

# NEW LINES OF COMMUNICATION

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If you have been an anonymous statistic among 200,000 others on Sri Lanka Telecom's waiting list, then the advent of Telecom giant Telia into the Sri Lankan market is guaranteed to lift your spirits.

Telia has entered Sri Lanka as a joint venture company Telia Lanka Ltd. (TLL) along with the Metropolitan Group and the National Development Bank (NDB). TLL has been issued a license by the government to provide basic telephone services based on Wireless Local Loop System (WLLS) technology. Telia, the market leader in Sweden, is an incorporated public company wholly owned by the Swedish government.

The terms of qualification for the bidders, which the Telecom minister describes as, 'the most transparent procedure adopted in the country...' called for the successful company to be a joint venture between an international telephone

operator, with experience in operating a fixed line telephone network of at least five hundred thousand subscribers and a local company, with a turnover in excess of Rs. 100 Million for the past three years. All conditions, that the blue-chip consortium more than satisfies.

The Executive handling the portfolio at NDB, Dr Pradeep Perera remarks that 'It is a high powered partnership. Telia is an established name in the international telecom market for both fixed wire and cellular services. The country stands to benefit in terms of technology transfer through this linkage, Metropolitan Agencies Pvt. Ltd., has a pedigree in marketing office automation and telecom equipment. including the prestigious Ericksson line. The NDB is a leading development bank in the country and a high growth blue-chip on the stock market. We believe the project offers an ideal opportunity to form a strategic alliance with a leading international player in the telecom industry.'

## **THE TELIA PEDIGREE IN TELECOMMUNICATIONS**

Telia is a name synonymous with telecommunications across the globe. It is ranked among the top 20 telecom companies in the world, with a presence in a wide range of countries from the UK to Namibia and Estonia to India. Altogether, Telia has been awarded more than twenty major licenses abroad in recent years. In the UK it was one of the first non-British operators licensed to provide international telephony services; in the Philippines, Telia launched Digitel in 1993 as a direct challenge to the country's telecom monopoly: in India, it is currently supplying mobile phone services to Andhra Pradesh and Karnataka.

Telia is a company with a vision, says Mr. Anders Eckman, the Swedish Executive Director heading TLL. That is why it has moved to the South Asian region. "Sri Lanka despite its relatively small size is an interesting business prospect. It is a country with a number of factors in its favour a high literacy rate, low mortality rate, a progressive economic strategy and people with purchasing power". The potential he says, is waiting to be tapped by the discerning.



**METROPOLITAN**

**N D B**

**THE ACHIEVERS BANK**

## **THE TELECOM SECTOR AND COMPETITION**

The Telecom sector has been identified as a growth sector with a very high potential in the context of the growing importance of

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Information Technology (IT). The 1991 Telecom Act permitted the entry of private operators into the field. The four cellular phone operators who moved in, in the wake of deregulation now account for almost 20% of the telephone subscriber market, one of the highest percentages in the world, despite the relatively high tariffs and limited coverage of cellular networks. The potential for a fixed phone operator in this scenario seems vast.

Competing with Telia however, on Sri Lankan turf, will be another multinational, Lanka Bell, along with Sri Lanka Telecom (SLT). The two new operators of WLLS services are expected to provide 200,000 lines to the local market. They are also the biggest investors in the telecom industry with an initial combined investment of over US\$200 million in the market. The telecom giants have been granted the license to supply telecommunication services on a build, own and operate basis (BOT).

Both projects have met with resistance from the SLT's unions which believe that they are placed in unequal competition with the multinationals, at a strategic moment when restructuring is in progress a factor that has not swayed the government in its pursuit of technological advancement and economic development for the country.

## **TLL'S TECHNOLOGY**

TLL is scheduled to commence operations in autumn this year. It hopes to target more than 30,000 subscribers in the first year of operation and grow to service more than 100,000 subscribers within the first five years of operation. The most important factors in attracting customers are - "access, price, quality, coverage and customer service, all areas in which Telia will be highly competitive", says Mr. Eckman.

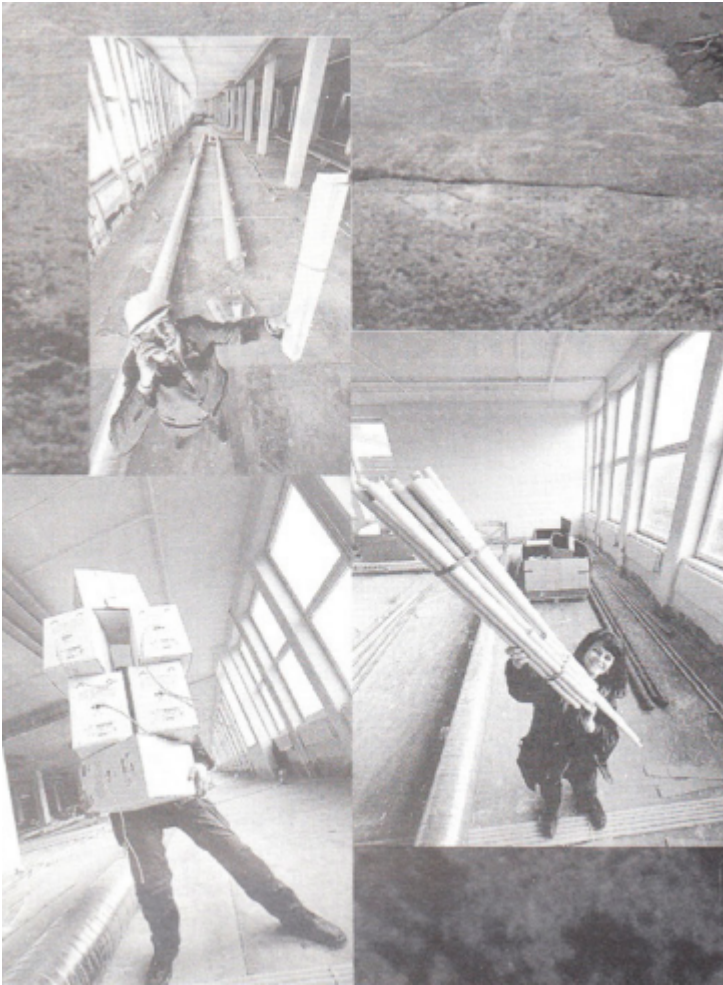
The wireless loop service that TLL intends using 'is an attractive alternative not only as a substitute for non-satisfactory land based services, but also in rural areas, as a high quality telephone service that can be quickly implemented at a competitive price. The WLLS service will be complementary to SLT's service. This technology brings a very high quality service, both with regard to voice quality and the supply of value-added services. As WLLS coverage expands, TLL expects to enhance its competitive edge over the land based service on price, quality and coverage. Due to economies of scale in operation and competition in the marketplace, consumers in Sri Lanka stand to benefit considerably through lower phone tariffs and a host of value-added services.

Telia believes that competition is healthy because of its customer focus. Its market will be segmented into commercial and domestic consumers. The initial thrust will be in the Greater Colombo area, followed by strategic towns outstation. TLL expects to supplement the SLT network and eventually install a basic telecom network islandwide, by using state-of-the-art digital exchanges, digital transmission media and highly reliable and high quality operational software for network management.

## **TLL'S CUSTOMER FOCUS & SERVICE**

The bureaucratic process associated with obtaining a telephone will happily be absent from the company's operations. "The customer won't have to waste time at our office kicking his heels. Instead our sales force will go out to him', says the

Executive Director.



Showrooms will be established in Colombo and the initial promotional effort is expected to be direct marketing and sales to business establishments. Telia's distribution strategy has been the key to its success in Sweden and its collaboration with Metropolitan is expected to give it a tremendous advantage in this area, underlining the management philosophy, that local expertise and experience in this important area is essential in establishing an effective network.

A connection within an area of coverage will only be a matter of days, rather than weeks. The connection fee, monthly subscription and call charges will be extremely competitive and with the extension of the customer base, it is expected to compare favourably with SLT. TLL expects to offer flexible telephone rates to cater to the requirements of niche markets.

Telia Lanka has also addressed all the sensitive issues connected with telephones, such as billing procedures, faults, fault correction, etc., on the basic premise that the credibility of the network operator is dependent on the provision of these services, with integrity and efficiency. Fault repair centres will be set up in all the

exchanges and procedures will be established for fast and permanent clearance of faults. Directory inquiry services will also be provided along with the other basic facilities. The staff here will handle the large customer base and will be able to answer queries and assist customers.

Telia has already begun recruitment and commenced its image building campaign in the country. It intends training staff under the expert guidance of key personnel seconded by the parent company at its training centre in Sweden, with the eventual intention of relinquishing full control to a Sri Lankan team.

Mr. Eckman stresses, "We are happy to play a significant part in telecommunication infrastructure development so vital to the development of the country. Telecommunications and advanced technology should certainly be within the reach of the country's growing middle class as a basic utility such as gas or electricity. Telia Lanka hopes to make that a reality, bringing to bear its expertise to develop the telecom market and the country's economy."