



How to solve the strategy problems of China Mobile

Yun.qing

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FH Brandenburg





FH Brandenburg & TU Cottbus

09/2005~

Maser of science, Technology and Innovation Management



Deutsche Telekom Labor



05/2006~

Master thesis, strategy and business processes design for virtual network operator

07/2006~10/2006

Internship, market research for an innovative project, innovation department

China Mobile



07/2004~04/2005

Director assistant, business customer department

04/2003~07/2004

Product Manager, business customer department

01/2000~04/2003

New Services Developer, R&D

08/1997~01/2000

Network Administrator, network management center

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- Strategy transform brings about problems
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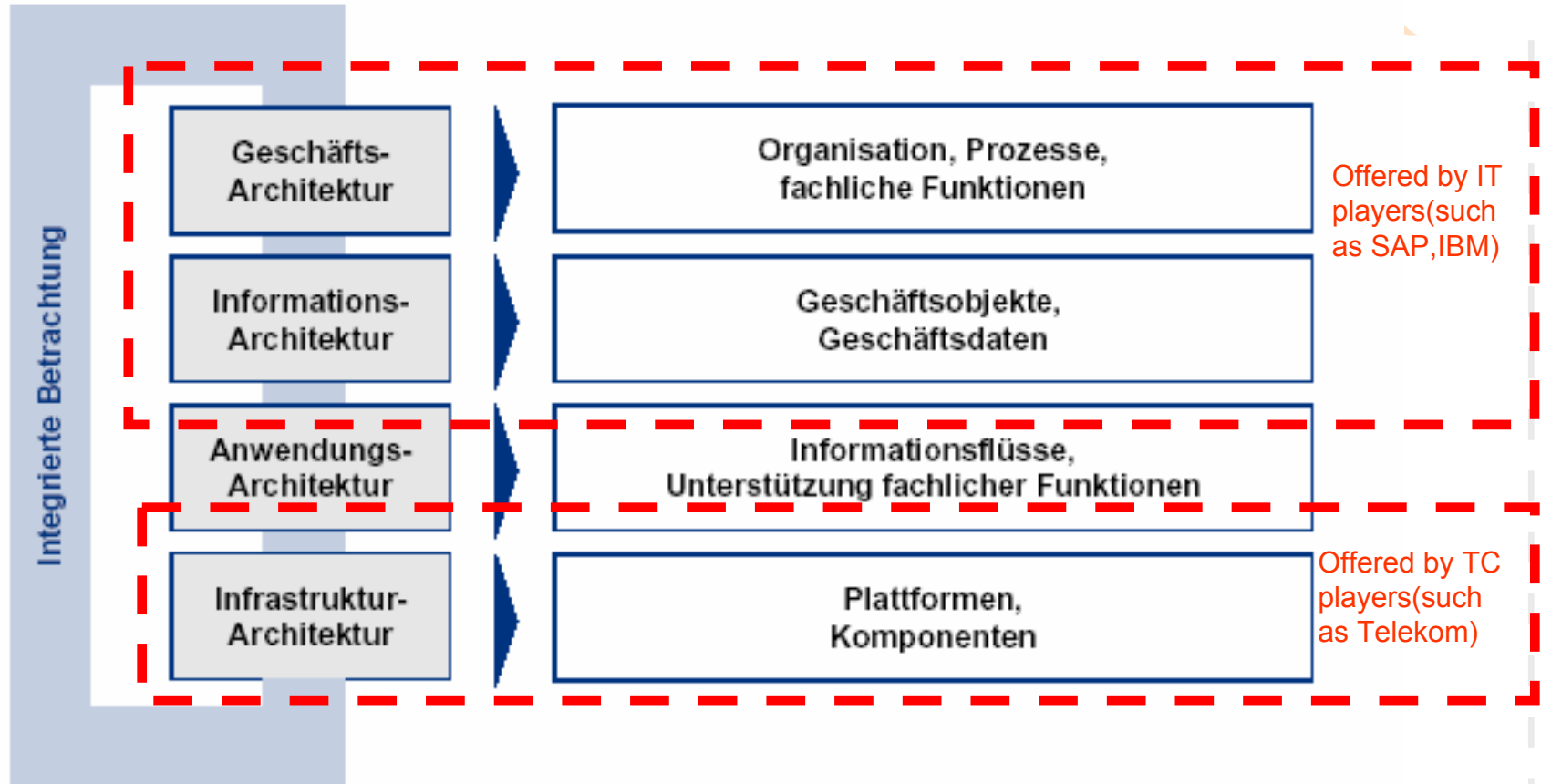




Background- the roles of the ICT players are changing



Traditional provision architecture of ICT system



Source: SOA-Strategie, Wie eine Service Orientierte Architektur nachhaltigen Nutzen erzeugt, detecon, sep 2006



ICT market will be reshaped



- Enterprise customers are increasingly searching for end-to-end services.
 - Technical integration possibility
 - Complexity of the business infrastructure and business process
 - Reduced total cost through integration
 - Consideration of maintainence and update



- be capable of providing integrated TC and IT



Both IT and TC players try to extend their portfolio

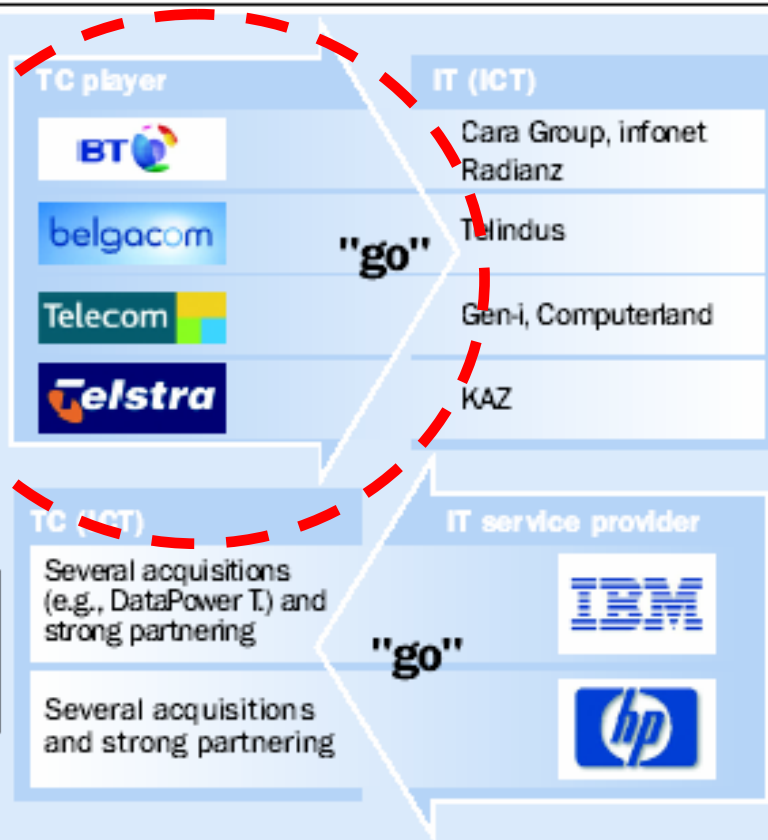
THE MARKET DEVELOPMENT TOWARDS ICT IS OBSERVED

TC and IT players are moving towards ICT

Analysts have a vision of ICT

"Next generation telecoms technology is likely to profoundly change today's IT landscape; quad play (network, hardware, software, and process) capabilities will become essential and push into IT services may take some telecoms operators global via cross-sector M&A" (HSBC, global research, 2006)

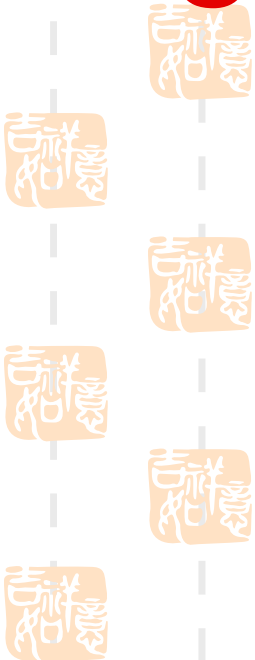
"The emergence of IP convergence is breaking the traditional barriers between telecom and IT services" (Citibank analyst report, 2006)



Source: McKinsey



Strategy transform of China Mobile



Brief introduction to China Mobile



- the world's largest telecom service operator by number of subscribers (over 255 m).
- market share of approximately 65.6%
- revenues of RMB243.04 bn (\$30.13 bn, an increase of 26.3%),
- EBITDA RMB133.34 bn (\$16.53 bn, year-on-year increase of 24.8%)(fiscal year 2005)



Source: Gary Eastwood, The Top 10 Telecoms Operators, business insight, 2006

SWOT of China Mobile

Strengths

Leading market position
Strong financial performance
Reduced leased line expenses
Brand awarness

Weaknesses

Increasing marketing costs

Opportunities

Size of market
New businesses
3G

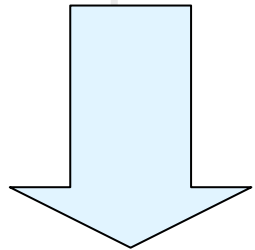
Threats

Increasing competition
Explore new relative market
Extend portofolio

Transform of the strategies positioning



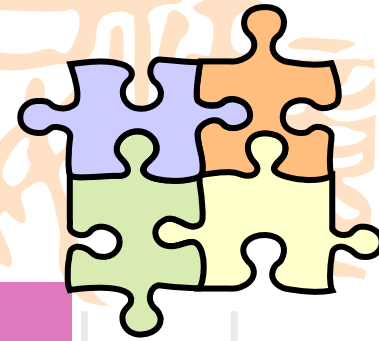
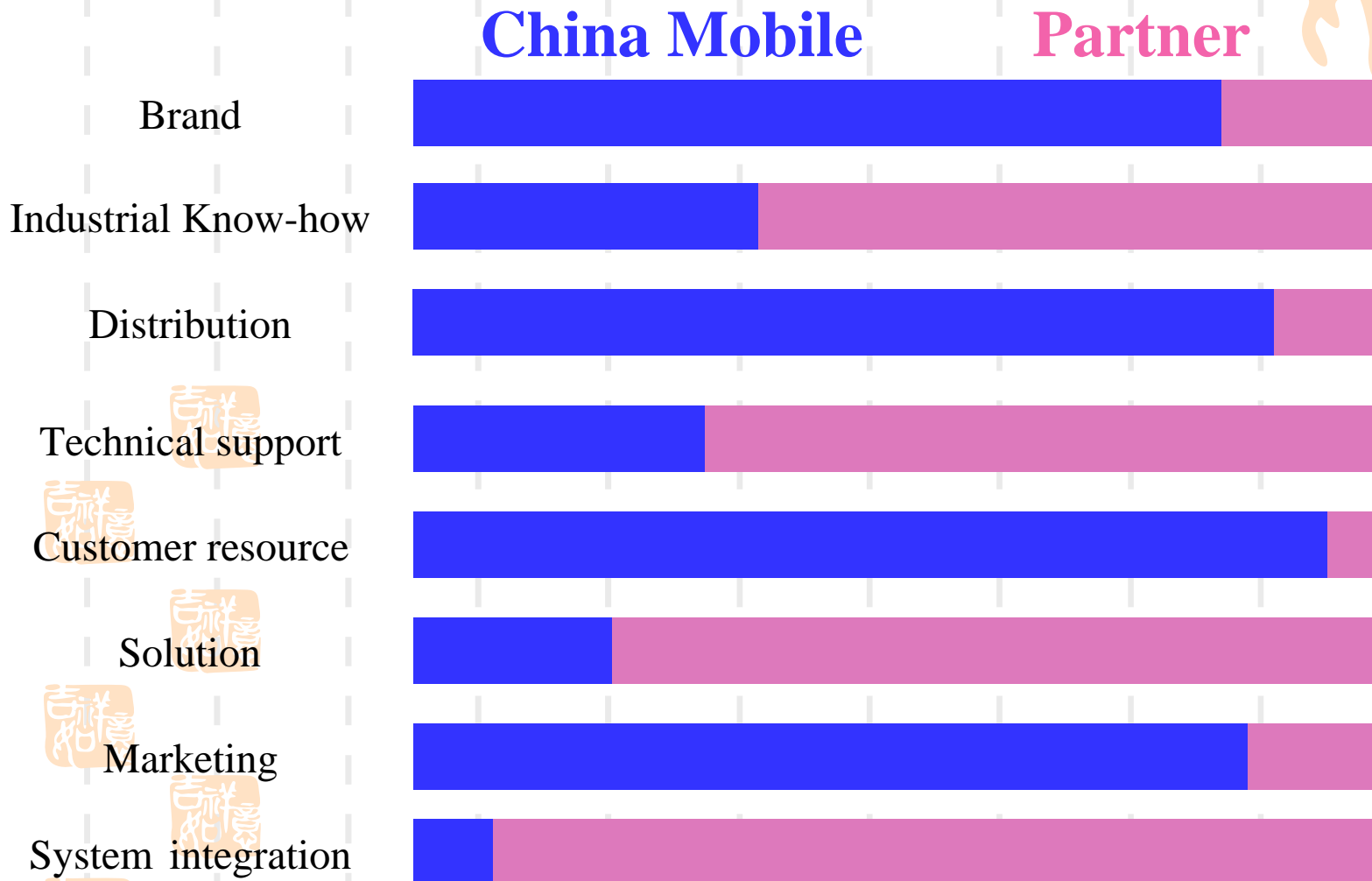
Communication expert (pure TC player)



Information expert(ICT)



Strategy of China Mobile--Partner with IT providers

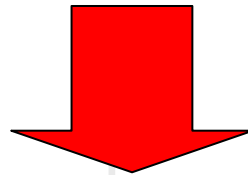


Source: China Mobile, conference of partner project, 2005

Problems



- China Mobile is still regarded as a pure telecommunication provider for most of the enterprises
- Most of the applications offered by China Mobile can not reach the layer of business management
- Too much transaction between China Mobile and the partners



How to reach the target of ,ICT' ?



Experience of T-systems



What is T-systems



Mobile service

Broadband/Fixed network

Business customer

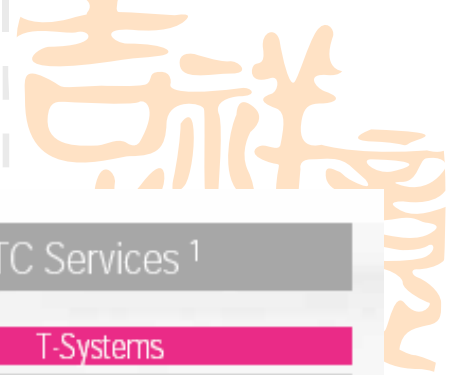
T-Mobile

T-Com
T-Online

T-Systems



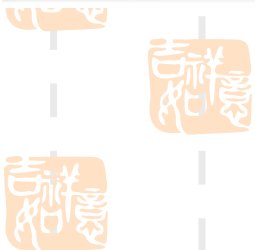
Benchmark



| | | IT Services ^{1,2} | TC Services ¹ |
|-------------|-----|----------------------------|----------------------------|
| Deutschland | 1. | T-Systems | T-Systems |
| | 2. | SBS | ARCOR |
| | 3. | IBM | BT/Global Services |
| West-Europa | 1. | IBM | BT/Global Services |
| | 2. | T-Systems | FT/Equant |
| | 3. | EDS | T-Systems/Deutsche Telekom |
| Weltweit | 1. | IBM | AT&T |
| | 2. | EDS | MCI |
| | 3. | CSC | BT/Global Services |
| | ... | ... | ... |
| | 6. | ... | T-Systems/Deutsche Telekom |
| | 7. | T-Systems | ... |
| | | | |

¹ Direkte Wettbewerber für ICT Services | ² Inklusiv „Konzernumsatz“
 Quellen: Gartner, PAC, T-Systems, Annual and Broker Reports, Jan. bis Juni 2005

Source: T-Systems, Die Präsentation auf der IFA 2006



Portfolio



Solutions

- Industries
- Key Business Issues
- Success Stories
- Top Stories

Solutions

Large Enterprise > Solutions

[+](#) show description

Telecommunications (TC)



Innovative voice solutions

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- [▶ Ethernet WAN Solutions](#)
- [▶ Internet Services](#)
- [▶ IP-VPN \(MPLS\)](#)
- [▶ LAN Solutions](#)
- [▶ Leased Links / Dedicated Lines](#)
- [▶ Managed VoIP Networks](#)

Information Technology (IT)



Delivering competitive edge

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- [▶ Dynamic Mainframe Services](#)

Business Process Outsourcing (BPO)



Concentrate on your core business

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- [▶ HR BPO](#)
- [▶ Managed Document Services](#)
- [▶ Promotion Management](#)



History

August 2000

Gründung von T-Systems
Namen Aquamarin T

IT provider in manufacture industry

Oktober 2000

Übertragung von 50,1% Anteile der DaimlerChrysler-Tochter debis Systemhaus an T-Systems.

Januar 2001

Zusammenführung der Telekom-Töchter DeTeCSM, DeTeSystem, T-Nova, TELECASH, Infonet Services in T-Systems

IT system integration company

IT daughter company of Telecom

März 2002

Software company

April 2004

T-Systems übernimmt als Generalunternehmer die Verantwortung für die zentralen Komponenten im Mautsystem Toll Collect.

Januar 2005

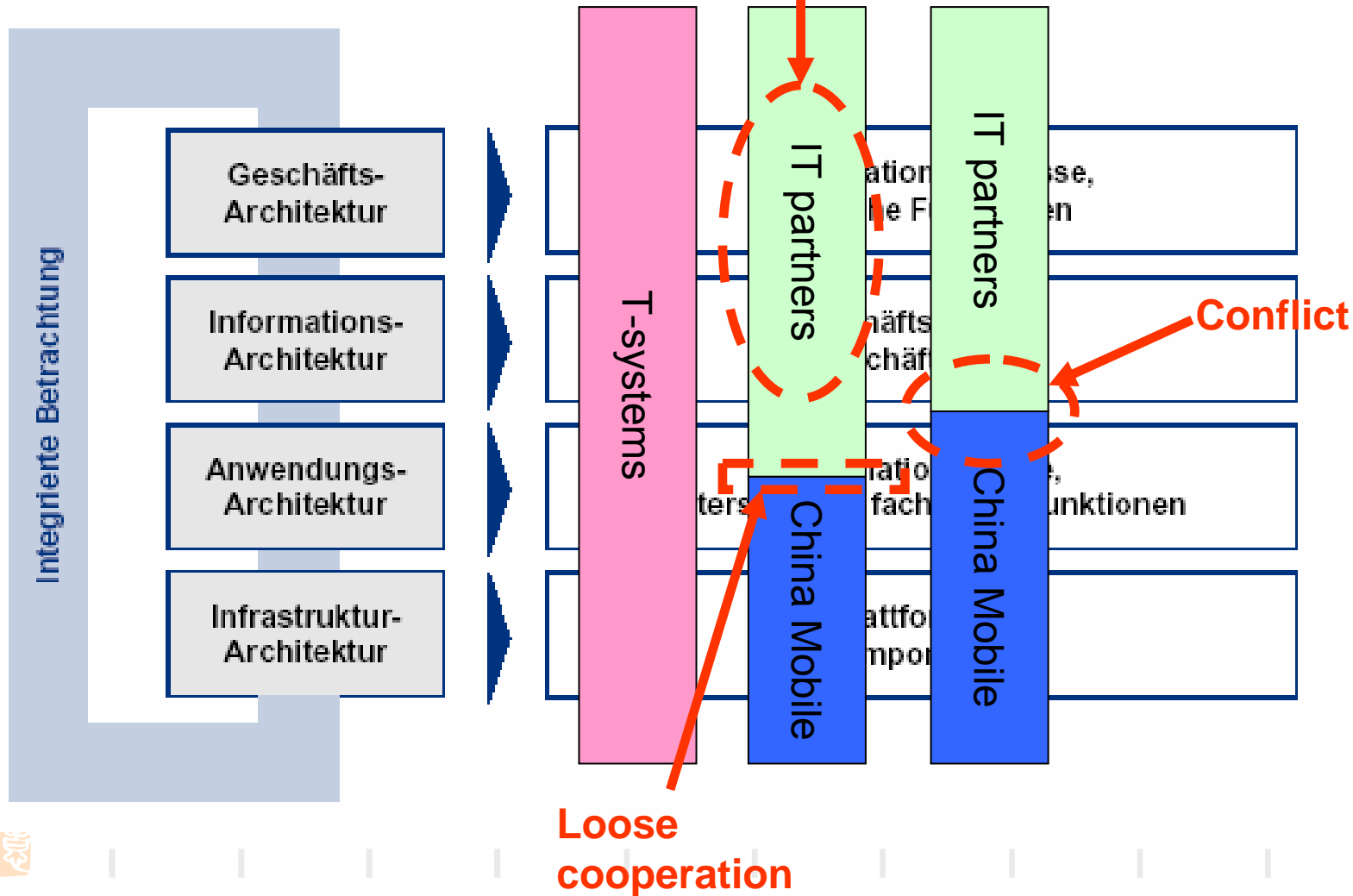
Die Geschäftskundenaktivitäten der Deutschen Telekom werden unter dem Dach von T-Systems gebündelt.

April 2006

T-Systems übernimmt die Anteile am IT-Unternehmen gedas von der Volkswagen AG.

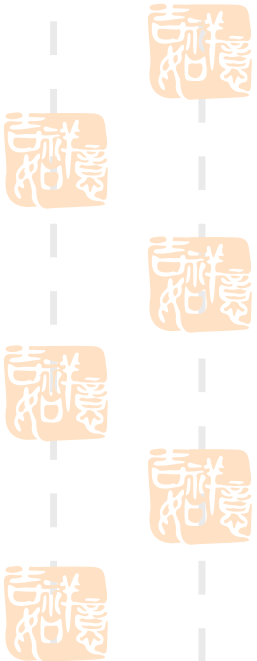


Bundling ≠ Integrated





Suggestion



Suggestion

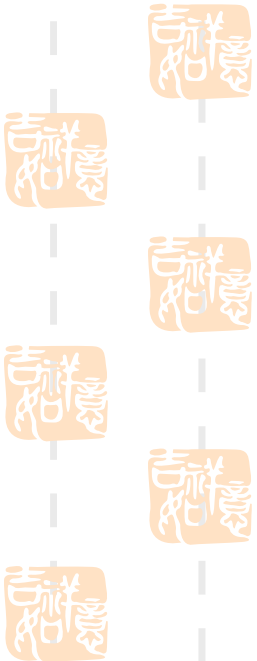


- Make more clear positioning
 - ,to be‘ or ,not to be‘
- Form competitive advantage via
 - Cooperate with research institutes to get necessary Know-how
 - Aquirsition or strong cooperation with IT players
 - Get industry experience via cross-sector M&A





Q & A





Thank you

