are dominated by grey route markets, which has limited quality. This market has already used grey route rates as cost references. Through "New Equilibrium", Telin is able to offer better cost, assurance on capacity and quality to the retail service providers.

## Implementation & Result

Since its implementation in Q4 2014, Telin is able to profile and segment Indonesian termination market such as Malaysia, Singapore, Middle East, Taiwan, Hong Kong, China and USA.

Although it was just implemented recently, in Q1 2015, New Equilibrium program has shown a very positive result with Telin's position still leading with 12,3% growth of traffic and 1,4% growth of revenue while market is 3,3% and -0,7%, respectively.

Telin has successfully gained trust from its partners due to the benefit that its partners received from Telin. The selected partners has reported that they enjoyed 5% traffic growth higher after joining Telin's New Equilibrium programs.

Through special cost provided by Telin's direct partners, Telin has also been able to grow its IDD 4,7% better than the industry during Q1 2015 period.

### What's next?

Learning from the lesson of New Equilibrium implementation, O2O collaboration is very effective to improve its production and revenue of IDD service. Telin will continue to work together closely with other Organic Partners to secure IDD business in each respective market territory.



A subsidiary of PT Telekomunikasi Indonesia (Telkom), Tbk, Indonesia's state-owned telecommunication and network service provider, PT Telekomunikasi Indonesia International (Telin) is the World's hub for Telecommunication, Information, Media, Edutainment and Services (TIMES) focuses on international telecommunication business and serves as Telkom's business arms in managing and developing its business lines abroad.

Today's customers want a reliable and trusted partner who has both technical capabilities and deep understanding of their business requirements as well as the business objectives. Whether it is an overseas company who wants to tap into Indonesia's mobile and telecommunication potential market or vice-versa, a local business who needs to broaden its network internationally or share its contents globally, Telin is the perfect telecommunication partner to help reach your business goals.

For more information about Telin's products, services and solutions:

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