



**A CASE STUDY ON TELEKOM SALES & SERVICES  
SDN BHD**

By

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Project Paper Submitted in Partial Fulfilment of the Requirement For the Degree of Master of

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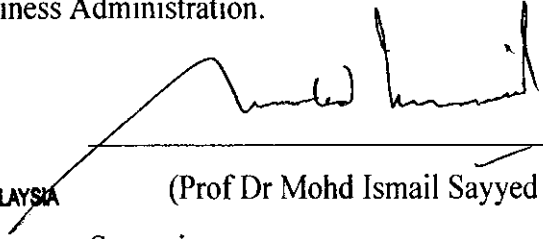
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## REFERENCE

## APPROVAL PAGE

I certify that I have supervised and read this Project Paper and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a Project Paper for the degree of Master of Business Administration.

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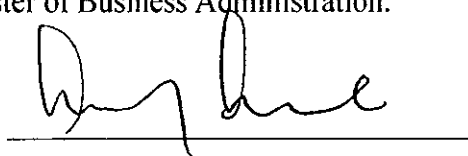


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This Project Paper was submitted to the Management Centre, IIUM and is accepted as partial fulfilment of the requirements for the degree of Master of Business Administration.

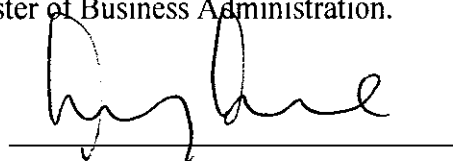
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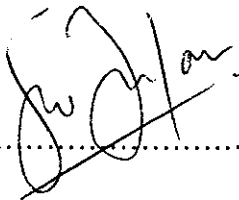
## DECLARATION AND COPYRIGHT

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I hereby declare that this case study is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by footnotes giving explicit references and a bibliography is appended.

Signature.....



Date.....

7/9/10

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## List of Abbreviations

- a. TM – Telekom Malaysia Berhad
- b. TSSSB – Telekom Sales & Services Sdn Bhd
- c. HSBB – High Speed Broad Band
- d. IPTV - Internet Protocol Television
- e. PSTN – Public Switched Telephone Network
- f. ICT - Information and Communication Technology
- g. TMI - TM International Berhad
- h. PPP - Public-Private Partnership
- i. FTTH - Fibre-To-The-Home
- j. ETTH Ethernet-To-The-Home
- k. VDSL - Very High-Speed Digital Subscriber Line
- l. NGN - Next-Generation Network
- m. MCMC - Malaysian Communications and Multimedia Commission
- n. TAD - TMpoint Authorized Dealership
- o. TMOW - TMpoint-on-Wheels
- p. SPP - Standard People Practice
- q. KTS - Key Telephone System
- r. PABX - Private Automated Branch Exchange
- s. LAN - Local Access Network
- t. CPE - Customer Premise Equipment
- u. CPEO - Customer Premise Equipment Ownership
- v. KPI - Key Performance Indicator
- w. TTC - Trained-Tested-Certified
- x. MSI - Mystery Shopper Index

## Abstract

Telecommunication is fast turning into a necessity. Nowadays, even a school going children has a mobile phone. It is difficult to find a teenager without a hand phone. Some adults even have more than one mobile phone, each caters for different purpose.

The usage of telecommunication also shifted from voice to connectivity. Internet has definitely changed the way people live. Previously, the phone line that we have at home is only for voice but now with triple play technology we can talk, browse Internet and watch movie at the same time.

With so many devices in the market, customers are spoilt for choice. Low price and excellent after sales service would be the preferred criteria for choosing the right equipment. Customer is king. Therefore, company must provide supreme customer services to attract and retain customers.

Telekom Malaysia, through its subsidiary Telekom Sales & Services Sdn Bhd, takes customer service seriously. Every customer that interfaces with its touch points is treated with utmost importance. TMpoint, one of its touch points, even has a specific measurement on customer service that covers on product, process, people and positioning.

The customer service starts from customer inquiry for a certain product. Then, the application process of acquiring the service is expected to be efficient. Most importantly is the speed it takes to process the application and activate the service so that customer can actually start using the service. Customer service also touches on accuracy of the billing and after sales support.

Therefore, customer service is from a potential customer until the customer becomes a loyal customer. The customer experience plays a very important aspect of Telekom Malaysia, and Telekom Sales & Services Sdn Bhd, operation.

Complaints from customer are always related with customer service. From the finding derived from the Rapid Response Team Analysis 2009 Report, a total of 3,720 complaints received by TM from customers. TMpoint contribute 12% of the total point of failure (PoF).

SWOT Analysis showed that competent staff is one of the strength of TM and TSSSB and yet customer complaints still exist. Could it be other than people issue?

TOWS Matrix is used to plan for alternative strategies, which can be used as a tactical tool too. Specific strategy can be followed based on the TOWS Matrix analysis by zooming at specific area of concern. The finding shows that the process, or rather the lack of it, is where the problem is. Product development is the way to go forward.

TM is a strong company, financially. The Financial Analysis done verified that TM is able to fulfil financial obligation with ease. What about their performance in the industry?

The analysis will show that even though TM is financially strong but in term of profitability, it may not be the top, in a very high capital expenditure industry.

But with financial might, TM and TSSSB can address customer service issues by embracing IT. With centralised single system, as proposed in the paper, front liners would be able to increase customer satisfaction.

PART A : THE  
TELECOMMUNICATION  
INDUSTRY

## 1. PART A : The Telecommunication Industry

### 1.1 Introduction

*Telecommunication is the transmission of messages, over significant distances, for the purpose of communication (Wikipedia).*

The telecommunication industry in Malaysia started in 1874 when the first telegraph line, connecting from the British Resident in Kuala Kangsar to the house of Deputy British Resident in Taiping, was developed by the Department of Posts and Telegraph. The 42.5 km telegraph line that cut across the forest at Bukit Berapit, signaled the beginning of the era of telecommunications in Malaysia.

### 1.2 History Of Telephone

In the 1870s, two inventors Elisha Gray and Alexander Graham Bell both independently designed devices that could transmit speech electrically (the telephone). Both men rushed their respective designs to the patent office within hours of each other; Alexander Graham Bell patented his telephone first. Elisha Gray and Alexander Graham Bell entered into a famous legal battle over the invention of the telephone, which Bell won.

Bell, while experimenting on June 2<sup>nd</sup> 1875, with his technique called "harmonic telegraph" discovered he could hear sound over a wire. The sound was that of a twanging clock spring.

Bell's notebook entry of 10<sup>th</sup> March 1876 describes his successful experiment with the telephone. Speaking through the instrument to his assistant, Thomas A. Watson, in the next room, Bell utters these famous first words, "Mr. Watson -- come here -- I want to see you." And the telephone was born.

(<http://inventors.about.com/od/bstartinventors/a/telephone.htm>)

### 1.3 History of telecommunication – worldwide

The history of telecommunication began with the use of smoke signals and drums in Africa, the Americas and parts of Asia. In the 1790s the first fixed semaphore systems emerged in Europe; however it was not until the 1830s that electrical telecommunication systems started to appear.

Below are the timeline of telecommunication in different forms:

Visual signals (non-electronic):

- Prehistoric - Fires, Beacons, Smoke signals
- 6<sup>th</sup> century BC - Mail
- 5<sup>th</sup> century BC - Pigeon post
- 4<sup>th</sup> century BC - Hydraulic semaphores
- 490 BC - Heliographs
- 15<sup>th</sup> century AD - Maritime flags
- 1790 AD - Semaphore lines
- 19<sup>th</sup> century AD - Signal lamps

Audio signals:

- Prehistoric - Communication drums, Horns
- 1838 AD - Electrical telegraph.
- 1876 - Telephone.
- 1880 - Photo phone
- 1896 - Radio.

Advanced electrical/electronic signals:

- 1927 - Television.
- 1930 - Videophone
- 1964 - Fiber optical telecommunications
- 1969 - Computer networking
- 1981 - Analog cellular mobile phones
- 1982 - SMTP email

- 1983 - Internet.
- 1998 - Satellite phones

(Source : Wikipedia)

#### 1.4 History of telecommunication – Malaysia

Malaysia was at the forefront of the global communications revolution, in a physical form, long before the telegraph and the telephone reached its shore. The latex of a little-known tree, *Gutta Percha*, native to Malaysia, is the only material known to mankind which could waterproof and insulates undersea electric cables. Otherwise, the cables would stretch out and eventually rot away.

*Malayan Gutta Percha* was used as its insulator for the first transatlantic cable between America and Britain in 1866. This happened almost 100 years before the era of industrial plastics and the discovery of polythene to insulate cables. Way back, the pioneering tool of communication were smoke, fiery beacons, drum, mirrors, flags and semaphore, which were used to transmit message. The concept is to transmit a message faster than a runner or rider. In older Malay communities, a *ketuk-ketuk* or *tabuh* was used to summon people to hear an important announcement. In the film *Sumpah Orang Minyak*, starred by the late P. Ramlee and Nordin Ahmad, the *tabuh* was drummed to alert villagers about the attack of the oily demon.

Telekom Malaysia (TM) has seen it all, throughout its interesting life. From being a government entity, to a respected corporate institution, TM turns out to be a giant in the industry, in this part of the world.

Below are the evolutions of telecommunication industry in Malaysia :

- In 1968, the SEACOM cable line was introduced, connecting the Peninsula Malaysia to Sarawak via the South China Sea.

- In 1983, the Data Telecommunications System (Datel) was introduced.
- In 1985, the ATUR, first wireless telephone system was introduced by Jabatan Telekom Malaysia (JTM).
- In 1987, JTM was incorporated as Syarikat Telekom Malaysia Berhad (STMB) or Telekom Malaysia(TM) following the National Corporatization Policy, which was launched in the 1980s.
- In 1988, Celcom Malaysia Sdn Bhd was founded under its name STM Cellular Communications Sdn Bhd. The first to provide GSM based mobile services.
- In 1992, Celcom was controlled by Technology Resource Berhad (TRI)
- In 1997, Telekom Malaysia introduced CDMA based mobile homeline services
- In 2003, Celcom Malaysia Sdn Bhd became the first provider to introduce video call base on 3G WCDMA technology.
- In 2008, Packet One Networks Malaysia Sdn Bhd became the first provider to introduce Wireless Wimax Service on 802.16e spectrum technology.

*(Source : History of Communications in Malaysia, Wikipedia)*

### 1.5 Current situation of telecommunication industry

We have seen the industry evolves from fixed line to mobile phone, from First Generation to Fourth Generation (4G). The High Speed Broadband (HSBB) project is really changing the landscape of the telecommunication industry in Malaysia and playing a significant role in achieving National Broadband Penetration rate of 50% by 2010. The RM11.3 billion project will boost Malaysia's aspiration to become a developed nation, fulfilling its Vision 2020.

Although the trend now is moving towards mobility, as far as telephone usage is concerned, the importance of fixed line cannot be neglected. There are many organizations, and individuals, still using fixed line because of its speed, stability and



reliability. The need of this capability is crucial for those serious users where they often have both, the mobile access and fixed line at home.

More and more operators are now moving towards Internet Protocol (IP) in their voice offering to customers, instead of using Public Switched Telephone Network (PSTN). The compression technology is more advanced nowadays that the user could not tell the difference whether they are using IP network or PSTN.

With the introduction of Unifi, the brand name of TM's Broadband, home user, especially, is now enjoying triple play technology. With single installation they can watch television, access internet and making calls simultaneously. They are no longer required to have separate line for these services.

This is the evidence of a convergence technology, which is widely known as Information and Communication Technology or ICT. They are intertwined to offer solution for the consumer.

## 1.6 Summary

Telecommunication has come a long way from the ancient traditional way to more sophisticated devices. Telecommunication is no longer just a medium for two persons to talk with each other but it goes beyond that.

Telecommunication has turn into a medium where people talk, play and do business; simply *connect, communicate and collaborate*.

Geography is not an issue anymore as everyone is in the virtual world. In fact, thanks to technology, now the world is flat (*The World Is Flat, Thomas Friedman*).

**PART B : CASE WRITING**

## 2 PART B : Case Writing

### 2.1 Introduction

Telecommunication has changed a lot. Not only has it change the people but the lifestyle as well. Telephone is not only as a communication tool but now it evolves into a fashion trend. The technology or design change very fast that whoever uses a mobile phone more than 3 months is considered as outdated.

### 2.2 Background of company

#### TELEKOM MALAYSIA BERHAD

Telekom Malaysia (TM) is the largest integrated communications solutions provider in Malaysia, and one of Asia's leading communications companies, with market capitalization of RM11 billion and an employee force of 24,744.

Established as the Telecommunications Department of Malaya in 1946, it was privatized in 1987, and listed on Bursa Securities in 1990. Since then, its growth has been phenomenal. In 2007, it was decided that a demerger of the mobile and fixed services would be strategic.

This exercise was completed in April 2008, allowing TM to focus more intently on its core business of providing communication services and solutions in Internet and multimedia, data and the fixed line.

TM has always been a partner in nation-building, enabling Malaysia's development with the latest technologies. As it transformed its network infrastructure from analog to digital and, now, to an IP base, the nation has benefitted from new communication possibilities

as well as better and faster connectivity. TM was one of the pioneering companies in facilitating Malaysia's entry into the Internet age with Streamyx, its broadband service introduced in 2001. Serving 1.43 million customers as at end 2009, TM today is Malaysia's leading broadband service provider.

TM's latest nation-building endeavor involves rolling out the most exciting telecommunications service to date: High Speed Broadband (HSBB). In September 2008, it signed a Public-Private Partnership (PPP) to develop an HSBB network and services that will deliver speeds of 10Mbps (Megabits per second) and beyond via fibre optic infrastructure, to high economic impact areas. Under this initiative, 1.3 million premises are to have high speed broadband access by 2012. The infrastructure needed will be developed over 10 years, with the Government co-investing RM2.4 billion and TM, RM8.9 billion.

HSBB is an end-to-end project encompassing access, core and international infrastructure network. The initial roll-out is in March 2010, in four exchange areas of Shah Alam, Subang Jaya, Taman Tun Dr Ismail and Bangsar. HSBB will offer triple play service of video, high speed Internet and voice. With HSBB as an enabler, there are many, many potential high bandwidth next-generation applications such as video-on-demand, online gaming, interactive shopping, Internet Protocol Television (IPTV), etc., that can be made available which would make the overall experience engaging for consumers. It heralds a digital revolution enabling people to work together and collaborate more effectively than ever before.

Complementing the all-IP HSBB network is enhanced global capacity via new international gateways. The latest consortium cable spearheaded by TM, the Asia America Gateway (AAG), is the first high-bandwidth optical fibre submarine cable system to directly link South East Asia with the United States (US).

With an initial equipped capacity of 500Gbps, the submarine cable network is upgradeable for future transmission facilities that support higher Internet and e-commerce traffic.

Commercial traffic has begun in 20,000km of the network which positions TM as a regional IP hub for Internet service providers (ISPs) to gain connectivity to the US.

Committed to universal service excellence, TM has adopted a business model that is tuned in to the marketplace. Operationally, it is aligned to six principal customer segments: Consumer, Small Medium Enterprise (SME), Enterprise, Government, Wholesale and Global. Wholesale focuses on bandwidth and other infrastructure to telcos, ISPs, managed network service providers, application service providers, global operators and data centre providers; while Global provides satellite, terrestrial and submarine fibre optic connectivity across Asia, Europe, the Americas, Oceania, the Middle East and Africa.

The new business model creates greater synergies between the various divisions, and allows TM to target its product and service offerings more specifically to the needs of the different niches. To further enhance the customer experience, TM focuses on accessibility, simplicity and convenience of transactions via its extensive network of TMpoints and the secure, customized self-service portal, TM Online.

Underlining all TM's operations is a deep commitment to corporate responsibility (CR), which guides its actions and behavior towards stakeholders. TM's CR initiatives cover the four dimensions of marketplace, workplace, community and the environment. These initiatives have been recognized. TM in 2009 won the Starbiz-ICR Malaysia Corporate Responsibility Award for the Community; and the Prime Minister's CSR Award for best Workplace Practices.

In the community, TM has a tradition of capacity-building through education and bridging the digital divide. In 2009, TM spent 2.5% of profit before tax for its community activities, higher than the global best practice of 1.0%. Yayasan TM, the Group's foundation, offers scholarships to outstanding and deserving students to pursue their studies at local and international institutes of higher learning.

Its Multimedia University is a training ground for the development of a knowledge generation; while at the school level, it introduces children to the powerful benefits of ICT. TM also provides disaster relief and caters for the needy and underprivileged by donating to welfare homes, Non-Governmental Organizations (NGOs) and charitable organizations.

As a responsible company, TM is conscious of playing its part towards sustainable development. Its green agenda includes the ISO 14001:2000 Environmental Management System to minimize waste, and protect and preserve the environment and the nation's natural resources. The Company has also piloted a teleworking initiative for its Sales staff and enforces remote meetings via teleconferencing and live streaming between regional offices nationwide. Employees are further encouraged to contribute towards environmental efforts via active participation in an internal green campaign, *Bumiku*.

TM believes that commitment to CR contributes to greater shareholder value. It enhances the TM brand, encourages the best people to want to work for TM and serves as a powerful reason for customers and business partners to do business with TM.

TM is a pillar of integrity and innovation in the Malaysian telecommunications landscape, built on a foundation spanning more than 100 years. Based on its history of excellence, TM will continue to open up new possibilities to Malaysians, enabling them to use new-generation connectivity to make anything possible.

## TELEKOM SALES & SERVICES SDN BHD

Telekom Sales & Services Sdn. Bhd. (TSSSB ), 100% wholly owned subsidiary of Telekom Malaysia, is a CUSTOMER SERVICE organization which provides a one-stop solution for TM Group products and services. With the Vision, *“To be a one-stop centre for TM Group products and services”*, TSSSB is determined to provide excellent services for TM Group’s customers and to offer competitive ICT products and services.

Currently, TSSSB has more than 100 ISO Certified TMpoint outlets nationwide. These TMpoint outlets serve as the primary channels in providing TM’s services such as service provisioning, bill payments, fixed line, multimedia and other value added services. TSSSB also markets a wide range of telecommunications as well as IT related products and accessories.

TSSSB works very closely with TM Group, vendors, suppliers and business partners to channel telecommunication products through its TMpoint outlets. To ensure that the Company achieves its goals, TSSSB is continuously finding ways to provide choices of competitive and high quality products to its valued customers.

In its bid to strive for the best, TSSSB had participated in the “2004 Quality Award“, by the Ministry of Energy, Water and Communications, whereby TMpoint Pelangi, Johor Bahru has won national recognition and become the proud recipient of the “ 2004 Quality Award “. This award program was conceptualized by the Ministry to give formal

recognition to organizations within the industry that have achieved excellence in service quality, mainly concentrating on total customer satisfaction. TSSSB was also being honored with two reputable awards during Technology Business Review ASEAN Awards 2008. The awards were CEO Award and Corporate Excellence Award.

Additional to that, TSSSB has exceeded also target of 85% by achieving 91% in Mystery Shopper Index (MSI), conducted by a third party (Synovate) in 2008. All these recognitions are a testimony of TSSSB being one of the most recognized customer-centric organizations within the telecommunications industry.

TSSSB is determined to provide excellent services for TM Group customers and to offer competitive ICT products and services, as it looks forward to future growth in the coming years.

The most commonly used touch points between the customer and TM are its 105 TMpoint outlets nationwide. To improve customer experience and increase customer service, TM has enhanced the services and facilities available. It has installed 30 e-Kiosks at 27 TMpoint outlets nationwide for easier access by customers and greater convenience for bill payments, either by cash or cheque. *(Please refer table below).*

No.	State	TMpoint	Kiosk
1	<b>Kuala Lumpur</b>	TMpoint Pandan Indah	1
2		TMpoint Menara	1
3	<b>Petaling Jaya</b>	<b>TMpoint Taipan</b>	2
4		TMpoint Damansara Utama	1
5		TMpoint Kajang	1
6		TMpoint Petaling Jaya	2
7		TMpoint Puchong	1