DR: [00:00] I am Danielle Royston, and this is Telco in 20.

[00:13] Do mobile subscribers know how much data they need? Last year I interviewed two MVNO CEOs who have wildly different answers to this question. One CEO is Ahmed Khattak from U.S. Mobile, who believes consumers know exactly how much data they use. His company designs multiple preset plans where subscribers simply select their best option. The other CEO is Peter Adderton from MobileX. Peter's point of view is that people don't know how much data they need. His team designed an AI tool that creates a personalized plan tailored for each individual subscriber.

[00:48] In case you didn't catch it, these two CEOs duked out their differences on Twitter after their Telco in 20 episodes aired. It's been about a year since all that went down. In the meantime, the team over at MobileX has been ironing out the kinks in their Data Forecaster tool and has been rolling out lower prices to subscribers across the USA. Today we're going to catch up with Peter again to find out how things are going with his approach. We're going to talk about how MobileX is changing subscriber behavior, get some strategies to save me money on my cell phone bill—Yippee!—and learn more about MobileX's exciting new Walmart deal and its plans to expand in 2024. So let's take 20.

[01:31] Peter Adderton is the founder of Boost Mobile, the founder and former CEO of Digital Turbine, and the CEO of MobileX Global. Hi Peter, welcome to Telco in 20.

Peter: [01:40] Well, thank you for having me again.

DR: [01:42] I know. I'm so excited to have you back on the podcast. So much has been happening in your business and I really want to catch up on MobileX, talk about how things are going. But first, about a year ago, we had both you and Ahmed Khattak, CEO of U.S. Mobile on back-to-back episodes and we started a little bit of beef between you guys. So the question I asked you both was, "Do subscribers know how much data they need?" And you believe they don't know. Ahmed disagreed with you.

He thinks consumers absolutely know how much data they use and it was fascinating to watch you guys duke it out on Twitter, but I think you may have the data to back it up. MobileX has this cool tool called Data Forecaster that uses AI to help people figure out how much data they need. So what are you guys seeing over at MobileX and what are you learning about subscriber behavior?

Peter: [02:31] Well, first of all, Ahmed's wrong. The average consumer does not know what they need and what they use. And Ahmed's whole business model is built around that because if they actually knew he would need to have 15 different plans and he wouldn't need to keep changing the price. And by the way, Ahmed's no different to every other carrier that's out there that sells these kind of pooled bucket plans.

DR: [02:48] Yeah.

Peter: [02:49] Classic example—So we have obviously two, what I call "fake unlimited" plans, and they really are the honey to bring the bees in. People are used to seeing unlimited, but what's mind-boggling to me is 98% of the customers who choose the unlimited plan when they go through the app process—setting it up—they actually choose the AI-guided, the live-while-we-learn. And the majority of the people are interested in finding out exactly what they use. They don't know. You know, we've got thousands of customers now, so we have a real basis to be able to look at the data.

[03:20] And what we're seeing right now is the majority of our customers are on the customized plan. The customers that are on the unlimited plan don't need anywhere near the unlimited data they thought and the majority of them we are converting in that second month across to a customized plan where we're actually lowering their price. So this concept that people know, again, that's what the carriers want everybody to think as if they're smart enough to be able to determine what plan they should be on. I think Stetson put out the other day, there's 310 unlimited plans in the marketplace today. And if you take Ahmed's approach of customers know what they need, then why do

you need 310 plans? It's confusing and it's designed to be confusing. And so what we do is we help answer that question, how much do I need and how long do I need it for? And as we all know, your usage changes month to month, and look, without AI you can't be predicting what you're going to need in the next month.

DR: [04:12] That's super fascinating. And you guys are focused in the United States where the unlimited plans are like $55, $60. Do you guys have any stats on how much people are really saving? I think your Walmart price is $4 or $8. Are they all moving down to that $10 range? How much are they saving?

Peter: [04:29] They're saving significant amounts. So if you look at the two customer bases that we have—we have what I consider to be an older demographic that basically doesn't use a lot of video, right? Let's face it, video's the major driver of data usage. And so, you know, you've got customers on T-Mobile plans and AT&T plans that are paying $80, $90, $100 a month that we're seeing fall below $10 because they just don't have social media or video or they're in wifi the majority of the time. So we're not talking about saving you $5 or $6 or $10, we're talking about saving you thousands of dollars a year. I had a customer write to me the other day going, "I can't believe I probably spent $10,000 on T-Mobile over the past few years that I didn't need to spend." And so we are really seeing customers just take back control.

[05:12] And the good thing about us is we do have those fake unlimited plans like everybody else. When we look at those plans, if you're on those plans for us, you need to be on there. But honestly, if you're not doing north of 15 gigabytes per month, you don't need to be on those plans. And most MVNOs and most MNOs, you go over 15 to 16 gigabytes per month on those 30 gig plans that they sell you, they're going to start to lose money very, very fast. And so we put you on the right plan. You can change it anytime you want and you can let the AI help you understand what you need. It's what I've done. So my bill's never been more than $20 a month, which is coming down from a $100 on AT&T.

DR: [05:49] Right. Well, you're making me think about something. I am probably like these bees that you're attracting and so am I one of your target customers? I think I need unlimited. I'm currently on an unlimited wireless plan with one of the big carriers, but I also love to save money, but I want the comfort that I'm never in the situation where I'm not going to get the quality of service or the gigs that I need to do whatever I want, whenever I want, on my phone. I have an iPhone 15, so it supports multiple SIMs and eSIMs. My phone's unlocked, it's not subsidized. And so my question is could I be one of your customers? And maybe I have two SIMs—MobileX as my primary SIM and my primary plan that I use day to day, and then I have a backup insurance plan with a big wireless that's on one of the lower plans. And overall my combined two bills would be dramatically lower than what I'm paying every month with big wireless. Could I do that?

Peter: [06:40] So I'm going to ask you the question, how much data do you use a month?

DR: [06:43] I'm in Peter Adderton's camp. I have no idea how much data I use, but I very rarely stream video on the go. I'm not a YouTuber. I don't use Netflix, so I have no idea.

Peter: [06:54] That's been my point, right? And I think that's where I disagree with Ahmed. Most people don't know. So here's how I look at it. Basically, you are overpaying. I can tell you that right now. If you're not using a lot of video, I would guesstimate without using our AI tool right now, your bill would be way less than $20 a month on MobileX. We have the same service on our carrier that we obviously can't mention. And so you would be a perfect candidate to be totally honest with you, you and your family would be a perfect candidate to switch to MobileX. I'd encourage you to download it.

[07:20] Yes, you can use multiple eSIMs and we're seeing a lot of people that are using us as their second SIM and then we end up becoming their primary SIM. I had a customer that wrote to me and said, "Listen, I started out using you guys because I love the Verizon network, but I don't like the pricing that Verizon provides, so I've used you

as my second SIM." What's great about us is you'll never run out of data, ever. You have the ability inside the app that if we get a forecast for you and let's just say the forecast, you need an extra gigabyte, you can buy a gig instantly—a premium data gig for like $2.10. So you just buy that gig and you're off and running.

DR: [07:54] Right. Like you were saying, your needs fluctuate and maybe that month you did watch more videos. A lot of times I'm watching my videos that I put out there on YouTube and sometimes I am on the go, but when I don't have a new video, maybe I'm not looking at it as much. And so that's nice that you can go up and go down as necessary.

Peter: [08:10] But you know what's nicer is if you buy a gig or two gigs, next month, we actually credit you that money. So even if you don't use those gigabytes, I'll give you the money back. Not roll over data because all I'm going to do is roll over data you don't need like everybody else does. I actually credit you on your bill. So if you've got a gig left over, I'll give you $2.10 off your next bill.

DR: [08:30] That's amazing.

Peter: [08:30] So there's no concern of, "Oh, if I bought too much gigabytes." No, you haven't bought too many gigabytes because it doesn't matter. It's just going to continue to go and we're going to credit you next month. And then at that point you can decide whether you want to keep the money or just buy another gigabyte. The way we built MobileX is its complete control. Now, one of the biggest challenges we have is convincing people, honestly like you, that are basically stuck in the fake insurance policy program where I think I need unlimited.

                 [08:55] I just tell everybody, "Download the app, do the 10 days. You'll be surprised at the end of the 10 days how little data you use and then you'll start saving money." And I tell people, "Use it as your primary SIM, use as your secondary SIM." One customer put the app onto his iPad and he's using one gig of data, $2.10 plus the $1.98 platform fee.

DR: [09:17] Perfect.

Peter: [09:17] So for $4.08, he's got a gig anytime he wants it on the best network in the country. If he needs more, he buys more and it rolls over. No one's offering for $4 a gig data only plan in the marketplace today. So I just tell everybody it is so customizable and when you're on it like I am, I can't get off it. When I go back to Australia as an example, I've got the Boost business back there and I go back to a traditional plan. I hate it, you're handcuffed.

DR: [09:44] I just got the automatic charge on my phone for my wireless carrier and it's $231 and that's three phones all on unlimited, two kids, me, my iPad, and my watch. And so I am going to go scope out MobileX now, go download it and do the Data Forecaster and it's going to be super cool. And you guys made big news in September when you signed an exclusive agreement with Walmart, which is America's biggest retailer. Walmart is famous for negotiating great deals for its customers with its everyday low prices campaign, which ties perfectly I think with your message of saving subscribers tons of money. So what are your goals with this deal and do you have plans for more distribution?

Peter: [10:24] Yes, the Walmart relationship was clear. They're the largest in prepaid at national retail. They're a large chunk of the prepaid overall in the marketplace. Their customers seek value. They look to live better lives while saving money. And so the fit between ourselves and Walmart was perfect.

DR: [10:39] It's perfect.

Peter: [10:40] Walmart also understands that the innovation and disruption that MobileX causes is going to be good for their customers. It's going to be good for them, so we're super excited. It's funny because we get this perception that we're a lot bigger than we are. We are a startup, and so getting a bunch of national retailers and trying to execute across them—we will fail. So we better just pick the largest, the biggest, partner with them and execute with them flawlessly and that will help our overall business. So that was really the approach, but we have a very unique

relationship with Walmart. It's not just your supplier versus retailer. I consider it a real partnership with Walmart.

DR: [11:14] Well, like you said, I think the brand messages are very synergistic. They fit perfectly together and then it saves you certainly building your own brick-and-mortar stores, which probably would be capital intensive and complicated. And I love that you're focusing on them and making sure that works before biting off more than you can chew, which is really awesome.

Peter: [11:33] And I've made that mistake before where we tried to do too much, too soon. And I tell everybody, "This is a marathon, it's not a sprint." Everyone's like, "Well, why haven't you started to advertise?" And I said, "Well, I'll tell you why we haven't advertised because we don't have the distribution." If you look at what Boost Infinite has done, and what I consider to be the failure at Boost Infinite, it's because they drove everything online to one particular website, which had never sold a phone and plan before, which was Amazon. What I want to make sure is that we have 4,000 stores set up and ready to go at Walmart. We have 2000 or 3000 independent wireless dealers before we really start to pull the trigger on marketing and branding. And so you see us in the stages of building the foundations of the business to make sure that the technology's right, which as I said, I've been very critical of what we've built up until this point now.

[12:17] We launched a new app last week and it's tremendous. The onboarding experience is way better. The apps working, the service is working, the latencies down, all these things that we had before are now all changed. Now we've got distribution. I think 90% of Americans live within 10 miles of a Walmart. So we've got the distribution right. We'll get the marketing right. So you're going to see over the next six months, MobileX really start to ramp marketing and branding and to share a voice out there. And then you're really going to start to see us stretch our legs, I think.

DR: [12:44] That's awesome. And so whenever I think about Walmart, the Pavlovian response in me, I think of

back-to-school supplies, which makes me think about kids going to school. And if you follow Peter on Twitter or X or whatever we're calling it—prolific tweeter—you're very open and transparent about the pains and struggles and how you're trying to solve the problems. You're going to the stores and checking them and it's super cool. But one thing that I saw you tweeting about in the last few months is your strong opinions about banning cell phones in schools. And so there's been a couple of articles in America about it. There's one in the New York Times and one in the New York Post in which you were quoted about how school grades and competencies are declining and people are connecting that to the fact that kids have access to their phones while they're in their school day. And so why are you so passionate about this? Why do you think kids should not have access to phones in schools?

Peter: [13:33] Look, I think the generation that's being brought up on the smartphone right now is a generation that we need to keep a very close eye on. All of us in the industry are responsible for this next generation. Schools to me are the sanctum where you don't take other distracting devices in there. Technology can be one of the greatest advancements in learning. I think that that's absolutely critical, but it also could be one of the worst. And to me, the smartphone in itself is used by kids not to learn, but to look at videos and really numb themselves out.

[14:04] Most kids can't watch a half-hour program without picking up their device. Most of them in the movies are checking out their phones and these are the things they want to do. They actually want to watch the movie and they're being distracted. Imagine in school when they don't want to be there, they're being distracted. And by the way, that's why I say these unlimited plans are not healthy. We don't give our kids unlimited credit cards, right, to go spend as much as they want. I've been a big proponent that everyone blames TikTok because they said, well, without connectivity, TikTok doesn't work.

DR: [14:31] Exactly.

Peter: [14:31] The carriers are out there pushing unlimited, unlimited video, unlimited YouTube. They're basically pushing the very drug that's creating issues for our kids.

DR: [14:39] I'm kind of two minds on the phones and the data in school. On the one side, I totally agree with the focused learning and not being distracted, taking it out of their hands. But then the other side of me is like, what you can do with ChatGPT and it can really accelerate their productivity, can learn so much faster. And so this is going to be a really interesting generation that grows up with generative AI in the palm of their hands in their phone.

Peter: [15:01] Yeah, I don't consider ChatGPT to actually be helping anybody because basically what they're doing is they put it in, it writes it for them, and then they submit it. And so universities and schools are trying to stop that. We need kids to be thinking, not just from an educational perspective, from an environment perspective, from a community perspective, from a social justice perspective. If all we do is form our opinions based on asking a device what we should be thinking, that is a huge mistake we're making as a society. Now, sadly, we'll probably all be dead anyways, so it won't be a problem for us. But this next generation, we have an obligation like our fathers and our grandfathers, who fought in the wars to make sure we had the peace and freedom and prosperity that we have today. That came at a great cost. What is our cost? Telling the kids they can't use their phone and they have to think. Well, I'll take that all day long.

DR: [15:56] Yeah. Awesome. Well, Peter, it's always an interesting conversation with you. I'm so glad you returned on the podcast. Thank you so much for sharing how I could save maybe thousands of dollars and I think I'm going to run off and download MobileX right now.

Peter: [16:09] Well, I'm going to keep an eye on the platform and if I don't see your name pop up, I'm going to hassle you.

DR: [16:13] Find me on Twitter. It'd be like, "DR, you said you were going to download it."

Peter: [16:16] Exactly.

DR: [16:16] I'm going to give it a try. So thank you so much, Peter.

Peter: [16:18] All right. Thanks guys.

DR: [16:20] Stick around because we're ending each podcast with a Telco in 20 takeaway. I have 20 seconds to tell you something you need to know. Peter just talked about how MobileX's Data Forecaster uses AI to change subscriber behavior. People come in thinking they need an unlimited plan and walk out saving 75% or more while they discover how much data they need.

[16:42] Totogi is also using AI to help MNOs and MVNOs change subscriber behavior. We've invested millions of dollars in AI to build the world's best churn prediction machine learning model. How do you know if you have a good ML model? Just look at its F1 score. An F1 score is a percentage ranging from zero to 100%. The higher the score, the better. A high F1 score indicates that the churn predictor is effectively identifying potential churners while minimizing false alarms. Today, Totogi's F1 score is north of 85%, well on our way to exceed our goal of 90%. But an interesting thing has happened during our push for excellence. We are now able to detect churn of a subscriber six weeks in advance. Imagine what you could do if you had that much notice that a customer was about to walk out the door. This is what Totogi is all about.

[17:34] We're bringing AI to Telco. Want to try it out? We're looking for customers to give it a spin. DM me on LinkedIn or on X @telcodr for more details. Or come see me at MWC24, which runs February 26th through the 29th in glorious Barcelona. Totogi has a stand in Hall 2 that will blow your mind. I'll also be showing off some new badass AI tech when I give one of my buzzworthy talks at the MVNO Summit on Wednesday, February 28th in Hall 8 at 4:00 PM. Totogi, along with Amdocs, is a platinum sponsor of the event, and my team will be throwing an iconic party afterwards for our attendees, don't miss it. Until then, tune into more Telco in 20 episodes, like and follow, and leave

us a five-star review. Don't forget to sign up for my super fly email newsletter on TelcoDR.com and check out our totally awesome YouTube channel. Later nerds.