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Prepared by: Chew Hin Ban
(CGA97020)

Supervised by: Dr. Ainin Sulaiman

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EXECUTIVE SUMMARY

This paper studies the evolution of telecommunication industry in a global perspective and discusses the impacts of the evolution on a public telecommunications operator (PTO) and an equipment manufacturer (vendor). Telekom Malaysia is chosen as the PTO while Lucent Technologies is selected as the vendor.

The discussion on the telecommunications evolution is focused on three main sections: telecommunications economy, telecommunications services, and telecommunications technologies. For each section the market/business trends and its implications on a Public Telephone Operator (PTO) and on equipment vendor are described. Organisation’s reactions to the impacts and the comments of other industry analyst are discussed when possible. These would present a more objective views of the new development in telecommunications industry.

On the telecommunications economy, the paper first discusses the industrial structure of the telecommunications industry and its environment follow by the telecommunications policy and regulation. The paper then explain the telecommunications costs structure and service prices. On the second section on telecommunications services, current situations and future development will be discussed. The market trends based on residential and business customers’ demand on various telecommunications services are presented. The paper will also describe the impact of these trends on the PTO and vendor. In the third section, the paper describes the new technological break through in telecommunications industry. The latest development in the telecommunications technology and how these affect PTO and vendors are analysed.

In the last section, this paper recommends the actions that should be taken by Telekom Malaysia and Lucent Technologies in facing the evolution in the telecommunications industry.
# Evolution in Telecommunications Industry

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