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Ullah, Nazim

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Corporate Strategy of Maxis - A Telecom Industry of Malaysia

Nazim Ullah¹

Abstract

Telecommunication industry plays an important role in shaping the economy of Malaysia. The purpose of the study is to compare and contest of Maxis with Celcom and Digi. Being purposed, the study discusses and review corporate strategy of the three telecom companies based on financial and non-financial terms. The study analyses 5 years (e.g., 2015 to 2019 financial statement along with the PESTEL and Porter's 5 Force Model. The findings imply that Maxis has to take strong corporate strategy so that they can cope with their competitors and lead they as a market leader among the competitors.

Keywords: Corporate strategy, Maxis, Celcom, Digi, PESTEL, Porter's 5 Force Model

¹ PhD. Candidate, Universiti Sains Islam Malaysia (USIM), E-mail: kmnazim_90@yahoo.com

1.0 Introduction

1.1 Purpose

The purpose of this analysis is to investigate the financial and strategic position of Maxis as the primary company and Celcom and Digi as the comparing entities. The flow of the analysis is details information of the primary company that is discussed under Section 1. Section 2 states macro analyses (PESTEL) while Section 3 implies micro-analysis. Capability analysis is discussed in Section 4. Section 5 and Section 6 show the proposed strategy and evaluation of the strategy.

1.2 Case Context of Analysis

The main objective of the analysis is to the corporate strategy of Maxis comparing to the Digi and Celcom. To examine and analyse the corporate strategy of Maxis, several factors are reviewed and discussed. For example, macro analysis (PESTEL), micro analysis (Porter's 5 forces model), and financial analysis.

1.2 Background info of Maxis

Maxis was established in 1995 which was one of the first mobile communications providers in Malaysia. The company is constantly revamping its business model and was one of the first operators to introduce 4G services in 2013. Its 4G service reaches 15% of the Malaysian population, making Maxis a market leader in this area. Maxis also offers cloud computing to small and medium businesses. The company's 2G and 3G networks cover 95% and 83% of the Malaysian population, respectively. Maxis' CEO is Norwegian Morten Lundal, former CEO of DiGi.Com, another Malaysian telecommunications company. He was also a top executive at Vodafone, the U.K.'s leading mobile phone company. Maxis is more than 60% controlled by Usaha Tegas, a private investment arm of Malaysian billionaire Ananda Krishnan.

Maxis Bhd. is an investment holding company, which engages in the provision of integrated telecommunication services. It operates through Malaysia, and Other Countries geographical

segments. It offers postpaid, prepaid, phones, and broadband. The company was founded on August 7, 2009, and is headquartered in Kuala Lumpur, Malaysia.

1.3 Rational for Choosing Companies

This study includes maxis as primary company while Celcom and Digi are the comparing companies. The reason for selecting telecom industry is that this industry is not affected by the COVID-19 while other industries affected by current pandemic. Therefore, it becomes challenging for this industry to cope with the corporate strategy with the pandemic. How the strategy of market penetration helps them to provide un-cutttable services to their customers and help them to achieve their expected goal.

1.4 Key Issues

Key issues imply, why Maxis is chosen for the analysis. What current problem makes urgent to discuss with the Maxis?The key issues are discussed in two ways such as financial and non-financial. Financial issue implies financial condition of the Maxis while non-financial issue imply strategical choice. As quoted from the annual report of Maxis, profitability ratio such as net margin and return on asset are decline compared to Digi and Celcom for the whole period. Non-financial issue implies number of subscribers of Maxis also decline compared to Digi.

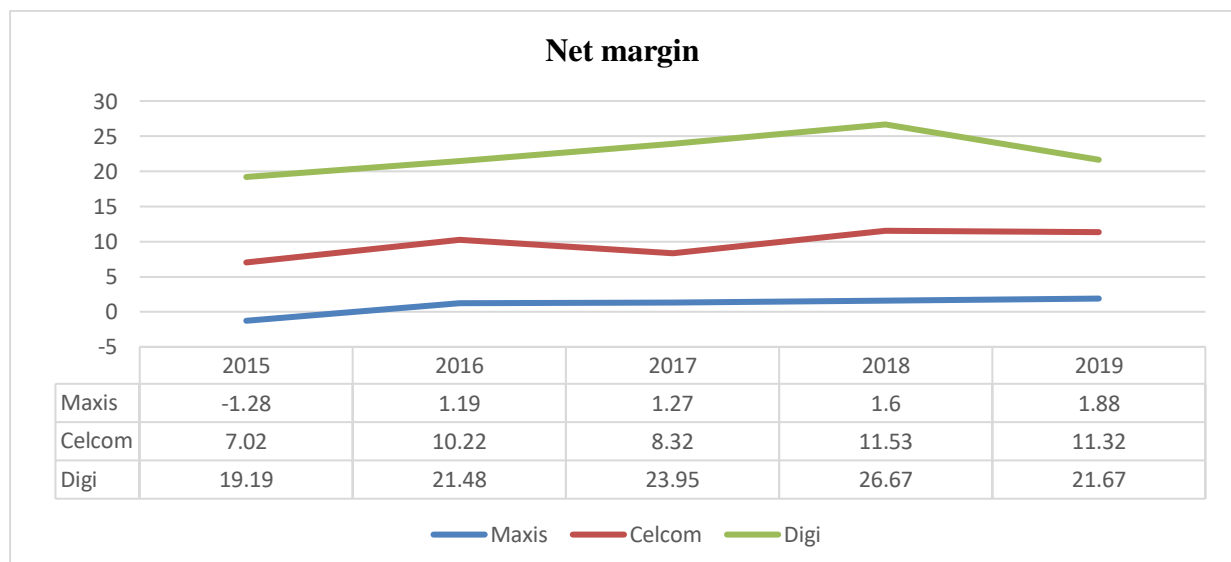


Figure: Net margin

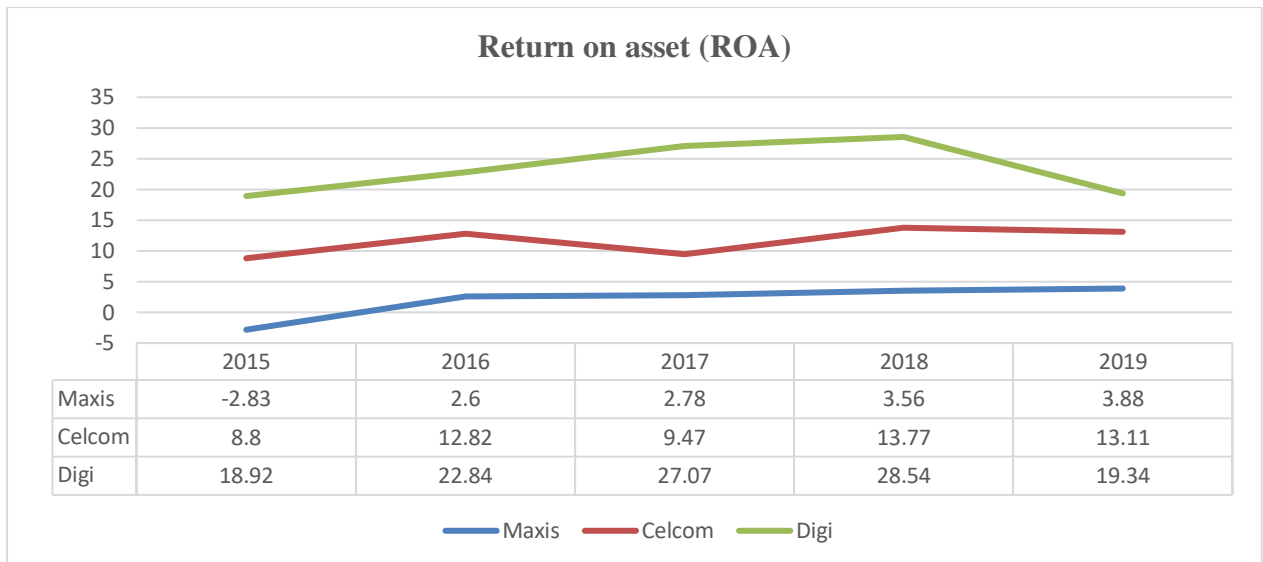
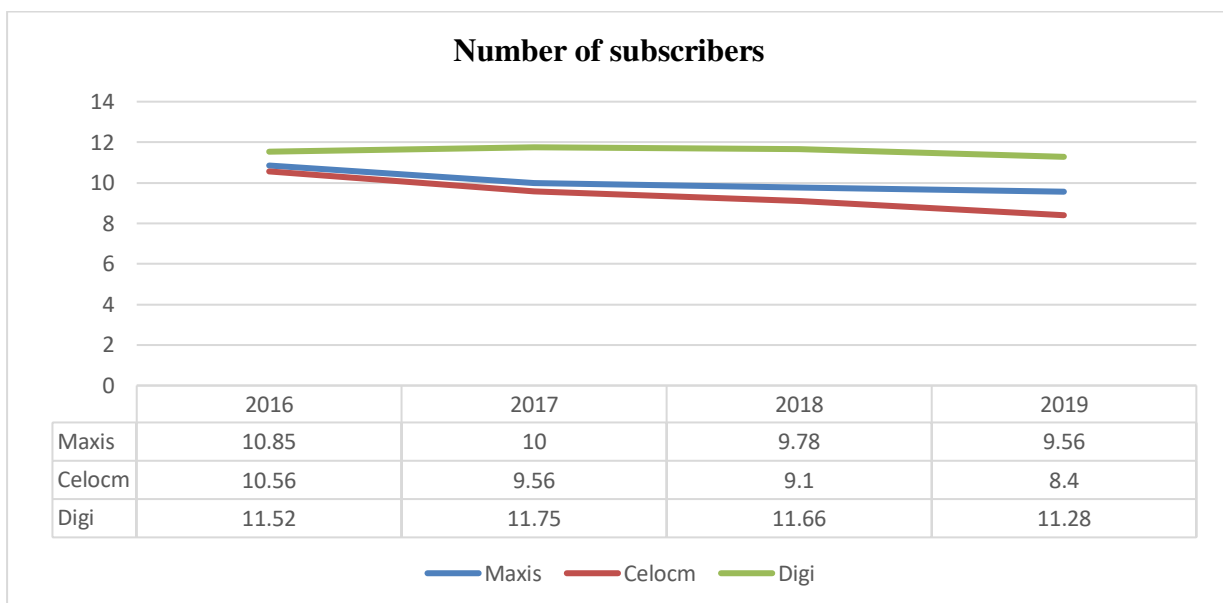


Figure: Return on asset (ROA)

Based on the above figure, it is noted that net margin and ROA of Maxis is lower compared to the Digi and Celcom for whole period. Therefore, the analysis with Maxis is crying need to suggest policy maker a suitable and potential corporate strategy.

Number of subscriber of Maxis is also lower compared to Digi. Therefore, this is also implying the urgent issue to do the study with the Maxis.



2.0 Business Environment Analysis

2.1.1 Macro-Environment Analysis (PESTEL)

PESTEL analysis was first analysis by Harvard professor Francis Aguilar in 1967. The main aim of the PESTEL is to measure the risk of the organization. Furthermore, PESTEL also recognise as a macro-environment factors that greatly influence on the business arena (Pan, Chen. and Zhan, 2019). Rating to be adopted in respect with the PESTEL and organizational capability rating.

PESTEL Status Rating		Organization Capability Ratings	
Very favorable	2	Very high	
Favorable	1	High	
Unfavorable	-1	Low	
Very unfavorable	-2	Very Low	

PESTEL analysis is used to analyse the Maxis's business atmosphere

PESTEL	Sub-Factors	PESTEL	Sub-Factors
Political	Relation with other countries Regional unions Democratization Process Political Developments Political Stability	Economic	National Income Investment Incentives Monetary Policy Fiscal Policy Foreign Investment Energy Cost Labor Cost
	Socio-cultural		Lifestyle Level of Education Awareness Respect for Rules of law Working Culture/Attitude
Environmental		Traffic Safety Public Health Urbanization Disaster Management Green Issues	Legal

2.1.2 Political

Political scenario of Malaysia compared to other ASEAN countries i.e., Bangladesh, India, Pakistan, Indonesia etc. is very good and favorable for business activities. in line with that Maxis is getting good support from the government in doing business.

		PESTEL	Org. capability		
PESTEL	Sub-Factors	Status	Maxis	Digi	Celocm
Political	Relation with other countries	2	1	1	1
	Regional unions	1	1	2	2
	Democratization Process	1	2	-1	-1
	Political Developments	2	1	1	1
	Political Stability	-1	-1	-1	1
average score		1	0.8	0.4	0.8

The overall political environment for the telecom industry is favorable and for the Maxis is high.

2.1.3 Economic

Interest rates, inflation, GDP, and taxes affect the telecommunication industry. Those factors directly and indirectly affect the business activities. Inflationary impact force the company to raise the value of the products, however, it negatively impacts on the business activities. GDP of any country motivate company for making investment and expand their operation. It positively impacts to the business activities. Taxes negatively impact business activities while they impose it to the final users or customers.

		PESTEL	Org. capability		
PESTEL	Sub-Factors	Status	Maxis	Digi	Celocm
average score		1	0.8	0.4	0.8
Economic	National Income	1	1	-1	1
	Investment Incentives	2	-1	1	-2
	Monetary Policy	1	2	1	1
	Fiscal Policy	1	1	1	-1
	Foreign Investment	-2	1	1	1
	Energy Cost	-1	1	1	-1
	Labor Cost	-1	-1	-2	1
average score		0.1	0.6	0.3	0.0

The overall economic environment for the telecom industry is favorable and for the Maxis is high.

2.1.4 Social Culture

Social culture is another important factor impacting to the business activities. without integration of the society, any business cannot be gain or success in life. Because society is the part and parcel of the business life.

		PESTEL	Org. capability		
PESTEL	Sub-Factors	Status	Maxis	Digi	Celocm
Socio-cultural	Lifestyle	1	1	1	-1
	Level of Education	2	1	2	-1
	Awareness	1	2	1	1
	Respect for Rules of Law	-1	1	1	2
	Working Culture/Attitude	-2	1	-1	1
average score		0.2	1.2	0.8	0.4

The overall social culture environment for the telecom industry is favorable and for the Maxis is very high.

2.1.5 Technology

Technology means advancement of the world. At present it has brought a remarkable change in the business activities. It has reduced the manpower, time, money, increase efficiency, skill, productivity, speed of the works, etc. therefore, nobody can ignore or deny the importance of the technology.

		PESTEL	Org. capability		
PESTEL	Sub-Factors	Status	Maxis	Digi	Celocm
Technological	Technological infrastructure	-2	1	-2	1
	Patents & Copy Rights	1	2	1	2
	R&D Support	2	1	-1	-1
	Technology Adoption	-1	1	2	2
	Rate of Technological Change	2	-1	1	-1
average score		0.4	0.8	0.2	0.6

The overall technological environment for the telecom industry is favorable and for the Maxis is high.

2.1.6 Environmental

Climate changes and global warming can affect how telecommunication products reach customers. In terms of employment, with technology advancing, employees need to adapt to changes.

		PESTEL	Org. capability		
PESTEL	Sub-Factors	Status	Maxis	Digi	Celocm
Environmental	Traffic Safety	-1	1	2	2
	Public Health	1	2	1	1
	Urbanization	2	1	2	2
	Disaster Management	-2	1	2	-2

	Green Issues	2	1	1	1
average score		0.4	1.2	1.6	0.8

The overall environmental for the telecom industry is favorable and for the Maxis is very high.

2.1.7 Legal

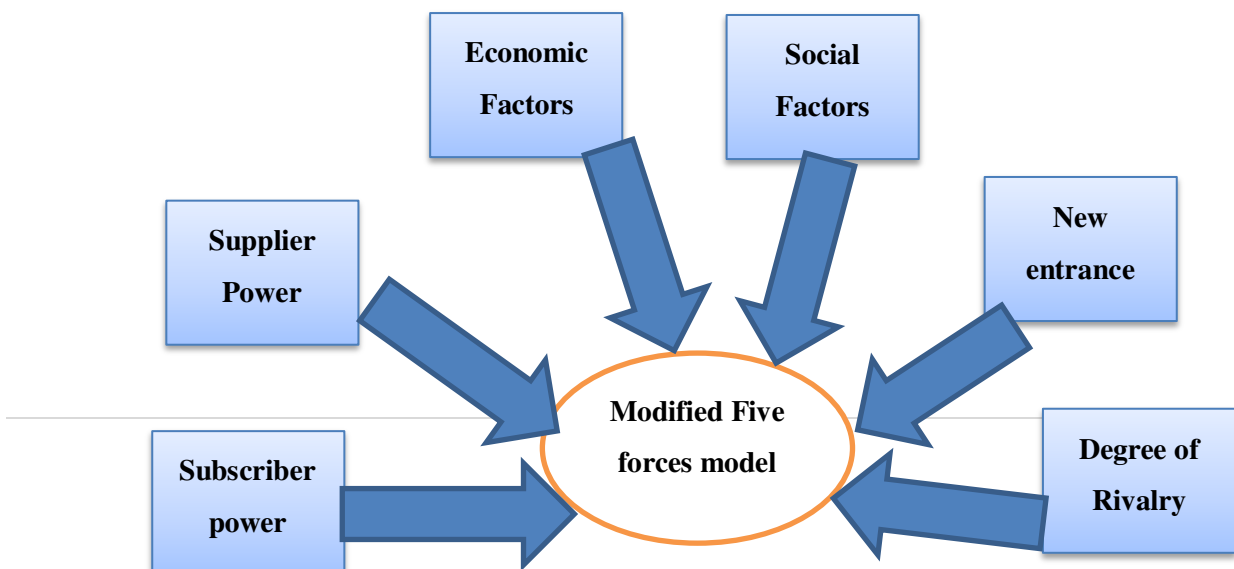
Legal system is a procedural system that should be followed by all companies. By the way, telecom industry needs to abide by the rules and regulation of the region. Specially for the Celcom, it has to follow the rules and regulation that formulated by the government of Malaysia. Legal system helps them to protect the rights of suppliers, buyers, others concerned parties and in doing international business.

PESTEL	Sub-Factors	PESTEL	Org. capability		
		Status	Maxis	Digi	Celocm
Legal	Competition Laws	1	1	1	1
	Judicial System	2	2	1	2
	Consumer Rights	1	1	1	1
	Law and Order	1	1	1	-1
	International Treaties	-2	1	-1	1
average score		0.6	1.2	0.6	0.8

The overall legal environment for the telecom industry is favorable and for the Maxis is very high.

2.2 Micro environmental analysis of Maxis (Modified Porter's 5 Forces)

2.2.1 Porter's 5 Forces



Subscriber power (Moderate)

The main bargaining power of the supplier implies, anytime they can move to other company. This is the main concept of the bargaining power of subscribers. Following table shows the two years subscriber rate.

Based on the table, the number of subscribers for Maxis is lower compared to its competitors. Therefore, Maxis need to give more focus on their corporate strategy. They have to focus on their customer's interest at the time formulating corporate strategy.

Number of subscribers

Year	Maxis	Celcom	Digi
2016	10.85	10.56	11.52
2017	10	9.56	11.75
2018	9,87	9.1	11.66
2019	9.56	8.4	11.28

Based on the above-mentioned number of subscribers, although it is higher than Celocm it is lower than Digi. Therefore, it is implying that the bargaining power of subscriber ranging from company to company and Maxis is in the red zone compared to Digi. Corporate strategy of Maxis should be customer centric.

Supplier Power (Strong)

A huge number of suppliers, less availability of raw materials, the cost switching supplier, or raw materials is high. Gives power to the supplier to enforce terms and conditions, on manufacturers and charge the high cost of raw materials.

New Entrance (moderate)

Threats of a newcomer into the market and tries to get market share. For example, another new operator can come to the market and divers the services to the customers. More number of new competitors will make it difficult to exploit the market opportunity of the new market.

Financial leverage

Financial Leverage		2015	2016	2017	2018	2019
	Maxis	4.81	5.58	5.84	6.72	6.33
Digi	1.5	1.57	1.52	1.49	1.68	
Celcom	1.62	1.57	1.6	1.55	1.48	

Based on the above-mentioned financial leverage, Maxis is the high leverage telecom in Malaysia compared to Digi and Celcom. Anytime it can be acquired by another company. Therefore, Maxis should be more careful about it.

Degree of Rivalry (moderate)

Wars among the telecom industry for gaining customers share to increase revenue and profit. For example, the competitor wants to reduce call price so that they can get good customer response towards the company.

Profitability Measurement

	Net margin (%)			Return on asset (ROA)			Return on invested capital (ROIC)		
	Maxis	Celcom	Digi	Maxis	Celcom	Digi	Maxis	Celcom	Digi
2015	-1.28	7.02	19.19	-2.83	8.8	18.92	-7.52	12.61	30.22
2016	1.19	10.22	21.48	2.6	12.82	22.84	11.55	18.1	34.69
2017	1.27	8.32	23.95	2.78	9.47	27.07	14	13.15	41.04
2018	1.6	11.53	26.67	3.56	13.77	28.54	20.16	18.64	42.01
2019	1.88	11.32	21.67	3.88	13.11	19.34	21.39	17.45	26.08

Based on the above-mentioned profitability measurement of three competitors, it is shown that among the three measurements, Maxis is the lowest performer. Therefore, it becomes threats for Maxis of losing market position to their competitors. In that situation, Digi and Celcom are the competitive rivalries for Maxis.

Economic Factor (adopted from PESTEL framework)

Interest rates, inflation, GDP, and taxes affect the telecommunication industry. Those factors directly and indirectly affect the business activities. Inflationary impact force the company to raise the value of the products, however, it negatively impacts on the business activities. GDP of any country motivate company for making investment and expand their operation. It positively impacts to the business activities. Taxes negatively impact business activities while they impose it to the final users or customers.

Social Factors (adopted from PESTEL framework)

Social culture is another important factor impacting to the business activities. without integration of the society, any business cannot be gain or success in life. Because society is the part and parcel of the business life.

3.0 Financial Analysis

3.1 Financial Performance

Financial performance implies the solvency position of the company. Moreover, how they can survive in the competitive market among the other competitors. Financial analysis is conducted based on the following way.

3.1.2 Profitability

Table 1 Net margin of Maxis, Celcom and Digi

		2015	2016	2017	2018	2019
Net Margin %	Maxis	-1.28	1.19	1.27	1.6	1.88
	Celcom	7.02	10.22	8.32	11.53	11.32
	Digi	19.19	21.48	23.95	26.67	21.67

Figure 1 Net margin of Maxis, Celcom and Digi

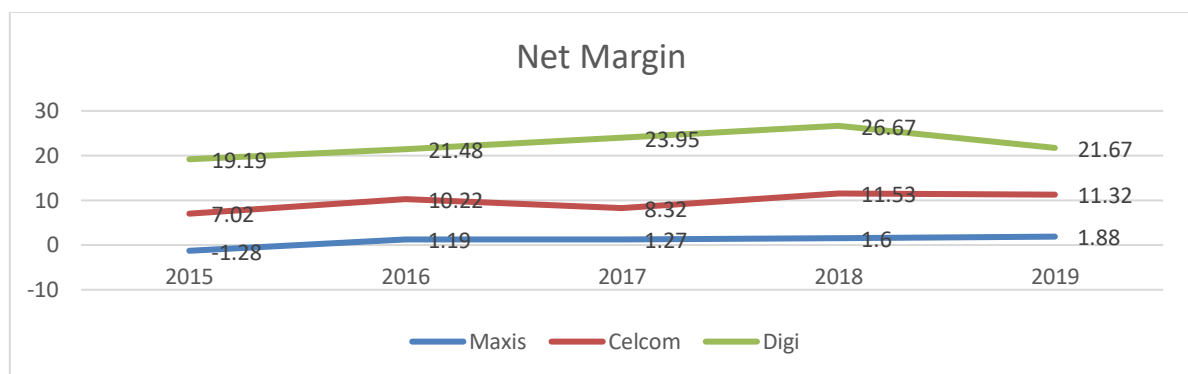


Table 2 Return on asset (ROA) of Maxis, Celcom and Digi

	2015	2016	2017	2018	2019	
Return on Assets (ROA) %	Maxis	-2.83	2.6	2.78	3.56	3.88
	Celcom	8.8	12.82	9.47	13.77	13.11
	Digi	18.92	22.84	27.07	28.54	19.34

Figure 2 Return on asset (ROA) of Maxis, Celcom and Digi

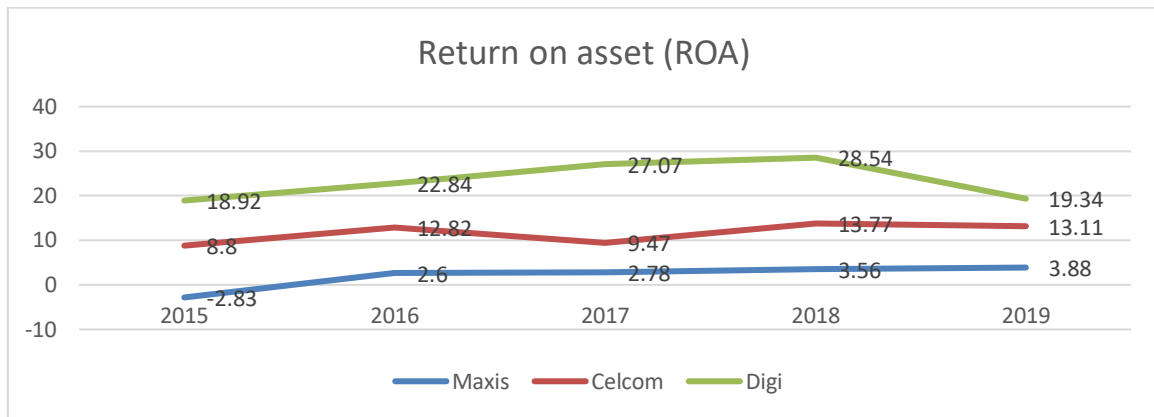
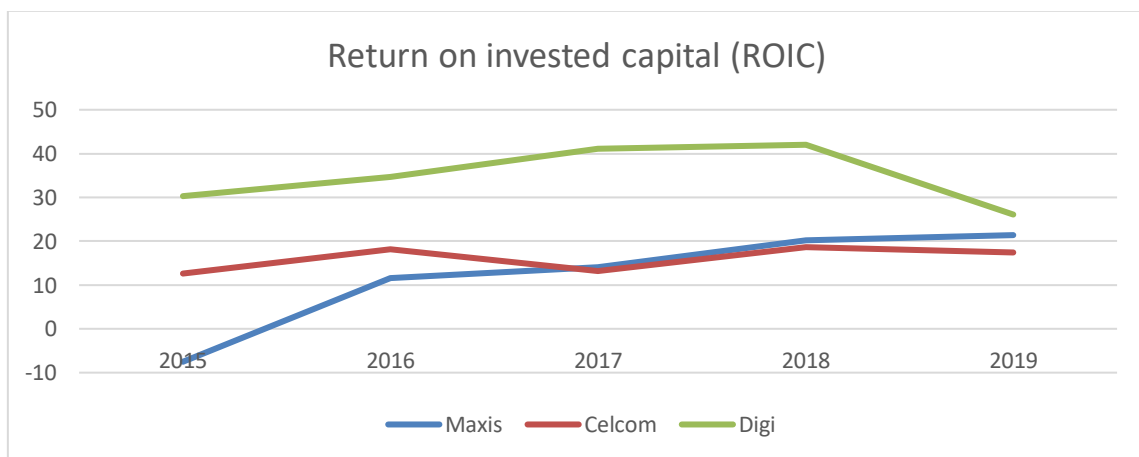


Table 3 Return on invested capital (ROIC) of Maxis, Celcom and Digi

	2015	2016	2017	2018	2019
Return on Invested Capital (ROIC) %					
Maxis	-7.52	11.55	14	20.16	21.39
Celcom	12.61	18.1	13.15	18.64	17.45
Digi	30.22	34.69	41.04	42.01	26.08

Figure 3 Return on invested capital (ROIC) of Maxis, Celcom and Digi



Three profitability measurement such as net margin, ROA, ROIC is reported throughout the Table 1,2, and 3 and Figure 6,7, and 8 respectively for last five years. Net margin implies the amount after deducting all kinds of expense, ROA, the amount that comes from the asset. This

one also indicates the quality and efficiency of the shareholders; however, they use assets to generate and maximise profit. ROIC implies return on invested capital. How the company generate profit from the invested capital. After reviewing all profitability measurements, it is shown that Maxis has the lowest value compared to Celcom and Digi. Therefore, it shows that Maxis is in the red zone area compared to two other competitors. Maxis should develop and take a proper strategic decision so that they can recover their current situation.

3.1.3 Liquidity and Financial Health

Table 4 Current ratio of Maxis, Celcom and Digi

Current Ratio	2015	2016	2017	2018	2019
Maxis	0.92	0.97	0.99	1	1.02
Digi	2.74	2.01	1.61	1.5	1.68
Celcom	1.58	1.54	1.61	1.86	2.16

Figure 4 Current ratio of Maxis, Celcom and Digi

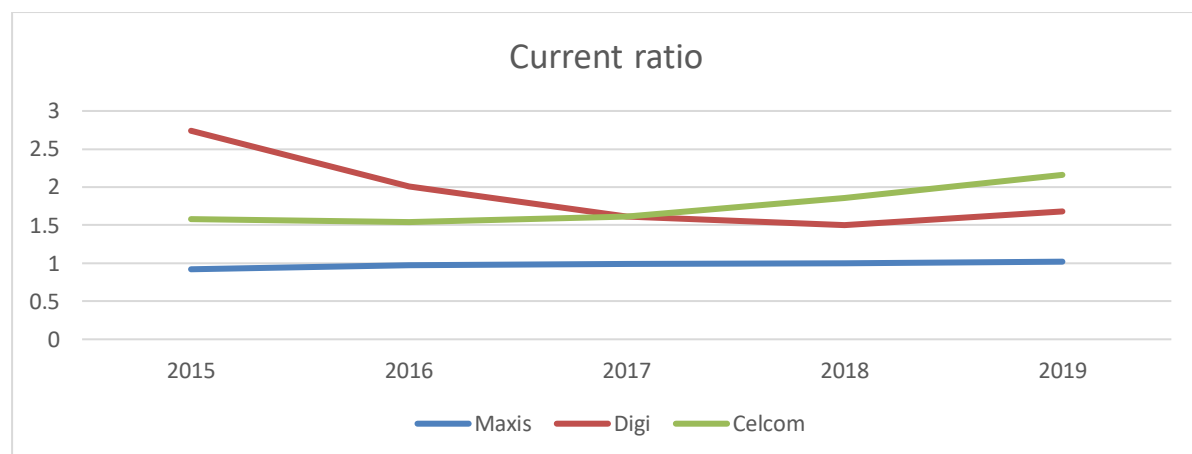


Table 5 Quick ratio of Maxis, Celcom and Digi

Quick ratio	2015	2016	2017	2018	2019
Maxis	0.66	0.61	0.6	0.82	0.77
Digi	2.48	1.72	1.35	1.24	1.4
Celcom	1.21	1.11	1.17	1.34	1.61

Figure 5 Quick ratio of Maxis, Celcom and Digi

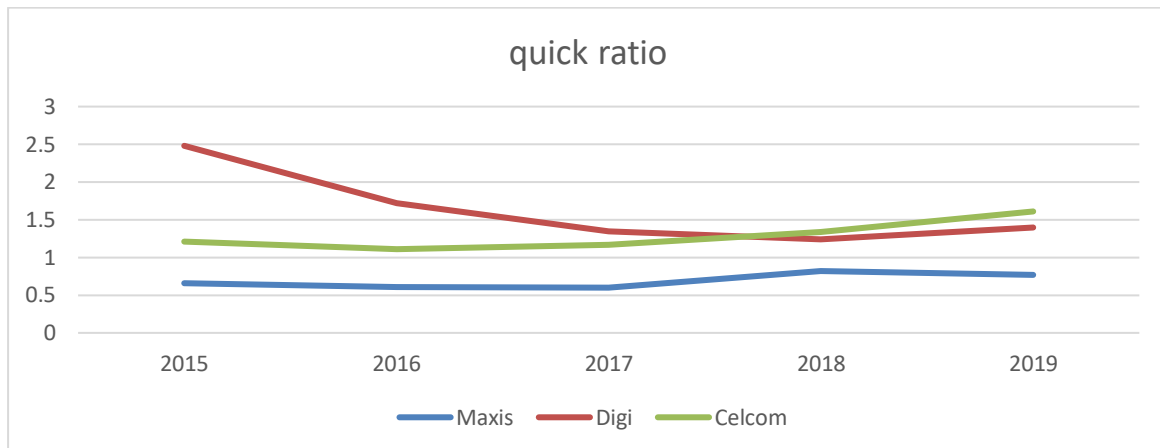


Table 6 Financial leverage of Maxis, Celcom and Digi

Financial Leverage	2015	2016	2017	2018	2019
Maxis	4.81	5.58	5.84	6.72	6.33
Digi	1.5	1.57	1.52	1.49	1.68
Celcom	1.62	1.57	1.6	1.55	1.48

Figure 6 Financial leverage of Maxis, Celcom and Digi

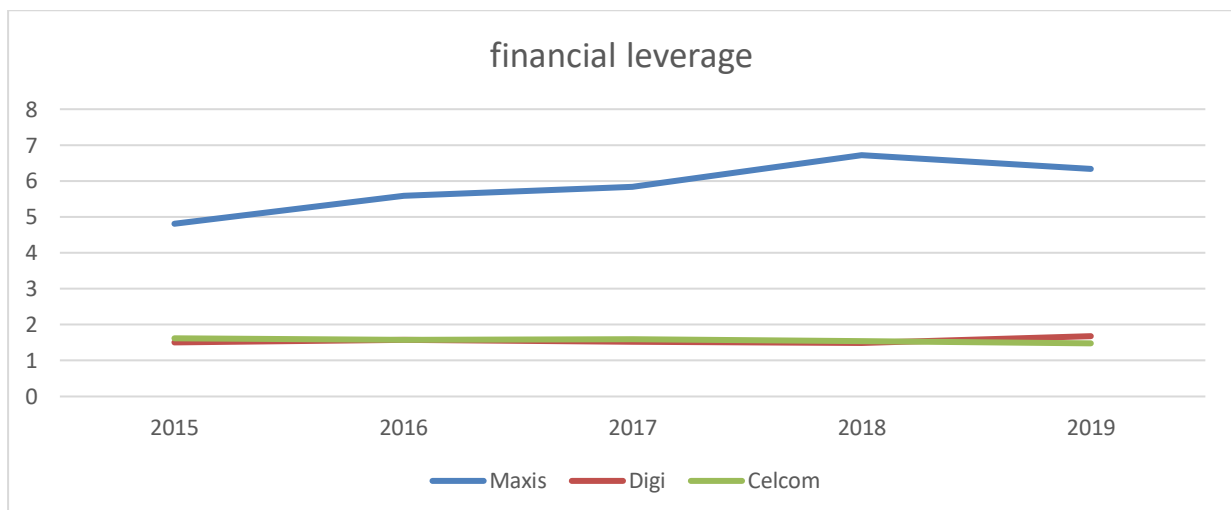


Table 4,5,6 and Figure 9,10, and 11 show the liquidity and financial health of Maxis, Celcom and Digi for the year from 2015 to 2019. There are three measurements such as current ratio, quick ratio and financial leverage are ported for liquidity and financial health. Current ratio

indicates how much current asset they have that would be easy liquidated into the market. Quick ratio implies how quickly they able to pay liabilities. Finally, financial leverage states that how much money they use from outside. The current and quick ratio of Maxis indicates low compared to Celcom and Digi. That implies that Maxis would not be able to cover their current demand. They are unable to convert cash and make quick payment for liabilities. Financial leverage of Maxis shows the very high amount that would not be good for the company to use many external found. They are highly indebted, and any time can be acquired by the competitors, meanwhile, they would lose their market shares. Therefore, Maxis should focus on more on their corporate strategy.

3.1.4 Efficiency

Table 7 Days sales outstanding of Maxis, Celcom and Digi

		2015	2016	2017	2018	2019
Days Sales Outstanding	Maxis	19.46	19.23	20.2	22.98	28.23
	Digi	24.6	24.82	18.34	19.01	25.66
	Celcom	42.63	48.51	50.28	46.13	43.53

Figure 7 Days sales outstanding of Maxis, Celcom and Digi

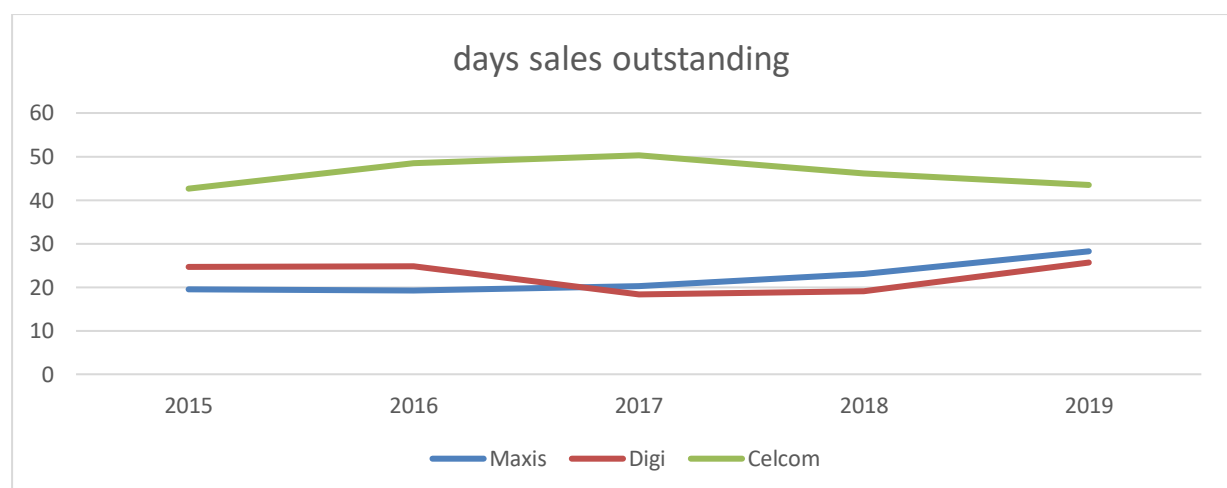


Table 8 Inventory days of Maxis, Celcom and Digi

Inventory Days	2015	2016	2017	2018	2019
Maxis	12.79	16.37	15.97	14.12	19.5
Digi	6.85	6.95	5.18	3.26	4.37
Celcom	37.3	41.25	47.33	48.22	48.88

Figure 8 Inventory days of Maxis, Celcom, and Digi

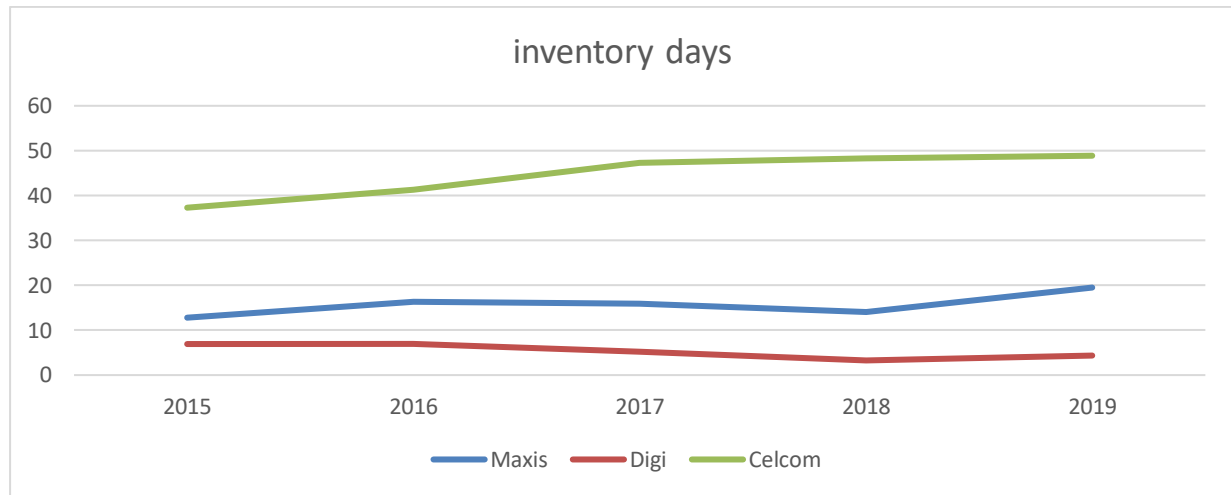


Table 9 Payable days of Maxis, Celcom and Digi

Payable Days	2015	2016	2017	2018	2019
Maxis	59.26	63.23	50.5	43.52	47
Digi	79.02	81.31	75.48	74.39	74.54
Celcom	36.91	52.6	56.24	51.01	45.76

Figure 9 Payable days of Maxis, Celcom and Digi

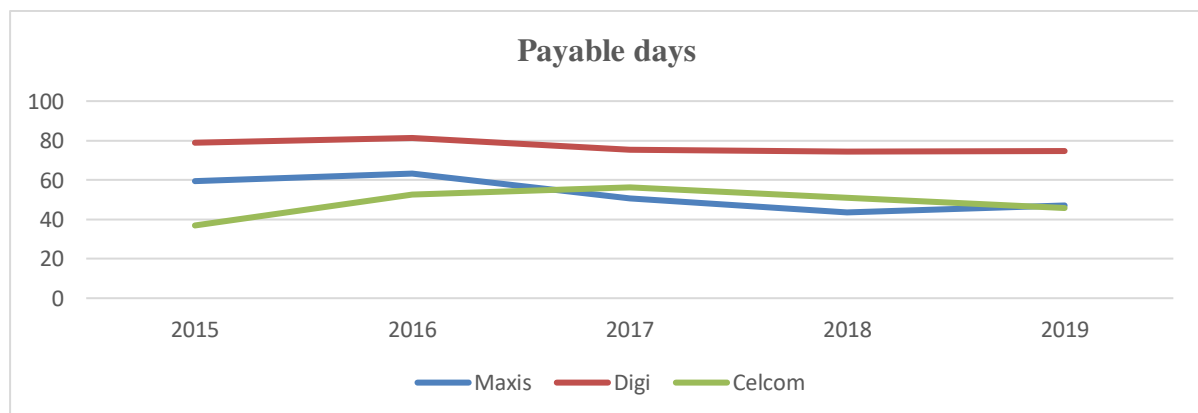


Table 7,8,9 and Figure 12,13, and 14 show efficiency ratios for the Maxis, Celcom and Digi for the year 2015 to 2019. There are three ratios are reported such as days sales outstanding, inventory days and payable days. Days sales outstanding indicate how much receivable remain dues in the market, inventory days implies the available inventory remain with the company unsolved for how many days and finally payable days shows how many days are taken to repay the liabilities. The lower the ratio the better for the company while the higher the ratio the more problem for the company. After reviewing the table and figure, it is shown that the efficiency ratios for Maxis are higher compared to their competitors that imply that the position of Maxis is not in a good position as all. Since they are not able to recover their dues shortly, do not pay liability shortly, and inventory left for more days with them. Based on the efficiency ratios, Maxis needs to redesign and take proper strategic decision.

3.2 Industry Specific Performance

3.2.1 ARPU

The average revenue per user (ARPU), sometimes known as average revenue per unit, is a measure used primarily by customers, defined as the total revenue divided by the number of subscribers (McCloughan, and Lyons, 2006).Following table shows 4 years ARPU for Maxis, Celcom and Digi.

Year	ARPU-2019		
	Maxis	Celcom	Digi
2016	39	43	36
2017	33	41	38
2018	32	45	33
2019	31.5	49	37

3.2.2 Churn rate

Churn rate is one kind of measurement of customers leaving the company in a specific given time. In a broader sense, in a year how many subscribers leaving Maxis that is called the Churn rate. This is the most important for the company since it provides a hint to the company to calculate their probable and potential customers for the particular time.

Therefore, the lower churn rate is better for the industry. Churn rate is an important factor in the telecommunications industry. In most areas, many of these companies compete, making it easy for people to transfer from one provider to another. (Dahiya, and Bhatia, 2015).

4.0 Limitation of Analysis

4.1 Limitation of Strategic Analysis

The main limitation of the PESTEL is that it does not take care of the capabilities and other resources of the company rather work as a macro-environmental analysis. PESTEL does not able to predict dynamic change of the business that can be changed in day. Therefore, taking corporate decision based on PESTEL, can be create problem depending on the time (Barney, 2001).

4.2 Limitation of Financial Analysis

Financial analysis is conducted based on the historical data and company take corporate decision based on that. Therefore, it may create problem if a company solely depend on the estimated financial ratio.

5.0 Conclusion and Recommendations

5.1 Conclusion

This analysis is conducted on the corporate strategy of Maxis as primary entity while Celcom and Digi are taken as comparing entities incorporated in Malaysia. Corporate strategy of the stated telecom companies is discussed based on financial and non-financial terms. Financial terms imply many performance indicators such as ARPU, Churn rate, and many others key performance indicators. Non-financial terms such as macro, micro, and capability analysis are reported and discussed. After reviewing financial terms, it is shown that Maxis has to take strong corporate strategy so that they can cope with their competitors and lead they as a market leader in the telecom industry. Therefore, they can be “always be ahead”.

5.2 Recommendations

Based on the conducted strategies and financial analysis, a number of recommendations are suggested to address the core issues faced by Maxis. In line with that, Ansoff model is used to favouring the options for Maxis to exploit the market need. The options would be further

evaluated by SAF matrix. Furthermore, some financial ratios would be used for further investigation of the Maxis.

5.3 Ansoff Matrix

Ansoff matrix is a market-based tools that give a hint to the Maxis related to the existing and new products (Alharbi, Dowling, and Bhatti, 2019).

Market	Existing	Market penetration	Product development
	New	Market development	Diversification
		Existing	New
		Products	

Figure 7.1: Maxis’s position in Ansoff model

Market penetration	Market penetration indicates current product of Maxis into the current market (Ansoff, 1957). The market leader Maxis Berhad held about 34 percent of the mobile telecommunications market revenue in Malaysia. It has several products and services that operated in whole Malaysia. For example, maxis post-paid and prepaid plan, post-paid share, data-pool, mobile internet add-on passes, voice and others, and other internet packages.														
Product development	Product development implies that newly launched products or services into the current market (Kukartsev, Fedorova, Tynchenko, Danilchenko, Ereemeev, and Boyko, 2019). It has brought changes its existing products into the new name.														
	<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="2">Maxis plans & services</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">MaxisONE Plan</td> <td style="text-align: center;">Maxis Postpaid</td> </tr> <tr> <td style="text-align: center;">MaxisONE Share</td> <td style="text-align: center;">Maxis Postpaid Share 48</td> </tr> <tr> <td style="text-align: center;">MaxisONE Home Fibre</td> <td style="text-align: center;">Maxis Fibre</td> </tr> <tr> <td style="text-align: center;">MaxisONE Home Voice</td> <td style="text-align: center;">Fibre - Voice</td> </tr> <tr> <td style="text-align: center;">MaxisONE Prime</td> <td style="text-align: center;">Maxis Unlimited Postpaid & Fibre</td> </tr> <tr> <td style="text-align: center;">MyMaxis App</td> <td style="text-align: center;">Maxis app</td> </tr> </tbody> </table>	Maxis plans & services		MaxisONE Plan	Maxis Postpaid	MaxisONE Share	Maxis Postpaid Share 48	MaxisONE Home Fibre	Maxis Fibre	MaxisONE Home Voice	Fibre - Voice	MaxisONE Prime	Maxis Unlimited Postpaid & Fibre	MyMaxis App	Maxis app
Maxis plans & services															
MaxisONE Plan	Maxis Postpaid														
MaxisONE Share	Maxis Postpaid Share 48														
MaxisONE Home Fibre	Maxis Fibre														
MaxisONE Home Voice	Fibre - Voice														
MaxisONE Prime	Maxis Unlimited Postpaid & Fibre														
MyMaxis App	Maxis app														

Market development	The marketing strategy that states that new market entrance with the existing products and services (Gruber, 2019). More specially Maxis provides the roaming facilities for users in the following countered of the world with the reasonable pricing. 1 day in ASEAN plus countries RM29, 7 days in ASEAN plus RM49, and 30 days in the world RM99.
Diversification	Diversification stage is the riskiest stage for the company. Since it introduces new products and services into new market (Lysek, 2019). Therefore, the level of risk is high. R&D of Maxis should more be proactive in terms of doing research for launching new products and services and for market as well.

5.4 Strategic evaluation of suitability, acceptability, and feasibility (SAF)

SAF supports an organization to assess its effectiveness on their selected strategy.

Suitability: Does proposed strategy address the key challenges and opportunities of Maxis?
Acceptability: Does proposed strategy meet the expectation of the stakeholders? Will stakeholder's reaction be positive? Is the level of risk and return acceptable?
Feasibility: Does proposed strategy workable? Can the strategy be financed? Do available resources like intellectual and human capital would be enough to operate the strategy?

Figure 7.2: Suitability, Acceptability, and feasibility

The decision criteria for selecting most probable strategy is given below.

Decision model		Strategies							
		Market Penetration		Product Development		Market Development		Diversification	
Criteria	weight	rating	score	rating	score	rating	score	rating	score
Suitability	4	3.24	12.96	3	12	2.4	9.6	2.9	11.6
Acceptability	3	3.2	9.6	2.5	7.5	2.7	8.1	2.85	8.55
Feasibility	3	3.3	9.9	3.15	9.45	3.7	11.1	3	9
Total	10	9.74	32.46	8.65	28.95	8.8	28.8	8.75	29.15

Table 7.1: decision criteria

Each of the strategies is rated based on the following guidelines. Score is the multiplication of the weight and rating.

Rating	Description
0	No fit
1	Low fit
2	Fit
3	Good fit
4	Excellent

Based on the calculation above, the most suitable, acceptable, and feasible strategy would be the market penetration that the highest rating of 9.74 out of 10.

5.5 Suitability

Factors/Sector	Environmental	Industry	Financial
Market growth	✓		✓
Increase revenue	✓	✓	✓
Country regulation	✓	✓	
Raw material cost	✓	✓	✓
<i>Suitability scoring</i>	4/4	3/4	3/4

Selected factors such as market growth, revenue, regulation, and raw material cost are reported in the above table. The highest scoring indicates the highest suitability.

5.6 Acceptability

Acceptability assessment explains whether the approach create value or create impact from financial and stakeholders' perfectives.

Stakeholders	Market expansion strategy is accepted by the stockholders of Maxis. Stakeholders such as employees, customers, suppliers, shareholders, and government. Employees play important role by providing services to the customers. Without the help of the employees, Maxis cannot be proceeded with the motto of “Always be ahead”. Customers are blood of any organization. Therefore, Maxis should be careful to provide good services to its customers(Senaratne, and Wijesiri, 2008)
Financial	Financial analyst should be proactive for predicting sales volume along with the adopted market strategy. If we see the ROA of Maxis, it is shows that ROA is increasingly increase in concessive yeas. For example, 2.6%, 2.78%, 3.56%, and 3.88% for the 2016,2017,2018 and 2019, respectively. ROA shows increasing trend throughout the years, this shows that market penetration strategy is doing best(Senaratne, and Wijesiri, 2008).

5.7 Feasibility

Feasibility approach can be appreciated using the 5m factors such as money, manpower, market, material, and make up. Details are given below

Factors	Description
Money	Net margin and ROA of Maxis shows positive and continuous growth throughout the year from 2016 to 2019. Sufficient money will be helpful for company since it can make budget for several department like R&D, HR, customers service etc. specially R&D is the most important department since it analyses the potentiality of market (e.g., customers, & their demand) and demandable products.
Manpower	Manpower implies whole team of the Maxis. Successful outcome of the adopted strategy depends also on the manpower.Their role and responsibility cannot be denied in achieving goal of the company.

Market	As reported earlier, market penetration strategy is the most potential strategy for Maxis. Since this strategy combine existing products and existing market.
Materials	Material implies raw inputs that are used in products. Its totally depend on the suppliers. Therefore, to achieve success and goal in the competitive market is also largely depend on the reliable suppliers.
Make up	Make – up implies the integration of several factors such as family, environment, culture those create value for the Maxis. The important of the integration of others factor cannot be denied.

5m feasibility assessment of Maxis

6.0 Recommendation Modelling

The recommendation modelling formulates scenario forecasting for Maxis’s market penetration strategy. The scenario forecasting is separated into three sub-scenario such as best, moderate, and worst case. This modelling will show costs, benefits, timescale, and resources implication for Maxis. The discussion is in line with the suitability, acceptability and feasibility

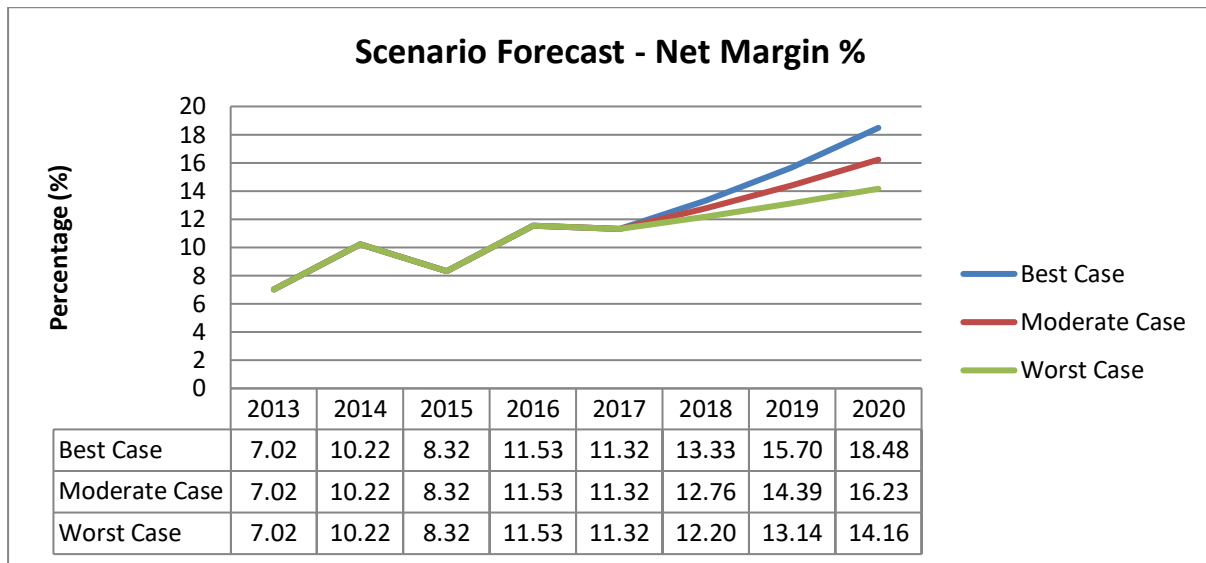
		PAST TREND AREA PAST 5 -YEAR									
SL	FINANCIAL INDICATORS	2015	% Change	2016	% Change	2017	% Change	2018	% Change	2019	Av. % Change
1	Net Margin %	7.02	45.58	10.22	-18.59	8.32	38.58	11.53	-1.82	11.32	12.75
2	Return on Assets %	8.8	45.68	12.82	-26.13	9.47	45.41	13.77	-4.79	13.11	12.03
3	Return on Invested Capital %	12.61	43.54	18.1	-27.35	13.15	41.75	18.64	-6.38	17.45	10.31
4	Current Ratio	1.58	-2.53	1.54	4.55	1.61	15.53	1.86	16.13	2.16	6.73
5	Quick Ratio	1.21	-8.26	1.11	5.41	1.17	14.53	1.34	20.15	1.61	6.36
6	Financial Leverage	1.62	-3.09	1.57	1.91	1.6	-3.13	1.55	-4.52	1.48	-1.76
7	Days Sales Outstanding	42.63	13.79	48.51	3.65	50.28	-8.25	46.13	-5.64	43.53	0.71
8	Days Inventory	37.3	10.59	41.25	14.74	47.33	1.88	48.22	1.37	48.88	5.72
9	Payables Period	36.91	42.51	52.6	6.92	56.24	-9.30	51.01	-10.29	45.76	5.97

Table 7.2:Trend modelling for Maxis

Market Penetration Scenario Forecasting											
Best Case - 5% Over Past Trend				Moderate Case - Maintain Trend				Worst Case - 5% Below Trend			
5% + Trend	2020	2021	2021	Keep Trend	2020	2021	2021	5% Below Trend	2020	2021	2021
17.75	13.33	15.70	18.48	12.75	12.76	14.39	16.23	7.75	12.20	13.14	14.16
17.03	15.34	17.96	21.01	12.03	14.69	16.45	18.43	7.03	14.03	15.02	16.08
15.31	20.12	23.20	26.75	10.31	19.25	21.23	23.42	5.31	18.38	19.35	20.38
11.73	2.41	2.70	3.01	6.73	2.31	2.46	2.63	1.73	2.20	2.24	2.27
11.36	1.79	2.00	2.22	6.36	1.71	1.82	1.94	1.36	1.63	1.65	1.68
3.24	1.53	1.58	1.63	-1.76	1.45	1.43	1.40	-6.76	1.38	1.29	1.20
5.71	46.02	48.64	51.42	0.71	43.84	44.15	44.46	-4.29	41.66	39.88	38.17
10.72	54.12	59.92	66.34	5.72	51.67	54.63	57.75	0.72	49.23	49.58	49.94
10.97	50.78	56.35	62.53	5.97	48.49	51.38	54.45	0.97	46.20	46.65	47.10

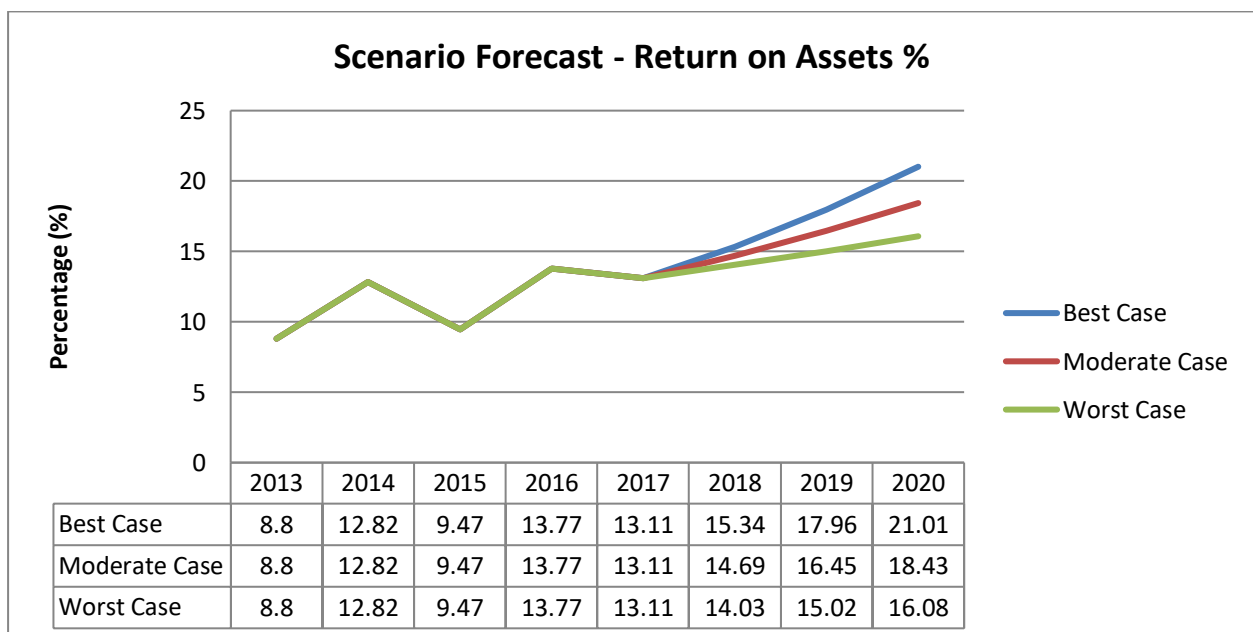
Table 7.3: Scenario forecasting for the strategy of market penetration

6.1 Future Trend Analysis



Graph 7.1: scenario forecasting for the net profit margin (%)

Above graph 7.1 shows scenario forecasting for the net margin for the 8 years based on best, moderate, and worst case. The values are the almost same until 2017 but 2018 onward, the values changes.



Graph 7.2: scenario forecasting for the return on asset (ROA) (%)

Graph 7.2 shows the scenario forecasting for the return on asset (ROA) for 8 years based on the best, moderate, and worst case.

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