



STRATEGIC FRAMEWORK

MVNO Business Model Canvas

A Structured Framework for Building
Your MVNO Business Case

From Revenue Streams to Cost Structure

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INTRODUCTION

The Business Model Canvas, developed by Alexander Osterwalder, is one of the most widely adopted strategic planning tools in the world. It provides a single-page visual framework that captures the nine essential building blocks of any business. For brands evaluating the MVNO opportunity, it offers a structured way to think through every dimension of the venture, from the value proposition at its core to the financial architecture that sustains it.

This document adapts the Business Model Canvas specifically for brand-owned MVNOs, drawing on the insights from our companion white paper, *The Brand MVNO Advantage*. Each building block has been populated with the strategic considerations, operational requirements, and revenue mechanics that are specific to the MVNO context, with particular attention to the South African market.

The canvas is designed to be used as a working document. It provides a starting point for strategic workshops, board presentations, and business case development. Each block includes a visual overview followed by a detailed breakdown with guiding questions and practical considerations.

How to Use This Canvas

Start with the **Value Proposition** at the centre. Then work outward: who are your **Customer Segments**? How do you reach them through **Channels**? What **Key Partnerships** and **Key Resources** do you need? Finally, model the economics through **Revenue Streams** and **Cost Structure**.

MVNO BUSINESS MODEL CANVAS

A strategic framework for brand-owned Mobile Virtual Network Operators

<p>KEY PARTNERS</p> <ul style="list-style-type: none"> • Host MNO (Cell C, MTN, Vodacom) • MVNE technology partner • SIM/eSIM suppliers • App & platform developers • Regulatory & legal advisors • Distribution partners 	<p>KEY ACTIVITIES</p> <ul style="list-style-type: none"> • Network integration & testing • Product & tariff design • Customer acquisition & marketing • Billing & revenue management • Customer value management • Regulatory compliance 	<p>VALUE PROPOSITIONS</p> <ul style="list-style-type: none"> • Affordable, branded connectivity • Non-expiring data & flexibility • Integrated loyalty rewards • Single-app ecosystem experience • Personalised offers via data insights • Trust of parent brand 	<p>CUSTOMER RELATIONSHIPS</p> <ul style="list-style-type: none"> • Self-service digital (app/USSD) • Integrated brand support channels • Proactive CVM & retention • Community & social engagement • Personalised lifecycle comms • Loyalty programme integration 	<p>CUSTOMER SEGMENTS</p> <ul style="list-style-type: none"> • Existing brand customers • Price-sensitive prepaid users • Youth & student market • SME & micro-enterprise • Loyalty programme members • Underserved/unbanked
	<p>KEY RESOURCES</p> <ul style="list-style-type: none"> • MVNE/BSS platform • Wholesale network agreement • Brand equity & customer base • Customer data & analytics • Spectrum/number allocation • Working capital 		<p>CHANNELS</p> <ul style="list-style-type: none"> • Parent brand app & website • Retail stores & POS • Banking/loyalty app integration • Digital marketing & social • eSIM instant activation • Partner distribution 	
<p>COST STRUCTURE</p> <ul style="list-style-type: none"> • Wholesale network (voice, data, SMS) • MVNE platform & licensing fees • Customer acquisition & marketing • Customer care & operations • Regulatory & compliance costs • SIM/eSIM provisioning 			<p>REVENUE STREAMS</p> <ul style="list-style-type: none"> • Prepaid airtime & data bundles • Contract/hybrid subscriptions • Data add-on & top-up purchases • Device & accessory sales • Value-added services (insurance, content) • Cross-sell uplift to parent brand 	

Each block is explored in detail on the following pages.

01

Value Propositions

What unique value does your MVNO deliver to each customer segment?

The value proposition is the heart of the canvas. For a brand MVNO, connectivity is never the product itself. It is the vehicle through which the brand deepens its relationship with customers. The most successful MVNOs position mobile as an integrated benefit of the broader brand ecosystem, not as a standalone telecoms offering competing on price.

Core Value Drivers

- **Brand trust transfer:** Customers trust the parent brand (bank, retailer, insurer) and extend that trust to the mobile service, reducing the perceived risk of switching from an MNO.
- **Integrated loyalty rewards:** Mobile spend earns points, cashback, or benefits within the parent brand's ecosystem, creating a virtuous cycle of engagement.
- **Pricing transparency:** Non-expiring data, no hidden fees, and straightforward bundles aligned with what customers can genuinely afford.
- **Single ecosystem convenience:** One app, one account, one relationship spanning banking, shopping, insurance, and connectivity.
- **Data-driven personalisation:** Offers tailored to individual usage patterns, spending behaviour, and lifecycle stage.

Differentiation Questions

- What can your brand offer that a pure-play MNO or discount MVNO cannot?
- How does mobile connectivity amplify the value of your existing products?
- What is the emotional benefit beyond the functional (price, coverage)?
- How will you avoid the commodity trap of competing on gigabytes alone?

02

Customer Segments

Who are you creating value for? Which segments offer the highest lifetime value?

Brand MVNOs have a structural advantage over pure-play operators: they launch with an existing customer base. The strategic question is which segments within that base offer the highest propensity to adopt mobile, the greatest cross-sell potential, and the strongest long-term retention characteristics.

Primary Segments

- **Existing brand loyalists:** Customers already deeply engaged with the parent brand who will see mobile as a natural extension of the relationship.
- **Price-sensitive prepaid users:** In South Africa, prepaid accounts for over 80% of the mobile market. These users are highly responsive to value-for-money propositions.
- **Youth and students:** High data consumption, strong social network effects, and brand-formative years make this segment strategically valuable despite lower ARPU.
- **SME and micro-enterprise:** Small business owners who can benefit from combined business banking and mobile services.
- **Underserved communities:** Customers in LSM 4-7 brackets who are currently overcharged by MNOs relative to their usage needs.

Segmentation Questions

- Which of your existing customers are most likely to switch their mobile service to your brand?
- What is the total addressable market within your current customer base?
- Which segments offer the highest cross-sell potential across your product portfolio?
- How will you sequence your market entry: mass launch or phased rollout by segment?

03

Channels

How do you reach, acquire, and serve your MVNO customers?

One of the most powerful advantages of a brand MVNO is access to established distribution channels. The cost of acquiring a mobile customer through an existing banking app, retail store, or loyalty programme is a fraction of what an MNO or standalone MVNO would spend. Channel strategy should prioritise zero-friction digital activation while leveraging physical touchpoints for awareness and trust.

Distribution Channels

- **Parent brand app:** In-app SIM/eSIM activation with pre-populated customer details. The lowest-cost, highest-conversion channel available.
- **Retail stores and POS:** SIM cards sold at the checkout alongside groceries, clothing, or financial products. Proven at scale by Aldi Talk, Shoprite K'nect, and Pick n Pay Mobile.
- **eSIM instant activation:** Eliminates the need for physical SIM distribution entirely. A customer downloads an eSIM profile directly from the app.
- **Digital marketing:** Targeted campaigns to existing customers via email, push notifications, SMS, and social media.
- **USSD and call centre:** Essential for reaching customers without smartphones or data access, particularly in the South African prepaid market.

- **Partner channels:** Distribution through affiliated brands, employers, or community organisations.

Channel Optimisation Questions

- What percentage of your target customers can you reach through existing digital channels?
- What is the cost per acquisition through each channel?
- How many physical touchpoints do you have for SIM distribution?
- Can you achieve instant activation through eSIM, or do you need physical SIM logistics?

04 Customer Relationships

How do you acquire, retain, and grow your subscriber base?

MVNO churn rates are typically 1.5 times higher than MNO rates. The customer relationship model must therefore be designed for retention from day one. The most effective approach combines digital self-service with proactive lifecycle management, leveraging the parent brand's existing relationship infrastructure.

Relationship Mechanisms

- **Digital self-service:** App-based account management, real-time usage monitoring, and instant top-up or plan changes.
- **Proactive CVM (Customer Value Management):** Automated triggers for personalised retention offers based on usage patterns, recharge behaviour, and churn risk scores.
- **Integrated support:** Mobile support handled through the parent brand's existing service channels, maintaining a unified brand experience.
- **Loyalty programme integration:** Mobile activity earns and burns within the broader loyalty ecosystem.
- **Community building:** Social media engagement, user forums, and brand ambassador programmes.
- **Lifecycle communications:** Onboarding journeys, usage tips, upgrade nudges, and win-back campaigns tailored to each subscriber's stage.

Retention Questions

- What is your target churn rate, and how does it compare to the MVNO industry average of 3-5% monthly?
- How will you identify at-risk subscribers before they churn?
- What is the cost of a retention intervention versus the cost of acquiring a replacement subscriber?
- How will you measure Net Promoter Score and customer satisfaction?

05

Key Partners

Who are the critical partners that make your MVNO possible?

An MVNO is, by definition, a partnership-driven business. The brand provides the customer relationship and commercial strategy. The host network provides the infrastructure. The MVNE provides the technology platform. Getting these partnerships right is the single most important operational decision in the MVNO journey.

Essential Partnerships

- **Host MNO (wholesale network):** The network partner determines coverage, quality, and wholesale economics. In South Africa, Cell C, MTN, and Vodacom all offer wholesale access. The choice of host network affects pricing flexibility, geographic coverage, and technology roadmap (4G/5G).
- **MVNE technology partner:** Provides the BSS/OSS platform (billing, charging, provisioning), API integrations, analytics engine, and operational support. The MVNE is the operational backbone of the entire venture.
- **SIM and eSIM suppliers:** Physical SIM card manufacturing and eSIM profile management.
- **App and platform developers:** Building and maintaining the customer-facing digital experience.
- **Regulatory and legal advisors:** ICASA licensing, RICA compliance, POPIA data protection, and Consumer Protection Act adherence.
- **Distribution and logistics partners:** SIM card distribution, device fulfilment, and last-mile delivery.

Partnership Questions

- Does your wholesale agreement provide sufficient margin at your target price points?
- Does your MVNE partner have proven experience in your target market?
- What is the exit clause if the partnership underperforms?
- How does the MVNE's technology roadmap align with your 3-year product strategy?

06

Key Activities

What are the critical activities you must execute to deliver your value proposition?

The key activities for a brand MVNO span commercial strategy, technology operations, and customer management. The balance between in-house and outsourced activities is one of the most consequential strategic decisions. The general principle: own the customer relationship and brand strategy; outsource the telecoms complexity to your MVNE partner.

Operational Activities

- **Product and tariff design:** Creating pricing plans, bundles, and promotions that align with customer needs and deliver healthy margins above wholesale costs.
- **Network integration and testing:** Working with the MVNE and host MNO to ensure seamless connectivity, including voice, data, SMS, and number portability.
- **Customer acquisition marketing:** Campaigns to convert existing brand customers into mobile subscribers.
- **Billing and revenue assurance:** Accurate charging, collections, and revenue reconciliation.
- **Customer value management:** Ongoing analytics-driven retention, upsell, and cross-sell programmes.
- **Regulatory compliance:** Maintaining ICASA licensing, RICA registration, and data protection obligations.

Activity Prioritisation Questions

- Which activities must be owned in-house to protect brand integrity?
- Which activities are best outsourced to the MVNE partner?
- What is the minimum viable product for launch, and what can be added post-launch?
- How will you manage the transition from launch mode to steady-state operations?

07

Key Resources

What assets and capabilities do you need to operate your MVNO?

The resource requirements for a brand MVNO are a blend of telecoms-specific infrastructure (provided by partners) and brand-specific assets (owned by the parent company). The most valuable resource a brand brings to the MVNO venture is something no telecoms operator can replicate: an existing, trusted relationship with millions of customers.

Critical Resources

- **MVNE/BSS platform:** The technology stack that powers billing, provisioning, charging, and customer management. This is typically provided by the MVNE partner.
- **Wholesale network agreement:** The contractual foundation that grants access to MNO infrastructure at agreed wholesale rates.
- **Brand equity and customer base:** The parent brand's reputation, trust, and existing customer relationships are the MVNO's most valuable assets.
- **Customer data and analytics:** Transactional, behavioural, and demographic data from the parent brand that enables personalised mobile propositions.
- **Spectrum and number allocation:** Numbering resources allocated by ICASA, managed through the MVNE platform.
- **Working capital:** Funding for launch investment, wholesale prepayments, marketing, and operating expenses during the growth phase.

Resource Assessment Questions

- What is the total investment required from business case approval to first subscriber?
- How long until the MVNO reaches operating breakeven?
- What existing brand assets (app, stores, call centre) can be leveraged to reduce launch costs?
- What is the minimum team size required to manage the MVNO relationship with the MVNE?

08

Cost Structure

What are the major cost drivers, and how do you achieve healthy unit economics?

MVNO cost structures are fundamentally different from MNO cost structures. There is no capital-intensive network infrastructure. Instead, the largest cost line is wholesale network charges, followed by customer acquisition and platform fees. McKinsey research indicates that well-run MVNOs can achieve profit margins of up to 20% when operational excellence is combined with low-cost customer acquisition through established brand channels.

Major Cost Categories

- **Wholesale network costs (40-60% of revenue):** Voice, data, and SMS charged by the host MNO on a per-unit or committed-volume basis. This is the single largest cost and the most important variable in MVNO economics.
- **MVNE platform fees (8-12% of revenue):** Licensing, hosting, and managed service fees for the BSS/OSS platform.
- **Customer acquisition costs (10-15% of revenue):** Marketing, promotions, SIM costs, and channel commissions. Brand MVNOs enjoy significantly lower CAC than standalone operators.

- **Customer care and operations (8-12% of revenue):** Contact centre, digital support, and operational staff.
- **Regulatory and compliance (2-3% of revenue):** ICASA fees, RICA costs, legal, and audit.
- **SIM and eSIM provisioning (1-3% of revenue):** Physical SIM manufacturing, eSIM profile management, and logistics.

Cost Optimisation Questions

- What wholesale rate structure offers the best economics for your expected traffic mix?
- Can you negotiate volume-based discounts as your subscriber base grows?
- What is your target blended ARPU, and does it support positive unit economics at current wholesale rates?
- How will you manage working capital requirements during the pre-breakeven growth phase?

09

Revenue Streams

How does your MVNO generate revenue, and what is the path to profitability?

Revenue for a brand MVNO comes from two categories: direct mobile revenue (airtime, data, subscriptions) and indirect revenue (cross-sell uplift, reduced churn in the parent brand, and increased customer lifetime value across the portfolio). The most sophisticated operators measure both, recognising that the MVNO's total value is often greater than its standalone P&L; suggests.

Direct Revenue Streams

- **Prepaid airtime and data bundles:** The primary revenue line for most South African MVNOs, given the 80%+ prepaid market.
- **Contract and hybrid subscriptions:** Monthly recurring plans offering predictable revenue and lower churn.
- **Data add-ons and top-ups:** Incremental purchases when customers exceed their bundle allocation.
- **Device and accessory sales:** Handset financing or direct sales, typically at modest margins.
- **Value-added services:** Device insurance, content subscriptions, international calling packages, and enterprise solutions.

Indirect Revenue and Strategic Value

- **Cross-sell uplift:** MVNO subscribers demonstrably spend more across the parent brand's product portfolio.
- **Churn reduction:** Mobile connectivity creates ecosystem lock-in that reduces overall customer churn across the parent brand.
- **Data monetisation:** Aggregated, anonymised usage insights that inform merchandising, store placement, and marketing strategy.

- **Customer lifetime value increase:** The compounding effect of deeper engagement across multiple product lines.

Revenue Modelling Questions

- What is your target ARPU at launch, at 12 months, and at 36 months?
- What percentage of revenue comes from direct mobile versus indirect cross-sell value?
- What subscriber count is required to reach operating breakeven?
- How does the MVNO's customer lifetime value compare to non-mobile customers?

INDICATIVE FINANCIAL FRAMEWORK

The table below provides an indicative financial framework for a brand MVNO at three stages of maturity. These figures are illustrative and will vary based on wholesale rates, ARPU, customer acquisition costs, and the degree of integration with the parent brand's ecosystem.

Metric	Launch (Year 1)	Growth (Year 2)	Scale (Year 3+)
Active subscribers	50,000 - 150,000	250,000 - 500,000	500,000 - 1,500,000
Blended ARPU	R65 - R85/month	R75 - R95/month	R80 - R110/month
Wholesale cost ratio	55-65% of revenue	50-60% of revenue	45-55% of revenue
Customer acquisition cost	R80 - R150/sub	R50 - R100/sub	R30 - R70/sub
Monthly churn rate	4-6%	3-4%	2-3%
EBITDA margin	-15% to 0%	5-15%	15-25%
Cross-sell value uplift	10-15%	15-25%	20-35%

Key Insight: Total Value, Not Standalone P&L;

The most important metric for a brand MVNO is **total customer lifetime value across the entire portfolio**, not standalone mobile revenue. Capitec Connect's 2.1 million subscribers are not just a mobile business. They are 2.1 million customers more deeply embedded in the Capitec ecosystem, generating higher engagement, lower churn, and greater cross-sell across banking, insurance, and credit products.



Ready to Build Your MVNO Business Case?

From strategic workshop to live launch, MVNE provides the complete enablement platform and managed services to turn your brand's MVNO vision into reality.

<p>01</p> <p>CONSULT & DESIGN</p>	<p>02</p> <p>BUILD & LAUNCH</p>	<p>03</p> <p>OPERATE & GROW</p>
<p>Business modelling, strategy development, CVP design, and wholesale agreement negotiations.</p>	<p>Platform integration, systems architecture, marketing proposition design, and go-to-market execution.</p>	<p>Turnkey MVNO operations, omnichannel customer care, revenue assurance, CVM, and value-added services.</p>

Start With a Business Model Canvas Workshop

Our team facilitates structured strategy sessions to help brands build their MVNO business case from the ground up. We bring the market data, technical expertise, and commercial frameworks. You bring the brand vision.

Get in touch: hello@mvne.co.za

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