



Igniting Thoughts of Tomorrow

TELECOM SECTOR

WeChat

Mr. Rajiv Mitra
Senior Telecom
Leader & Mentor
Associated With
Etisalat



.....
Levers for Future
Competitive Advantage



Featured

Nokia - Microsoft
Deal

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October 2013



OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind’s eye needs to be nurtured and differently so.

WeSchool has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.



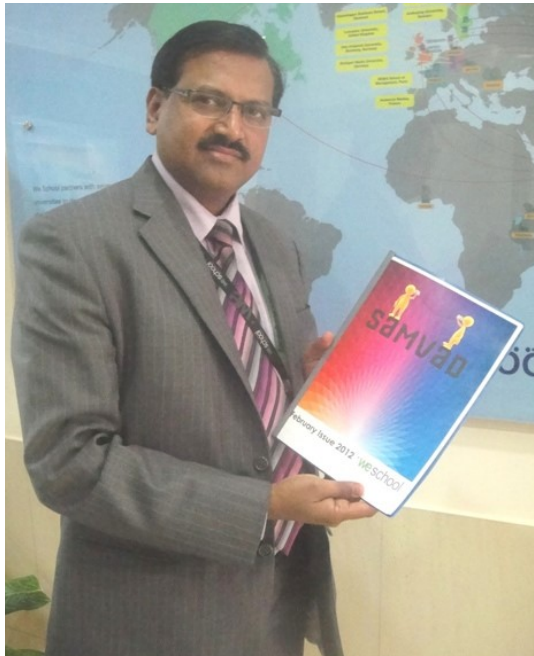
Prof. Dr. Uday Salunkhe,
Group Director

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director



Prof. Dr. Uday Salunkhe introducing the first issue of Samvad

OUR VISION

“To facilitate exchange of ideas that inspire innovative thought culture”

MISSION

To Dialogue

To Deliberate

To Develop

To Differentiate

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

Dear Readers,

Greetings from Team Samvad!

It gives me and the entire Samvad Team immense satisfaction to bring to you the latest issue of Samvad on the theme "Telecom Sector".

Mobile phones have radically changed the way we live our lives, both on the personal as well as the professional front. With the advent of the smartphone, people are increasingly depending on their phones to manage their lives and this has led to immense opportunities for handset manufacturers as well as the network providers. India has a subscriber base of around 900 million, slowly approaching the billion mark. However, with the recent scams, tax issues and subscriber churnings, the network providers are reeling under the heat and facing many problems in spite of the huge potential in the market.

To give you more insights on a career in this sector, we have Mr. Rajiv Mitra (Senior telecom leader and mentor with 20 years experience in sales, marketing, customer experience and general management), a distinguished personality in the Telecom Sector. Hope the interview adds lot of value to your reading.

The Nokia - Microsoft deal was one of the most hot and talked about deals this year and we have the Featured article talking about the financial impact on both companies from of the deal.

We are thankful for all the wonderful comments, compliments and suggestions for improvisation by you all and we are striving for the best. We hope with this issue we provide you with different perspectives on this sector. We will be happy to hear if you personally wish to enter this sector or have a vision to bring about a disruptive change at the grassroots level. It's time we ignite our thoughts in to actions for a better tomorrow.

Hope you will like reading this issue. Feel free to give us your feedback.

Read Better to know Better...!!!

Best Regards,

Aniruddha Kulkarni

Editor

Samvad- Igniting thoughts of tomorrow

Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by both **Prof. Amarkant Jain** and **Prof. Deepa Dixit**. Their insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Ravi Vaidee** for his help in selecting the best Marketing articles. He is part of our core Marketing faculty at WeSchool.

The Finance articles were scrutinized by **Prof. Sapna Malliya** and we thank her for choosing the most relevant and informative articles.

We appreciate the efforts of **Prof. Jyoti Kulkarni** for selecting the most interesting articles in General Management domain.

The Human Resources articles were scrutinized by **Prof. Anjali Joshi** and Operations Section by **Prof. Kavita**. We thank them for choosing the best articles

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the PR activities of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.





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An Interview with Mr. Rajiv Mitra

By: Team Samvad

(Senior telecom leader and mentor with 20 years experience in sales, marketing, customer experience and general management. Associated with Etisalat)

1. Please tell us something about yourself and your journey in the Telecom sector.

When I was a small boy in school, my father booked a telephone connection. I started growing up, went to college, went to University. The day I graduated, on way back home I saw some people digging up a hole in the street corner. And then when I got back, there was a major celebration at home. Not because I was a graduate. Because the telephone that was booked 10 years back was finally connected. Remember that street-corner digging to connect those thunderous black telephone boxes? Those were my growing up days. I was born and raised in Calcutta. Alumnus of Jadavpur University, Calcutta, IIMA and ISB, Hyderabad.

I was fortunate to have joined the telecom sector during the early days of growth in 1999. I had opportunities of working with major Indian and foreign telecom operators. I worked in sales, marketing, customer experience, product management and general management. I held leadership roles and managed large teams, involved extensively in start-up operations that would become giant telecom companies.

2. What is your view on the future of the Telecom Sector in India and what are the key areas Indian Telecom companies should focus on?



Despite a raft of growing troubles, despite the corporate rivalries, the scandal over allocation of airwaves, the bruising price war there is enough and more to be optimistic about the future of the telecom sector in India.

If you ask yourselves, what has been the biggest impact in your lives in the past 10 years? Answer will probably be mobile phones. It is a social revolution of sorts, impacting micro and macro economic development of the country. And that's not going to go away too soon.

More growth will come from voice. There are still lots of people in India who do not own a phone — probably one third of the population. But that's going to be slow. The main growth now will come from data usage. India can also be an equipment manufacturing hub for the whole world, in the near future.

In sum, mobile adoption in rural and bottom of pyramid, data penetration and usage across the length and breadth of the country thereby impacting GDP growth, possibility of India being the equipment manufacturing center for the world, portability to the extent of one-nation-one-number are the few things that are going to

make the immediate future of telecom in India, very exciting.

3. Currently the CDMA is not doing very well in India, In the last year the CDMA Active user subscription was very weak as compared to GSM, so how are Telecom companies looking towards the CDMA technology?

CDMA and GSM are both multiple access technologies. They are ways for people to cram multiple phone calls or Internet connections into one radio channel. GSM came first. It's a "time division" system. Calls take turns. 3G GSM isn't, however, a time division technology.

Even though the CDMA technology is considered to be efficient for data usage, it has certain disadvantages such as limited international roaming facility. There is a limited choice of handsets supporting CDMA technology as opposed to GSM. Introduction of open market handsets (OMH) by Samsung & few others may change the situation somewhat.

The recent suggestion of the regulator that there is no need to auction any more spectrums in the 800 MHz band puts a question mark on the future of CDMA based mobile services in the country. The Future, however, belongs to LTE. The CDMA vs. GSM gap will close eventually as everyone moves to 4G LTE. LTE, or "Long Term Evolution," is the new globally accepted 4G wireless standard.

4. How do Telecom companies meet the challenge of offering good value to the consumer and at the same time monetizing their investments?

The telecom experience in India has shown that a good value proposition for the consumer actually lead to the operators' monetizing their investments.

The industry, over the past 15 years, has been able to offer diverse value proposition to the consumer, like GPRS, EDGE, Blackberry services on the one hand and basic voice and texting services on the other maintaining a healthy EBIT and therefore creating wealth and employment.

Going forward, major growth will be driven by the rural Indian subscriber base, where current penetration is less than 40%. The other major growth area is data adoption. Data penetration is expected to be the next major boost to the country's GDP growth. These and enterprise cloud opportunity, 4G LTE adoption are monetizing opportunities.

Network optimization, bringing about efficiencies in technology deployment, outsourcing the non-core continues to be key in balancing customer and share-holder value.

5. Is the continuing interference of TRAI and other regulatory authorities good thing for the growth of the Indian Telecom Market?

India has several regulators, responsible for regulating several sectors of the economy. There is SEBI keeping a check on the stock markets, TRAI for the telecom and broadcasting sectors, IRDA for the insurance sector, PFRDA for pensions, DGCA for civil aviation and so on.

By their very nomenclature regulators are meant to regulate, not to strangle industries. The "mission" of TRAI is to "create and nurture an environment which will enable the quick growth of the telecom sector ". And "provide a transparent policy environment ". But unfortunately some of TRAI's recent recommendations (e.g. high reserve fees for the 2G auction) have resulted in no meaningful development of the sector. Fortunately, there is some realization and course correction happening.

However, there is no undermining the need for a regulator, to protect industry and consumer interests. The primary role of regulators must be to ensure that the country's resources are exploited efficiently and transparently for the benefit of industry and thereby people.

6. Why did 3G not perform in India as per expectations? How will the Telecom Sector change after the nationwide launch of 4G in near future?

It has been three years since 3G was launched in the country, costing INR 670,000 million to the Indian telecom operators. However, despite all the efforts and growth claims, the penetration of 3G is still around 7 percent of the total wireless subscriber base in the country.

Premium pricing was the main issue, initially. It was possibly driven by the huge amount of money spent to acquire the licenses. One would have expected that Indian operators would adopt a voice-centric strategy for 3G services and price data at a premium. Most operators, however, had priced 3G with the “10 paisa per 10kb” tariff, which worked out to approximately INR17 (\$0.30) per MB. When one considers monthly ARPU at approximately INR150 (\$2.70), it may not be difficult to explain the slow adoption. Poor user experience due to the lack of true nationwide coverage from any single operator, and the patchy coverage even within licensed circles added to the woes.

The price cut on 3G services, in the recent months, by all operators is leading to some traction and may improve the adoption rates. According to some industry experts India will directly leapfrog to 4G, after the lacklustre experience from 3G services. 4G will surely play a key role in driving the broadband growth in the country. Going ahead, adoption of 4G will be key in driving the Indian broadband dream

7. What are the major challenges for an international telecom company wanting to enter the Indian Markets?

India is a fiercely competitive market where 10 operators are fighting for a slice of the subscriber pie. Profitability in India is tough because of extremely low call rates. Spectrum availability is an issue making it difficult for the international telcos to offer band-width hungry data services. There is a need to strike a balance between spectrum prices and investment conditions. Unclear mergers and acquisitions policy is a major challenge. The new entrant international companies are also hamstrung by their lack of 3G and 4G licenses.

During the past few years we have seen the international operators fighting two fronts: an uncertain regulatory environment and some embroiled in legal issues with Indian partners.

8. What do you think is the potential of Rural markets in India with respect to Telecom?

Rural markets in India have moved from being an obligation to an opportunity. The myths that rural population is averse to technology adoption, less likely to spend etc. are busted. The very fact that rural India lacks other infrastructure like roads, electricity, banks etc is driving penetration of mobile and internet (also riding on mobile) in these markets.

One of the major objectives of NTP 2012 is to increase rural tele-density from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020. This will bring about a real all-round growth for the rural sector and therefore for the country.

There are challenges, however. Slightly lower rates of literacy, linguistic fragmentation, lack of infrastructure, have to be dealt with.

9. What are your views on recent Nokia-Microsoft deal?

It is a good deal for both parties.

Nokia used to be the No 1 phone maker in the world till about few years back, until it gave away its share to the new-age competitors. Had a few rough years thereafter before stewardship of Stephen Elop (Elop joined Nokia from Microsoft three years ago) had slowly started to turn it around. Though headed in the right direction, the game was far from won. With Microsoft, now, the future may be much brighter.

The deal is likely to benefit Microsoft in the same way as creating and making smartphones has for Apple. With Nokia, now, Microsoft's ambition to become a hardware company is well realized

It is a competitive market and is likely to remain so. But the dynamics are changing. The associated services are ever diversifying, thus intensifying the war for talent. The need for skilled, trained staff to handle the emerging challenges in the sector is more now, than ever before.

Entry level managers are required to be entrepreneurial. Ownership and accountability at every level is the key to success. Speedy decision making and execution that is interest of both the consumer and the share-holder is also very important. One needs to be technology friendly. Responsiveness to customer needs, attitude of collaboration are some other areas of focus.

I wish student managers at Welingkars good luck!

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10. For management students who wish to make a career in the telecom sector what will be your advice? What are the key skills needed which they have to develop?

I am very bullish on telecom. With voice potential at the bottom of the pyramid and in rural, data likely to penetrate across the length and breadth, VAS technologies being invested in, 4G networks being deployed, telecom is going to create further jobs for entry level professionals.



Image source : <http://d3sdoylwcs36el.cloudfront.net/future-telcos-2a.jpg>

Nokia-Microsoft Deal: Impact on the Two Companies

By: Saurabh Gupta, MMS (2013-2015), N.L. Dalmia Institute of Management

Madhur Gupta, MMS (2013-2015), WeSchool

From now on, its Nokia: A Microsoft Company. Two years after hitching its fate to Microsoft's Windows Phone software, the Finnish phone maker Nokia that once dominated the global market collapsed into the arms of the U.S. software giant Microsoft, its mobile business ravaged by rivals Apple and Samsung Electronics and on the other side Microsoft also struggling to make an impression in the market with its Windows Phone Software alongside his rivals Google with its Android Software and Apple with its iOS.

Now, with a situation like this they have formally joined hands to save each other souls in the phone business and regain their dominance in the smartphone market.

From a broad perspective, the purchase marks Microsoft's admission that to effectively compete with industry leaders like Apple and Google, Microsoft must control both the software and the hardware to produce an integrated product that offers an enhanced customer experience with wide consumer and enterprise appeal. This change in thinking represents a fundamental shift in Microsoft's macro strategy and how it approaches business in general. Simply partnering and licensing software to hardware partners is not enough to succeed anymore.

Some of the facts relating to the deal are:

- Microsoft acquired Nokia's phone-making unit for about \$7.2 billion in total — including patents.
- The deal is split between the phone-making unit and Nokia's patents. Microsoft will spend \$5 billion (€3.79bn) on the phone-making unit, and \$2.17 billion (€1.65bn) on licensing Nokia's patents.

- Nokia will retain its other technology units, including Nokia Solutions and Networks (formerly Nokia-Siemens Networks), Nokia Here, its CTO office, and its patent portfolio.
- 32,000 Nokia employees will transfer to Microsoft, including 4,700 people in Finland.
- Nokia sold 7.4 million Lumia smartphones in the second quarter of 2013.
- During that same quarter, Nokia sold 53.7 million units of its feature phone range.
- Nokia chief executive Stephen Elop, who previously served as an executive at Microsoft, will once again join the software giant, heading up the phone-making division that Microsoft just bought.
- Nokia will retain its patent portfolio, but will give Microsoft a 10-year license to its patents at the time of the deal closing.

Microsoft will make available to Nokia about €1.5 billion (\$1.97bn) in financing in the form of three payments of €500 million (\$659m) from overseas resources.



Image source : <http://www.symbiantweet.com/nokia-and-microsoft-deal-signed-one-step-closer-to-first-nokia-device-built-on-windows-phone/>

- Microsoft will build a datacenter in Finland that will serve Microsoft and Nokia customers in Europe.
- More than \$750 million in capital will be spent on the new datacenter over the next few years.

This deal is going to impact both the companies in a certain way. Lets look at the impact on the companies.

Perhaps most importantly, Microsoft will make more money from sales of Windows Phones than ever before. Before the deal, Microsoft made around \$10 for each Nokia Windows Phone handset sold, but the profits were in the region of \$40 for each device, plus Microsoft was paying Nokia a fee for its continued support. Now the two companies are one and the same, all that money goes to Microsoft.

With an entire phone business under its control, Microsoft can fully devote itself to its own platform. It can micro-manage everything in-house, and occasionally use this as leverage against wayward hardware partners, to whom it's no longer reliant. If this sounds familiar, it's the same tactic we see from Microsoft's long-term rival, Apple.

The obvious impact of the deal could be on low-priced smartphones. Microsoft may reduce or remove the huge amount it charges for licensing its mobile operating system Windows 8 and this may result in the increase in the market share of Nokia in the smartphone business.

Skype, the dominant voice-over-Internet service owned by Microsoft, could become more powerful. Microsoft can now push Skype across its Xbox gaming/TV console, Nokia devices, Surface tablets, all PCs, and Android and Apple phones. That's more of the world than Apple or Google can address with their FaceTime or Hangouts chat services. It could become a way for Microsoft to compete with conventional cellular carriers on voice and messaging, where there's money to be made.

More generally, Microsoft might now be able to do something that Apple or Google haven't or can't i.e. integrate mobile devices and desktops into a more seamless experience.

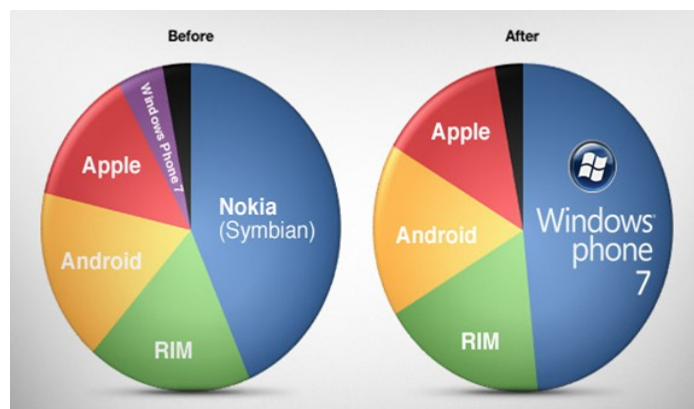


Image source : <http://www.baekdal.com/insights/why-the-nokiainicrosoft-deal-is-a-big-thing>

The impact of the deal considering Indian market:

A low-priced Lumia (the Nokia smartphone powered by Windows 8) or a new smartphone could significantly improve the prospects of Nokia in India.

The feature-phone segment contributes more than 60-70% of the revenues of the overall device market in India and no one can ignore it. But going forward, everything will be smartphones and that is where the growth is happening.

The focus on smartphones may work in the long term but it may hurt Microsoft in India in the short term, adding that Microsoft cannot afford to ignore the so-called feature-phone segment.

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Learning in Telecom Alliances

By: Arpan Chakrabarti , PGP (2012-14), IIM, Lucknow

Allying to win: The three pillars of learning

There have been a large number of alliances in the telecom industry since early 1990's. The marriages of AT&T with TCI and Media One, MCI with WorldCom, and Vodafone with Mannesman set the stage of a rapidly changing global telecommunications market as players such as British Telecom (BT), AT&T, and DoCoMo acknowledged their plans to build competitive advantages in the world market through combinations with other companies.

In this intensely competitive environment, companies must identify their competency gaps and fill them rapidly. Often, the fastest way to fill them is with the capabilities of strategic alliances. One of the primary purposes of an alliance is learning and internalization of new skills and competencies and thus capitalization on opportunities for organization learning. Alliances are the perfect vehicle for acquisition of the skills which are tacit, embedded and thus hard to obtain and internalize by market transactions as skills are extremely difficult to be bought in the marketplace. This view of an alliance is derived from the Knowledge Based View of the firm which posits that knowledge generation, accumulation and application are the sources of superior performance.

All companies that are entering into alliances have a clear idea about the need to learn. However, very few telecom companies can actually manage to learn significantly from their alliances. For this reason, the learning framework has been developed which can serve as a route map for telcos to adopt and become organizations more suited to learning. It stands on three pillars namely,

- 1.) Knowledge Creation
- 2.) Knowledge Acquisition
- 3.) Knowledge Application

Pillar 1: Knowledge Creation

The first pillar, i.e. knowledge creation deals with the capability of an organization to create knowledge in the alliance.

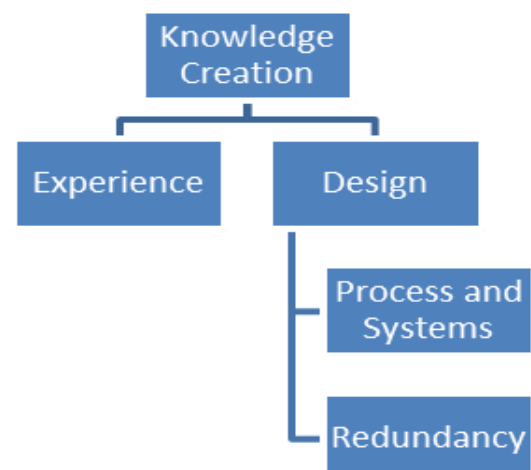
The building blocks of the pillar of knowledge creation are

Experience: The first and foremost factor helping knowledge creation is experience. An organization with a large number of successful alliances.

Design: To ensure a proper design, the following elements must be incorporated:

Redundancy: The design should ensure that multiple people learn the same thing, ensuring maximum chance of learning and also dissipate the learning throughout the organization.

Processes and systems: To ensure learning, the processes and systems should support organization learning. There should be a parent child interface between the teacher and the student in the alliance and the structure should drive home this point. Also, the learner should ensure that maximum avenues of technology sharing are present in the alliance structure. Finally, personnel transfer between the main organization and the alliance proper would be done to ensure that knowledge gets created and assimilated in the parent organization.



Pillar 2: Knowledge Acquisition

The pillar of knowledge acquisition ensures that the knowledge that is created in the alliance is acquired by the parent organization. The building blocks of the pillar of Knowledge Acquisition are:

Accessibility: Accessibility of the knowledge created in the alliance depends on the degree of openness of the relationship and ambiguity of the knowledge.

Relationship Openness: A higher degree of competitive overlap would mean lower levels of trust and thus lower openness of the relationship.

Ambiguity: Ambiguity of the knowledge makes learning difficult. Ambiguity is a factor influenced by both the characteristics of the knowledge and also the characteristics of the organizations taking part in the alliance. The degree of protectiveness and the cultural distance both have a direct relationship with ambiguity. Also, if the knowledge is highly tacit, embedded and complex, it increases the ambiguity.

Effectiveness of Acquisition: Effectiveness of acquisition depends on knowledge relatedness and knowledge connections between the two organizations.

Knowledge relatedness: Knowledge relatedness is affected by prior experience with the partner and also prior experience of alliances of the organization.

Prior experience with partner: A positive prior experience with the partner is one of the key drivers of trust which is extremely necessary for a successful learning relationship.

Prior experience of an alliance: A prior experience of an alliance builds intent to learn, absorptive capacity and support from top management.

Knowledge connections: Knowledge connections are those connections between the alliance and the main organization which facilitate learning. They depend on the individual interpretation of the learning, which is followed by organization integration and institutional integration and finally by group integration.

Pillar 3: Knowledge application

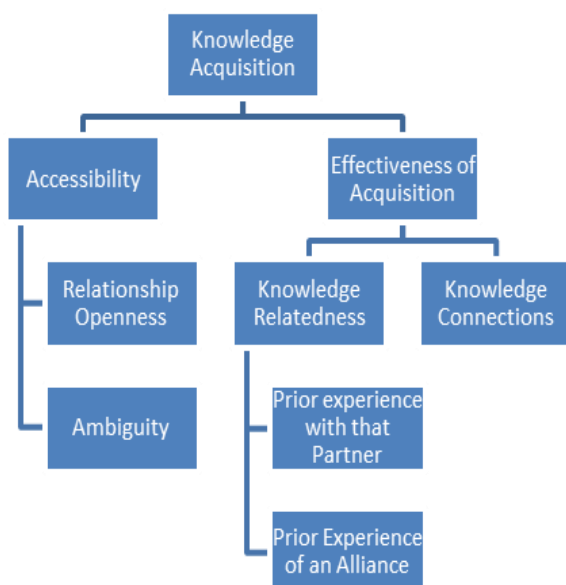
The third pillar i.e. pillar of knowledge application as the name suggests, mainly deals with application of the acquired knowledge throughout the parent organization to finish the learning process. This pillar has two main components, Design and Top management.

Top management: For any successful endeavor, top management support is extremely important and the same is true for learning also. Unless adequate support from top management is available, even if learning happens, the application of the knowledge will not be possible and the entire endeavor would result in a failure.

Design: The design of the organization affects the application of the knowledge which has been learned. At the end of the day, tacit and embedded knowledge is learned by people, and most of these people are generally those who have had a stint in the alliance. The design of the organization should ensure that these people are spread throughout the parent organization and the processes and reward systems should encourage behaviors leading to application of learned knowledge in the organization.

The proper application of this framework would ensure that alliances become a route to building long-term competitive advantage rather than serving as short-term fixes.

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Talent Management at Bharti Airtel

By: Deepali Singhal, MBA (2012-2014), NMIMS, Mumbai

Beginning in the 19th century, India has experienced a 'telecom revolution'. Although the nature of services has changed over time, the telecom revolution continues with great momentum even today. India's telephone network is the largest in Asia, and the 12th largest in the world. Yet the present penetration of telephones is very low at just about 2.2 per hundred people, leaving a vast scope for growth. Hence, it is not surprising that the Indian telecom industry has grown at an average rate of more than 20 percent over the last 4 years, mostly due to the liberal economic policy adopted by the government of India. The industry is at a point of inflection today and is moving from being a business driven by voice services to data services.

Bharti Airtel

Bharti Airtel Ltd is a leading global telecom company with operations prevalent in 19 countries across Asia and Africa and about 20,000 employees. The organization has an energetic and creative culture and the team is driven "to seize the day" in order to meet the goal of becoming the most admired telecom service provider globally. Of late, it has undergone a number of changes in organizational restructuring and leadership.

Bharti Airtel touches the common man's life with its mobile services; its voice and data services connect India's 1,000 plus leading corporate offices; and a customer base of 137 million. With change in the industry, Airtel expects to see classic changes in revenue flow in the next three years and believes that they should be prepared for change.

Airtel is ranked at #1 in the Industry Category of

Telecommunications by Great Place to Work Survey. Mr. Krish Shankar, Director-HR says, "Empowerment and trust is the key to an engaged and satisfied workforce and Airtel ensures that all, of that is provided to its employees."

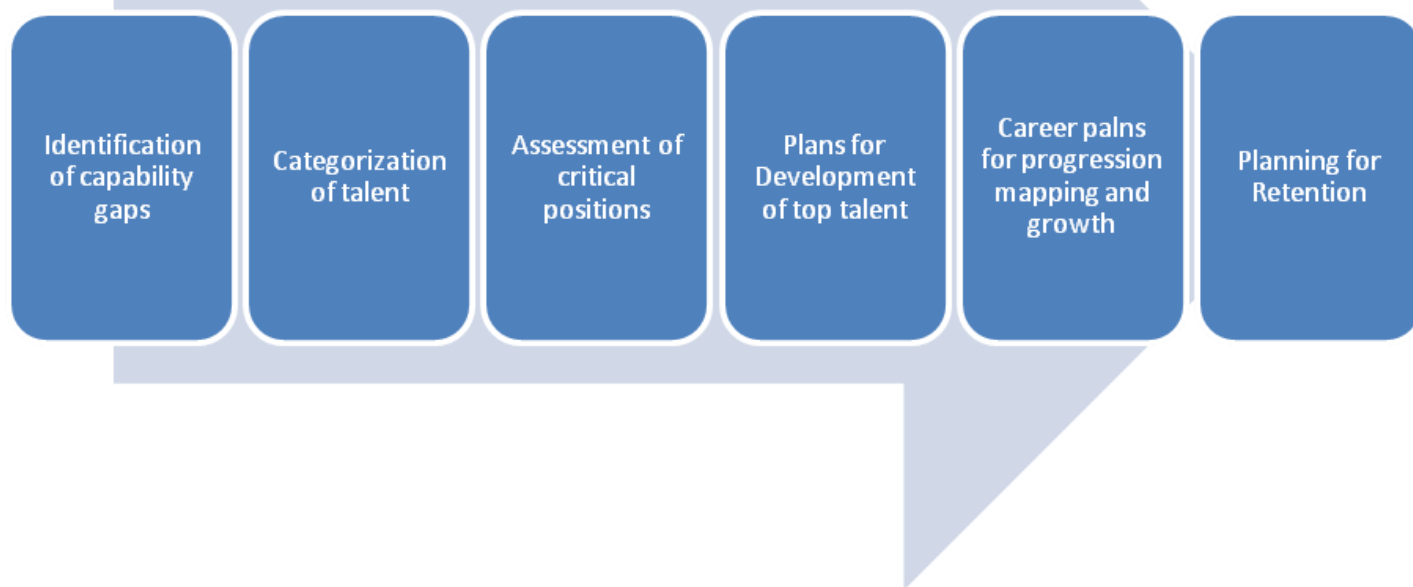
Talent Management at Bharti Airtel

Talent management is a critical process that ensures organizations have the quantity and quality of people in place to meet their current and future business strategy. The process covers all key aspects of an employee's life cycle - from recruitment to development, succession, performance management and exit or retention. New entrants in the market have resulted in the poaching of talent. Hence, the talent management system at Airtel has been designed and formalized.

The organization's objectives from a talent management perspective are to:

- Develop a strategically relevant talent pool;
- build a sustainable pipeline of talent for leadership and critical positions;
- Develop an environment of growth through rewards.
- Promote employee engagement in the organization.

Organizations face several challenges in the effort to make talent management processes effective and pertinent for the complete workforce. But if successful, the program leads to accelerated growth and development for both, the organization and its employees, and further impels employees to work hard to achieve better results.



The Talent Management Process

The process follows a top down approach in terms of vision and strategy from the top management team. Conversely, implementation follows a bottom up approach that reaches across the business. With inputs from each of the verticals of each division and performance inputs from HR department, the process is done biennially after the performance appraisal process. The process is done in the context of strategic business goals, organizational requirements and business development targets.

The Structure of the HR Department at Bharti Airtel

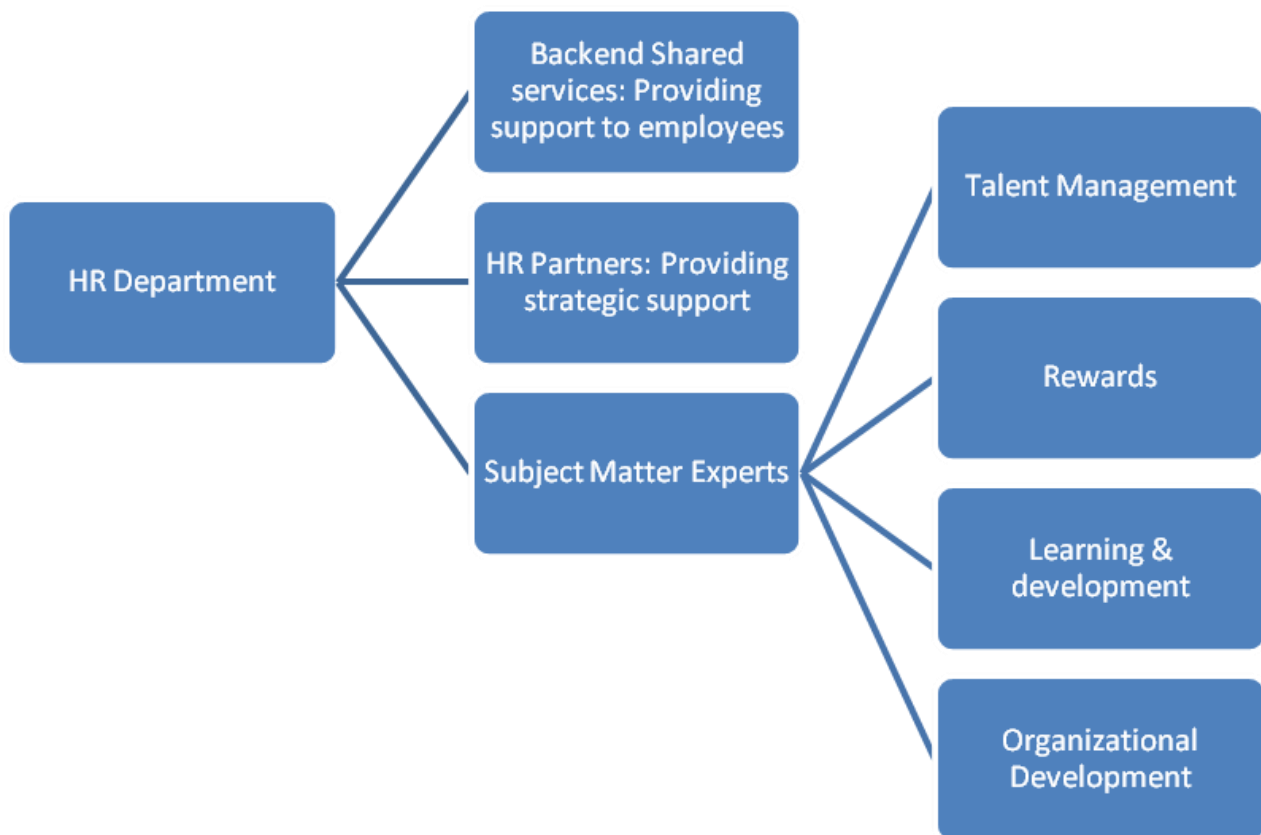
The talent management team is continuously involved in planning and then tracking and implementing talent processes all over the organization. Airtel focuses strongly on development of internal talent. They groom people to hold critical positions in the future, thus adding value to the employees' portfolios. Coaching and mentoring plays an important role in motivating employees and monitoring their growth.

Succession Planning

Like strategic plans, the talent management process was designed and implemented in alignment with the organization's strategy over a pe-

riod of 2 years. The process categorizes the workforce into many teams who are provided necessary training to build required skill levels, as follows:

- Young leaders, which comprises of campus recruits from premier business institutes. Under the Young Leader Program (YLP), talent brought in as 'YLS', after 6 months of intense cross functional training are put into challenging roles.
- Emerging leaders- are employees from the lower and middle managerial level. The Emerging Leader Acceleration Program (ELeAP), looks at building the critical skills (like leadership, conflict resolution, effective collaboration, etc) through a mix of workshops and action learning activities for developing first level business leaders.
- Business leaders, from the upper middle and top managerial level. The practices prevalent at the organization for managing and engaging talent include Business Leader Acceleration program (BLeAP). They identify and develop high potential middle management leaders and prepare them for COO like or other such critical roles.



Succession planning is a central aspect of talent management at Bharti Airtel. Key positions are identified and the successors for these positions are carefully evaluated. The performance of the identified talent is constantly tracked and monitored for progress with mapping for career growth. Conscious efforts to retain the best and highest performers are made.

existing talent to fill critical positions and leadership roles from within the organization establishes itself as a best practice while also getting warm reception as a policy.

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The Way Forward

The key success factors for the growth of the organization have been the implementation and internalization of the talent management process. With operations across the globe, replication of the process and its results across various verticals and mobility to succeed, a consistency in a company's talent evaluation processes is important.

Business managers across the units need to be confident about the talent standards while including somebody in or transferring talent from their teams. Jim Collins in his book “Built to Last” points to the fact that in their hundreds of years of existence the “great companies” have had internally developed leaders. Developing

The Woes and Pros of HR in the Telecom Sector

By: Aditi Gangrade and Udit Pant, PGPM (2012-2014) MDI, Gurgaon

The telecom sector is as promising as it is complex. The plethora of challenges it throws is matched only by the variety of opportunities it provides. However, most of the interest of the world in this sector remains confined only to the latest technologies, new products and promising breakthroughs, or as in the case of India- the scandals. This leads to the downplaying and belittling of a function which is of such importance that without it the whole telecom industry will come to a standstill: the HR Function.

The telecom industry has become so huge globally that to successfully recruit, train, develop and retain people of the required technical and interpersonal skills is an arduous task and therefore shouldn't be taken lightly. The telecom sector includes manufacturing, installation, marketing and customer handling; taking care of such diverse manpower needs while maintaining healthy profit margins and market share is indeed a Herculean Task.

Picture a scenario where you call up the 'Customer Care Center' of a telecom provider and you are attended to by a rude and disinterested employee- how frustrated would one be. Or consider a telecom giant that fails to catch up with the latest technology on offer and therefore loses out in the race. Or consider a company which engages in questionable practices in its business. All of these situations point towards the failure of the HR function or the lack thereof. Compounding the problem is the fast pace at which the industry is evolving; not only in terms of technology but also factors such as rapid globalization and international competition. This makes it even more important and difficult to maintain the talent pool of the company. Keeping up with the latest developments and revising the strategies of the organizations and hence communicating them to the employees is very difficult.

Therefore, creating a virtuous teaching cycle in the organization is the responsibility of the HR function. This is a challenge and has led to the downfall of many an organization. Learning and teaching at the same time form the cornerstones of this idea. If implemented properly, this idea can propel organizations to further growth.

One may argue that marketing and technological advancement play a much bigger role in the telecom sector. However, that wouldn't be entirely true. HR as a business partner plays a much more holistic role and in the end it is the HR function only which is responsible for recruiting the right talent.

Further, adding to the complexity are the frequent Mergers & Acquisitions prevalent in this industry. They make the task of HR even more arduous and challenging. This often results in attrition and de-motivation among employees which if unchecked is again blamed on the HR department.

The industry also calls for frequent trainings to keep the employees updated on the latest technologies and to comply with the changing laws and regulations of the land. Any talent, no matter how important, if left unchecked is bound to become obsolete if not developed properly. And the onus of this falls on the HR department as well.

A huge part of the telecom sector is service-oriented. Such jobs are usually high paying and require highly talented people. In today's times, such people are a rare resource. This makes the HR manager's job even more complex.

Thus, to conclude HR is a function which plays a significant role in the telecom sector. Its importance is bound to increase in the coming times as the industry becomes even more dynamic and tough to analyze.

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C2D (Consolidate to Dominate)

By: Kaustubh Kokane, MMS (2012-2014), WeSchool

India- the world's 2nd largest telecom market has 15 players with regional as well as national presence. But, 94% market share is controlled by top seven players in the industry (Bharti, Vodafone, Reliance, Idea, BSNL, Tata & Aircel).

This created a domino effect in the Indian telecom market, effects of which can be still seen in the financial statements of all Indian telecom operators. Once well-off operators are currently debt-ridden and surviving on hope of stability in the market.

MACRO SCENARIO:

Every single player in the Indian market is contemplating how to make incremental profit in this high-potential; but complex market. Speaking of profits, it's a rarity to find a telecom company which is not reeling under immense debt pressure.

INR

2,500,000,000,000

This is the combined debt of all Indian telecom players (the figure is 2500 Billion if you're still counting zeroes). In such capital-intensive and long-gestation industry, the future doesn't look too bright if all the 15 players are fighting in a directionless manner, which brings everybody down. Take the example of Tata DoCoMo. When they launched operations in 2009, Per-paisa-billing was their radical innovation which shook the industry from its core. Customers suddenly showed cellular operators how disloyal they can be.

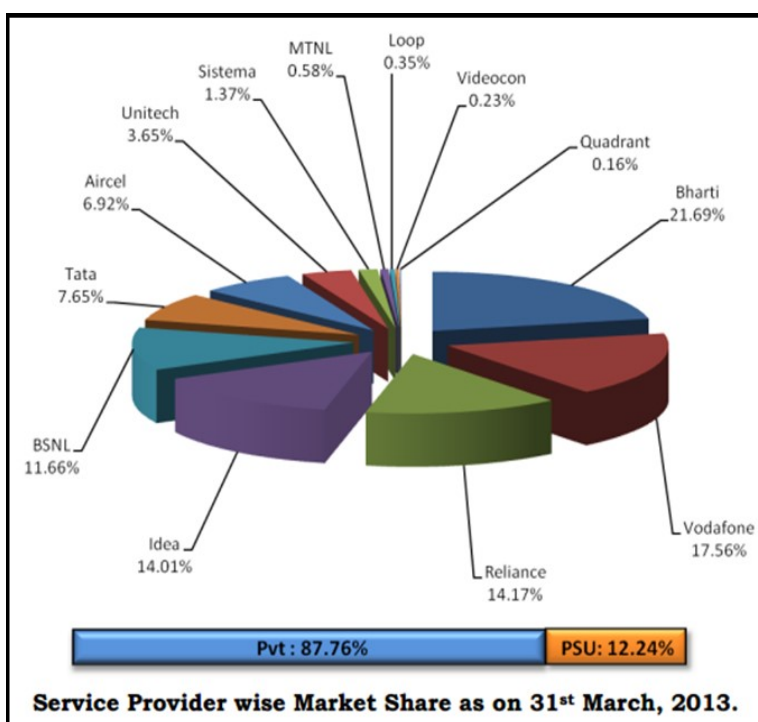


Image Source: www.telecomlead.com

One of the most optimistic scenario of stabilizing the Indian market is through consolidation. It has proven to be a cross-industry and cross-country *mantra* of success. We can take examples of American domestic airlines consolidation, Indian tire industry & country-wide logistics service providers in India. There's a reason why financial health of American telecom operators is considerably better than their Indian

counterparts- there are only four country-wide mobile network service providers in the country and they're doing pretty good because they're not indulging in risk-it-all price wars, which are pretty regular in Indian context. It is only now that we're seeing some unity among all players whereas they're raising fares gradually and none of them is actually bailing out.



CONSOLIDATION – REALISTIC POSSIBILITIES : There have been some media buzz over possible consolidation in telecom and other industries in domestic sector. None of them have realized so far, but if it really happens at some stage, we can predict some merger/partnership scenarios based on what we know today.

1. **Tata DoCoMo** and **Telenor** have held early-stage talks about possibility of merger/alliance for cohesive growth. There have been some positive developments on the regard since May 2013, when the two parties appointed bankers for carrying out due diligence about M&A.

2. **Bharti Airtel** has emerged as the frontrunner to acquire **Loop Mobile** in September 2013. The reason why Airtel considers Loop as highly lucrative is the 8 MHz spectrum that the latter holds in 900 MHz frequency band. With spectrum prices soaring and extremely high demand, buyout of Loop is considered to be a strategic decision for India's largest carrier.

3. The big three of Indian telecom industry- **Airtel**, **Vodafone** and **Idea** have already joined hands to float a three-way JV- Indus Towers. Considering the level of co-operation that the three operators have shown, it would be great for

the market if the three major players could converge into one super-entity with more than half our country's population as their customers. But, considering the size and complexity of the possible consolidation, it seems less realistic in near future.

4. UAE's telecom major **Etisalat** was very keen on a regional merger with **Reliance Communications** in 2010-11 period. But, the trail has gone cold after that. After the government raised the FDI limit in Indian telecom sector to 100%, there may be revival of interest in this particular deal.

5. Tripartite merger of **Tata Teleservices**, **MTS** India and **Aircel** would create third largest telecom player in India with a combined market share of 16% nationally. The three parties have officially kicked off merger talks for collaboration in India. But again, it all depends on M&A guidelines from the Ministry of Commerce & Industry which are expected to be out by next month.

BENEFITS FOR COMPANIES:

1. Better spectrum utilization:

As data from March 11th, 2013 auction of 2G spectrum shows, airwaves for Delhi circle (block) were sold to MTS for whopping Rs. 5,505 million. This translates to Rs. 137 per mobile subscriber (irrespective of network) as per data with TRAI (40 million subscribers in Delhi block). It is pretty evident that MTS doesn't have even 10% market share in Delhi region. So, it doesn't make any business sense to invest so heavily in non-tangible capital. Collaboration with companies and leasing out airwaves will help Indian telco's financially and technologically by reducing capital expenditure burden on such companies. Recently, the telecom ministry indicated that telco's that lost permits (*includes Uninor, MTS, Loop, Etilsat, Idea & Videocon- in some circles*) may not get to bid at all for revised-price spectrum auction.

2. Paring debt:

All telecom companies fund their capital investments through debt financing. It'll help them improve their balance sheets considerably if they go for collaborations with other players in the industry.

3. Better control over pricing:

In the long run, having few players in Indian market will give them power to control tariffs better. Right now, if one operator slashes rates, others will have to follow suit to stay competitive. If we compare the US market, there are only four major telecom players operating nationally. They have better price controls and niches carved out for themselves, which is why their operating performance is better than their Indian counterparts, despite the latter market having huge potential for growth.

4. Shared infrastructure:

Telco's will be able to cut down their tower numbers substantially by collaborating with compatible players in different circles. Tower mainte-



nance is the biggest component of their operating costs.

BENEFITS FOR CUSTOMERS:

1. Better serviceability:

Customers can expect much better service in terms of infrastructure availability as collaborative efforts of telecom companies would certainly improve technical backbone of service.

2. Stable pricing:

Considering current state of Indian telecom market, customers are shedding brand loyalty to seek economic deals. This phenomenon has been immensely accelerated due to rise of MNP (mobile number portability) and multi-sim smartphones in the market. If consolidation is the way forward, customers can expect stable pricing strategy from all market players that would save them the hassles of switching brands for low price.

CHALLENGES TO CONSOLIDATION:

1. CCI hurdles:

The Competition Act, 2002, as amended by the Competition (Amendment) Act, 2007, follows the philosophy of modern competition laws.

The Act prohibits anti-competitive agreements, abuse of dominant position by enterprises and regulates combinations (acquisition, acquiring of control and M&A), which causes or likely to cause an appreciable adverse effect on competition within India.

The Competition Commission of India will have the final say whether any proposed mergers are anti-competitive or not. As such multi-billion dollar deals are highly complex in nature, it'll be a long process regardless the number of stakeholders involved.



Competition Commission of India

2. Unclear M&A guidelines:

The government is coming under fire from multiple industries like aviation, retail, pharmaceuticals and telecom to issue clear merger and acquisition (M&A) guidelines for regional and international players in Indian market. Lack of such guidelines is stopping many potential deals from seeking approval from the government. This may cause loss of interest from major international players in Indian market. This is exactly what is happening with Bharti Retail-Walmart deal with the latter saying its Indian retail plans are '*not tenable*'. Such instances reflect huge loss to the exchequer and Indian economy.

CONCLUSION:

Indian market is evolving and so is the mindset of an average Indian customer. Telecom companies need to show agility in being responsive to changing customer needs. There may be certain experiments in Indian markets such as contract plans for customers in coming years. Environmental and safety concerns will eventually get the better of telecom companies. Some radical innovation in the field of mobile towers that could improve the ecological footprint of telecom players.

With so much uncertainty surround business environment in India, consolidation won't be an immediate response from telecom industry. But in due course of time, domestic players will see their operations flourish and consolidation might prove to be one of the best ways to achieve this.

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Levers for Future Competitive Advantage

By: Pavan Kumar and Suman Kundu, PGDM (2012-2014), XLRI

The Telecom Sector can be broadly classified into fixed and mobile telephony. Mobile telephony is an amalgamation of Telecom Service Providers (TSP)(Airtel, Vodafone), Value Added Service (VAS) providers (160by2, Air2web), Passive Infrastructure companies (Indus Towers), Active Infrastructure companies (Ericsson) and Handset manufacturers (Apple, Samsung). Some services are directly interfaced with the end consumer while others are B2B in nature.

Today TSPs are running marathon race in an ever changing track. To survive, the companies need to identify and evolve into flexible dynamic business models which can bring out maximum from what the digital world has to offer.

Forces Shaping Telecom Service Provider Industry

Political: National Telecom Policy 1994, New Telecom Policy 1999, TRAI establishment in 1997, TDSAT establishment were implemented to protect consumers, to make industry competitive and to provide better services. Recent reallocation of spectrum and cancellation of licences of few vendors are result of Political and Legal forces in the country.

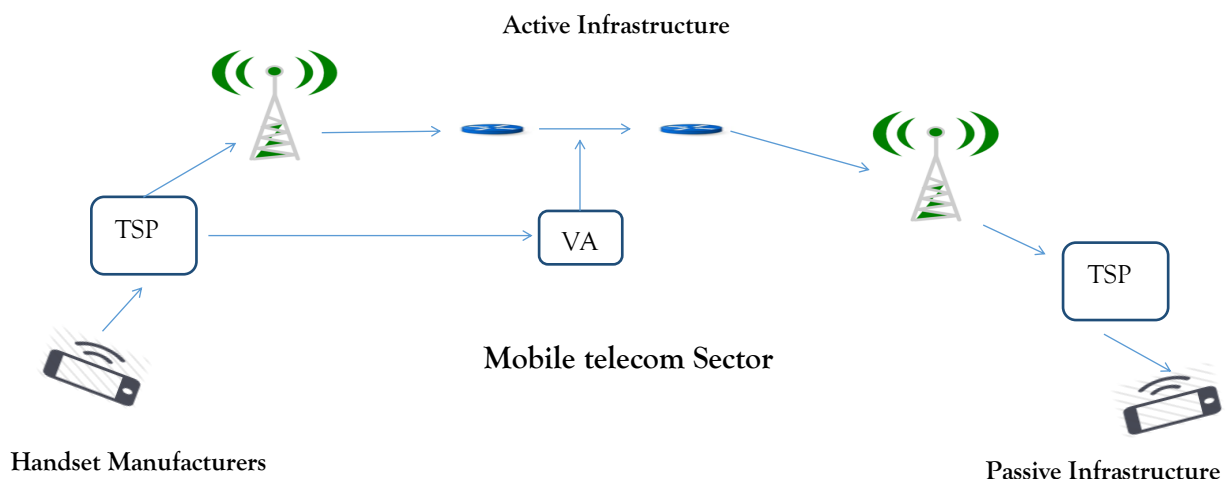
Economic: There has been tremendous economic growth and substantial improvement in standard of living. The economic growth that took place post 2000 played a big role in growth of telecom sector in India.

Social: The present youth population is very tech savvy. The lifestyle change, IT boom, increase in education, urbanization and spread of technology in every field from agriculture to avionics has made mobile phones a necessity, which in turn led to quick growth in telecom sector.

Technological: Technology has been changing at rapid pace; the change is more prominent in active infrastructure, data bandwidth, handset and services. The consumers are aware of latest technology and they demand for the latest services and products. This has made the service providers to be on top of their toes to provide best services at cost effective prices.

Legal: The TRAI plays a major role in regulation of telecom sector.

Environmental: Sustainable development is the key mantra and reduction of carbon footprint, utilization of renewable energy, corporate social responsibility and recycling of materials are taking priority.



Threat of New Entrants: Biggest barrier to new entrants is the high capital requirement. Serious contenders require an access to finance from generous capital markets for investments. Ownership of a telecom license can represent a huge barrier to entry. In addition to this, experience curve and branding make entry even more difficult.

Power of Suppliers: The suppliers belong to various sectors e.g. Government for bandwidth, Private players for hardware, and Service sector for IT/ITeS. There are not many suppliers with the above expertise which makes them more powerful and raises their bargaining capability.

Power of Buyers: Today many service providers (14 TSP) exist in the market with undifferentiated products. The switching costs are low and number portability makes buyer more powerful. To attract and retain customers all TSP's indulge in price wars.

Threat of substitute products/services: The threat from substitutes come from products that are different from the industry's product and offer low level of threats in the current Scenario. Viable Substitutes are VOIP (Voice over Internet Protocol) and Email/Online Chat

Rivalry: The rivalry among telecom service providers is high. The differentiation in services is not very easy and price war is prominent. Advertisements play a major role, so considerable money is spent on marketing and advertisements. Low ARPU and high exit barriers make the situation even worse.

Future Trends

Market Consolidation: The sector will witness consolidation as new entrants scale down their rollout plans and shy away from reducing tariffs further.

Shift of Focus from Urban to Rural: With rural teledensity at about 40% as compared to urban teledensity, the next wave of growth will come from rural areas. Operators will adopt innovative strategies to reach out to rural population through various organization networks.

Voice to Video and Data Applications: Increased utilization of Video and Data applications will contribute to enhanced revenue. Applications that support new business models like mobile money and mobile advertising will enable success in leveraging the market conditions. Transactions in e-commerce space will reach the peak with online security becoming a real threat. Telecom and mobile communications will enable other industry sectors such as banking, energy, education, health etc. Telecom will thus become a pivotal industry in enabling industry convergence.

Brand differentiation: As the number of connected devices and transactions multiple, the market will move to the big data era with high volume transaction processing, warehousing and analytical capabilities. Operators focusing on customer experience through campaigns around better network, speed and innovative products and services will generate substantial incremental revenue, which will lead to long term sustainability. As the market matures and competition intensifies, operators will have to differentiate their services with respect to customer focus, personalization and delivering tailored offers.

Green Telecommunication: The undependable electric power grid in the country has led telecom companies into using diesel generators to guarantee network continuity. This has raised several environmental concerns and rise in the costs. Naturally, telecom companies are looking for alternative sources of energy. Solar energy, CNG generators are being explored in place of DG Sets. Installation of wide band Static Voltage Stabilizers, Free Cooling Units also help to reduce power consumption.

The telecom service provider industry is fast changing. Meeting customers' expectations cost effectively and being financially healthy will be a challenge. Bundling of services with more thrust on data, green telecommunication, brand and service differentiation and reaching to bottom of pyramid will be the key levers for future competitive advantage.

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We invite articles for the November 2013 Issue of Samvad.

The Theme for the next month: November 2013 - “**Rural Management**”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles : 25th November, 2013**
- Please name your file as: <YourName>_<title>_<section name e.g. Marketing/Finance>
- Subject line: <YourName>_<Course>_<Year>_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Like our Fb pg: [Samvad.WeSchool.Student.Magazine.](#)

Samvad Blog

As said by Ann Morough Lindburg, “Good communication is as stimulating as black coffee and just as hard to sleep after.” Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

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Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!



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