UNIVERSITI PUTRA MALAYSIA

**TRI / CELCOM : FIXED SERVICES DIVISION
STRATEGIC ANALYSIS FACTORS AND STRATEGIES**

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TRI / CELCOM : Fixed Services Division
Strategic Analysis Factors and Strategies

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CHAPTER ONE
INTRODUCTION

1.1 History of TRI / Celcom

Cellular Communications Network Sdn Bhd was formed as a private limited company in January 1988 ,under the name of STM Cellular Communications Sdn Bhd which was initially owned by Syarikat Telekom Malaysia (STM), now known as Telekom Malaysia .In December 1989 after it has commenced operation STM sold 51% of its stake to Alpine Resources Sdn Bhd . During this time the Cellular Communications Network S/B customers base is already about 6,800 subscribers . The company later changed its name to Celcom Sdn Bhd .

Technology Resources Industries (TRI) was incorporated in 1966 as a private limited company in Malaysia and its shares was listed on the Kuala Lumpur Stock Exchange in 1971. TRI was initially known as Roxy Electric Industries Sdn Bhd .

TRI indirectly held 51% stake of Cellular Communications Network Sdn Bhd through its subsidiary company Alpine Resources Sdn Bhd and later TRI/Celcom was eventually formed when TRI acquired the remaining 49% equity interest in Cellular Communications Network (Malaysia) Sdn Bhd for RM271,705,000 and RM14,700,000 representing 36,750,000 ordinary shares of RM1 RM14,700,000 (8%) Irredeemable convertible cumulative preference shares of RM1.00 each respectively.

The Cellular Communications Network(Celcom) was initially set up back in 19

TRI/ Celcom held majority shareholders of Celcom as well as several other companies such as Alpine Resources (100% equity interest) , TR International Ltd ,TR(USA) Ltd, and Celcom Ventures (Malaysia) Sdn Bhd as wholly owned subsidiaries . The existing list on TRI/Celcom subsidiaries is on *Appendix ,Figure 1* .

TRI act as a holding company . through its subsidiaries and associated companies ,c   in the provision of telecommunications services including the provision of cellular voice and data transmission , microwave link network services ,the sale of pagers, and provision of paging services , the sale of trunk radio equipment and the provision of radio trunking services ,the provision of radio communication services and the development and operation of telecommunications network and services .

In addition company subsidiaries are also engaged in property development and investment, dealing in marketable securities and the provision of securities related services ,m
of recreational and sport facilities and telecommunications industry training related services . It has also associated companies and joint venture operations in, The People Republic of China ,Bangladesh, Iran , Cambodia ,Tanzania, Hong Kong and the United States .

1.2 Background of TRI/Celcom

After the revamp and reorganisation of Cellular Communications Network (M) Sdn Bhd is now officially known as Celcom . A new corporate identity accompanied by a new logo called "Sayap Gemilang" was launched in 1997 . The logo embodies the freedom to communicate without any boundaries ;mental, human or geographical. It also portrays Celcom as a single source that brings together the latest communications and reaffirms the customer focused orientation ;warm ,approachable and friendly. More importantly the "Sayap Gemilang " encapsulates our desire to be a fully integrated communications provider for the benefit of customers and the company itself . A new internal tagline was also promoted "Straight Talk" conveys sincerity to serve the bets to customers and business partners .

Looking   back to its history and   comparing it to the present situation Celcom in   to secure   about   6,800 subscribers in year 1
phone users subscribing to Celcom's Art 900 system with accumulated turnover of RM300 million until that year.

Starting in from a team of twenty five people 1989 it then doubled up to over one thousand six hundred staff where the company at present has almost four thousand staff throughout Malaysia.

The positive progress marked by Celcom proved to be successful in strengthening its position in the cellular market where it is able to have almost 940,000 subscribers by end of year 1997.

In line with TRI/Celcom mission of becoming the region's premier telecommunications company ,it has set its goal to become a company fully focused on telecommunications . Thus to operate as a total telecommunications services provider it has obtained licenses for International Gateway in 1993 , digital cellular and transmission in 1994, and offered fixed line services in 1996, the la
services through its subsidiary Celcom Technology S/B in 1998.

The continuing market expansion and market penetration added with the expansion of its line services the company is confident of its future to propel ahead of the increased competition.

At the same time Celcom's operations internationally have continued to expand in terms of market penetration and range of services. This is due to the development and accelerate growth of its transmission network and international gateway .

1.3 Background and History of Fixed Services Division

The Fixed Services Division was set up in 1996 and still in its infant stage as it has only been in the telecommunications for about one and half year only . The division is meant to concentrate and offer services ranging from voice ,image and data .The division started off by offering POTS (Plain Old Telephone System) to its first customer at Tasik Bukit Merah , Perak.

Fixed Services Division (FSD) is regarded as a product house and operates on its own although certain aspects of funding and infrastructure are still implemented through TRI/Celcom. Presently there are about eighty nine staff stationed at various departments .

Staff ranges from management, technical as well as support staff .The Division is headed by its Senior Vice President , Encik Badrul Hassan Mohamed Kassim, who was previously attached as the General Manager for Northern Region .

At present there are about 1600 lines being subscribed and the division is optimistic that it will be able to achieve their target of having about 5000 line installed by the end of 19

One factor is based on the recent opening of Malaysia International Airport ,KLIA Sepang where they have been awarded the contract to install almost 2000 lines in the airport itself being the second provider of its telecommunications lines Besides upon completion of the interconnection network between other operators and interconnection agreement with Telekom FSD would be able to offer a new product, known as Integrated Services Digital Network(ISDN) to the public by September ,1

Apart from that Leased lines services such as International and Domestic ,it has also been offered but it is managed by Celcom Technology Sdn Bhd (CTSB) which will also offer Internet Services Products(ISP) before the end of this year.

FSD   acts independently but still work together with other department, Division or group that is the Shared Infrastructure which supports in terms of providing on time on budget execution of raw infrastructure and equipment besides integrating end to end operations and maintenance of the network infrastructure.   FSD is also working closely with the Group Marketing to assist the division in giving inputs such as market research and marketing tools to promote the products .

In   support from Shared Services are also obtained in order to help centralised the billing and credit management as well as the information technology needs .

CHAPTER TWO
ORGANISATION STRUCTURE

2.0 Fixed Services Structure

Based on the Celcom organisational structure Fixed Services Division (FSD) is regarded as a group . However they still report to the Management Services and in the division itself there are eight departments reporting directly to the management , headed by a Senior Vice President ; they are

- Strategic Planning and Regulatory Affairs

- Finance and Accounting

- Human Resources and Administration

- Product Management

- Technical/ Product Support

- Business Support

- Greenfield In

- CUC In

For an overvi of the Celcom Organisation structure and Fixed Services structure refer to *Appendix ,Figure 2.*

2.1 Fixed Services Division , Mission Statement

FSD mission is *"To become the customers preferred network in Fixed Line "*

Celcom's overall strategic vision is to become a customer focused ,integrated telecommunications company . With this Vision ,Celcom builds and maintains relationships with the highest values business and residential customers in Malaysia offering integrated mix of products and services that suits the customers needs besides gradually enhancing its level of technology to contributes significantly to the national goal ,making Malaysia a high technology and information - intensive society.

The division's mission is translated through its roles and goals that is to develop and manage Fixed Services Network Service's strategic and tactical business plan that satisfy the stake holder's expectation; to build high quality future ready network ;to strive and deliver personalised and customised product and services anytime; to promote rich ,harmonious and satisfying working environment that supports and nurtures a deep sense of purpose ,contribution and personal congruence.

Overall the mission and goals is

superior value, service and reliability over an increasingly broad array of products and services . This means Celcom, FSD will aggressively but selectively move forward into fixed network services as a market oriented enterprise.

2.2 High Level Roles and Responsibilities.

Each departments in FSD has it's own mission statement with their own roles and responsibilities .

a)Strategic Planning and Regulatory Affairs

The department mission statements are :-

To develop and manage Fixed Services Division strategic and tactical business plan that satisfy stakeholder's expectations.

Roles and Goals of each individual in the departments are generally to look into different maters of the following ;

1)Strategic Planning and Control where it involves developing strategies and objectives for Network Services, Marketing and Business Operations .

2)To develop FSD Business Plan and conduct process and operations audit on business plan implementation.

3)Contribution Management - will analyse ,recommend revenue sharing mechanism between FSD and its Business Partners and to have the opportunity to recommend ,agree and monitor implementation of policies and objectives with regard to contributions by Product/revenue lines .

4)Preparing an intelligence competitive analysis (market, competitor and technology) ,external analysis on economics and industry as well as, organisation and process analysis.

5)Tariff and Demand Forecasting will also be done in line with the competitors tariff/rate offered.

6)Regulatory matters are to be observed to liase with Group Corporate Planning , lic__s

matters .

b) Network Services

The department's mission is mainly *"To build High Quality Future - Ready Network ".*

In support of its mission their roles and goals are divided into types of services offered by FSD :-

Public Switched Telephone Network (PSTN)

- To provide Technical switching and Access Network Plan

- To implement PSTN

- To operate and maintain PSTN switches and networks

DATA

- To develop local and international Strategic Alliances

- To provide Technical Data Network Plan

- To implement Data Network

- To operate and maintain Data Network

VIDEO

- To develop local and international Strategic Alliances

- To provide detail network plan for Video Services

- To implement Video Network

- To operate and maintain data

Access Network

- Access Network Technology identification

- To obtain approval from local authority

- To develop Access Network

- To operate and maintain Access Network

c)Business Support

Mission Statement of this department reads as *"To continuously strive and deliver personalised and customised services and support, anytime.*
"

Their roles and goals are mainly to ensure the followings' :-

- To forecast Services directly to market centres

- To provide highly visible and accessible product

- To strive for strategic advantage and continuous improvement through advance technology applications .

- To increase acquisition and retention of high value customer

- To enlarge corporate market share .

Responsible for billing and after service requirements ,also maintain business relationship with other parties in other departments and groups to standardise the operation systems .

d)Finance and Administration

This department is responsible for monitoring accounts and preparing budget figures for the division to follow . Their mission is ;

"To be Efficient, Understandable and Cost effective in providing the service in Fixed Services Division "

Therefore the goals of this department is :-

•To show the precise financial forecast for decision making

•To be cost effective organisation in order to realise higher profits

•To analyse the financial viability of the future business

•To be accountable in reporting the business operation

Finance and Administration department runs operations on its own however capital funding is obtained from holding group company, Celcom S/B and budget figures will be in line with the whole / overall company budgeted figures. Finance and Administration liase directly and indirectly with certain departments in the division as well as other groups in the company .

e)Human Resources Department

This department manages employees activities such as Training and Professional Development. It is also responsible for the employee recruitment as well as deployment to other departments in the division and company itself . The department also acts as the representative for the Human Resources Group.

F) Product Development

This department is responsible for handling the development of the existing as well as new products and services of FSD. Each product manager in the department prepares their own product plan and marketi plan .This means that the department provides input for all department in FSD.

G) Corporate Urban Centre (CUC) / Greenfields

This department is responsible for marketing the products and services of FSD and to generate and conduct market research on the most viable area or region for FSD to penetrate in the near future . They are also responsible to implement the promotional activities that are being planned and generated by the Product development to achieve targets set by the SPRA, to accumulate profits projected by the Finance and Administration department .

CUC which stands for Corporate Urban Centre is responsible to market products around the urban areas especially in big established township such as Kuala Lumpur, Ipoh ,J focusing more on business and commercial parks/buildings .

As for Greenfields it will look more on the new and emerging township preferably in the more rural areas .example new business parks ,technology parks or new residential areas.

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