

# Conclusion

## strategy & telecoms

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## Introduction

- Introduction
- Corporate strategy
- Strategy in a regulated industry
- ICTs and strategy
- Conclusions and issues

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## Corporate strategy

- Remains an evolving subject
- Sometimes practice is subject to fashions
- Nonetheless the underlying drivers of economic performance remain constant
- However, our understanding of them changes
- Technology is one of the factors that changes our understanding of strategy

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## McKinsey & Co. 2006 trends

1. Centres of economic activity will shift profoundly, not just globally, but also regionally
2. Public-sector activities will balloon, making productivity gains essential
3. The consumer landscape will change and expand significantly
4. Technological connectivity will transform the way people live and interact
5. The battlefield for talent will shift
6. The role and behavior of big business will come under increasingly sharp scrutiny
7. Demand for natural resources will grow, as will the strain on the environment
8. New global industry structures are emerging
9. Management will go from art to science
10. Ubiquitous access to information is changing the economics of knowledge

[http://www.mckinseyquarterly.com/article\\_abstract.aspx?ar=1734&L2=21](http://www.mckinseyquarterly.com/article_abstract.aspx?ar=1734&L2=21)

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## Alfred Chandler

- He argued structure came before strategy
- The visible hand of management against the invisible hand of the market
- Which comes first has been an enduring debate – they are intertwined
- New challenges give rise to new structures
- ICTs give firms an increasing ability to rely on external sources allowing greater decentralisation and outsourcing

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## The bottom of the pyramid

- The prodigious opportunities of low income markets
- Inclusive capitalism
- 4 billions people in "Tier 4"
- Only large firms with global reach have the technological, managerial, and financial resources to dip into the well of innovations needed to profit from this opportunity.
- Those in the private sector who commit their companies to a more inclusive capitalism have the opportunity to prosper and share their prosperity with those who are less fortunate.

C K Prahalad

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## Strategy in a regulated industry

- Public policy has a significant and sometimes determining effect on:
  - barriers to entry
  - competitiveness
  - profitability
- It is subject to influence by industry players
- Liberalisation has been very uneven:
  - nationally (by activity)
  - internationally (by country)
- The most competitive countries are the most liberalised

## Lobbying

- Operators often compete in the politico-regulatory space
- It can be easier and more predictable than the market
- They try to close the debate from wider considerations by focusing on detailed techno-economic issues
- Processes need to be transparent and accessible

## Quis custodet custodes?

- Who will regulate the regulators?
- Peer review amongst themselves
- Competition amongst the agencies
- Review by the court
- Review by parliaments
- Reports to the general public

## ICTs and strategy

- Disruption will continue from waves of new technologies
- The underlying drivers cannot be stopped
- How do firms use the opportunities these create?
- How do they align their use of ICTs with their strategy?

## ICT investments

- A substantial part of the corporate budget is spent on ICTs
- There are enduring concerns about the poor contribution of those investments to overall corporate performance
- Risk management for projects remains a considerable concern

## Outsourcing

- Has become the normal way of business
- Firms have moved activities to best location:
  - within the firm
  - outside to the best supplier
- There continue to be serious concerns over the management of outsourcing contracts
- A continuing question is how to decide which activities to retain?

## National ICT strategies

- Governments have been encouraged to develop:
  - economic strategies
  - ICT strategies
- The analysis and the objectives will be different from corporate strategies
- The forces influencing them will be different
- Firms in the ICT sector will play the vital roles in delivering the objectives in those strategies

## Conclusions

- Strategy remains a great challenge
- There may not be answers, certainly not easy answers
- In telecommunications we need to combine complex roles:
  - analysing corporate strategy
  - understanding rapid technological change
  - working in a politico-regulatory space

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