The One-Tel Game

One-Tel is Australia's fourth biggest telco. It has 171,000 mobile subscribers, 371,500 fixed-line subscribers in Australia, and 1.5 million subscribers abroad: U.K., Netherlands, H.K.

Its major creditors are Lucent ($654m), C&W Optus ($25m) and Telstra — it buys mobile network services from the last two.

Optus and Telstra are sellers to One-Tel and also competitors.

On Wednesday May 30: One-Tel goes into voluntary administration.

On Thurday May 31: Optus announces a one-week deadline for providing mobile network services to One-Tel customers, and says it will seek to sign-up these 171k people to its service.

Players?

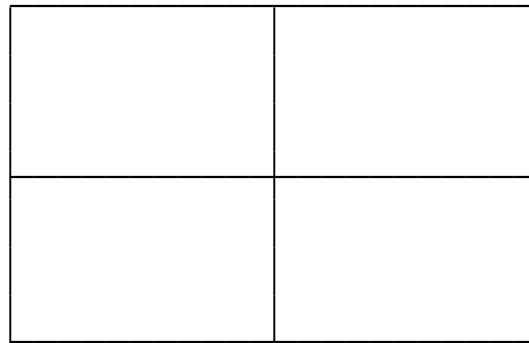Possible actions?

Outcomes?

Players:

Optus
Telstra
Lucent
subscribers (only if act as one)
adminstrator (on behalf of shareholders)
other possible service providers (Vodaphone, Virgin)

Possible actions of Optus and Telstra:

Sit (continue to provide a service to One-Tel and to bill them)
Aggressive (try to poach subscribers, using carrots and/or sticks)

Outcomes:

Both Sit: say, $25m to both
Both Aggressive: say, $21m or $10m to both
We're Agressive, they Sit: we get $30m, they get $5m (and vice versa)

When both players have a dominant strategy in the payoff matrix, there can be no first-mover or second-mover advantage.