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TELUS

THE FINANCIAL PROPOSAL

FIN 1200 INTERNATIONAL FINANCE- PART 1

Contents

[COMPANY OVERVIEW 2](#_Toc361318574)

[Product Description 2](#_Toc361318575)

[TELUS Company objectives for growth 3](#_Toc361318576)

[MARKETING PLAN 3](#_Toc361318577)

[Target market 3](#_Toc361318578)

[Major market trend 4](#_Toc361318579)

[Market Overview 4](#_Toc361318580)

[Market Entry Strategy 4](#_Toc361318581)

[Market Competitive Analysis 4](#_Toc361318582)

[MARKET STRATEGY 5](#_Toc361318583)

[Price 5](#_Toc361318584)

[Promotion 5](#_Toc361318585)

[Product and Distribution 5](#_Toc361318586)

[APPENDICES 6](#_Toc361318587)

[Appendix 1 6](#_Toc361318588)

[Appendix 2 7](#_Toc361318589)

[BIBLIOGRAPHY 8](#_Toc361318590)

# COMPANY OVERVIEW

TELUS Corporation was formed through a merger of two telecommunication companies being TELUS and BC telecom in 1999 and in that same year these two above mentioned companies were incorporated as BCT. A rein corporation took place in 2000 and result in the name of TELUS Corporation which is still its namesake TELUS Corporation is a Canadian telecommunications company that is headquartered in Vancouver, British Columbia. TELUS Corporation provides wireline and wireless telecommunication products and services that include internet protocol (IP), data, voice, video and entertainment. TELUS primarily operates in Canada and employs over 40,100 people as at the end of December 2011.TELUS also has an International leg in its operations. TELUS has presence in the following countries; US, Guatemala, El-Salvador, Singapore and Philippines.

In 2001, TELUS acquired Columbus Group, NWD system, Argana Technologies, PSINET, the outsourcing division of rebel division (UNIX), William communications Canada and Daedalian e-solutions for bolstering its line of focus on the IP and nationwide data growth. TELUS acquired 20.5% stake from Verizon communications in 2004. TELUS also entered into an agreement with Twentieth Century Fox to offer Fox movies on the TELUS TV which was worth a whopping $39.5 million in 2006. However, in 2008 TELUS successfully became the frontrunner Canadian Telecommunications company to attain the Cisco Tele presence authorized technology provider and Tele presence connection certification. In March 2012, TELUS announced a $3 billion for advanced technologies in the province of British Columbia for the next three years Health Solutions. The above mentioned are TELUS achievements over the years to mention but a few.

TELUS Revenues as at the end of 2011(Appendix 1)

## Product Description

TELUS is one of Canada‘s largest telecommunications companies that provides a broad range of telecommunication services and products. TELUS Corporation is the largest incumbent telecommunications provider in Western Canada. TELUS provides IP, data voice and wireless services to Eastern and Central Canada. In the year ending 2011 TELUS had more than 7.3million wireless subscribers, 1.3 million million internet subscribers, 3.6 million network access lines and 509.000 television subscribers. TELUS operates in two business segments wireline and wireless. TELUS wireless segment offers sophisticated digital integrated wireless voice and data services on the nationwide wireless networks. TELUS operates from coast to coast its fourth generation (4G) network which has evolved (HSPA) high speed packet access, 4G long term evolution (LTE), Code Division multiple accesses (CDMA) and the integrated digital enhanced network (DEN) network technology. TELUS has offerings in leading mobile internet keys, mobile wireless fidelity (Wi Fi) devices, tablets and smartphones. In the wireless segment TELUS also offers digital voice, Pay and Talk prepaid services, International roaming to more than 200 countries in the world. Wireless data services include social networking; web browsing, messaging that includes video, text and pictures, Video on demand (VOD) and TELUS mobile TV. TELUS also has partnerships with some of the popular services like Radio and Skype. The wireless segment of TELUS is a well-established local exchange carrier in the provinces of Alberta, Eastern Quebec and British Columbia. The wireless segment here offers the following products to consumers; internet access, residential phones, television and entertainment services. TELUS also offers information technology solutions and telecommunications for both small and large businesses which include video, IP, voice; data managed solutions and contact centers outsourcing solutions for local and international domestic businesses.

TELUS also offers video conferencing through multiple equipment and various application solutions that support meetings using video, the phone or the internet. TELUS contact centre has outsourcing solutions that have management solutions that are offered throughout North America, Central America and Asia through TELUS International. TELUS also offers managed Information Technology solutions and hosting. Lastly TELUS offers claims management solutions, hospital-to-home technology, electronic health records, and access to essential drugs and medical information through the TELUS Health Solutions.

## TELUS Company objectives for growth

* Proving solutions that are integrated and differentiate TELUS from our competitors
* Building nationwide capabilities for IP, data and wireless
* Putting all focus on the markets of growth IP, data and wireless
* Entering the market as a unit with one common brand and executing one strategy
* Investing in our internal human capital to build a culture of high performance and operations that are efficient.

# MARKETING PLAN

## Target market

Telecommunication is among the fastest growing industry sectors in South Africa. The country economy is totally driven by huge industrial growth in mobile network and broadband space. The South African telecommunication market is likely to keep the growth rate in the years ahead as it has had an increased penetration of various telephone spectrums; 151% for mobile phone, 7.8 % for fixed telephone and 28% for internet phone. The four major network produce in South Africa , Vodacom, MTN, Cell C and Telecom SA and they are on serious competition in the fast paced moving technologically advanced telecom market. The country is the first African country to have moved to the trend of 4G/HSPA mobile broad band services as well as commercial LTE and WiMAX.

South Africa telecom market has also branched into fixed wireless service that will ensure improvement in broad band service, fibre optic backbone network and international fibre optic connectivity, a new network technology that facilitates 3G and 4 network services around the world.

South Africa also has the best internet broadband market in Africa. It is current making improvement by allowing interests into the telecom industry in order to reduce the dominance of other public and private telecom companies in the broadband and bandwidth metric. They have encouraged the convergence of other companies that produced broad band internet and mobile telephone to have license for operations.

## Major market trend

The South African market is also following the trends as the telecom regulators as shaping the market with new telecom, mobile trends WiMax and LTE spectrum and digital spectrum. The country is also expanding Unbundling of Local Loop (ULL) that would help to improve robust mobile network and broadband as well as internet telephone. These are trends TELUS Telecom will capitalise on in the new market.

## Market Overview

South Africa economy started the leadership position in country’s post-apartheid era. The country has stayed strong on its feet after global economic meltdown largely as a result of strong fiscal and monetary policies. South Africa’s pole position as the biggest economy in Africa is made possible as a result of stable political system, abundant natural and human resources, good banking system, strong research and development capabilities as well as well-developed regulatory system and huge manufacturing base. The country economic growth prospect became brighter after it was admitted in BRIC group of economic power of Brazil, Russia, India and China and South Africa in 2011. The country continues to develop a system market that has a class legal system, well-organised labour and maritime laws, and strong intellectual property monitoring system as well as world-class business norm and standards. Diversity and growth is also spun by consistent foreign direct investment, strong economic policies that reflect so well on its GDP figures and increase in government industrial development and social service.

## Market Entry Strategy

South Africa remains the biggest and most advanced telecom market in Africa. Key indicators show South Africa has the most competitive telecom, IT and digital infrastructure in Africa. TELUS Telecoms will take cognizance of the fact that South African Telecom market is so competitive and maintain its high end products and services. However, TELUS will open a branch office in South Africa to be able to compete with the four major telecom giants in South Africa; MTN, Vodacom, Telkom and Cell C.

## Market Competitive Analysis

Vodacom is the largest telecom company in South Africa and it currently has 58% share of the market with 23million subscribers. Vodacom South Africa is a subsidiary of Vodacom United Kingdom. Vodacom South Africa made whooping R6billion revenue in 2010 and has continued to increase its market share as a result of good competitive pricing and promotional strategies

MTN is the second largest telecom market in South Africa. The company is presently in over 22 countries of Africa and Middle East and boast of more than 170million subscriber worldwide. MTN growth is spun by the huge return on investment in Nigeria. MTN currently controls a little above 33% of South African telecom market with over 17million subscribers.

Telkom is partly owned by South African Government and is the third largest telecom company in South Africa. The Company is present in 38 countries of Africa. Founded in 1991 and has measured a very rapid growth as a result of booming South African Telecom market. The company made revenue of $4Billion in 2011. It controls 5% of South African Telecom market

In as much the country is fast enough in responding to market trends, none of the major telecom operator in South Africa has rolled out the current broadband and mobile telecom trends; WiMax 4G and LTE spectrums for broadband internet and fixed wireless connections and that will be an advantage for TELUS Telecoms.

# MARKET STRATEGY

## Price

TELUS Telecoms provides wide range of telecommunication services across Canada and offers very competitive customer retaining prices in the products it offers to the customers. The strategy for growth and passion to initiate opportunity will be vital in South African market. TELUS will continue to offer the best competitive product prices in South Africa by focusing on its customer friendly strategies and resource development for its core business. This will be seen by its capabilities of maintaining product value for its prices

## Promotion

Product promotion strategies will be the most effective way TELUS will penetrate the new market. After initial product launch, TELUS will consider loyalty program promotional activities in South Africa. The company can retain customers and a good market share by offering “buy one get one free” to customers. TELUS can also consider a free gift with any purchases made by customers. They can offer giving out brand labelled T-Shirts, Towels, USB Drive, writing materials to customers as a way of encouraging them to buy more. The company can also participate in other promotions like holding contests, free product samples, free internet installations and services in the new market. Similarly, TELUS can participate in industry trade shows in South Africa as a way of creating product awareness in the sector.

## Product and Distribution

TELUS offers wide range of product and services in Canada. Those exceptional products and services help it maintain a wide competitive advantage in the Canadian market. TELUS Telecom will offer four major product and services in South Africa; Mobile Telephony, WiMax 4G fixed wireless, Internet TV services and LTE/4G high speed internet services. The products will cut across the market trend and potential client’s telecom requirements.

Due to the customer oriented service telecom product requirements, TELUS strategy for sale will be setting up a branch office in South Africa and appoint direct sales agents who will facilitate easy product promotion and easy customer reach however, setting up easy customer product and service response. This strategy will help to get easy feedback from customers to know what the market need.

# APPENDICES

## Appendix 1

**Major Products and Services TELUS**

|  |  |
| --- | --- |
| **Personal** | **Business** |
| Wireless and wire-line voice | Voice |
| Internet | Mobility |
| Satellite Television | Security |
| Data Devices | Cloud Services |
| Smartphones | Call centres |
| Wireless and connect Cards | Internet Data Services |
| Local and Long distance service | Conferencing and collaboration |
| Call management Services | Webhosting |
| Internet Television | Camp-in-a-Box |
|  | Mike in the sands |
|  | Customer Contact Options |
|  | Health Claims management |
|  | Electronic Health records |
|  | Channel Solutions |
|  | Workforce and process Solutions |
|  | Fleet Management Solutions |
|  | Dispatch and delivery Solutions |
|  | Managed IT services |
|  | Contact center and BPO |
|  | Operator Services |
|  | Hosted unified communications |
|  | Security and Risk management |
|  | Carrier Ethernet services |
|  | IP Solutions |
|  | Internetworking |

## Appendix 2

|  |  |  |
| --- | --- | --- |
| **Financials** | **2011** | **% increase since 2010** |
| Revenues | C$ 10,397 | 6,2 % |
| Operating Profit | C$ 1,968 million | 3,1 % |
| Net operating Profit | C$ 1,219 million | 16,3% |

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