

Orbitel Transforms its Core Business and Maps Its Course for the Future

Executive Summary

CUSTOMER NAME

Orbitel

INDUSTRY

Service Provider/Telecommunications

BUSINESS CHALLENGES

- Looming regulatory changes set to dramatically impact primary business model and overall company profitability
- Need to differentiate products and services from the competition
- Need to establish a foothold into new markets

SOLUTIONS

- Work with IBSG to develop corporate business plan centered on WiMax access
- Develop sound strategy for bringing new solutions to market
- Develop new product and service portfolio to transform company's revenue composition; prioritize offerings in new product portfolio

BUSINESS RESULTS

- Developed detailed business strategy and go-to-market plan for new WiMax solutions
- Successfully launched new phase of business with value-added IP solutions
- Successfully developed channel strategy and penetrated new markets

Regulatory changes threatened to erode the basic business model on which Colombian service provider Orbitel had operated since it was established. With assistance from the Cisco® Internet Business Solutions Group (IBSG), Orbitel designed a successful new business strategy and a detailed roadmap for bringing its services to market.

BUSINESS CHALLENGES

What does a company do when its tried-and-true business model suddenly becomes untenable? This was the challenge faced by leading Colombian telecom service provider Orbitel. In addition to providing a variety of voice and Internet services, its core business since the beginning had been delivering domestic and international long-distance service under a semiexclusive license. Looming regulatory changes were about to change that. Orbitel's long-distance business would meet competition from several other incumbent carriers—all of which owned their own local-access infrastructures, which Orbitel did not. If the company tried to continue operating under its existing model, it would experience increasing marginalization and shrinking profitability.

Orbitel's primary challenge was the lack of an integral access infrastructure to support its offerings. To remedy this, the company applied for and won the first license in Colombia for WiMax high-speed wireless services. WiMax (Worldwide Interoperability for Microwave Access), also known as WirelessMAN, is a standards-based technology that enables the delivery of wireless broadband access to the last mile as an alternative to cable and DSL. WiMax offered an opportunity for



Prepared by Cisco Systems, Inc.
Internet Business Solutions Group

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corporate business unit, Orbitel**

innovation and a chance to carve out a new competitive niche for the company. Acquiring the WiMax license, however, was only the first step. Orbitel needed to transform itself from a provider of traditional long-distance services to a next-generation provider of value-added IP solutions. This business makeover would require a new portfolio of IP-based products and services, the capabilities to deliver those services, and an effective strategy to bring new solutions to market.

Any one of these tasks would be a challenge in its own right. But Orbitel needed to accomplish all of them, and quickly, in order to become the first WiMax service provider in the market. Within the company were many opinions about how Orbitel should proceed. Narrowing the options and establishing a strong, detailed new business plan would be a difficult and time-consuming task.

“We were feeling lost,” says Maria Claudia Caicedo, vice president of Orbitel’s corporate business unit. “I think we would have found the right road eventually, but it was going to take us a lot of time.”

SOLUTIONS

Orbitel needed to guide internal discussions and craft a sound methodology for making the critical decisions on which the company’s future hinged. They turned to Cisco Systems® and to [Cisco IBSG](#).

“Cisco has been our main provider in the core of our IP network, which is a network powered by Cisco products, for many years,” says Sergio Restrepo, vice president, operations, Orbitel. “We have a very close working relationship with Cisco around IP services, so it was natural that, as we looked to enter a new phase of our company, we would ask them to participate.”

“We brought in [Cisco Systems](#) because we admire the company a great deal,” says Caicedo. “We were very familiar with Cisco’s work in IP business services in Colombia, and we thought that we could learn a lot from them. We also felt that Cisco could demonstrate real results from their strategic thinking, rather than simply presenting theories.”

Orbitel and IBSG entered into a multiphase engagement to set the course for the telecom company’s future. Acknowledging that the centerpiece of the “new Orbitel” would be IP services delivered via WiMax, the first step was determining the ideal market for these services. Orbitel opted to focus on the small- and medium-sized business (SMB) segment, which historically had been underserved in the Colombian marketplace. IBSG assisted by conducting extensive market analysis and segmentation and provided strong numbers to back up the decision. IBSG then helped Orbitel executives map out all possibilities for portfolios targeted to this market and assess the solutions.

“With IBSG, we used a matrix to analyze the different solutions we were considering, compare the size of the opportunities, and select the ones that would fit best with our capabilities,” says Restrepo. “We then analyzed research we had conducted on the corporate market here in Colombia to determine which aspects of the offerings would be most valuable to our customers. When we began looking at the SMB segment, we knew these customers had a variety of needs, but we didn’t know which ones specifically to target. Cisco assisted us a great deal in segmenting that market.”

Based on this work, Orbitel was able to create a prioritized roadmap for developing and introducing the new solutions, and a clear business plan to guide the company’s market strategy over the next several years. Some key aspects of the business plan, for which IBSG provided a great deal of insight, were the channel strategy, model, and mix, including the development of a group of channel partners to sell and implement the new solutions.

“We discussed the channel model very passionately,” says Caicedo. “Adopting that model made sense to us, but we had to define the right mix of channels and the right plan to make the system work and reach the number of customers we wanted to serve. Our Cisco consultants were able to share their experience of Cisco’s channel system, and they provided the numbers to support adopting the model here in Colombia. We were already leaning in this direction, but Cisco really helped provide a methodology and order around the decision.”

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BUSINESS RESULTS

Orbitel entered the market in the spring of 2006 as the first carrier in Colombia to offer WiMax-based IP services. By the end of 2006, Orbitel leaders expect to offer WiMax services in more than half of Colombia.

“We are very happy with the response we’ve received in Cali [Columbia], and the market is very interested,” notes Restrepo. “By the end of spring, the number of clients was actually double what we had expected. Many small companies are requesting our services. The market is definitely there.”

Orbitel leaders have been especially pleased with the success of the channel model for selling the new solutions.

“In the city of Baranquilla alone, we already have 100 salespeople,” says Caicedo. “We have found many channels through which we can distribute our products. We’re making the model work.”

“Developing the channels is the most important work we’re doing now,” says Restrepo. “Cisco presented the idea to us at the beginning of this process and suggested that the channel model was the best way to enter this market, to gain market share, and to deliver the personalized attention our customers demand. I believe our channel development is one of the most successful results of our work with Cisco.”

In general, Orbitel leaders believe that Cisco played a key role in helping to shape the future direction of the company and in supporting the critical decisions that had to be made.

“Many of the conclusions we reached were ideas that we were already considering, but Cisco really helped us focus and work our way through the decisions,” says Caicedo. “They simplified the process and showed us that we really could do what we were planning.”

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C36-360454-00 07/06