

Management Summary

With the exponential raising of new technologies, the commoditization of services provided by telecom companies is increasing. The intense competition in the quadruple-play B2C market forces the profit margins to shrink, and the whole industry remains stuck in a low-growth trend.

Hence, Telco's have to take a strategic turn and reconsider their positioning, to diversify their portfolio and build new alliances to face the current challenges of the industry, thus to avoid becoming just simple data transporter in the digital era. This is especially true in the B2B segment, which is considered as a growth factor for most of the telecommunication companies, in addition to being a significant driver to compensate for the revenue erosion resulting from the B2C segment.

The B2B segment is confronted with the same challenges, where the traditional corporate connectivity, voice, and internet services are facing intense price pressure. The rising importance of ICT within the companies' strategies and the business expectations about new technologies tend to scale down the connectivity services to a commodity.

This is no exception for UPC Business, which is currently seeking to add new innovative ICT products and managed services to its portfolio, in order to balance the revenue erosion and, thus, pursue its exceptional growth from previous years.

The aim of this thesis is to help UPC Business to overcome these challenges. Based on a strategic analysis of the external and internal environment of the company, strategic options are discussed and further developed in a new business model for UPC Business. Finally, some strategic recommendations are addressed to the senior management: Develop people, improve operations, consolidate portfolio and establish an ICT partner ecosystem.

Following these recommendations UPC Business might reach a significant competitive advantage and become a serious player in the Swiss ICT market.

Table of contents

Acknowledgments.....	II
Management Summary.....	III
Management Summary (FR).....	IV
Management Summary (DE).....	V
Table of Contents.....	VI
List of Figures.....	IX
List of Tables.....	X
Abbreviations.....	XI
1 Introduction.....	13
1.1 Current Situation.....	13
1.2 Problem Statement.....	14
1.3 Research Objectives.....	14
1.4 Scope and Limitations of the Thesis.....	15
1.5 Structure of the Research Paper.....	15
2 Telecommunication & ICT Industries in Switzerland.....	17
2.1 Telecommunication Evolution.....	17
2.1.1 Market Liberalization.....	17
2.1.2 From the Market Liberalization until today.....	19
2.1.3 Opportunities and Threats.....	26
2.2 ICT Industry.....	28
2.2.1 Change in the Profession.....	28
2.2.2 Outsourcing of IT activities and Managed services.....	29
2.2.3 Opportunities and Threats.....	30
2.3 Competitive Analysis.....	31
2.3.1 Main Telecommunication Providers.....	32

2.3.2	Competitive Landscape	32
2.3.3	Competitor Scorecard	33
2.4	Intermediate Results	34
3	Presentation of the Company	35
3.1	Liberty Global	35
3.2	UPC Switzerland	36
3.2.1	Main Activities	36
3.2.2	Organizational Structure.....	37
3.2.3	Figures and Challenges.....	37
3.3	UPC Business	39
3.3.1	Main Activities and Portfolio.....	39
3.3.2	Customer Segmentation	39
3.3.3	Figures and Challenges.....	40
3.3.4	Opportunities for UPC Business	41
3.4	Intermediate Results	43
4	Methodology	44
4.1	Data Collection and Analysis	44
4.1.1	Desk Research.....	44
4.1.2	Field Research	46
4.1.3	Data Analysis	48
4.2	Strategic Analysis.....	49
4.2.1	External Environment	49
4.2.2	Internal Situation	58
4.2.3	SWOT Analysis.....	63
4.3	Business Model Canvas.....	66
4.4	Research Strategy.....	70
4.5	Intermediate Results	71

5	Strategic Analysis of UPC Business	72
5.1	External Environment	72
5.1.1	Porter's Five Forces	72
5.1.2	PESTEL Analysis.....	78
5.2	Internal Situation	86
5.2.1	Value Chain Analysis.....	86
5.3	Summary of External and Internal Environment Analysis.....	95
5.3.1	Classification and Selection Process.....	95
5.3.2	List of external Opportunities and Threats	97
5.3.3	List of internal Strengths and Weaknesses	100
5.4	SWOT Analysis	103
5.5	Strategic Options.....	104
5.5.1	Types of Strategies	104
5.5.2	TOWS Matrix.....	105
5.5.3	Selection Criteria	106
5.5.4	Evaluation of possible Strategic Options	107
5.6	Intermediate Results	110
6	Business Model Canvas.....	112
6.1	Introduction to the Scenario	112
6.2	Key Partners.....	114
6.3	Key Activities	114
6.4	Value Proposition.....	115
6.5	Customer Relationship.....	115
6.6	Customer Segments.....	116
6.7	Key Resources	116
6.8	Distribution Channels	117
6.9	Cost Structure	117



6.10 Revenue Stream	118
7 Summary and Outlook	119
7.1 Main Findings	119
7.2 Recommendations to UPC Business	122
7.3 Future Research Needs.....	124
8 Bibliography	VIII
8.1 Print sources	VIII
8.2 Online sources	X
Appendix 1: List of interviews.....	XV
Appendix 2: Business Model Canvas	XVI
Appendix 3: Strategy framework – Road to ICT.....	XVII