

TELEKOM MALAYSIA

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Spotlight on Malaysia

Bazlan Osman, group chief financial officer of Telekom Malaysia, talks to Jayne Alverca about the company's achievements and challenges in one of the world's most competitive markets



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011 has been an excellent year for Telekom Malaysia (TM). Despite fierce competition, the company has continued to attract new customers and maintained its leadership position in the broadband segment with 1.7 million customers in June 2011, showing growth of almost 12 per cent over the previous year.

Group chief financial officer Bazlan Osman points out that the company has played a key role in helping the government of Malaysia achieve its household broadband penetration rate target of 55 per cent last year.

“Establishing our position as the first and premier high-speed broadband [HSBB] service provider in Malaysia has been an immensely challenging and rewarding experience for TM as a company,” he states.

“The HSBB roll-out in 2010 has been one of the fastest in the world in terms of implementation and the largest in terms of scope. We continue to offer the fastest sustained data packages in Malaysia with our UniFi Residential VIP20 and Business BIZ20 packages. TM is also the first provider to offer triple-play high-speed broadband services in the country via our UniFi Residential packages,” he continues.

Despite the intense competitive pressure of four 3G wireless broadband players and four WiMAX operators, TM has registered robust broadband subscriber growth and critically,

maintains control of the high-margin segment with the highest revenue per user in the market.

He believes that TM is differentiated by its unique capability to provide high-speed bandwidths that can exceed one gigabyte per second. Moreover, the company’s fixed networks provide a quality of service with service level guarantees that cannot be matched by mobile carriers by virtue of its physical properties as well as end-to-end security to ensure authentication and privacy.

The company has also maintained a dominant position in the Malaysian data communications market with a two-thirds market share in 2010. Osman attributes this success to the company’s comprehensive data services portfolio, a widespread domestic network and extensive global coverage with strong network partners.

TM is now positioned as Malaysia’s broadband champion and leading next generations communications service provider, and is one of Asia’s main players in the telecommunications industry. The company either owns or leases capacity on more than 10 submarine cablesystems, which span more than 60,000 fibre-route miles around the globe, including several submarine cable routes that the company uses to carry traffic between the Asia-Pacific region and North America.

There is still enormous growth potential in the

“ We are very optimistic about our revenue growth ”

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domestic market, which is expected to continue expanding by over 10 per cent per annum over the next three years, fuelled by ambitious government transformation programmes that see IT as core to Malaysia's economic future. Future plans include positioning Malaysia as a world-class data centre hub and establishing Malaysia as the region's internet hub.

"There is a continued effort to increase broadband penetration in the country, in addition to outsourcing initiatives by organisations, continued adoption of software for management of computing infrastructure resources, wireless

“ The number of wi-fi hotspots has increased from just over 2,000 sites as of the end of 2009 to more than 17,000 ”



broadband, developments in data centres and cloud computing," he says.

"We are very optimistic about our revenue growth, especially with the excellent take-up of our HSBB product, UNiFi and our DSL broadband product, Streamyx, which has taken a market share of 50 per cent," he states. "But we are not just concerned with selling bandwidth and speed. What sets us apart is our focus on providing Malaysians with unique lifestyle choices that include opportunities for continuous learning, staying connected with loved ones and entertainment and leisure opportunities anytime, anywhere."

The number of wi-fi hotspots available to customers has increased from just over 2,000 sites as of the end of 2009 to more than 17,000 currently. By the end of 2011, TM expects to have a reach that takes in 28,000 locations nationwide.

"As seen in more mature markets, we believe that fixed and wireless broadband services are complementary because the needs and requirements of customers are varied. Fixed line services provide consumers with the pipes to utilise heavy content and applications at home or at the office. Wireless service providers give



consumers the flexibility to utilise broadband on the move,” he adds.

In April 2011, TM received external validation of its efforts when the company won no less than four awards at the Frost & Sullivan Malaysia Excellence Awards. In particular, it marked the sixth consecutive year that TM managed to secure the Broadband Service Provider of the Year award. The company also took the Managed Service Provider of the Year award for the third consecutive year, reflecting TM’s attention to every segment that it serves and providing the best managed services to the market.

“These awards are testament to our track record of performance and service and also inspire us to continue offering more innovative, effective and cost-efficient solutions for Malaysian consumers



“ TM is the first provider to offer triple-play high-speed broadband services in the country ”

and also to empower Malaysian businesses,” comments Osman. “By offering scalable, future-proof communications solutions such as HSBB, Metro-e and IPVPN, we provide consumers, SMEs and enterprises with secured and reliable communications services and networks.”

Current provision may be state-of-the art, but Osman sees one of the most critical challenges as keeping abreast of the rapid pace of technological change. “Right now, the industry is at the inflection point of moving from legacy digital to an internet protocol (IP) based network. This move is expected to completely reshape the present structure of communication systems and access to the internet. TM itself has recently migrated its core network onto the latest IP network infrastructure in order to enable us to build the transformation path towards next-generation networks and service delivery capabilities in the

converging communications world.

“Moving forward, what is important for us is to step up our efforts to be the most innovative and creative company in the marketplace when it comes to designing new products and services for our customers,” he continues.

“TM remains steadfast in maintaining our position as Malaysia’s broadband champion and the leading new generation communications service provider, working towards achieving the nation’s aspirations anchoring on Streamyx and UniFi as our key broadband products. We aim to deliver an enhanced and integrated digital lifestyle to all Malaysians where everyone can leverage on our platform to connect, communicate and collaborate effectively, whilst focusing on our transformation journey to be a new generation telco and an information exchange,” he concludes.

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