



connecting the world.

John Wang | Patrick Cahill | Jack Yin | Henry Xu

Agenda



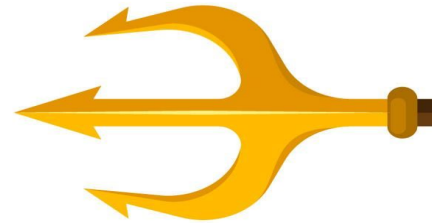
Strategic Outlook

**Recommendations
R&D**

Rebranding

Human Resources

Financial Projections



Solutions

Executive Summary



"... extending our lead in the saturated Chinese and growing international telecom market. We will connect the world and actualise innovation through continued R&D, international rebranding and HR restructuring."

Core Ethos



connecting the **RURAL.**

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Core Ethos



connecting the **CUSTOMERS.**

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Core Ethos



connecting the **EMPLOYEES.**

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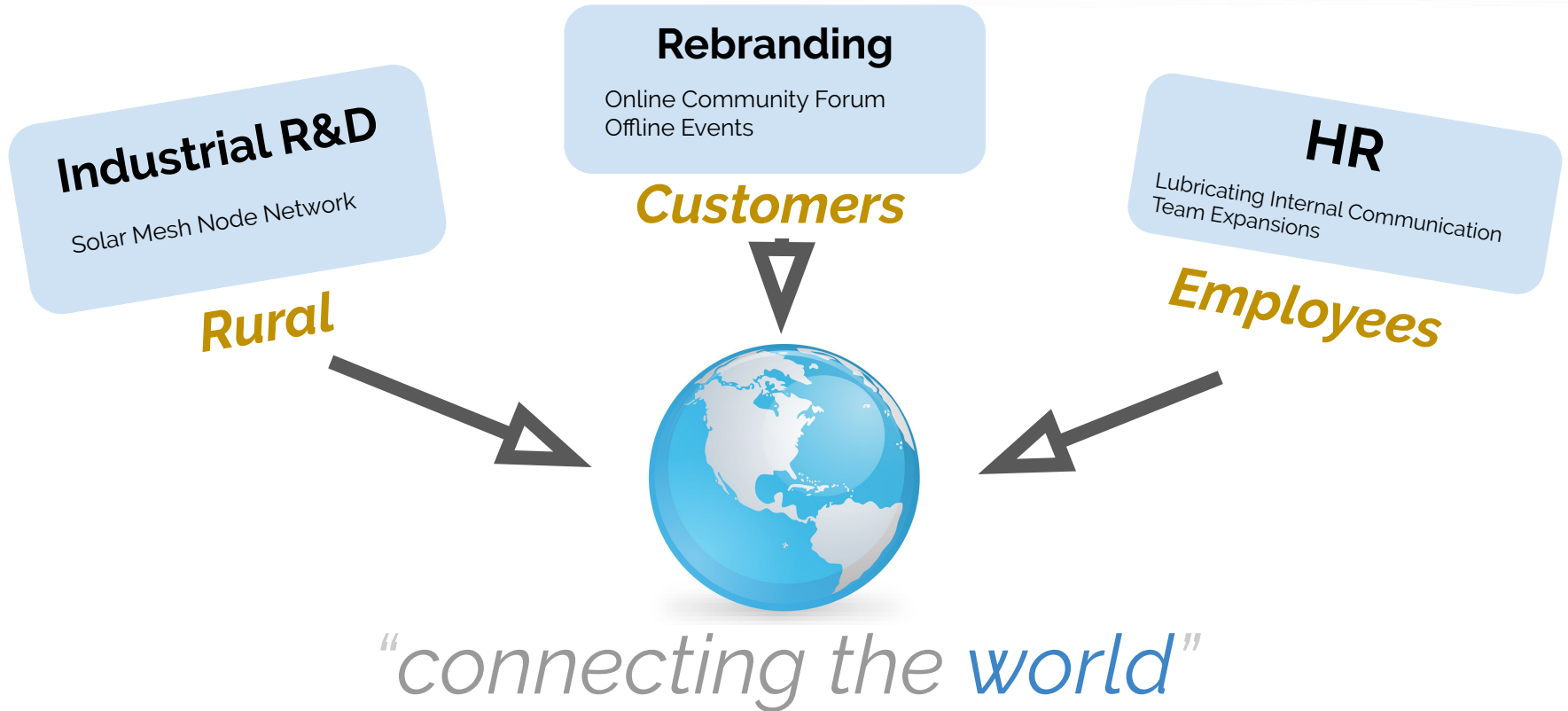
Core Ethos



connecting the **WORLD.**

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Core Ethos - Innovative Connectivity



Current Situation



Political

U.S. sanctions with ZTE

Economic

Belt and Road Initiative

Sino-American trade war looming

Social

Globalisation

Smartphone part of everyday life





Technological

Competitive landscape

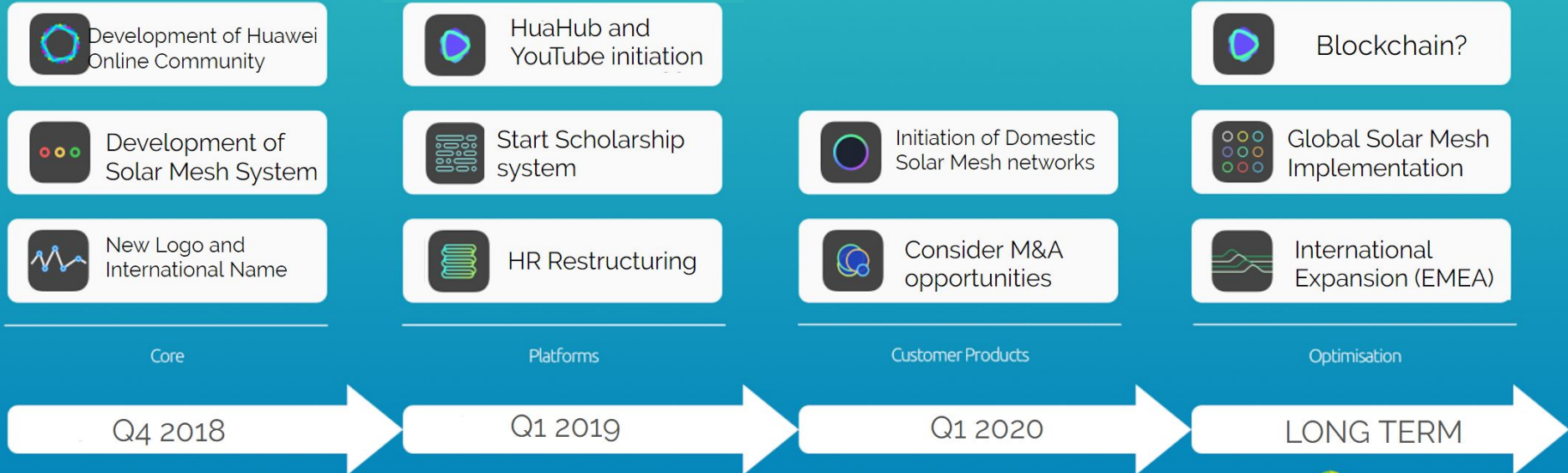
Race for Patents

Advances:
Blockchain, A.I, Node Networking

Competitor Analysis Table

	 HUAWEI			
Strategy	Innovation, R&D, Design	Fan-based marketing + Online Sales Channel	M&A	Marketing + Rural Distribution
Domestic Market Share of Consumer Tech	23.5%	14.2%	negligible	20.1%
Current Ratio	1.51	1.35	0.80	1.37
Quality/Price	Mid-High end	Low end	Low end	Low-Mid

Roadmap



Options

Issues Alternatives	Poor application of R&D	Brand Image/ Customer Education	Structural Inefficiencies	Data Security	Customer Satisfaction	Product Expansion
Design	■ □ □	■ □ □	■ □ □	■ ■ □	■ ■ ■	■ □ □
R&D	■ ■ □	■ ■ □	■ ■ □	■ ■ ■	■ ■ □	■ ■ □
HR	■ ■ □	■ ■ ■	■ ■ ■	■ ■ □	■ ■ □	■ □ □
Branding	■ ■ ■	■ ■ ■	■ □ □	■ □ □	■ ■ ■	■ ■ □
M&A	■ □ □	■ □ □	■ ■ □	■ ■ □	■ ■ □	■ ■ □

Recommendation 1

Industrial R&D



The Wolves of College St
Consulting



HUAWEI

Industrial R&D

Industrial
R&D Review

What we face:

- Poor application of R&D
 - Too much fundamental research
- International immaturity
 - Too China Orientated

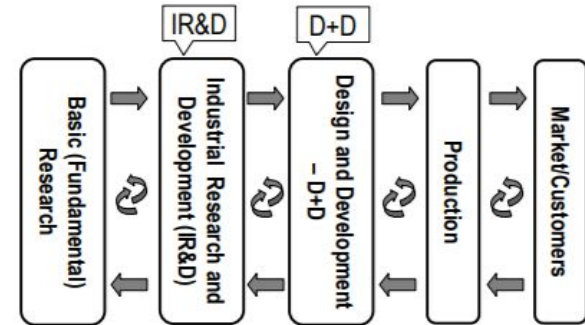
We need to change this.

Our Solutions:

- Renovation of R&D to adopt an IR&D style department.
- Undertaking of a Solar Mesh Networking System

Solar Mesh

The Combined Model of IR&D and D+D



The new model combines Basic Research, Industrial Research and Development (IR&D) and D+D (Design and Development). D+D is one of the key aspects of Technology Innovation/Development and it is not the same or inferior to R&D. D+D often acts like a link between successful R&D and Production to satisfy Market/Customer needs.

Solar Mesh - R&D Major Project

Carrier

A system of solar powered nodes on poles
(3.6km Radius)

- This will connect rural China and other developing countries to the internet
 - Widely connected
 - Solar panel system
 - Stable and affordable

Infiltration of supply chain, rural monopoly,
control over competitors

- lease to other companies like Telstra
landlines



Solar Mesh - The Opportunity

Industrial
R&D
Overview

Solar
Mesh -
Domestic

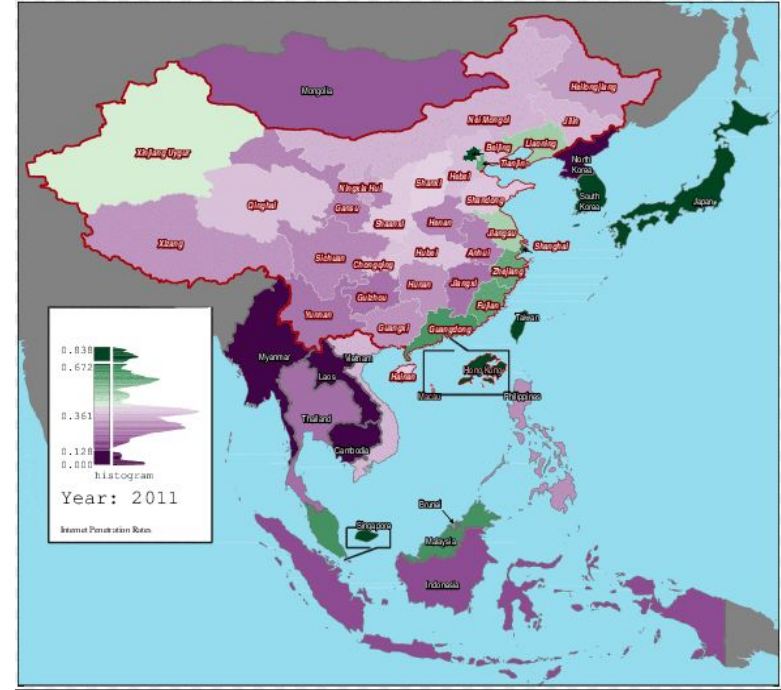
Solar
Mesh -
Global

**Completely
Untapped
Market**

Only
53.4% of
China
has the internet

3.72
Billion
without
internet

Proven in
Puerto Rico
Disaster Crisis



connecting the RURAL.

Industrial
R&D
Overview

Solar
Mesh -
Domestic

Solar
Mesh -
Global

Giving rural people the
UN human right of
internet connection
(opportunity, knowledge)

As much altruistic as
profitable

- Good PR



Domestic Expansion

Industrial
R&D
Overview

1 Joint-Partnership with China.

2 Easy, we produce the equipment
already

3 Creation of a network engineer department

-1000 Network Engineers

-Estimated \$20M (USD) Labour
Cost

Initial cost = \$65M
w/ superseding yearly costs of
\$33M

Annual Revenue would range
between **\$2.4 Billion - 2.8 Billion.**

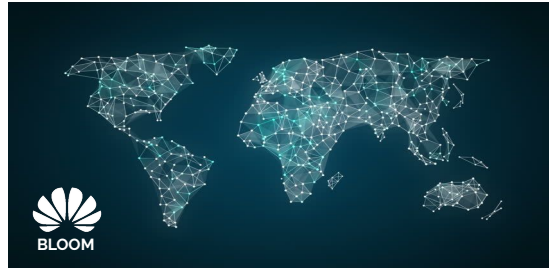


Solar
Mesh -
Domestic

Solar
Mesh -
Global

Global Application

Industrial
R&D
Overview

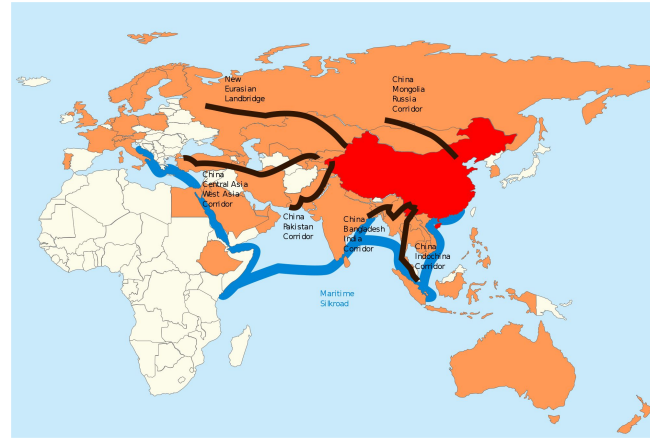


Solar
Mesh -
Domestic

- Expansion as part of the One belt One road initiative
- Potential 4 Billion Users by 2049

Solar
Mesh -
Global

Annual Profit
○ \$24B
Profit Margin: 80%

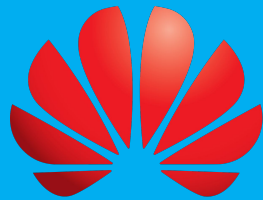


Expanding
with One
Belt One
Road

"Internet Providers Of A Globally Connected World"

Recommendation 2

Rebranding



HUAWEI



BLOOM



Issue

- Brand Image
 - Lack of prestige
 - Distrust of Chinese brand



- Poor consumer education
 - (Apple 2x, actualising R&D into profits)



Rebranding

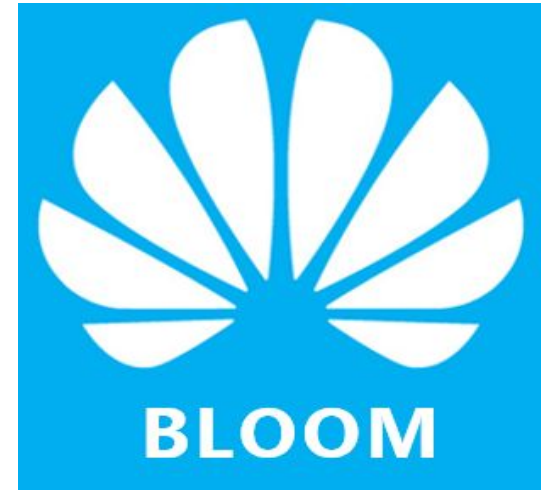
New
Logo/Name

- **New Huawei Logo**
 - Blue and White is associated with high-end technology

Online
Community

- **New International Name [Bloom]**
 - Still called Huawei in China
 - “Huawei” unpalatable to non-Chinese consumers
 - 23% consumers can name only 1 Chinese brand

Tech
Events



connecting the CUSTOMERS.



New
Logo/Name

Online Huawei Community [Hua.hub.com]

- Interact with potential customers
- Improves customer feedback loop
- Supply users with the latest tech updates

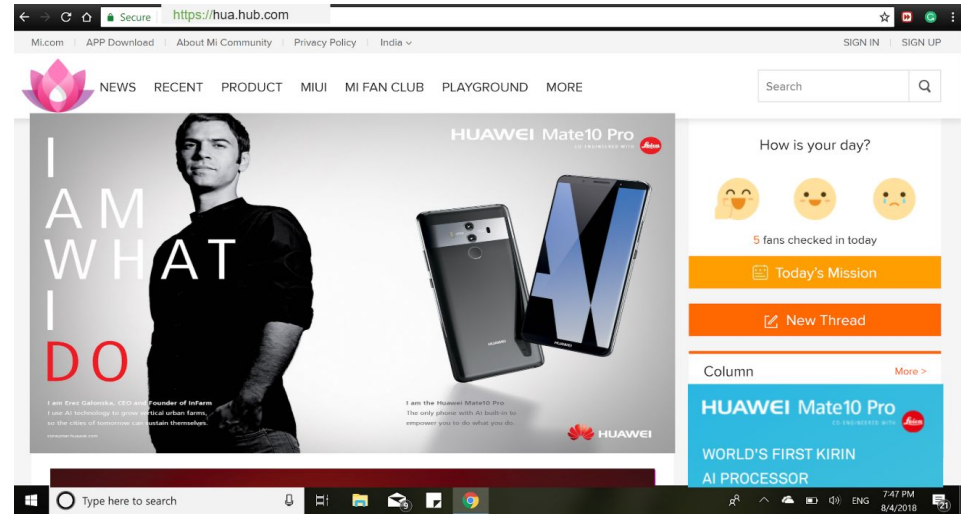
Online
Community

Prestige:

Huawei's brand
synonymous with
'technology pioneers'

Tech
Events

\$30million investment



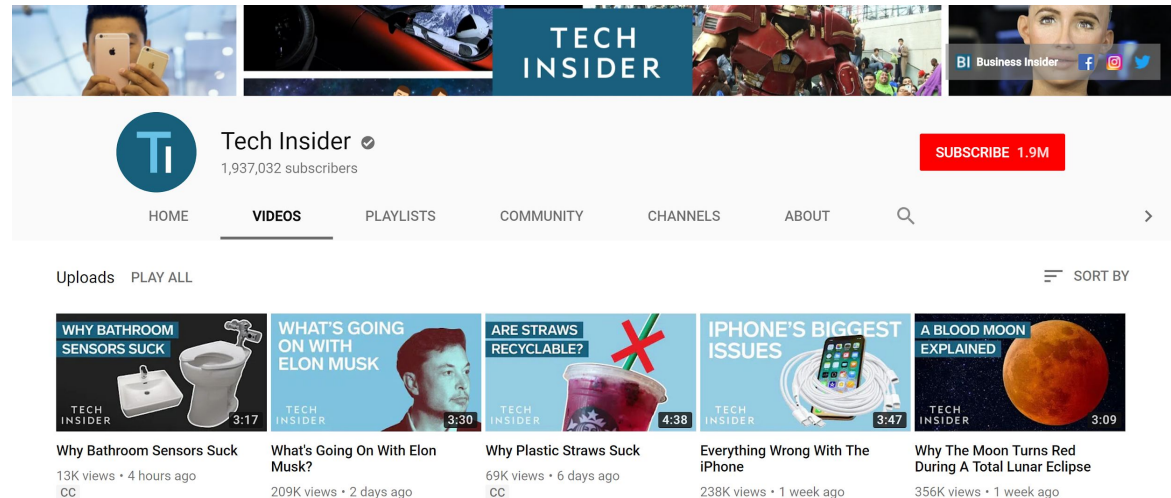
connecting the CUSTOMERS.

New
Logo/Name

The Bloom Youtube Channel

- Convert online tech articles into videos
- Other channels are **reactionary**, our channel will be the **shot-caller**

Online
Community



The screenshot shows the Tech Insider YouTube channel page. At the top, there is a banner with four images: a person holding a smartphone, a rocket launch, the Tech Insider logo, and a group of people. Below the banner is the channel name 'Tech Insider' with a verified badge and 1,937,032 subscribers. A red 'SUBSCRIBE 1.9M' button is on the right. Navigation tabs include HOME, VIDEOS (selected), PLAYLISTS, COMMUNITY, CHANNELS, and ABOUT. Below the tabs, there are 'Uploads' and 'PLAY ALL' options, and a 'SORT BY' menu. Five video thumbnails are displayed:

Video Title	Views	Time Ago	Duration
Why Bathroom Sensors Suck	13K views	4 hours ago	3:17
What's Going On With Elon Musk?	209K views	2 days ago	3:30
Why Plastic Straws Suck	69K views	6 days ago	4:38
Everything Wrong With The iPhone	238K views	1 week ago	3:47
Why The Moon Turns Red During A Total Lunar Eclipse	356K views	1 week ago	3:09

Tech
Events



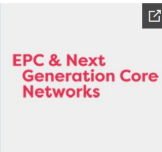


More Tech Events

New
Logo/Name

Online
Community

Tech
Events

Some Upcoming Events:

EVENTS 2018.09.03 - 04 Operations Transformation Forum 2018 Munich, Germany	
EVENTS 2018.09.10 - 11 Ultra-Broadband Forum 2018 Geneva, Switzerland	
EVENTS 2018.09.26 - 27 Evolved Packet Core World Forum 2018 Berlin, German	
EVENTS 2018.10.10 - 12 HUAWEI CONNECT 2018 Shanghai, China	
EVENTS 2018.11.19 - 21 2018 Global MBB Forum London, UK	



These primarily concern Enterprise Business. We should consider more consumer-centric tech events such as:

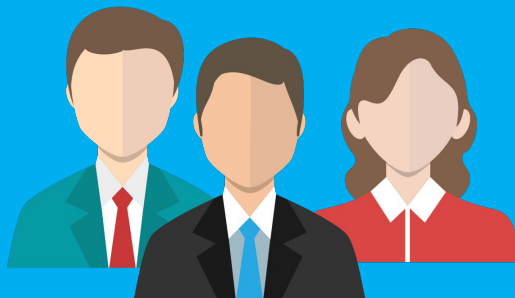
- E-Sport Tournaments
- TechCrunch
- InfoShare



What we should consider more of..

Recommendation 3

HR Restructuring



HR Overview



HR
Overview

Importance:
Human Capital

- most valuable resource,
- Most expenditure: Employee Remuneration

New
Employees

Primary Research:

Dear John,

Thank you for your questions regarding Huawei. I currently work as the Head of Marketing in Huawei Latin America.

In terms of what issues I believe Huawei is currently facing, from an internal perspective as a department head, I would have to say they are HR-based.

More specifically these issues include:

- Department Walls
- Internal Communication
- Bureaucracy,
- and Capital Structure

All the best in your competition,

苏苏

A handwritten signature in black ink, appearing to be 'Su Su', written over a horizontal line.

Head of Marketing, Huawei Latin America Branch
Mexico City, Mexico



Current
Employees

*A dictated letter
translated from
Mandarin*

New Employees

HR
Overview

New
Employees

Current
Employees

Expand teams for new projects:

1. R&D
 - a. Industrial devs
 - b. Network Engineers
2. Marketing
 - a. Web Developers

Recruitment:

- Workforce Diversity - Hire people from local background of respective country branch
 - 50% of revenue from China, yet 80% of employees are Chinese, reduce to 65%
 - How benefit?:
 - Innovative thinking
 - Better understanding of local culture/law



connecting the **EMPLOYEES.**

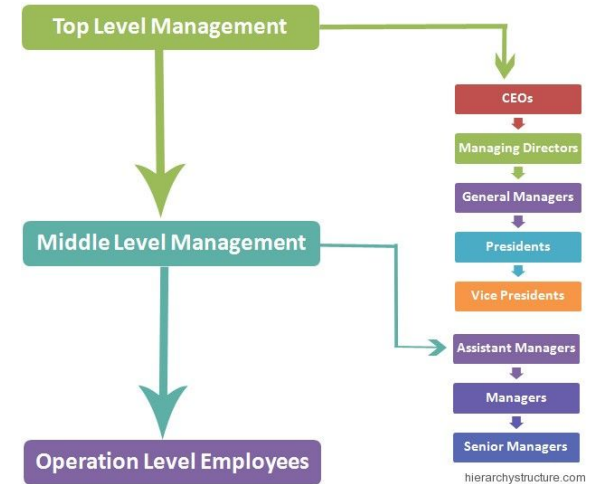
HR
Overview

New
Employees

Current
Employees

Driving communication and teamwork

- 1 Improve internal communication
(Atlassian Jira + Confluence corporate package)
- 2 Training
(Outsource to disruptive tech courses, Subscribe to Hua.Hub - in tune with vision)
- 3 Cut Employees
(NA branch + Human K)



Risk Mitigation



Risk Mitigation

	Risk	Mitigation
R&D	State cooperation & Obsolescence	1) Contracts with NGOs and/or UNHRC as funding
Marketing	Low usage on our online communities	Ease investment gradually
HR	In-accurate labour expansion estimations	Short-contracts

Reduces downside exposure

Financials



Financial Projections



Net Present Value of Huawei Technologies									
		Past			Projected				
		2015	2016	2017	2018	2019	2020	2021	2022
	EBIT	46096	47515	56384	63219.456	79689.7631	94030.83215	108830.7227	124126.1405
	Income Tax (15%)	6914.4	7127.25	8457.6	9482.9184	11953.46447	14104.62482	16324.60841	18618.92108
	Plus: D&A	10,387	14,655	14,255	18,544	18,186	26,785	26,069	26169
	Less: CAPEX	-5987	13869	6782	3230	3280	5912	9280	6091
	Less: Change in NWC	60980	39796	50314	62892.5	76099.925	61640.93925	77051.17406	96313.96758
	Unlevered FCF	-5,424	1,378	5,085	6,158	6,542	39,158	32,244	29271.25188
	Discounted Each Year	-3334.540646	846.9440629	3126.147224	3785.529584	4021.792423	24071.75661	19821.31284	17993.91254
	WACC	0.1022069327							
	PV of Projected	70332.85463							
		Perpetuity Growth Rate							
		2%	4%	5%	6.50%	8%			
	TV	363189.2826	450783.0438	588711.3621	837851.4693	1423562.291			
		CNY	USD						
Best Case	Total Value:	1493895.146	218,731,944,335						
Base Case	Total Value:	659044.2167	136,000,000,000						
Worst Case	Total Value:	433522.1372	21,437,996,455						



QUESTIONS?

