

SAPURA TELECOMMUNICATIONS BERHAD

**A Case study Analysis Presented To:
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**In Partial fulfillment of:
Strategic Management (MGT 585)**

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**Date of submission:
September 13, 2001**

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EXECUTIVE SUMMARY LETTER

This case study is about the analysis of strategic management for **Sapura Telecommunication Berhad** also done in partial fulfillment of Strategic management (MGT 585). The case study was completed by doing the entire analysis requirement with the help of the secondary sources such as newspapers article, magazines, annual report, and information on Internet.

Sapura Telecommunication Berhad (STB) is one of the successful subsidiaries of Sapura Group Berhad. STB are listed on **KLSE Main Board** (Technology) and before this the company knows as Rilla Holding Sdn Bhd and had been change to Sapura Telecommunication Berhad on 12.4.90 and to present form on conversion.

The nature of the business of Sapura is involved in the telecommunication and IT related business. Its activities include Factory machinery and equipment, paging services, telephone cables and telecommunications related equipment, computer software, hardware and related products, electrical equipment, appliances and apparatus, alarm security systems, and educational courses.

The Group's recent projects are its participation in the pilot of two Multimedia Super Corridor Flagships, smart School and E-Government sector. In Late 1999 saw the implementation of the Total Airport Management System (TAMS), the first of its kind in the world, at KLIA. It successful IT education business also made inroads overseas with opening of two branches in Pakistant and Sri Langka.

On the year 2000, Sapura had offered to acquire subsidiaries of the Time Engineering Bhd (TEB) Group comprising Time dotCom Bhd (TdB) and Time's subsidiaries involved in Telco and IT business.

According to the KLSE's Top Gainers & Losers (Malaysian Business, Jan 2001) The Value of Stock of Sapura Telecommunication Bhd is on the top-20 Gainers list by KLSE at a gain of 78.1% and a price as at Jan 3 – RM 2.47 and Price as at Dec 11 – RM 4.40.

The **Mission Statement** Of Sapura Telecommunication Berhad are stated as "Our pursuit of excellence and innovation spurred by one basic goal to improve our living standards and provide everyone the opportunity to realize his full this in mind, we maintain the highest standards in providing consumers with cost effective quality products and services added value being an integral part of the delivery.

Sapura Telecommunication Berhad **existing objectives** are based on their sectors involved that Telecommunications Sector, Defense, Energy Sector, Software Sector, Paging Sector, Information Technology Sector and Marine Sector.

As we analysis the secondary sources about Sapura, we find that there is 12 existing strategies that have been implemented by the company and can be summarize as (A) focused on improving their products and telecommunications services (B) to gain even 1% market in China (C) made a preliminary assessment of possible investment in China and expanding the numerous business opportunities available for Sapura's products and services (D) plans on how the best strategies to establish as a telecommunications expert in China. (E) Plans to sell off or wind down some of their subsidiaries that making loss. (F) Has strategic alliances (G) Planned to expand its services (H) Undertake strategic investment to boost our long-term earnings potentials with the ash reserve its currently have (I) face impending competition in some systems of the market (J) To be responsive to the need for cotenant technological upgrading and service innovations (K) Expanded its marketing (L) providing various financial and non-financial befits to them (M) Expanded the manufacturing.

There are 3 stages, which involved **Matrixes** in the formulation framework that we have to analyze in the case study as according to the requirement given. The matrixes are very important in order to recommend the alternative strategy implementation for the particular company. **Stage 1** (input stage) – summarize basic input information needed to formulate strategies. The matrixes in stage 1 are EFE Matrix, IFE Matrixes and Competitive Profile Matrix. **Stage 2** (Matching Stage)- Focus upon generating feasible alternative strategies by aligning key external and internal factors. The matrixes are TOWS Matrix, IE Matrix, Space Matrix and BCG Matrix. **Stage 3** (Division stage)-uses input information from stage 1 to objectively evaluate feasible alternatives strategies identified in stage 2 and the matrix involved is QSPM.

The matrixes include in stage 1 are (1) (**EFE**) External Factor Evaluation Matrix that allows strategies to summarize and evaluate economic, social, cultural, demographic, environmental, political, government, legal, technological and competitive information (2) **IFE** (Internal Factor Evaluation) Matrix which this strategy information tool summarizes and evaluate the major strengths and weakness in the functional areas of business and it also provides a basis for identifying and evaluating relationships among those areas. (3) (**CPM**) Competitive Profile Matrix which identifies a firm's major competitors and their particular strengths and weakness in relation to a sample firm's strategic position. The factors in a CPM include both internal and external issues, the rating refers to strengths and weakness.

In stage 2 the matrixes are (1) **TOWS** Matrix and this is an important matching tool that helps managers develop four types of strategies; SO strategies, WO strategies, ST strategies and WT strategies (2) **SPACE** (Strategic Position And Action Evaluation) Matrix and this is another important stage of matching tool. Its four-quadrant framework that indicate whether aggressive, conservative, defensive or competitive strategies are most appropriate for an organization (3) (**IE**) Internal and External Matrix.

Stage 3 include (**QSPM**) Quantitative Strategic Planning Matrix, which comprises stage 3 of the strategy-formulation analytical framework. The QSPM used input from stage 1 analysis and monitoring results from stage 2 analyze to decide objectively among alternatives strategies and lastly Matrixes is Grand Strategy Matrix which has become a popular tool for formulating alternative strategies. All organizations can be positioned in one of the Grand strategy matrixes for strategy quadrants.

For our analysis of Sapura Telecommunication Berhad, we have choose 3 companies as Sapura's nearest competitors in the Telecommunication Industry, there are **(1) Telekom Malaysia Berhad (2) Digi Corporation (Mutiar Communication Berhad) (3) Maxis Corporation (Binariang Berhad)**. From the moment, Telekom Malaysia is more than holding its own despite the competition. It is taking the lead in term of acquiring stakes in telecommunication sector. Malaysia's telecommunication landscape is still undergoing transformation. More mergers, buy-out, and, perhaps, dissolutions are on the horizon.

The corporate profile of the 3 competitors for Sapura Telecommunication Berhad can summarized as **Telekom Malaysia Berhad** -Telekom is a country pioneer telecommunication provider for the nationally and globally. The corporate vision is to provide world-class telecommunication company providing total customer care. Telekom wish to be a local telephony institution with global and multimedia strength. They will constantly reinvent us to keep pace with the accelerated changes in the industry and the global market place. Reshaped our portfolio of business and our philosophy of managing them to prosper in this competitive environment. Taking into account the government's commitment to vision 2020 and the strong market demand for telecommunication services, Telekom Malaysia adopted as its primary corporate objective to provide quality service at par with developed countries by the year 2005.