

# Nora-sakari joint venture



In 2002, the Malaysian government authorized a Malaysian telecom company, Telekom Malaysia Bhd ( TMB), to develop the country's telecom infrastructure which could be at par to the developed countries of the world. TMB was granted RM 2. 4 billion (roughly 6. 6 million USD) by the government for the sad project. However, TMB did not possess the technology and expertise needed for a project with such magnitude, therefore, it called on interested companies to form partnership with them and to aid in technical and technological aspects.

Nora Holdings Sdn Bhd, one of the leading companies in telecom industry in Malaysia, submitted its bid and got a contract with TMB. The benefit of acquiring the knowledge of switching technology was one reason why Nora was interested in the contract. Nora was informed about the SK33 by Sakari Oy. The SK33 system, which components could be found in the market, was a digital switching system that allowed the operation of multiple software components.

A partnership between Nora and Akira was made. The partnership was considered more lucrative for Nora since it could learn and adopt technology from its partner. But the negotiations did not succeed because the two companies have different and conflicting objectives for the partnership. Their disagreements included the issues of equity ownership, technology transfer, royalty payment, and expatriates' salaries and perks. They could not seem to agree even to the location of further negotiations.

The disagreement by Nora and Sakari after five days of continuous negotiations left TMB on a tight spot. The two companies were open for negotiations but no one wanted to make the first move. 1. How can Nora

benefit from its partnership with Sakira? Explain. 2. The article shows that the partnership appears to be more lucrative for Nora. Is there any benefit Sakira can get from its partnership with Nora? If none, why does it negotiate with Nora? 3.

Suggest a proposal on how to resolve the issues between Nora and Sakira.

Reference: Clark, Charles, Gorbatov, Sergey, Hopmans, Annemiek, Lander, Laura and Marchewka, Nick. Nora-Sakari: A Proposed Joint Venture in Malaysia. Retrieved April 29, 2009 from <http://72.14.235.132/search?q=cache:ulAurAwkIXIj:www.gorbatov.net/wp-content/uploads/2009/04/gcase1.pdf+NoraSakari:+%3FA+Proposed+Joint+Venture+%3Fin+%3FMalaysia&cd=12&hl=tl&ct=clnk&gl=ph&client=firefox-a>