

Indian telecom sector analysis essay



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For the corporate consumers, Freshtel's approach will be centered on the Business Process Outsourcing (BPO) industry of India, which is outperforming at the moment. Many of the large fortune 500 companies which are yet to set up their businesses in India or are in planning phase would be ideal target market for Freshtel. Utilizing the reach of TCS in providing IT infrastructure for many such corporate players will provide Freshtel a ready market. The onus for tapping potential markets by demonstrating excellence will help Freshtel to expand in vertically in terms of finances.

Setting a realistic target market like the corporate consumers will also ensure that Freshtel would not have to concentrate on a distribution network that is too big and scattered. Promotion Strategies Freshtel's approach towards displaying our strengths and capabilities should rely on trade organizations and associations. Confederation of Indian Industry or CII would be presented with detailed services and plans through our marketing director for South Asia. Federation of Indian Chambers of Commerce and Industry (FICCI) is one of the largest business associations in India and therefore serves a useful gateway for foreign investors like Freshtel. Indian government's Department of Commerce assists the Foreign Direct Investment and Institutional Investors for promoting their services and products under the guidelines set by their foreign investment plan.

(Directorate General of Foreign Trade, 2006) Distribution Network Freshtel's focus on corporate consumers calls for strategic alliance with a local player that has decentralized network.

The following firms hold great promise to be Freshtel's partner for distribution: HCL Infotech HCL is the largest manufacturer and assembler of

enterprise level network solutions in India. Since HCL focuses primarily on hardware based IT products, most their existing clients will get a view of Freshtel. Oracle India Oracle India has pioneered the growth of database management in Indian corporate businesses. Management of large databases invariably requires a strong and viable communication set-up. Freshtel stands to gain considerably by a tie-up with Oracle India.

The presence of Oracle support and distribution at strategic locations near to Freshtel's target customers serves as a huge advantage. The existing network of Oracle will be beneficial for setting up Freshtel's distribution.

Kotak Mahindra Kotak is a premier financial institution of India that provides a large number of services to industry especially foreign investors. Kotak has good foothold in retail banking, corporate insurance, capital venture management and financial portfolio development. Apart from assisting Freshtel in overcoming licensing hurdles, this alliance will safeguard investment and capital through insurance cover.

Growth Barriers Freshtel could foresee the following challenges that can come in the way of our plan for India: Telecom Licensing Indian laws for telecommunication regulation are yet to fully incorporate VOIP technology under its existing licensing structure. In order to facilitate new technology, many legal parameters would have to be assessed. Other foreign telecom companies do not face such issues as they are better defined under existing communication technology laws than the VOIP based telephony.

International Competitors CISCO and NORTEL have distinct advantage in VOIP sector in India, as they had set-up their operations few years ago. Though they are facing certain challenges their market base is loyal and stable.

However, with the positive future outlook, Freshtel can easily earn a large share of the market which is still expanding. Capital Expenditure Projection Freshtel would have to raise considerable amount of capital in order to make effective progress in a vast market like India. Raising vast amount of capital for this venture would require generation of fund raising and self-sufficient channels. Even the sustenance of Freshtel operations would consume a specific period of time before break-even could be achieved.

Cultural Challenges Traditional Technology Internet congestion can arise while surfing on the data highway in India. The delay in speech of over 150 ms can result in bad voice quality, as the voice arrives at varying intervals due to the nature of the data networks. Further, data lines designs are not yet fault tolerant as traditional landlines, and therefore service breaks for phone calls over the Internet can be a hurdle. (Mika Rautila, 2005) Freshtel will have to focus on investing heavily for attaining stable and advanced IT infrastructure, though this challenge will be dealt by TCS. TCS has a proven record of providing hi tech solutions.

Integration and Deployment A universal challenge for VOIP industry is to break the barrier of existing communication systems within Small and Medium Enterprises (SMEs). However, within India, the issue gets compounded due to the existing players' already in consideration of providing VOIP services to our potential market. Fortunately, India has great depth of trained and highly skilled manpower which can be leveraged by Freshtel. Technology Transfer experts and Subject Matter Experts would serve Freshtel's purpose to overcome integration and deployment issues.

Security Concerns Indian government and trade associations are skeptic about the IP telephony's convergence of data and voice transmission.

Freshtel will have to make a pro-active effort in order to present a convincing view over the security concerns that relate to eavesdropping, loss of data, monopolizing IP services etc. (Thomas K. Thomas, 2006) Freshtel would employ the services of world renowned enterprise level security solutions company Norton Symantec. Norton already has developed infrastructure in India. Policy Issues Recently, the Ministry of Defense in India had imposed a ban on telecommunication and data transmission firms for providing remote access to foreign managed enterprises.

(Shailaja Neelakantan, 2006) This type of uncertainty would need to be foreseen and handled proactively by Freshtel. Freshtel's allegiance with FICCI and CII would help us to counter any policy or licensing related challenges. These business associations have a proven record of negotiating with government over foreign and domestic trade policies. Business Culture While sending teams of experts from Freshtel bases in Australia to India, we would have to ensure acclimatization of employees to the prevailing business culture and etiquettes.

Since such issues have never surfaced for us while dealing with Western countries like UK and USA, it becomes all the more important to be well prepared for such cultural variations. References " Indian Telecom Sector Analysis" (2006-2007) RNCOS 75 Pages - Pub ID: CICQ1351549