
A REVIEW STUDY OF DIGI STRATEGIC POSITIONING IN CONFRONTATION OF DISRUPTIVE TECHNOLOGY

Laith Ali Zgair Gharan

Technical College Al-Mussaib, Al-Furat Al-Awsat Technical University, (ATU) Iraq

Email: laith.zgar@atu.edu.iq

Baraa Shaalan Amir

Technical College Al-Mussaib, AL-Furat Al-Awsat Technical University (ATU) Iraq

Email: baraashaalan.tcm@atu.edu.iq

Oday Lateef Mahmood

Technical College Al-Mussaib, Al-Furat Al-Awsat Technical University, (ATU) Iraq

Email: oday.mahmood@atu.edu.iq

Abstract

The introduction of new technology is considered disruptive when technology changes the market structure and the ways that the business operates. Smartphone and its associated technology such as Apps have disrupted the communication industry. Telecommunication companies have to response to this challenge and reposition themselves to gain competitive advantage. The aim of this study is to identify the way that DiGi Company responded to the disruptive technology of the smartphone and its application. The study reviewed the literature to find the responses of disruptive technology. Further, the paper reviewed the profile of the company and based on that, the paper derived the findings of the study. The findings show that DiGi has responded professionally and reposition itself to maintain its revenue and to survive and thrive. Discussion of the findings and recommendations are given.

Introduction

In this very dynamic environment, the rate of Innovation is accelerating very fast. It is believed that in every eight hours, there will be innovation in the world. However, some of the innovations can be a disruptive technology. An innovation is considered as disruptive if it changes product mainstream that the customers are using. However, radical innovation is dependent on the level of changes that innovation causes in current technology and the innovative technology (Govindarajan and Kopalle 2006). For example, the introduction of high-speed internet services is considered as a disruptive technology compared with dial up technology. In the same token, if a new DSL technology is introduced and it is twice as fast as the current one twice, then it is considered as a radical technology. The introduction of smartphones and the associated application can be a disruptive technology for telecommunication companies including DiGi. These technologies have eliminated the need for using the network for local and international call and the revenues of these companies are

affected greatly. DiGi as a telecommunication company provides network communication and depend heavily on the amount of the calls that customers make to improve their revenue has been affected greatly by the disruptive technology of smartphone and the application (apps) such as those which enable local and international calls.

In general overview of the Malaysian market, it can be seen that the market is highly competitive. Before liberalizing the market of communication, Telekom Malaysian (TM) had virtual monopoly on telecommunication services in Malaysia. However, in the recent years, the government of Malaysia has made many steps to liberalize the market and introduced managed competition in the telecommunication industry by awarding various telecommunication licenses for companies. Until the date of writing this paper, the government has awarded eight mobile companies to operate in Malaysia. DiGi's competitors in this segment are Celcom, Telekom Malaysia (through its TMTouch, Motion and ATUR brands), Maxis, TIME, and U-mobile. These companies are suffering from the customers' shift toward using the internet to conduct their calls locally and internationally. The introduction of an application that facilitates making calls from phone to phone is a disruptive technology of the business of DIGI. Responding to this threat in strategic ways is important for the company's survival. This paper investigates the impact of disruptive technology on the business of DIGI and how DIGI can respond to this challenge.

The paper is divided into many sections. These sections cover the introduction of the topic along with the importance and the objectives of the paper. Next, the paper reviews literature related to disruptive technology. After that, the paper presents the profile of DiGi. This is followed by the research methodology, findings, and recommendation. In the last part, the paper presents the conclusion of the study.

1. Literature Review

The service market can be fundamentally changed by the introduction of new technology. This argument is supported by many examples. The introduction of online services and its related applications has changed the way businesses conduct. Investors were able to conduct investment and check these investments online during the 1990s. This has resulted in an increase in the number of customers along with the competitors. As a result, the overview for disrupting technologies don't only change the behaviors of customer but also change a role of the markets leaders and the main players. This has resulted in positioning battles among market leaders with technology play the main roles of placement strategies. Many scholars have attempted to investigate innovation in e.g., Adner 2003; Govindarajan and Kopalle 2006) and positions measurements and representations (e.g., Carroll and Green 1997), positioning research that discourses the exclusive perspective of an exist services markets respecting the outline of significands novel knowledge is surprisingly limited.

The new technology can be used by service companies such as DiGi for two main purposes. The first purpose is to gain competitive advantages by employing technology to enhance the excellence of product and services and ultimately the offering with low cost or higher quality. Secondly is to differentiate their services and products from others by inserting values into the existing service (Fleming, 2002). Automating the process by introducing self-services such as the concept of "do-it-self-assembly" (DIY) services option has tremendous effect on

the services variation that offered by services firms include retailers and banking and educations (Bitner et al. 2000; Meuter et al. 2003). There are many usages of technology, the most obvious one is the use of technology to direct interactions with customers. However, firms are using technology for other purposes almost cover all the value chain processes. This includes the use of technology for monitoring and improving backstage service processes. In addition to providing the employees with tools that can result in improvement in their performance. All these usages can result ultimately in competitive advantages for those firms that are using these technologies.

The introduction of new technology is potentially able to disrupt the existing services market in a number of ways. The new technology disrupts the processes, procedures, and results in a competitive advantage and massive gains for the first adopters. In order for firms to achieve competitive advantage over the new disruptive technology, they must fully understand the current market structure and the changes that might occur to the existing structure. Parasuraman and Grewal (2000), have conceptualized the possible interactions that are involving in service. Marketing captures the influence of new knowledge on current services activity structures. Another study conducted by Penaeids (2006) showed that technical innovation could be used for enhancing products offering in a financial values service context. Nevertheless, technologies need not just the only options to effectiveness products position. Incumbents have unusually challenging decisions to make then, by definition, a disrupting technology will not appeal for its existing customer and would usually be more appropriate for low margin customers (Christensen and Overdorf 2000).

Innovation does not stop. Technology will evolve in daily basis. Companies must be ready, expect the changes, and behave accordingly to stay competitive.

2. Company Profile

The year 1995 has witnessed the introduction cellular network. The first company to offer these services is DiGi. The company is the leader in mobile telecommunication in the country. It has owned by Telenor ASA of Norway with 49 percent. The company annual report for the year 2013 has shown that the company has made a profit of RM 1.3 billion. DiGi is described by offering a comprehensive rate of reasonable yet appropriate and easy for usage services. This service is provided to enhance the life cycle of customers and provide them with technologies that are easy and cheap. The company creates values for its customers by enabling them to use the most innovative technology, which provides them with many benefits. DiGi is registered on the primary board of Bursa Malaysia Securities Berhad the recent share value of DiGi is almost RM 28.60 per share. DiGi has been awarded two merit awards in the better innovations and the better all winners in Community and Social Responsibility classifications in the year 2007. in the year 2009, DiGi has recognize with Wall Street Journal Asia as Malaysia's greatest respected corporation innovations for third year competing. Also, that, Asia 200 very appreciated firms' analysis and named DiGi number three in all rank of Malaysia's best 10 firms. DiGi vision is to be seen as stars in outstanding customers suffer and the mission is each day we go the extra mile, in a small and big way, to go beyond our purchasers' prospect (DiGi annual report, 2010). Nevertheless,

this mission and vision were changed over newly as a response to the present and natural environment.

Through bringing mobile and network service that are complete for customer type it most easy and offering a best contract. DiGi attitude for company duties is to determine sustainability to all aspects of the organizations in a accountable method and this include covering the assistances of their commercial to the several as possible. DiGi mostly provides a variation of mobile communications services, which includes prepaid and postpaid strategies. DiGi also provides networks services, called broadband. The prices for their pay in advance are RM 8 to RM 30, which is contingent on the changed package. For the postpaid strategy DiGi also derives available and limited plans to meeting another customers' requirements. DiGi customers are at a rate of 15- to 65-year-old people.

The six years DiGi's income has additional than doubled to around RM 6 billion with a subscriber base of 7.7 million. DiGi focuses on making it easy, keeping it relevant and providing the best deal to confirm outstanding consumer skills in mobile and networked services. DiGi is the most modern 3G broadband provider investing in the latest High-Speed Packet Access (HSPA) technology to be the first in Malaysia to deploy a 14.4 Mbps network. The company attendance as a leader in postpaid service that resulted in the numbers of first that have set manufacturing benchmark to simplicity and improvement. These customized and variable services are offered below DiGi Prepaid product names. DiGi's prepaid service below DiGi Prepaid and DiGi Commercial delivers an excellent voice as well as value adder mobile contents and information service to workers and commercial consumers. Complete it is company proposal, Deep Green, DiGi is committed to a maintainable corporation that led to economic and environmental reliability to all participants.

However, since 2007, DiGi has been facing a decrease in income and revenue progress amount and reduction in the benefit to the year 2009. At the conclusion of the year 2006, DiGi meet concentrated contributor and raising of purchasers require to best outcome and service and fluctuating guiding pounded (DiGi Annual report, 2007). Then, a decrease in their income outstanding to the improved traffic and association operational cost as mobiles net expansions cost and highest allowances to doubtful debt due to economic factors (DiGi Annual Report 2009). DiGi center of operations is placed at House, Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor. DiGi has also allocated twenty Branche of DiGi center over national.

3.1 Vision and Mission

An observer for the vision statement would see that the vision has changed to match the change in the workplace. DiGi currently focus on the internet and services associated with the internet. In its annual report of 2013, the firm has stated its vision as "We have a vision of being a firm that is continuously Change the Game. We do this by always aggressively the limitations, define a new standard and ensure constant improvement in all shares of our corporation.

The task announcement of the company we distribute Internet for All parts of our commitments to structure a connected Malaysia empowering access to mobile internet

service and application by offered customer the true combinations of device price valuing, and the better use practice of mobile internet.

3.2 Value of the Company

The charge of the firm can be summarized as follows: (1) The company takes proprietary to delivering the goals and duties, and pride itself to driving excellence everything's that it's does; (2) The corporation aims to simplicity in the ways it works and in subscription product and service that are easy for appreciate and easy to using; (3) The corporation is openminded and proficient in it is conducts, and appreciate difference in culture, opinion and outlook (4) The company bring passion, energy and creativity into everything's it does and make all efforts to continually drives changes and continuous improvements.

3. Research Methodology

This study follows a quantitative approach. The study employs the company Digi as a case study to find its response toward the disruptive technology. Related articles that have investigated disruptive technology were investigated. The findings are derived from the literature and the company case.

4. Findings and Recommendation

Telecommunication and wireless connection are very competitive industries. The revenue of the industry is dependent on the calls that the customers make. Due to the disruptive technology where customers can make calls to others without using the network of mobile providers such as DiGi, the risk is very high that the customers will not top up as they used to do. Currently customers can call using Viber or WhatsApp. These applications are costless therefore, Therefore, to sustain in these communications industries, company administration of DiGi should reorganizing the idea of its organization and apply those related diversifications to their expansion strategies. DiGi should identify and make a new segmentation in commercial to corporation (B2B) markets and maintain its low-end markets to present and regular customers. This is why if DiGi just targets its existing purchaser. DiGi will be incompetent to control high price comparability to the B2B markets. Then, by the investments DiGi has madden, DiGi is able to provide its B2B markets such as commercial and SMEs buyer with excellence of service. At the similar time, DiGi also able to provided its recent customers with good quality of service based on their new knowledge of investments. As a product of division and targets, DiGi able to provide different services to different markets to suit their customer requirements and needs. Finally, all B2C and B2B markets will allow DiGi to increase more market share and income.

A company has responded in perfect way and rides the waves of the internet to survive and thrive. The response is clear in its mission and vision statement where a great deal has been paid to the internet and its application. The company currently depends on the package to generate revenues.

Many recommendations can be provided to DiGi to improve or strengthen its position and satisfy its customers better. These can be as follows:

- The company has to bring in and recruit new talented human resources. And invest heavily in training programs.
- The health, safety, security program of DiGi can be improved by focusing more on this new investment and environment assurance program.
- The company has to decrease its dependence on approach distribution with application makers.
- Improve and increase efficiency and capacity of base station.
- more improvement for the services of customer and customer support in addition to improvement of the company internet site, FAQ, countrywide center, expert store, service counter, dealer.
- Growth more dimensions in their major markets share especially municipal parts.
- Set up own R & D centers and developer programs to support and provide best values added services to DiGi user.
- Accelerate its broadband coverage to all Malaysia.
- Set up a reward structure and inspire user's referral database.
- Intensifications extra E-commerce services, e.g, auto reloads online pay etc.
- Additional advertise awareness to acquire and raise customer base.
- Offer new amount package.
- Aggressively promote push sales of Smartphone example I-phone and so on.
- To sponsor charitable, social events such as educational program to strengthen DiGi brand in the Malaysian market.

Finally, the company has to form a joint project with mobiles phone vendors to include the newest technology in terms of functionality or games, educational application to be the first movers in the this very competitive industry.

Conclusion

The aim of this paper is to identify the influence of disruptive technology on the position of DiGi as a leader of telecommunication industry in Malaysia. The paper also aimed to find possible responses for disruptive technology. With discussion in this paper, the evidence for propose that plan, principally in company levels plays a significant roles in an company success story or breakdown. Appropriate strategies don't talent to capacity the effective of an organization; they are dependent on the way the strategies being carried out and the uncontainable outside the environments. Thus, respectable strategies would be employed in the strategies by the cooperations between workers and an often inspection to make modifications and variation to learn the activities in strategy instead of keep the strategy on track. In conclusion, DiGi has a good strategy for their cost management and variation in their better purchaser services and brand price; the success of DiGi that will depend upon the way DiGi instrument their strategy and inspections to the strategy.

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