TM Retail and Cisco Systems Partner to Accelerate Delivery of IP Services in Malaysia

Executive Summary

CUSTOMER NAME
Telekom Malaysia Berhad (TM)

INDUSTRY
Service Provider

BUSINESS CHALLENGES
- Increase data revenue for enterprise businesses
- Broaden managed IP service portfolio
- Increase market share in IP services
- Accelerate speed to market

SOLUTIONS
- Developed and accelerated an IP services and go-to-market strategy
- New managed services portfolio includes IP VPN, IP telephony, and Metro Ethernet

BUSINESS RESULTS
- Generated RM100 million new service revenue (12 months ahead of schedule)
- Market share grew to more than 50 percent in 2005
- Faster service creation and roll-out to the market

Telekom Malaysia Berhad (TM) and Cisco Systems® formed a strategic alliance to help TM transform from traditional voice carrier to provider of an integrated portfolio of managed services, helping TM increase market share, improve competitive positioning, generate incremental revenue, and dramatically increase speed to market.

BUSINESS CHALLENGES

Since its incorporation in 1984, Telekom Malaysia Berhad has become the country's leading regional information and communications provider, offering its subscribers a comprehensive range of fixed-line, mobile, data, and broadband communication services and solutions. Headquartered in Kuala Lumpur and with investments and operations in 12 countries throughout Asia, TM's annual operating revenue is more than RM13 billion.

Shift in the Marketplace Creates Need for Agility and Flexibility

With a focus on the national's retail telecommunication needs, TM Retail, TM's fixed line and retail data business unit, embarked on various initiatives to defend its traditional voice business while growing its data business and improving customers' service. Recognizing increased competition, declining voice revenue, and a significant market shift toward data—service offerings that required a different business strategy and new capabilities—TM immediately began to take action.

CISCO SYSTEMS

Prepared by Cisco Systems, Inc.
Internet Business Solutions Group

In its effort to improve sales in the retail segment, TM realized that it needed an innovative solution to be marketed to its customers, especially in providing managed network services. Through TM Retail, TM looked for a partner that could fulfill the requirement and found that Cisco Systems would be the perfect alliance.

"We wanted to accelerate the process and spent some time analyzing various methodologies," says Datò Adnan Rofiee, chief operating officer, TM Retail. "It soon became apparent that the best approach would be to tap into the expertise and best practices of a global leader in data and IP services."

TM chose Cisco® for its reliable and high-technical capabilities and also to speed time to the market with a comprehensive portfolio of managed network services.

"Cisco's approach was different," says Rofiee. "They truly wanted to collaborate with us rather than simply sell us equipment. They were willing to spend time with us, sharing their industry knowledge and technical expertise. In addition, cobranding and combining the strengths of both TM and Cisco in the Malaysia market would allow both companies to be seen as leaders in network and CPE services, providing cutting-edge services to the customer."

> "CISCO HAS PRACTICAL EXPERIENCE WORKING WITH TELCOS TO GENERATE SIGNIFICANT REVENUE FROM NEW DATA SERVICES, AS EVIDENCED BY THEIR SUCCESSFUL VENTURE WITH SPRINT IN THE UNITED STATES. WE WOULD LIKE TO REPLICATE SIMILAR SUCCESS WITH CISCO IN THE MALAYSIAN MARKET."
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> **Datò Adnan Rofiee, chief operating officer, TM Retail**

SOLUTIONS
TM and Cisco Form Strategic Alliance
TM and Cisco entered into an alliance partnership in February 2005 to develop and accelerate an IP service and go-to-market strategy for the Malaysian enterprise market.

The Cisco Internet Business Solutions Group (IBSG) met with TM and began to put a plan together, defining the market opportunity, the company's ability to deliver, and identifying the key questions that needed to be addressed before they could begin to execute against the opportunities. The two partners then set up a governance committee to oversee the process and establish a high-level strategy that would ensure consistent success for the alliance throughout the initiative.

With the foundation in place, IBSG began to work with TM, developing a business plan to capture the growing data opportunity among Malaysia's corporate customers. "The focus of the business plan centered on a comprehensive managed services strategy," says Steven Ying, IBSG vertical manager, Cisco Systems. "The managed services would enable TM to serve its corporate customers with a secure, reliable, flexible, and scalable network that could deliver the advanced services they required."

Next, the partners developed a joint go-to-market strategy with an implementation plan targeted at enterprise customers. "We looked at the requirements, created a service definition for the network infrastructure, crafted customer value propositions and channel operation infrastructures, and built the financial model of the entire approach," says Adida Badlina Basir, alliance program manager, Cisco Systems.

Converting Opportunity into Revenue

At the end of the four-month planning process, both companies came away with a clear understanding of what was needed to convert the RM100 million opportunity into revenue within the next 18 months. For the first phase, the partners identified IP VPNs, Metro Ethernet, IP telephony, and security as the focal points on which to build TM's managed services portfolio for the Malaysian market.

Since that initial phase, the alliance partners have collaborated on new IP-based managed services specially designed for customers in Malaysia. The new portfolio will help these customers significantly lower costs while increasing their ability to adapt technology capabilities quickly to their own changing business environments.

TM and IBSG continue to work closely together to maintain momentum, with a constant focus on key challenges and success factors. Monthly meetings are held to define ongoing or potential challenges and opportunities, analyze risk factors, determine action plans, and identify appropriate execution strategies.

> **"THE COMBINED EFFORTS OF CISCO AND TM ARE EXPECTED TO BRING GREATER VALUE TO CUSTOMERS IN THE ENTERPRISE AND COMMERCIAL MARKETS THROUGH THE DEVELOPMENT AND DELIVERY OF TARGETED, DIFFERENTIATED IP AND BROADBAND SOLUTIONS. CUSTOMERS WILL BENEFIT FROM EXPANDED FUNCTIONALITY, PERFORMANCE, RELIABILITY, AND SCALABILITY FROM SOLUTIONS OFFERED BY TM AND CISCO."**
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> **Datò Abdul Wahid Omar, group chief executive officer**
> **Telekom Malaysia Berhad**

BUSINESS RESULTS

TM has experienced a 20-percent monthly growth rate and expects to triple revenue over the previous six months, delivering results far beyond expectations in a much shorter timeframe than planned. In addition, the alliance has facilitated the following:

- **Faster time to market:** TM Metro Ethernet was launched in March 2006, and MIPT rolled out in April 2006.

- **Increased revenue:** The alliance initially targeted a goal of RM100 million within 18 months. However, within the first six months they had already achieved RM52 million—a 20-percent monthly growth rate. The alliance has now raised the bar even higher, setting a new revenue goal for an additional RM200 million in the next 12 months.

- **New customers:** By offering a comprehensive managed services portfolio, TM has not only retained existing customers but has captured new ones.
- **Enhanced customer satisfaction:** TM has become more customer-centric versus product-centric, leading to increased customer satisfaction scores and positive feedback.

Focused sales and support strategies were two other critical success factors. TM also benefited from this partnership by taking advantage of Cisco sales channels, extending its products to Cisco customers who purchased Cisco routers and switches.

"The alliance has enabled us to execute faster service creation and rollout to the market," says Rofiee. "We managed to implement the best practices that IBSG shared with us. And we expanded our sales channel by utilizing Cisco's existing channels, which are already competent in CPE and IP services."

"As market research and sales team input indicates, a tremendous opportunity exists in the data services market," says Rofiee. "Either we grab this market or our competitors will. If we don't grab it, we will lose the new revenue and competitors will take away our existing customers."

"WE MANAGED TO DELIVER METRO ETHERNET SERVICE TO OUR KEY ACCOUNT IN JUST ONE MONTH, FROM SCRATCH. THAT'S HOW FAST WE CAN DELIVER SERVICES NOW FROM THE ALLIANCE PARTNERSHIP WITH CISCO."

Datò Adnan Rofiee, chief operating officer, TM Retail

NEXT STEPS

Creating additional services on top of its current portfolio to increase value creation for its customers is next on TM's radar. The alliance also continues to push to supply better lead times and improve after-sales support through additional and ongoing training and certification programs.

MORE INFORMATION

The Cisco Internet Business Solutions Group (IBSG) is a global consulting team that helps customers transform their organizations by strategically applying business process innovation and advanced technologies. A unique combination of industry experience and business and technical knowledge enables IBSG consultants to serve as trusted advisers to many of the world's top organizations.

For further information about IBSG, visit **http://www.cisco.com/go/ibsg**

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