Building an Investor-Ready MVNO Business in Africa to Make It a Success

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2

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Why most MVNO plans do not clear review.

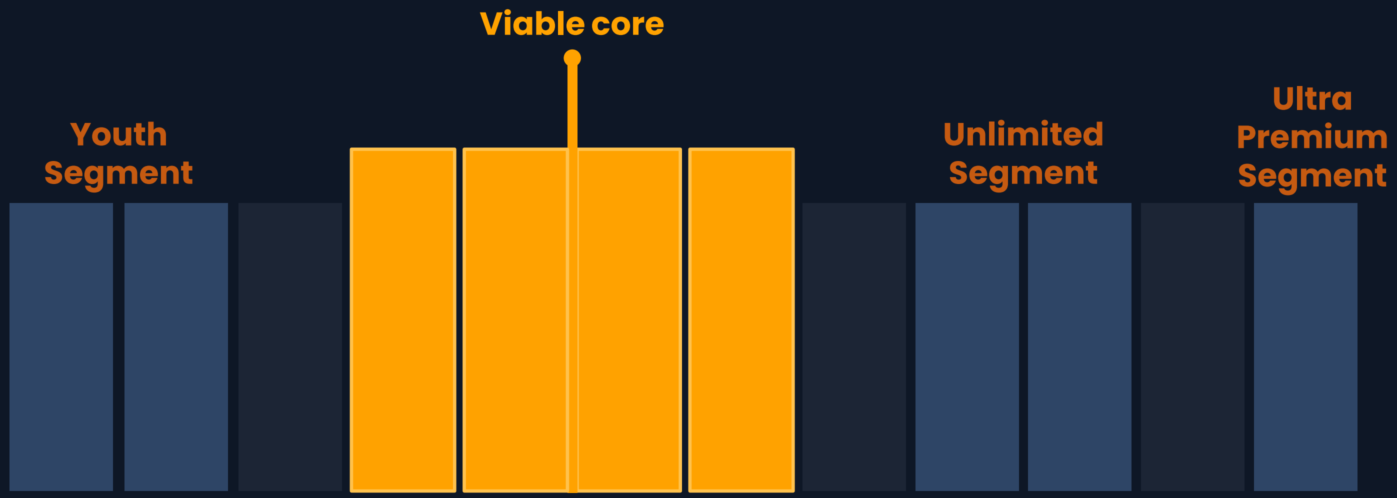
We reviewed **50+ MVNO launch plans** across emerging and growth markets in 2025.

Most failed on six points, not because detail was missing but because the model does not hold under operating conditions.

Total Addressable Market	Growth	SAC	ARPU	Retention	Margin
Too vague	*Too high*	*Too low*	*Too flat*	*Too high*	*Too vague*

Claimed market overstates reality. Execution reaches one viable segment.

Founders size for the whole market. Only the core returns its acquisition cost through lifetime value.



The full band is the claimed Total Addressable Market. Each block is one segment, sized equally for illustration, not revenue-weighted. In most African markets, installed SIM base significantly overstates monetizable demand due to multi-SIM usage and income constraints.

Why Segments Fall Out After Launch

1. **Acquisition cost**
   Acquisition cost exceeds the value a segment returns over its lifetime.

2. **Achievable pricing**
   Achievable pricing holds lifetime value too low to clear that cost.

3. **Distribution**
   Distribution cannot reach the segment within the target cost per add.

4. **The overstated market**
   The overstated market pulls spend toward demand that never converts.

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There is more to a viable Route to Market than Digital Acquisition.

The 90-day plan replaces “we will acquire customers digitally” with a defined Route to Market. It earns demand, reaches it, converts it within cost, and proves it through KPIs.

In most African markets, digital marketing alone will not deliver sustainable growth

- **Demand that Converts**
- **Brand and Proposition that Wins**
- **Distribution that Reaches**
- **Manageable SAC**
- **Active Subscriber Base**

A disciplined route protects volume at every step, starting with the brand and proposition that earn demand.

What the Plan Must Build

1 Proposition and brand
Awareness, trust, and an offer that converts demand.

2 Reach
Distribution across agent networks, retail channels, and digital points of sale the plan assumes.

3 Scalable economics
Cost per add held inside payback as volume grows.

4 Instrumented funnel
Activation and retention tracked, so the live base drives the plan.

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SAC is the cost per active subscriber, not per download or install.

Two things inflate the number in the pitch deck. The KPI counts 30-day-active subscribers, not installs, and the cost behind it is far more than media.

More Goes into SAC than Most New MVNOs Want to Believe

Loaded SAC

- **Provisioning, payments, and onboarding**
  billing, CRM, support, activation ops
- **Brand, marketing, and events**
  the awareness spend that makes the rest cheaper
- **Promotions and referral incentives**
  free months and pay-to-refer rewards
- **Device subsidies and discounts**
  the handset discount that wins the deal
- **Agent commissions, dealer margin, and cash handling**
  last-mile agents drive much of SAC in prepaid, cash-led markets
- **Identity, SIM registration, and KYC checks**
  mandatory registration regimes add cost, even at 100% digital
- **Digital media spend**
  search, social, programmatic placement

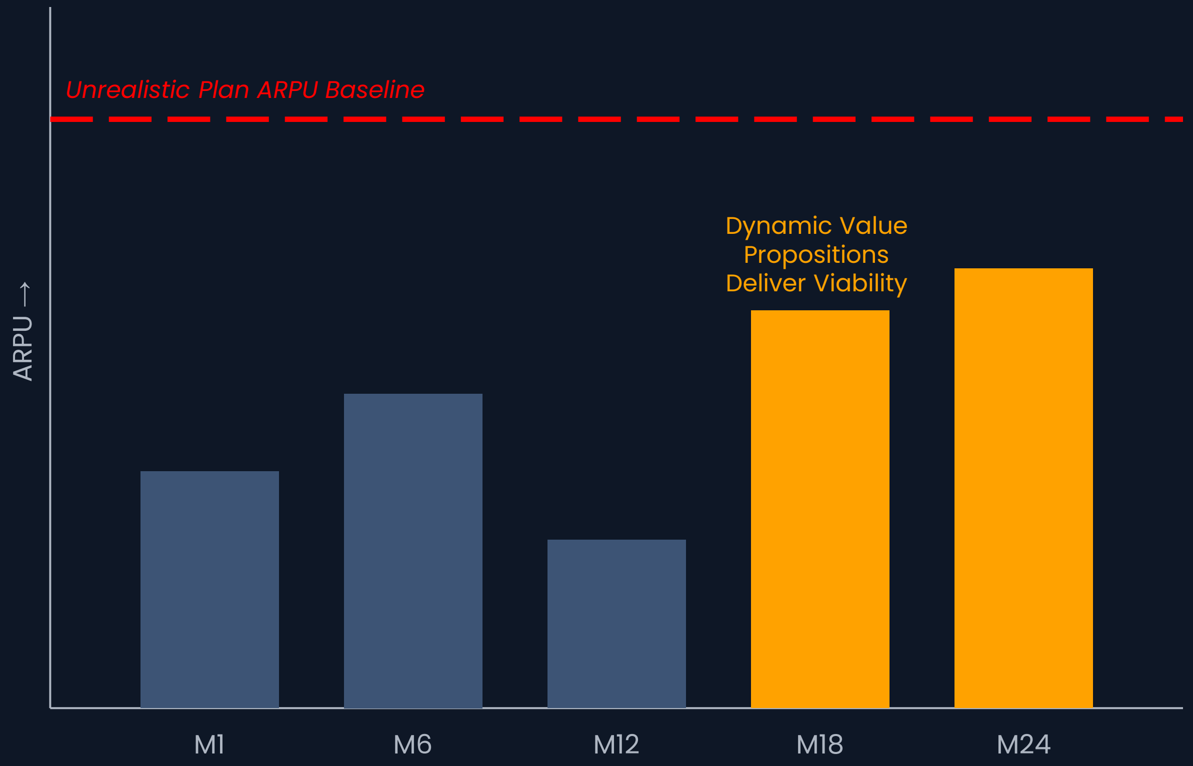
How to take SAC down

1. **Acquire through partner channels**
   Channels such as banks, retailers, and distribution platforms lower acquisition cost and increase conversion rates.
2. **Win a niche before going wide**
   Focused segments convert at lower cost and retain longer, improving payback.
3. **Own your digital marketing**
   Funnel control sits with the operator; outsourcing without control degrades acquisition performance.
4. **Build retention before you scale to control SAC**
   SAC is recovered through lifetime value; without retention, acquisition spend fails to return.

Is ARPU flat in your business plan?

ARPU is not a number you set. It is the outcome of who you attract, what you offer, and who stays. Model it flat and you have already broken your economics. ARPU volatility is higher in prepaid-dominant markets, where customers actively switch SIMs based on short-term value.

What Happens to ARPU After You Launch



Why ARPU Never Stays Flat

1. **Who You Attract**
Acquisition mix sets the ARPU baseline before retention touches it. Attract the wrong segments and nothing downstream recovers the math.

2. **What You Offer**
Value propositions set the ceiling on each segment's return. One plan forces every customer into the same economics.

3. **Who You Keep**
Retention mix determines realised ARPU. The cohort that survives is the mix your model should have been built around, not the one you launched with.

Retention assumptions are too high.

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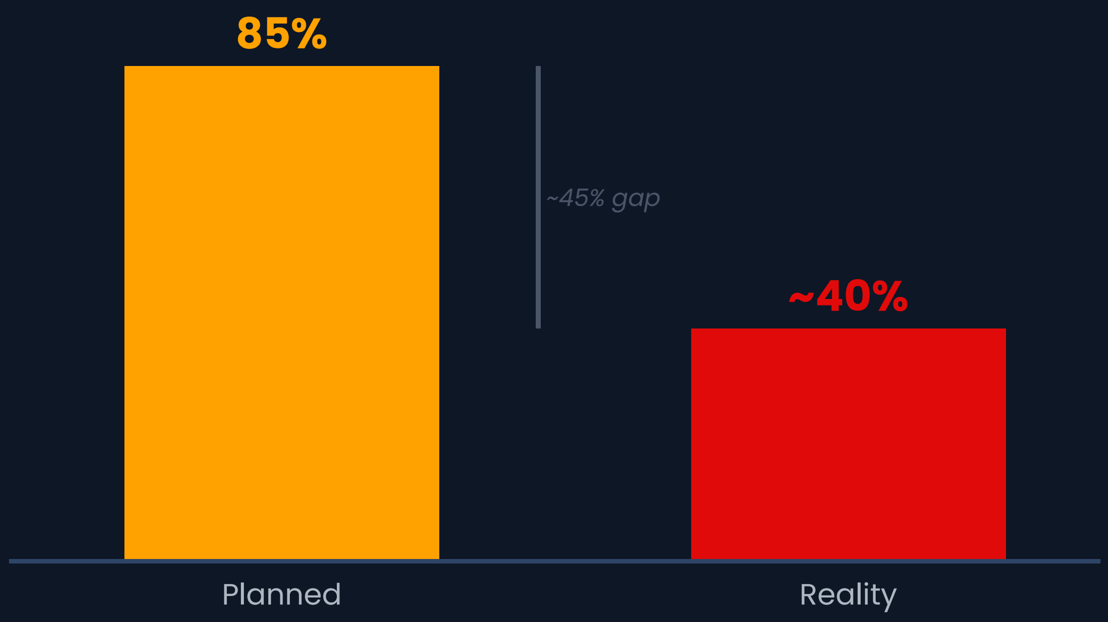
Founder plans often present retention rates that are not realistic. The assumptions we've seen ignore the subscriber mix that their Route to Market can achieve.

Month 6 Subscriber Base: Plan vs Reality



Why Retention Assumptions Collapse

1. **Acquisition Assumptions** are made in isolation. The target market, Route to Market, and SAC all interact to determine who churns and who stays.
2. **The Day-Three Customer** goes silent, never activates, and exits the base before any metric catches it.
3. **Churn Is Now Predictable** before it happens. eSIM shrinks switching to under five minutes. Miss the early signal and the customer is gone.

Margin calculations are only as real as the wholesale agreement behind it.

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Most founders struggle to answer this question, for the same reason.

Margin Is the Output of Everything Upstream

Wholesale Rate — agreement not signed; largest cost is undefined

Route to Market — channel cost and funded acquisition plan

Subscriber Acquisition Cost — real cost per add, not budgeted target

ARPU and Retention Assumptions — flat lines set too high for a mature market

MARGIN — undefined if any input above is undefined

Why Margin Cannot Be Estimated

1. **The Wholesale Agreement Is Not Signed,**
   without it, the single largest variable cost in the business is still undefined.

2. **Margin Is Not a Standalone Component.**
   It is the output of wholesale rate, SAC, ARPU, and Route to Market combined. A simple number in a spreadsheet is not margin.

3. **Margin Is What Investors Care About Most.**
   And every error upstream flows into it. It is where we find out whether the plan holds.

Time is fixed. Your Operating Plan must improve fast enough.

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MVNO Viability Map

THE COMMERCIAL ENGINE

GROWTH
Who you win, and how fast

Target Market
Segment and its value profile

Subscriber Growth
Pace of base expansion

THE INTERPLAY

Acquisition Spend drives growth rate

Segmentation determines ARPU potential

Customer quality determines retention

FINANCIAL PERFORMANCE
What each subscriber returns

SAC
Fully loaded cost to acquire

ARPU
Revenue per subscriber

Retention
Lifetime against churn

Margin
Net of wholesale cost

RUNWAY
The Investor Readout
Capital against the break-even horizon

funds

FX Headwinds

VIABILITY
The company reaches self-sustaining operations structured to return capital to shareholders and/or grow at a sustainable pace.

informs

Sequencing the plan for viability and growth.

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Most growth initiatives sit in one of four quadrants. Their sequence separates the viable plans from stalled ones.

Reading the Map

Market Strategy

Viability is mostly driven on the right-hand side of the map.

Execution Speed

Faster implementation changes the order in which moves should be sequenced.

Operational Capacity

Foundational plays require less executive attention than strategic bets.

Growth Priority Map™

IMPLEMENTATION SPEED

Performance Levers

LOW IMPACT · HIGH SPEED

Fast moves that build momentum while larger initiatives are underway.

Revenue Accelerators

HIGH IMPACT · HIGH SPEED

Growth comes from scaling what already works, before competitors respond.

Foundational Plays

LOW IMPACT · LOW SPEED

Core operational work that keeps the business running, but does not drive step-change growth.

Strategic Bets

HIGH IMPACT · LOW SPEED

Two or three plays that build a real position. Cleared and resourced at board level.

REVENUE IMPACT

Early performance sets the outcomes for a viable MVNO.

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The operating model you build at launch will determine your business performance *and* your runway.

Operating Discipline — Weekly KPI-to-action loop governs all six levers.

Distribution Dynamics

A channel that cannot acquire below its SAC ceiling consumes runway without building the base.

Digital Experience

Activation must complete within 90 minutes, or acquisition spend is stranded before it returns.

Acquisition Efficiency

Spend pushed through a funnel below its conversion floor compounds the loss as volume grows.

Retention

A first cohort that churns before payback leaves every later cohort starting underwater.

Billing & Revenue

Billing errors each carry a contact, a credit, and a churn risk, so accuracy is a revenue control.

Customer Experience

Self-service that fails to deflect routine volume lets cost-to-serve climb with the base.

Viable growth shows up fast.

Viable MVNOs have a toolkit of Revenue Accelerators which they will deploy quickly, regularly and judiciously to pump up revenue with determination and purpose. The target impact should be within 90 days. Usage-based credit and device financing often outperform traditional upsell mechanics in prepaid-led markets.

Where We Go Deep — Five priority mechanisms above, four supporting mechanisms below.

01

Trigger-Based Upsell

A usage signal fires the upgrade at peak intent

02

Add-On Service Attach

Paid services attach at onboarding or renewal, adding margin beyond connectivity

03

Event-Driven Cross-Sell

Detected moments trigger targeted offers that convert into incremental spend

04

Mobile Money Float Monetization

Float on stored value and wallet balances earns margin beyond connectivity

05

Multi-Line Account Expansion

A second line or device joins the same account, lifting total account revenue

06

Airtime Credit and Advances

Emergency airtime and credit advances recovered on the next top-up

07

Segment-Based Monetization

Each segment is priced to its willingness to pay, lifting conversion and ARPU

08

Usage-Based Lending and BNPL

Credit and pay-later scored from usage and top-up history

09

Device Financing

Handsets paid over time widen access and tie the subscriber to the plan

Every number in the plan depends on a real capability.

Investors will assume these capabilities already exist and are able to operate at scale. When they find holes in the logic beneath the numbers, the conversation is over.

What the Variables Stand On — The base has to work before the variables can be tuned.

Commercial Variables

- Total Addressable Market
- Growth
- SAC
- ARPU
- Retention
- Margin

- Operating Machine
- Technology Platform
- Measurement Layer
- Compliance & Capital

Operating Foundations

1. Foundation Carries the Business

The foundation carries the business. Until it is built, the plan has nothing to run on.

2. Variables Depend on the Foundation

You cannot tune SAC before you measure cost by channel, or scale a channel before the platform connects to it.

3. Gaps Only Appear Under Load

A founder can feel ready and still be missing foundations, because each one stays quiet until growth puts weight on it.

Scalability and viability are designed-in from the beginning.

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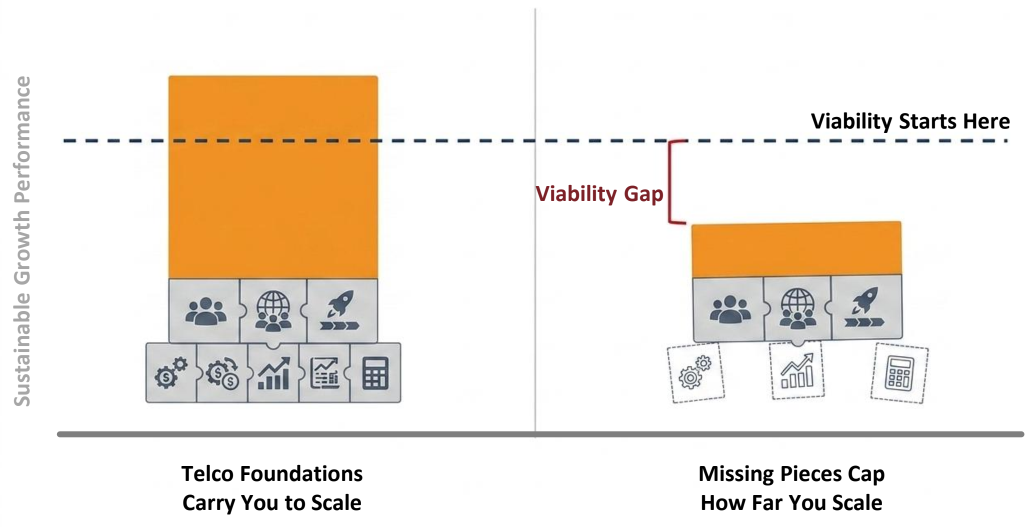
A business can look fine before it scales. Pushing for growth is when an incomplete base turns into risk investors won't back.

Where the viability gap opens



Why This Decides Funding

1 **Foundations Set the Ceiling**
How complete the base is decides how far the business can scale. Gaps in the base cap the growth the plan can reach.

2 **Hidden Before You Scale**
The numbers hold until growth puts pressure on them. Every assumption looks defensible because nothing has tested it.

3 **Investors Fund Results**
Capital backs plans that reach the numbers. An incomplete base leaves the plan short, and the round gets harder or more expensive.

Plan credibility depends on these capabilities.

These capabilities decide whether projected SAC, ARPU, and retention actually hold.

Plan Credibility Check

- Treat each box as present or missing.
- Missing any one is plan risk, not a detail gap.
- Score it live. Do not debate definitions.

If any box is missing, the plan should not be funded.

Founder-Installed Capabilities Required for Plan Credibility

The Operating Machine

A business run on founder heroics cannot scale. Documented, repeatable process keeps the firm working when the founder leaves the room.

The Technology Platform

Sized for the scale you are heading to, so it does not cap growth when volume arrives. It also sets the ceiling on which levers you own.

The Measurement Layer

Cost by channel. Churn by cohort. And usage behavior. Measurement turns optimisation into evidence which is critical to managing for viability, as well as for conversations with investors.

Compliance and Capital

In African markets, licensing, SIM registration, data protection, and mobile money integration are gating constraints, not back-office compliance. Capital must clear the next milestone.

Four questions before you get to price.

Operators that lead with price are often skipping the four evidence requirements that make any proposition defensible and ensure that you're not leaving money on the table.

1. **Who is the target customer?**
2. **What is the addressable market?**
3. **What does their consumption look like?**
4. **What is the hero value proposition based on?**

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Digital Lifestyle Bets differentiate and can be a path to viability.

Digital Lifestyle propositions give MVNOs the ability to compete beyond price. They shift competition by increasing relevance, engagement, and ARPU. In African markets, financial services is a core monetization engine, not an optional category.

Lifestyle is the only strategy that uses what the MVNO actually has.

THE DIGITAL LIFESTYLE MAP — 10 CATEGORIES, 43 PLAYS

Financial services

- Mobile money / wallet
- Remittance
- Savings
- Micro-lending
- Buy-now-pay-later
- Device financing / leasing
- Cashback / rewards card
- Crypto cashback

Content and entertainment

- Music and audio streaming
- Video / SVOD
- Sports content
- Mobile and in-app gaming
- Editorial / podcast
- Astrology / lifestyle
- Influencer co-branded plans
- AI services bundle

Loyalty and rewards

- Discount / coupon platform
- Loyalty and partner rewards
- Cross-border rewards

Food and dining

- Food delivery
- Food brand bundles
- Restaurant rewards

Insurance and protection

- Micro-insurance
- Device insurance
- Identity theft protection
- Cybersecurity

Home

- Home internet bundle
- Home security
- Smart home services
- Energy supply

Health, wellness, education

- Health and wellness subscriptions
- Education and e-learning
- Financial literacy

Travel and mobility

- Travel eSIM and roaming
- Airport lounge access
- Rideshare integration
- Hotel and trip booking

Identity and civic

- Government / civic identity
- Charity / values alignment

Other

- Cloud storage
- Pet adoption brand affiliation
- Device retail
- Lottery and utility vouchers

Twelve Paths to Digital Differentiation

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You don't have to do all twelve, but the few you choose will define how you compete. More than features or campaigns; these are decisions about how the business competes.

1. The app is a way to differentiate
2. Simple. Simple. Simple.
3. Digital Proposition Cornerstones
4. How to win Millennials and Gen Z
5. Digital Lifestyle Provider
6. Cohort-level targeting
7. ARPU-tier discipline
8. Ownable Moments
9. We are an app
10. Design your own number
11. Pause your plan
12. eSIM-first MNP-native

Some of these will matter for your business; the right ones will change its trajectory.

Grab the whole deck

Scan to get insights into the entire list of 12 Strategic Bets to scale your MVNO, grow ARPU and win market share.