Telekom Malaysia Berhad

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ABSTRACT

Telekom Malaysia Berhad (TM), Malaysia’s Convergence Champion and No. 1 Converged Communications Services Provider offers a comprehensive suite of communication services, mobility, content, Wi-Fi and smart services. As a market leader, TM is driven by stakeholder value creation in a highly competitive environment. (https://www.tm.com.my/Pages/Home.aspx)

Telekom Malaysia Berhad also has TM GLOBAL as one of their global company, focusing on domestic and international wholesale business, offering a comprehensive suite of cutting-edge communication services and solutions in connectivity and beyond.

Recently, based on our research Telekom Malaysia Berhad’s net profit fell in the second quarter ended June 30, 2018 on lower earnings from its voice and data services. In a filing with Bursa Malaysia today, the fall in voice and data services’ profits was affected by the provision recognised for reduction in revenue in view of regulatory mandated access pricing. (New Straits Times)

Keywords: revenue, communication services, competitive, fall, profit, global

INTRODUCTION

Back to 1946, Telekom Malaysia Berhad is one of the Malaysian telecommunications companies. They started with domestic telco for fixed line, radio and television broadcasting services and turn into be a main broadband services source. With a strong emphasis on invention, Telekom Malaysia sees itself as changing the way Malaysians connect and communicate. Not long ago, we can see TM join with the Long-Term Evolution (LTE) along with the launch of the TMgo and its first 4G offering. Consequently, they have identified the 850 MHz service as Unifi Mobile in January 2018. In 2014, with a total of 2.23 million broadband subscribers in 2014, Unifi is Malaysia’s first high speed fibre optic service. Given the rate at which Malaysians are adopting digital technology, TM signify one of the largest government-linked companies in the country, with more than 28,000 employees and a market capitalisation of more than RM25 billion. (Telekom Malaysia)

Telekom Malaysia Berhad (TM) is a No. 1 Converged Communications Services Provider offers a comprehensive suite of communication services and solutions in fixed (telephony and broadband), mobility, content, Wi-Fi and smart services. During 2018, TM was reported having net loss of RM260.5 million. This is because of TM’s earning fall about 38% because of operating costs and higher foreign exchange. Furthermore, during third quarter, they were reported that impairment on wireless and fixed network assets during first quarter of financial
period is one of the reasons why they are having losses for a big lump sum. Although, it is uncooperative for Telekom Malaysia to try to satisfy their customers because the company has many competitors in this telecommunication services. Telekom Malaysia had come with many solutions and market strategy to increase their profit.

**BACKGROUND**

**TM Net**

In 1995, TM turnout to be second Internet service Service Provider (ISP) in Malaysia, it is the first being MIMOS with its service, Jaring. MIMOS provides applied research service in information and communications technology. TM Net, as TMB's service was called, marked the beginning of TMB’s transformation into an integrated telecommunications service provider.

One of the several fundamental for the successful innovation of the Multimedia Super Corridor (MSC) was their primary developments towards this end was the introduction of COINS, a multimedia networking solution based on Asynchronous Transfer Mode (ATM) technology.

**Streamyx**

After the TM Net, in 2001 TMB produces Streamyx, as first broadband service for a lifestyle internet portal and also launched CDMA (code division multiple access) fixed wireless telephony. In the same year, TM Net was recognised as the biggest Internet Service Provider (ISP) in Southeast Asia.

**Unifi**

Unifi is a combination of internet, voice and IPTV service as known as HyppTV. Unifi, the nation’s first HSBB service, was launched in 24 March 2010. Last mile access to homes and businesses is being achieved by fibre-to-the home (FTTH), ethernet-to-the-home (ETTH), and very high-speed digital subscriber line 2 (VDSL2). BT Teleconsultant, a UK-based telco consulting firm, has credited the HSBB network roll-out as one of the fastest and lowest cost in the world.

As at November 2015, HyppTV offered a total of 124 channels with 49 channels in high definition (HD) – consisting of 57 premium channels, 22 free channels, five Radio channels, 15 videos on demand (VOD) channels and 25 interactive channels in a variety of packages or via à la carte options.

In 2015, TM had been awarded with phase 2 of the High-Speed Broadband (HSBB2) project as well as the Sub Urban Broadband (SUBB) Project by the Government, to set up domestic core networks to deliver end-to-end broadband network infrastructure and services.

**METHODOLOGY**

The focus of this research is primarily on the problems face by Telekom Malaysia and we have provided some practical solutions that can be taken by the company. The research that we have used is conceptual method and using secondary data.

Conceptual method is we are using some books and some journals to help us to complete this research. The books such as textbook and some journal we have found from the library has help us a lot during our research. Our final report is presented using Microsoft Words. The report is included documents, reference, data about the company, pictures and so forth.

Other than that, we also using secondary data method as our reference. Secondary data means data that are already available for example, they refer to the data which have already been collected and analysed by someone else. When the researcher utilises secondary data, then he...
has to look into various sources from where he can obtain them. In our research, we use secondary data such as newspaper, company annual report and sources from the internet.

**CHALLENGES FACED BY TM**

As we know, Telekom Malaysia is facing huge losses in year 2018. This has been announced by Telekom Malaysia itself in one of articles that has been published by Digital News Asia on 22nd February 2019. Telekom Malaysia also stated that the revenue for the whole year also drop by 2.2%. (Bursa Malaysia)

**Cost**

They believe that this cause by the impairment asset is too costly due to industry and economic conditions nowadays. Finance cost during fourth quarter also one of the reasons why the profit for Telekom Malaysia drop heavily. (TM challenges) The revenue for the fourth quarter also declines compare to the previous quarter because of decrease on data, Internet and non-telecommunication related services. Declining in revenue and profit is one of the challenges that faced by the Telekom Malaysia. (TM records)

**Competitors**

Besides, competitors also can be a huge challenge to Telekom Malaysia. The Edge Financial Daily reported that the government want to enhance competition in telecommunications sector. The Malaysian Reserve stated that foreign telecommunication companies have expressed interest to participate in the local fibre fixed-broadband market and intensifying competition among the existing broadband service providers should challenge Telekom Malaysia Bhd’s market dominance and profitability.

Digi is a top competitor of TM. Digi operates in the Fixed-line Telecommunications Services industry. Based on research, Digi has 24,410 fewer employees than Telekom Malaysia. This can reduce the expanses of the company. Other than that, Axiata also one of biggest rivals. Axiata is in the Wireless Telecommunication Services industry. Axiata generates more revenue compared to Telekom Malaysia. This can be price war between the telco to compete with each other to gain more profit. (TM competitor)

**Limited coverage**

Telekom Malaysia also faced problem in technological limitation. Telekom Malaysia is under pressure in order to fulfil customer demands and government request, which is to increase the speed of broadband with lower prices. Hence, Telekom Malaysia also have a difficulty in order to cover all non-Unifi area. This is because based on research, around 180,000 users cannot access to the Unifi and Streamyx.

Therefore, if Telekom Malaysia can find solutions for this problem occurred, they can increase their profit and revenue for upcoming years.

**FINDINGS**

As Telekom Malaysia (TM) face those challenges, there are solution to solve this. TM will continue to review the economic circumstances revolving around these assets that had been drop in 2018 for incoming periods to reflect any potential impairment or recoverable value. From an announce of TM acting group chief executive officer and chief operating officer, Imri Mokhtar that the 2019 capex would be spent on connectivity and digital infrastructure.

TM said that they need to produce solutions that make up the landscape of the digital nation, namely enabling digital services and businesses. TM know that the technical limitations of copper technologies that they are looking at fixed or wireless based [technologies] and once they have a firmer plan, that they will announce it to satisfied customer needs where they want
a better services at lower prices and this can make them able to compete with their competitors in the same market.

**Expand coverage**

Telekom Malaysia also will expand their coverage of the internet to the rural area too. This is because community at rural area also are the users of internet in order to connect to the world. Telekom Malaysia Bhd (TM) is looking forward to a collaborative "win-win" approach with the government to resolve the challenges faced by its Streamyx customers once and for all; by the Malaysian reserve on 17 October 2018. The telecommunications company said Streamyx was still running on a copper legacy network and was facing many challenges such as technological limitations, with a maximum delivery speed of up to 8Mbps. TM said it has upgraded nearly 50% of over 340,000 Streamyx customers residing in UniFi coverage areas to UniFi at the same price of their current plan. ([https://www.theedgemarkets.com/article/tm-clarifies-issues-highlighted-mcmc-over-user-complaints](https://www.theedgemarkets.com/article/tm-clarifies-issues-highlighted-mcmc-over-user-complaints))

**Portable Wi-Fi**

Based on our research, Telekom Malaysia already have wireless wi-fi but it is not portable and convenient to use. We plan to develop a portable wi-fi that a simple and yet sufficiently accurate device. Telekom Malaysia can produce a portable Wi-Fi based on some of the characteristics as an initiative to attract their customers. Portable Wi-Fi a device that should be lighter, portable to carry anywhere and battery powered. It also can be measured data should be transferred by Wi-Fi to any devices or laptop. (TM portal)

**Price**

It is also doubling Streamyx speed at the same price of customers’ current broadband plan for free, for those in non-UniFi areas. TM is expected to complete the speed upgrade exercise by December 2018, which is available to about 180,000 Streamyx users. To date, TM, TIME dotCom Bhd, Maxis Bhd and Celcom Axiata Bhd have introduced broadband entry-level packages priced below RM100. Besides, before this, TM had expanded their service with communities at Sri Alam, Sarawak, which is they can enjoy TM’s Unifi high speed broadband on January 2018. ([https://www.theedgemarkets.com/article/tm-clarifies-streamyx-upgrades](https://www.theedgemarkets.com/article/tm-clarifies-streamyx-upgrades))

**BENEFITS**

- **BENEFIT FROM EXPANDING COVERAGE**

Telekom Malaysia must be in line with others telecommunication service providers such as Celcom and Yes. If TM providing the service to the other areas such as rural areas, TM will achieve their vision and mission which is to keep people connected in more ways than one. People that live in the rural areas will get more involved in their communities and the chance to be connected as in personal life or business life. It will give the benefit to TM as it will attract more people to subscribe to the plan provided by them. As mentioned in an article written by Peter and Younjin 2018, providing the coverage in rural areas, will give an impact to the economic growth in that areas. Economic growth in the sense of, entrepreneur will start to open their business, and students can use internet in learning and gaining knowledge and company from outside will widen their business in the area. With this, people will keep connected and keep subscribing to the TM plan and eventually will increase the profit of TM. ([https://www.tm.com.my/Newsroom/Pages](https://www.tm.com.my/Newsroom/Pages))

- **BENEFIT FROM PORTABLE WI-FI**

Portable Wi-Fi is one of the most preferred by consumer. It is because it is convenient and easy to carry wherever they go. With providing this service, it can increase the revenue and profit of TM which also will make TM having the most subscribers in this country. People will looking forward for this type of convenient portable Wi-Fi as it is the new important technology that everyone should have in order to survive in this 21st century.
To conclude, implementing all the strategy can contribute to the TM increasing in the revenue and next the profits of the company.

CONCLUSION

Based on our research, in order to achieve their company mission which is ‘the solutions that we provided will make the life easier to the customers, through converged lifestyle communication experiences’. It can be concluded, that Telekom Malaysia will be able to overcome their problems which is the company is facing huge losses in year 2018 by using the solution that we recommended. Based on the article, "In the form of developing new services based on new technologies such as the Internet of Things, data analytics and 5G, which would provide an opportunity to cut operating costs while offering market-leading services, execution of these new digital services will be the key for Telekom Malaysia in the next few years." To summarize, by using a good strategy to overcome their challenge in the company will produce a good result in the company, in the long-term Telekom Malaysia can guarantee an increase in revenue and will remain its position as the leading telecommunication company in the country based on their past experiences.

REFERENCES

M’s Competitors, Revenue, Number of Employees, Funding and Acquisitions https://www.owler.com/company/tm#competitors


TM to speed up talks with gov’t to resolve Streamyx issues

Bernam


TM RECORDS 83.53% Y-O-Y PROFIT DROP IN 2018


COMMUNITIES IN SRI AMAN CAN NOW ENJOY TM’S UNIFI HIGH SPEED BROADBAND SERVICE


TM will overcome challenges given its experience, infrastructure https://www.thborneopost.com/2018/12/14/tm-will-overcome-challenges-given-its-experience-infrastructure/
Design and Development of a Portable WiFi enabled BIA device D Križaj¹,¹, M Baloh², R Brajkovič and T Žagar³

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https://unifi.com.my/personal/home/wireless-broadband