

Alternative Thinking for Nepal Telecom's Business Promotion

(Photo)

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Given that 97.5 percent cooperative institutions have been providing services to their members of rural areas, it can be believed that cooperative institutions are playing a positive role in Nepal's development. In this context, Nepal Telecom and the cooperative institutions can have double benefit if the 35,000 cooperative institutions operating across the country and their 4.5 million members are associated with the network of Nepal Telecom.

Nepal Telecom, which used to command the entire share of the Nepal's telecommunications markets in the past as monopoly in market, didn't have to struggle much for its business promotion and presence in the local market till date. The widespread availability of service products of Nepal Telecom and her customers' base proved that its customers have faith in the company. However, aggressive market expansion of rival telecom companies and sluggishness seen in the quality of services and poor market strategy of Nepal Telecom strongly suggests that Nepal Telecom has to adopt a different but dynamic market strategy in the coming days. In this background, this article will attempt to discuss market expansion strategy that Nepal Telecom will have to adopt.

The market status of any large company is evaluated on the basis of their strengths in four aspects (pillars). Big companies in developed countries such as United States, Canada, and

European countries take 'Market Outlets' as one of the main pillars. The overall strength of companies such as Wal-Mart, T-Mobile, and Vodafone depend on their Quality of Products alongside Business and Market Outlets. It needs to be looked how T-Mobile and AT&T are providing products easily to their customers living in urban, sub-urban, village, rural, and remote areas. These companies would not have sustained the profit growth and strong position in the competitive market if they had operated only by establishing their own offices because of high cost of operation. This example shows that outsourcing of jobs can be a medium for private sector companies in urban and sub-urban areas. But it should also be noted that private sector companies hesitate to go to rural and remote areas and even if they go, they might have to bear significant operating costs. In this situation, what can be the cost-affordable and accessible medium to provide mobile and data services to every household of the country? It is contextual for Nepal Telecom to come up with ideas in Nepal's context like telecommunication companies in United States and Canada.

American Example

According to a study of the University of Wisconsin, cooperative institutions provide telecommunication services in 40 percent area of the United States (*Picture 1*). Particularly, the cooperatives have been providing the services either collaborating with large telecom companies of the country or on their own. It has been observed that the telecom companies have been able to cut down their expenses significantly by providing telecommunication services in rural areas. Such cooperatives have been able to operate exchanges having lines of up to 5,000. It has been found that telecommunication companies have handed over the responsibility to cooperatives to provide services to customers in rural and remote areas. The number of such cooperatives is 260 who are providing telecommunication services in rural and remote areas of 31 states of United

States. Providing services in this way has created employment for 23,000 locals of the states with US\$3.9 billion in transactions and US\$1.3 billion in increment of salary of employees.



Telecom Cooperative Network in the USA

The co-operative mobile

Pay as you go SIM

Competitive rates
Low cost UK and international rates
Honest pricing
Calls charged and received, not per minute
Great coverage
Using the UK's largest network

The co-operative mobile

Pay as you go International SIM

From 2p per min
From 10p per min
From 10p per min
From 10p per min
From 10p per min
From 10p per min
From 10p per min
From 10p per min

Pioneer
telephone cooperative

Examples of Telecom Cooperatives in the USA

I see the need for discussions if this model can be implemented in the context of Nepal Telecom. It is not easy to provide telecommunication services in the remote part of Nepal. Even though Nepal Telecom has attempted to expand its services to remote parts of the country, due to the lack of service operating model (O&M, supply chain), quality and supply of its services have not been up to the minimum necessary level and it also risks losing the market share. It has been seen that BTS towers of Nepal Telecom in the remote parts of the country remain unrepaired for months in case of damage. Not only the loss of revenue due to this problem it has been found that sending the technical workforce to repair the BTS leads to increase in the company's expenses. Comparing number of subscribers, company structure, and expenses with the main competitor NCell, the situation of Nepal Telecom looks precarious. Over the last 4-5 years, the rate of increase of Nepal Telecom's operating cost has been similar to the rate of increase of its subscribers' number and revenue. This has posed very challenging situation for Nepal Telecom. It has become very important for Nepal Telecom to reduce its cost of operation by any means possible in the coming 1-2 years. Nepal Telecom needs to have a different thinking in terms of business strategy to keep cost of operation within certain radius and expand its market. For the purpose, it has become necessary for Nepal Telecom to adopt business strategies that have proven successful in telecommunications sectors in countries like United States, Canada and Australia.

Let's imagine that what will happen when there is an arrangement for customers from a village development committee (V.D.C) of Ilam or a V.D.C of Saptari which is not connected to road or V.D.C of Julma which takes a two-day walk to get RUIM card or SIM card will get immediately at their localities upon demanding. Can Nepal Telecom develop an aggressive marketing and business plan? I think the company should be able to do it. It has become important to formulate

a new marketing and business plan to enable Nepal Telecom to provide services to every Nepalis at their localities. The most appropriate strategic alternative in this regard will be to formulate a business strategy in association with the 35,000 cooperative institutions that are active across the country.

Though the history of cooperative institutions in Nepal is long, the expansion of such financial institutions has been possible in the last 12-15 years. This expansion has been serving 4.5 million members of cooperative institutions, however, some negative news have also been heard about such institutions. It can be believed that cooperatives have been playing contributing to the development of Nepal considering a study which showed 97.5 percent rural cooperatives have been providing services to their members. There is no doubt that there will be a two-way benefit for both cooperatives and Nepal Telecom if the 35,000 cooperatives and their 4.5 million members are brought into the business network of Nepal Telecom. Works in this respect can be taken ahead by signing agreement with Cooperatives Federation and National Cooperative Bank to make certain number of cooperatives function as business outlets of Nepal Telecom. While making cooperatives business outlets of Nepal Telecom, 5-10 cooperatives should be given responsibility in each district in the beginning. Similarly, a best operated cooperative in each constituency of rural and remote areas could be handed over the responsibilities of repair, maintenance and operation (distribution, customer payment collection and repair/maintenance of telephone lines) of small MSAN Exchanges having up to 500 customers along with general maintenance and security of BTS towers. For this, necessary trainings should be arranged to provide members of the cooperatives with minimum technical knowledge. In this way the services of Nepal Telecom to households will reach much faster and cost efficiently than we have imagined. This type of service providing initiative can also be carried out in many suburban

and rural areas adjacent to cities by evaluating the effectiveness of the services. Nevertheless, Nepal Telecom needs to be clear about outsourcing of types of works to cooperatives and the areas of coverage, and the works the company needs to do itself considering the control and quality of services.

The present-day telecommunications market is very competitive. It will be difficult for a service provider to sustain only through the current sources of income. Therefore, identifying new sources of income and cutting down expenses is the best way for the sustainable future of Nepal Telecom. It looks necessary for the company to focus on providing services to its local customers to ensure economic sustainability in the coming days. For this, the company needs to attract institutional customers who are in large numbers. Nepal Telecom needs to work on formulating market strategy to provide its services and retain 4.5 million cooperative members, 450,000 customers of small farmer agriculture development banks and hundreds and thousands of employees in civil and security services and teaching professions. Likewise, it also needs to focus on creating market and expansion of services using mobile banking and mobile wallet payment systems. On the one hand, adopting this type of business strategy will help the company to expand its services to increase income and will also lower its expenses; on the other hand no other private company can stop Nepal Telecom to reclaim the position of the country's number one telecommunications services provider. Let's hope, the current management of the company will give due consideration to the aforementioned suggestions while formulating the business strategy.