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ANGLIA RUSKIN UNIVERSITY

Assignment Coversheet

STUDENT DETAILS

Student Number: [redacted]

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ASSIGNMENT DETAILS

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"Business Analysis Project: A Study of AT&T in US Telecom Industry"

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List of Figures and Tables

1.0 Introduction

The purpose of this analysis is to investigate the financial and strategic position of AT&T as the primary company and Verizon and T-mobile US as the comparing entities. The analysis will be splinted into two segments Financial and Strategic analysis. In line to conduct financial analysis, renounced KPIs like Return on Assets, Market Share and Sales will be engaged in addition with two industry specific indicators. Furthermore for conducting strategic analysis, modified Porter five forces including economic and social factors from PESTLE Framework will be engaged to outline strategic position of the selected corporations.

1.1 Company Background

AT&T has a deep history associated with telephone in United States as its roots stretch back 1875, with the founder Telephone Alexander Graham Bell's invention of the telephone. Later evolve into the parent company of the Bell system, The American Telephone monopoly (Braccio, 2016). Since that time till date AT&T has been regarded as an integrated telecommunications services and equipment company succeeding in a newly competitive environment (Hochheiser, 1989). Currently, AT&T is a global networking leader, primarily focusing on providing on IP-based services to enterprises and government institutions (Bloomberg, 2016). The mainline products and services for AT&T provided in USA are wireless communications, local exchange services, long-distance services, Internet and data broadband services, video services, managed networking, telecommunications equipment and wholesale services. Hence, this wide range of product/service line has made AT&T the most trusted and integrated telecommunication service brand in United States (Reuters, 2016).

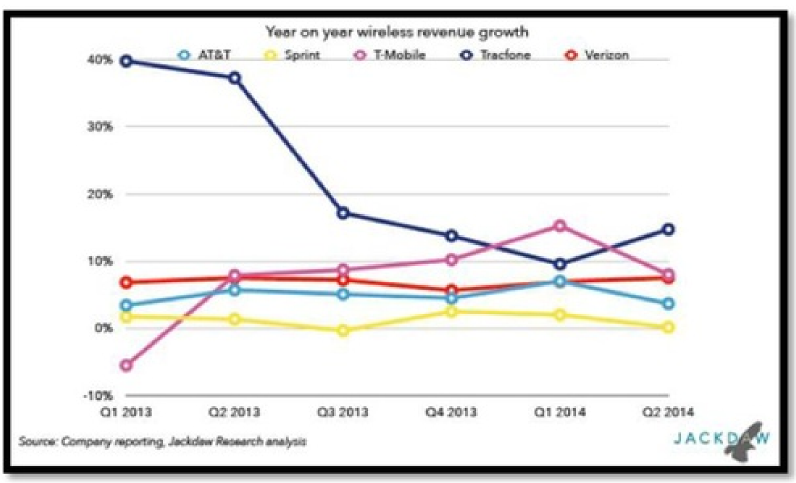
1.2 Rationale for the chosen companies

Studying the Market leaders of any industry helps the canvasser to understand the motion of the entire industry. Hence, following the rule the leading three telecommunication companies in the USA market have been selected for the analysis. AT&T as the primary company while Verizon and T-Mobile as the comparative entities (Sheffer, 2015). Therefore, the selection of the companies will help to reflect the current situation of the US Telecommunication industry and accommodate the reader in identifying the trend.

1.3 Key Issues

AT&T and its shareholders have been quite tough in 2010 with 12% decline in shares with a dark prediction for the upcoming years (Ausick, 2013). Though the company injected much of growth through engaging acquisition as a growth strategy but the revenue experiences constant decline during the last decade for AT&T and reported to be $123 billion in 2010 (Merced, 2012). The Telecom giant reported to have a diluted quarterly EPS of $0.67 on revenues of $32.1 billion while in the same period of the next year, the company experiences an EPS of 0.66 on the revenues of $31.81 billion followed by constant declines in the upcoming years till 2015 (Nayak and Goliya, 2016). Therefore, the reported financial statistics are enough evident to prove the **financial distress** faced by the Telecom Giant in the US Market.

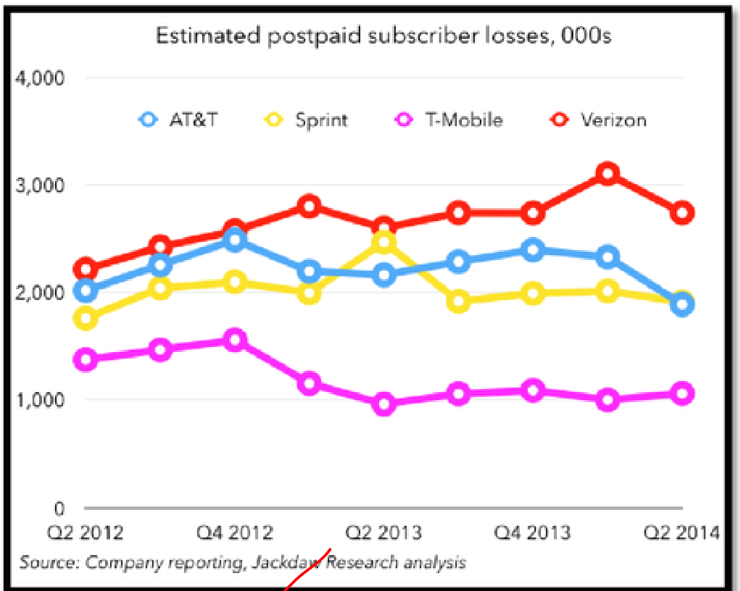
FIG 1.1: Declining Revenue of AT&T in the US Telecom Industry



(Cited by FierceWireless, 2014)

Secondly the **loosing grip on the Target Customers** in US market has alarmed the telecom giant; Brodkin (2016) found a constant loss of subscribers of AT&T and falls in the bucket of T-Mobile as AT&T has reported in the quarter to be with 363,000 fewer postpaid phone subscribers as shown in Fig 1.1. Further, AT&T has also seen a losing position in television subscribers as they can only be succeeded to signed-up fewer than targeted monthly wireless customers (Bowen and Nispel, 2016). Hence, this demotion of customers will be an apprehensive situation for AT&T to retain its leadership in the telecom industry of USA.

FIG 1.2: Postpaid Subscriber Losses in the US Telecom Industry



(Cited by Bunton, 2014)

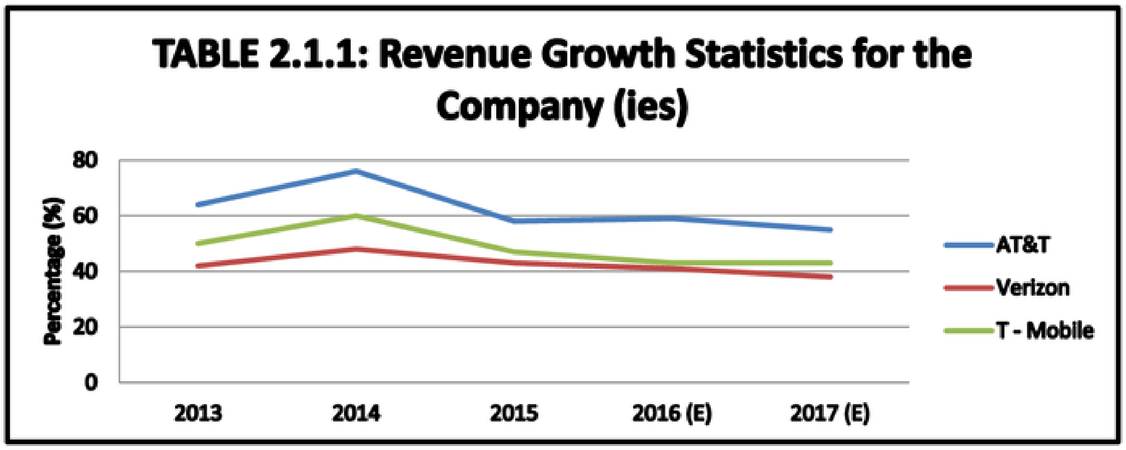
2.0 Financial Analysis (Comparison with competitors)

2.1 Financially Specific KPI's

The financial analysis of the script is been splinted into the engagement of generally engaged and industry specific KPIs. Hence in context of generally engaged KPI's Revenue, Return on Assets and Market Share will be deployed due to their capability of portraying financial health efficiently. The statistics and interpretation for the above mentioned KPIs are stated below;

2.1.1 Revenue Growth

TABLE 2.1.1: Revenue Statistics for the Company (ies)

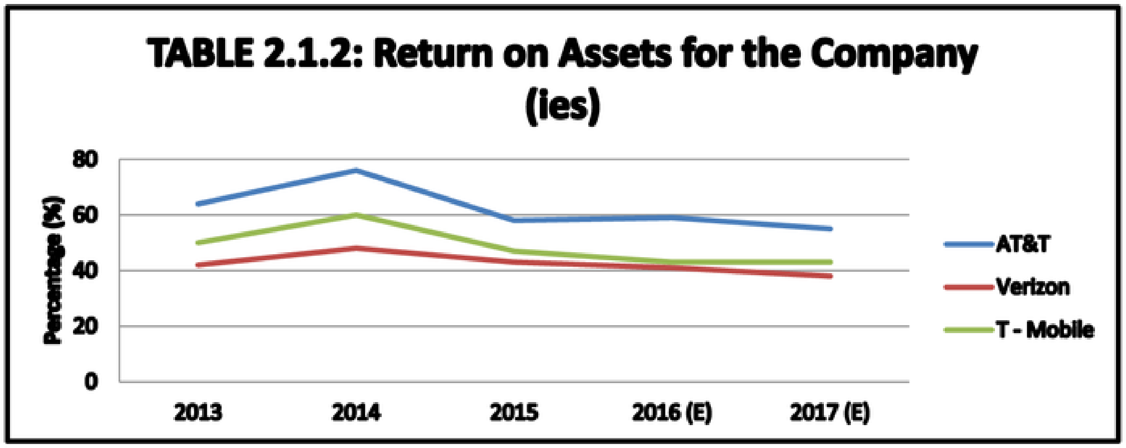


(Source:** AT&T Annual Report, 2015; Verizon Annual Report, 2015; T-Mobile Annual Report, 2015 and Reuters, 2016**)

According to Table 2.1.1, all the three competitive market players of US Telecom industry are experiencing constant elevation in terms of revenue since the last 3 years (2013, 2014 and 2015) and expected to grow with the same constant rate in the upcoming two years (2016 and 2017). However, the statistics shows fruitful growth for the telecom giants of the US industry in terms of revenue, thanks to the wireless sector for been the primary driver of revenue growth (Fried, 2016). As per the analysis of Dennis Saputo, escalating in mobile video, paced up network speeds, the offerings of equipment installment packages and the promotions of machine-to-machine connections are the interest injecting components which are the main drivers of US Telecom industry revenue growth (Long, 2015).

2.1.2 Return on Assets (ROA)

TABLE 2.1.2: Return on Assets Statistics for the Company (ies)

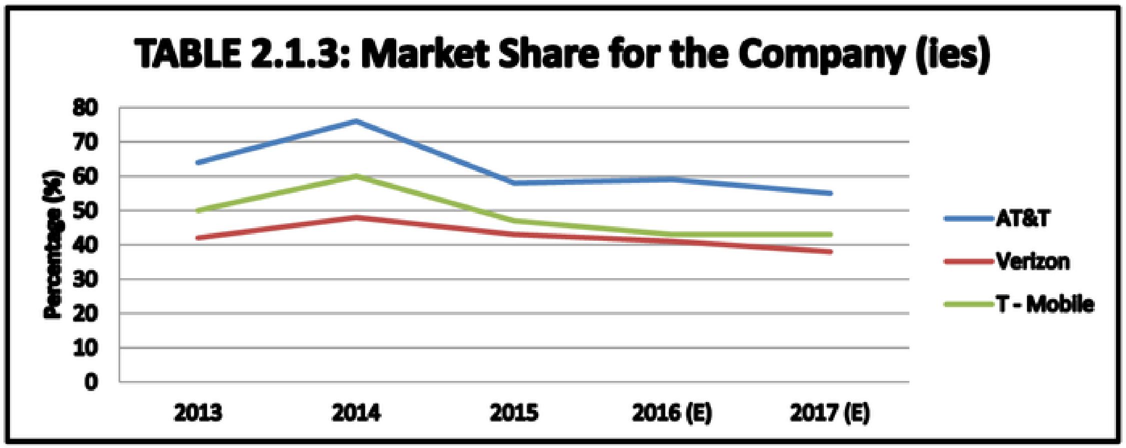


(Source:** AT&T Annual Report, 2015; Verizon Annual Report, 2015; T- Mobile Annual Report, 2015 and Reuters, 2016**)

As per seeing the Table 2.1.2, a fluctuating trend can be seen from the statistics of the massive players of the US telecom industry. While looking into the figures of AT&T, a notable decline can be seen from 2013 to 2014 with a turn down of 4.45% in terms of getting return on the deployed assets than it started elevating gradually in 2015 and expected to grow in the upcoming years of 2016-2017. In accordance to the research note of Jefferies analysts AT&T has made themselves more focused on maintaining profitability against the usage of pricing and promotions to sustain subscriber market share which will help them to produce positive profitability measures like ROA, ROE etc (Leswing, 2015). While following the similar trend, Verizon also experiences the same decline in 2014 with a demotion of 0.81% and then gradually elevates in 2015 and expected to grow in the upcoming years similarly to AT&T. Hence, according to Brodkin (2016) the demotion of profitability for these two giants was due to losing handsome amount of subscribers which was been bucket by T-Mobile US that result in the constant growth of the profitability of the company and even expected elevate in future which can be seen in the Table 2.1.2 above.

2.1.3 Market Share

TABLE 2.1.3: Market Share Statistics for the Company (ies)



(Source:** AT&T Annual Report, 2015; Verizon Annual Report, 2015; T- Mobile Annual Report, 2015; Marketline, 2016 and Reuters, 2016**)

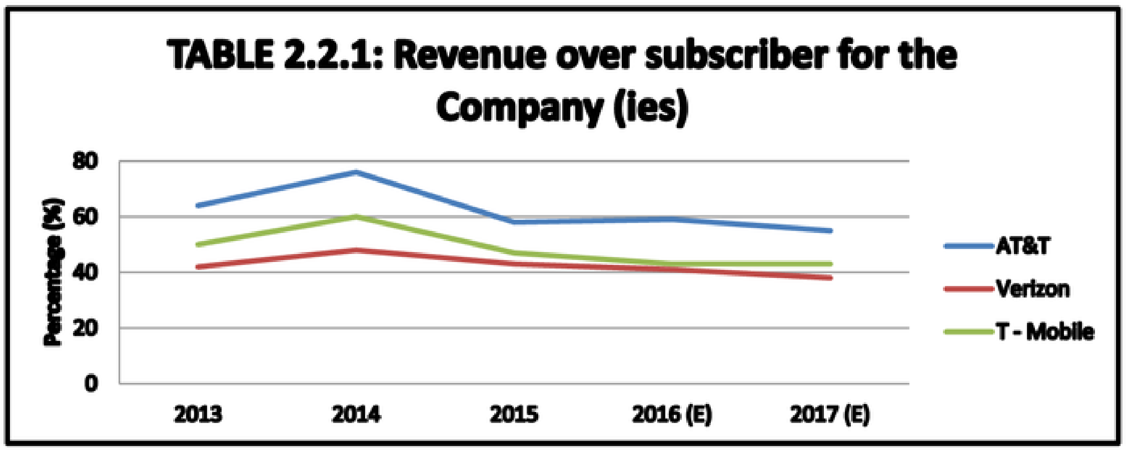
In accordance to the statistics in Table 2.1.3, the mainstream players of the industry seem to perform well. AT&T seems to be steady in terms of maintaining Market Share in the last three years and expected a growth in 2016 but might face a demotion in the upcoming years as been seen in the Table 2.1.3. Similarly T-Mobile US also experiences a steady growth and expected to remain consistent in future to maintain the market share. According to Sheffer (2016) the T-Mobile concerns and spending on the low-band spectrum holdings has accommodated T-Mobile to be vital player in the rural areas by spanning 258 million people into the grid which was been overlooked by the mainstream competitors in the telecom market of USA. While looking into the scenario of Verizon, an alarming situation has been seen for the strategic management since a non stable trend seems to be found in maintaining of a steady market share. According the numerous telecommunication experts the strike of 36,000 Verizon workers has drag the company to many service problems and delay in respond to the customers which is cropping more and more the market share for the telecom giant (Rubin, 2016; Brustein, 2015 and Pressman, 2016).

2.2 Industry Specific KPIs

Taking the analysis further into the next stage, a couple of Industry specific KPIs will be engaged as mentioned earlier in the Introduction of the analysis to portray a clearer picture of the industry financial health and distress. Therefore, the total sales will be divided with the total number of subscribers to know the sales per subscriber. Secondly, the total cost divided by the total number of subscribers to know the cost engaged on per subscriber is the industry specific KPIs engaged to conduct this analysis.

2.2.1 Revenue over subscribers

TABLE 2.2.1: Revenue over subscribers Statistics for the Company (ies)



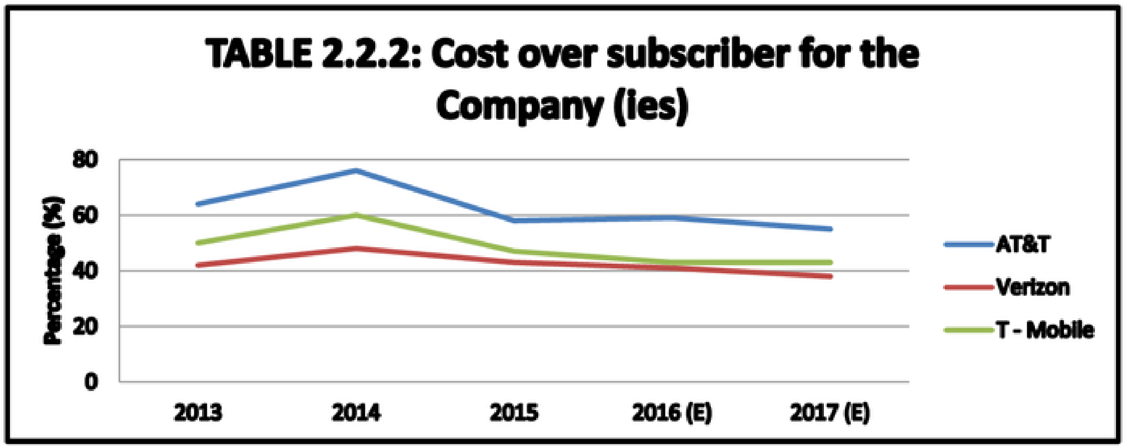
(**Source:** *AT&T Annual Report, 2015; Verizon Annual Report, 2015; T- Mobile Annual Report, 2015; Marketline, 2016 and Reuters, 2016*)

In accordance with the interpretation of Table 2.2.1, an alarming situation can be seen for the giants of the US telecommunication industry in terms of retaining revenue on per subscriber. AT&T is constantly experiencing a demotion in its revenue on per subscriber and expected to decline more in future. While Verizon is able to maintain its revenue per subscriber but eventually according to the forecasted reports it also expected to demote in the upcoming years. Lastly, though T-Mobile US experiences a slight elevation in 2014 but then similarly follows the same trend of demotion like the other giants. Hence, According to Ernst and Young report

(2014) blame the tight competitive competition of the industry in terms of offerings is failing the giants to increase revenues on subscribers as the customers are already accommodated with my other options in the market which do not allows the giants to rule over the price charts (Friedrich, Hall and Darwiche, 2016).

2.2.2 Cost over subscribers

TABLE 2.2.2: Cost over subscribers Statistics for the Company (ies)

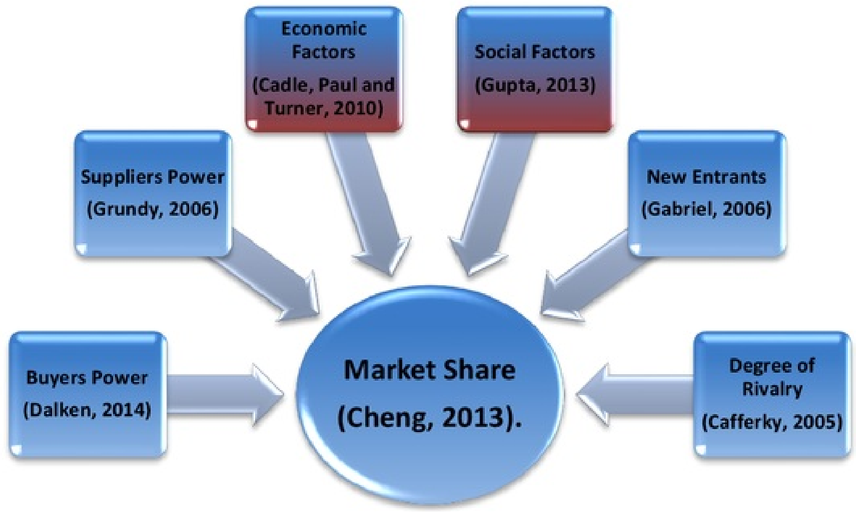


(**Source:** *AT&T Annual Report, 2015; Verizon Annual Report, 2015; T- Mobile Annual Report, 2015; Marketline, 2016 and Reuters, 2016*)

The statistics in Table 2.2.2 clearly portrays beefed competitive position of the US telecommunication industry which has urged the giants to lower their cost per subscriber to pool as much profit as they can on each subscriber. According to Kahn (2014) the matured telecom industry in US doesn't allows the players to keep wider profit margins to retain their customer market share in the industry which has urged them to cut their cost at best extent to pool profits. Furthermore the new entrants in the industry have also warned the giants to be cost competitive to retain in the market, keep hold of the existing customers and even approach untapped customers (Rubin, 2016). However, in 2014 all the companies experience an elevation in their cost due to imposition of excessive taxes on the wireless service providers by the government which was later abolished in the upcoming adjacent years so impact can be easily gauge from the demotion within cost in the upcoming years (Mackey and Henchman, 2014).

3.0 Strategic Analysis

3.1 Modified Porter's Five Forces



3.1.1 Buyers Power (Moderate)

The US Telecom Industry is widely influenced through a large number of buyers, including both individual and corporate. The involvement of giant corporate buyers who are capable of exercising their financial muscle significantly in negotiating on the elevation in prices, as losing one customer can negatively influenced the player's revenue (Marketline, 2016) Moreover, the US telecommunication market is highly competitive and concentrated which is a driver to value pricing and eventually increase buyer power (Johnson, 2014)

Therefore, the shaky economic outlook will continue its journey to cause people who would rather have chosen postpaid connections earlier besides taking prepaid services. In an environment of understandable concern, brand loyalty can be weakening as the customers are in search of best offerings, elevating buyer power considerably (Dalken, 2014). While on the other shore, the consistent demand for telecommunication, the esteem of cell phones services will remain moderately stable as they own a main communication channel, consequently weakening buyer power (Stanimir, 2014). Hence, Overall buyer power assessed to be MODERATE.

3.1.2 Suppliers Power (Strong)

The mainstream telecom providers are 'facilities-based', owning and operating the infrastructure of networking equipment and base stations. The telecom giants in the industry also offer handsets either free or on highly subsidized prices (Grundy, 2006). However, the supplier power is elevated due to the fact that there are comparatively few suppliers of this hardware. However, telecom service providers and their suppliers are improbably to integrate vertically into each other businesses (Albini, 2013).

Furthermore, the US telecom industry is highly significant to suppliers like Nokia, which has a core business of mobile handsets, but way less than Samsung, which has a wide range of business activities (Rajasekar and Race, 2013). Mobile Virtual Network Operator companies, which do not own their network infrastructure or bandwidth, pools importance to the availability of additional suppliers in face of network owners from whom they can lease access (Albini, 2013). Lastly, US government is also crucial in the US market, as they are regarded as the sole suppliers of bandwidth and permission to use particular bands of spectrum in the country. Hence, overall supplier power is assessed as STRONG (Marketline, 2016).

3.1.3 New Entrants (Moderate)

Entering the US telecommunication market as a facility-based provider requires a huge amount of capital outlay, in order to spread a web of infrastructure that covers majority of the geographical area of the country (Pach, 2006). Companies proposing such a business idea benefits from large scale operations, Economies of scale, diversification and as such it may not be easy compete as they are capable of offering low prices (Clement, Fong, Ryan and Sheng, 2016). Furthermore, a potentially lower cost mode of entry is to operate as a mobile virtual network operator. However, a most cost friendly option may be an acquisition of a company that is already has a network in place, more concisely in countries which have large geographical areas and underdeveloped network infrastructure (Stanimir, 2014).

Moreover, governments vitally influence the height of particular barriers through assigning rules and regulations concerning admittance to distribution channel, infrastructure and networks. Therefore, telecommunication industry in US is highly regulated and the market is tied with numerous domestic regulations which may discourage or legally forbid the new entrants in the industry (Marketline, 2016). Further erosion of the attraction of new entry occurs with the level of retaliation when new entrants enter the market with well-established players reacting violently to the new competition (Saplitsa, 2008) In addition, current market players have established familiar brands as well as containing well structured market knowledge, R&D programs and worthy intellectual property are the factors that weaken the determination of the new entrants (Adi, 2015). Overall, the threat of new entrants in this market is MODERATE.

3.1.4 Degree of Rivalry (Moderate)

Rivalry within the telecommunication industry of US is been strengthen by the presence of the mainstream players which benefit from economies of scale and diversification. Some business has wireless telecommunication as their primary business and others offer wireless as a diverse range telecom services, which can help in elevating rivalry between giants (Johnson, 2014). Furthermore, the nature of low cost switching in the US telecommunication industry elevates rivalries amongst the giant players through making different incentive offerings like laptops, mobile phones etc. Competition will also be increase to a wide extent from the entrance of new entrants due to the additional radio spectrum is made available through commercial wireless services (Ali, 2014). Lastly, exit barriers are not insuperable for well diversified telecom companies as it could exit the telecom industry while continuing to operate. Hence, the saturated market conditions and influence of strong player's pools into MODERATE degree of rivalry (Marketline, 2016).

3.1.5 Economic Factors (Adapted from PESTLE framework)

The Economic factors that influencing the US telecommunication industry include interest rates, exchange rates and impacts the operating giants of industry in terms of profitability and retaining market share (Husso, 2011). According to Vyas et al. (2014) the interest rate plays an influential role in affecting company's cost of capital and therefore the overall growth for case, the companies in the industry reverted back to 4G LTE technology which has made the companies to compromise the short term goals to achieve long term growth.

Furthermore, the fluctuation in the exchange rates has also impacted the industry due to changing rates as during the exports of the wireless services (Tepetam, 2014). Lastly global recession, corporation in high competition industries needs to stay afloat in the industry to ensure their sustainable existence. There exists the necessity to offer best facilities to the customers at a lower price than competitors so the company has to increase the prices at the time of recession (Bertsch, Ondracek, Saeed, Bates and Abdullah, 2013).

3.1.6 Social Factors (Adapted from PESTLE framework)

According to Meghisan (2010) the social factors that are commonly associated with the US telecommunication industry circulates all around career attitude and safety as mainly the telecom players relies on to carry conference calls, instant messaging, emailing and most essentially daily phone calls. Furthermore, the social factors include cultural aspects, population growth, age distribution that influences the demand and distribution of the Telecom products in the US industry (Sasinovskaya, 2004).

Therefore, a suitable appraisal of the social factors would lead to gaining more market share and more crucially to customer retention (Kolios and Read, 2013). Instantly, the growth of the industry and thus the overall technology has elevate the growth of the wireless service providers since the demand of wireless service has increased and also creates a positive attitude towards the new 4GLTE technology because of its high speed and efficient run (Ćetković, Knežević and Nenezić, 2012). Thus, Izcue (2014) founds safety and effectiveness has affected the US telecom segment and has increase in the desire of mobile phones due to basic features like 3G and instant messaging etc.

4.0 Limitation of the analysis

4.1 Limitation of the Financial Analysis

There are certain limitations that comply with the financial analysis conducted for this study. Firstly, the data used to derive these KPIs was extracted from actual historical results. This does not mean that the same results will be carried out in future (Lesakova, 2007). Furthermore, according to Gadoiu (2014) Inflation is another pitching factor for the KPIs used for this analysis as in if the inflation rate changes in any of the periods under review; this will make the numbers incomparable across periods.

In addition, comparing KPIs of the companies using different accounting policies for recording of the same transaction will be misleading or similar to compare apples with oranges (Schonbohm, 2013). Lastly, it could be disastrous to conduct a ratio analysis comparing two companies that are pursuing different growth strategies as the result could be misleading and drives to poor decision making (Hossan and Habib, 2010).

4.2 Limitation of the Strategic analysis

The Porter's five forces theorem owns an assumption of a classic perfect market while most real world industries are not perfect market in economical context as they are for instance, regulated and the misbalancing of information amongst the industry players (Grundy, 2006). More concisely regulations boundary's the applicability of the model as in a highly regulated market there aren't much competitive forces at work (Aktouf, 2005). Furthermore, according to Dalken (2014) Porter's five forces is based on microeconomics which avoids the macro components to be taken into consideration. That is the reason two factors from the PESTLE framework were been adapted to undertake the external influencing factor of the industry.

Hence, the Porter's Five Forces model presumes moderately static market structures which are hardly the case in today's highly competitive markets (Jaradat, Almomani and Bataineh, 2013). Lastly, the model is more appropriate to be applicable to analyze simple market structures; therefore addressing the five forces comprehensively in complex industries with different product segments is tremendously difficult (Indiatsy, Mwangi, Mandere, Bichanga and George, 2014).

5.0 Conclusion and Recommendation

5.1 Conclusion

The essential issue of preventing the existing subscribers to fall into the bucket of other competitors in the market and ability to attain more customers in the operating market for AT&T is critically analyzed through conducting a financial analysis comprises of financial and industry specific KPIs. Followed by a strategic analysis conducted engaging a modified Porter's 5 forces framework which includes Economic and Social factors from the PESTLE framework to be accommodated with the influencing determinants of external business environment.

Therefore subsequent to financial and strategic analysis, the finding of the study highlights constant growth in the revenue of the telecom industry giants and would expect to grow in the upcoming consecutive years. Therefore, in terms of profitability industry experiences a visible decline in 2014 due to imposition of government taxes on wireless telecom services. Hence, an overall uplift could be seen from the calculated KPIs in the US telecom industry which might decline in the excepted to due elevation in competition.

Furthermore, strategic analysis has a blended outcome as buyers' power, threat of new entrants and degree of rivalry found to moderate in their strength while Suppliers power was rated as strong. Lastly, the two components (Economic and Social) adapted from the PESTLE framework was found to be greatly influential in the industry. Thus, the growing strengths of the industry players creates an alarming situation for the future of the industry as this will eventually make the industry highly competitive and difficult for the players to retain the existing market share or capture new customers.

5.2 Recommendation

Based on the conducted financial and strategic analysis, a set of recommendations is proposed to address the key issues faced by AT&T in the US telecom industry. Therefore, Porter's generic strategies will be engaged to define a favoring option for AT&T to exploit in terms of cost, benefits, timescale and resource implication. Furthermore, certain assumptions will be made and input in the financial spreadsheet to generate the possible outcomes with using each option. Lastly the most relevant option will be suggested in terms of suitability, acceptability and feasibility.

5.2.1 Porter's Generic Strategies

(Source: Tanwar, 2013)

5.2.1.1 Cost Leadership

AT&T really loosing in these battles amongst the other players in the industry as they are the only service provider with a ratio of "1" which alarms the company to cut off their cost and elevate their assets (Marketline, 2016). The critical area for improvement is their year over year sales gross as AT&T enjoys gross sales than any other service provider in the industry but still experiences a lagging growth of 6.55% to Verizon's 18.62. If this option is exploited it will surely assist AT&T in securing its #1 position in the wireless service industry (Long, 2015). Hence, following to this option certain assumptions are developed as in sales growth is except to remain at the same growth of 6% with a profit elevation of 3% per year and increasing market share with 3%. Furthermore, this option seems to be much practical in terms of timeline and resources for a giant like AT&T. The modeling for this option is illustrated in the table below to examine its relevance to execute;

5.2.1.2 Differentiation

The introduction of smartphones has lead to an explosion of data usage on the wireless networks. Thus, the over usage has lead to the congestion in the networks (Meghisan, 2010). Therefore, AT&T has to successfully serve their customer base and for that they must increase the bandwidth and the wireless network facility for its subscribers through lobbying, government deregulation or might be technological innovation which will eventually make AT&T different from the other influential players in the industry (Johnson, 2014). While a number of assumptions are drawn if AT&T executes differentiation as strategic option for gaining market share; sales growth expects to multiply with a decent % of 12 which will help AT&T in capturing even a handsome market share with an elevation of 3% but a demoted figure will be assign to profitability KPI as differentiating of the product line is a costly process which will dent the profit margins with the elevation in cost. The process of accommodating customers with high bandwidth is a time consuming process which will start showing it fruits in long term. To execute this option, a giant like AT&T wouldn't be facing an issue like lack of resources especially at the time when they're on a mission for being the #1 wireless service provider in the market. The modeling in the financial spreadsheet for this option is done in the table below.

5.2.1.3 Customer Focus

For being to enjoy #1 wireless service provider and pools huger figures of profits, AT&T must focus more on satisfying customers and making them happy as there is a simple formula, customer satisfaction drives to happy loyal customers which help in maintaining customer retention and pooling more customers to the grid through the promotion technique of "Word of mouth" from the satisfied and loyal customers in the market (Bertsch, Ondracek, Saeed, Bates and Abdullah, 2013 and Tepetam, 2014). However, certain assumptions are sketched aligned with the execution of this option; this option is expected to lead AT&T to enjoy an elevation of 6% in revenue due to good high customer satisfaction and due to "Word of Mouth" marketing amongst the Market which will also helps AT&T is attaining more subscribers with an expected percentage of 3% and even an uplift can also be seen in the profitably measure as the execution of this option doesn't requires much cost to be injected. Providing customers with good services doesn't requires a widen span and neither much resources to be executed. The financial modeling for the option in examine its validity is illustrated below;

6.0 Modeling

This section will be addressing using a statistical spreadsheet with past trend KPI's in order to formulate scenario forecasting of the company. The scenario forecasting will be splinted in to three sub scenarios; Best Case, Moderate and Worst Case. This modeling chart will be forecasting the future trend of the engaged financial specific and industry specific KPI's for the analysis.

Table 6.0: Past Trend Modeling Table for AT&T

	PAST TREND AREA									
	5 –YEAR									
FINANCIAL INDICATORS	**2013**	**% Change**	**2014**	**% Change**	**2015**	**% Change**	**2016**	**% Change**	**2017**	**Av. % Change**
Sales Growth %	1	109.00	2.09	416.75	10.8	55.56	16.8	-32.62	11.32	109.74
Return on Assets %	6.63	-67.12	2.18	76.15	3.84	26.30	4.85	6.19	5.15	8.30
Market Share %	70	0.00	70	5.71	74	8.11	80	-3.75	77	2.01
Revenue over subscriber %	85	-1.18	84	-16.67	70	11.43	78	-7.69	72	-2.82
Cost over subscriber %	64	18.75	76	-23.68	58	1.72	59	-6.78	55	-2.00

Table 6.1: Scenario forecasting for the option of Cost Leadership

	SCENARIO FORECASTING										
Best Case - Over Past Trend					Moderate Case - Maintain Trend				Worst Case - Below Trend		
6% - 3% - 3% (+) Trend	2018	**2019**	**2020**	**Keep Trend**	2018	**2019**	**2020**	**6% - 3% - 3% (-) Trend**	2018	**2019**	**2020**
115.74	24.42	52.69	113.66	109.74	23.74	49.80	104.44	103.74	23.06	46.99	95.73
11.30	5.73	6.38	7.10	8.30	5.58	6.04	6.54	5.30	5.42	5.71	6.01
5.01	80.86	84.92	89.17	2.01	78.55	80.13	81.75	-0.99	76.24	75.49	74.75
3.18	74.29	76.65	79.09	-2.82	69.97	67.99	66.08	-8.82	65.65	59.86	54.58
-1.00	54.45	53.91	53.37	-2.00	53.90	52.82	51.77	-3.00	53.35	51.75	50.20

Table 6.2: Scenario forecasting for the option of Differentiation

					SCENARIO FORECASTING							
Best Case - Over Past Trend					**Moderate Case - Maintain Trend**				**Worst Case - Below Trend**			
12% - 3% - 6% (+) Trend	2018	**2019**	**2020**	**Keep Trend**	2018	**2019**	**2020**	**12% - 3% - 6% (-) Trend**	2018	**2019**	**2020**
121.74	25.10	55.66	123.41	109.74	23.74	49.80	104.44	97.74	22.38	44.26	87.52
10.30	5.68	6.27	6.91	8.30	5.58	6.04	6.54	6.30	5.47	5.82	6.19
5.01	80.86	84.92	89.17	2.01	78.55	80.13	81.75	-0.99	76.24	75.49	74.75
9.18	78.61	85.82	93.70	-2.82	69.97	67.99	66.08	-14.82	61.33	52.24	44.50
4.00	57.20	59.49	61.87	-2.00	53.90	52.82	51.77	-8.00	50.60	46.55	42.83

Table 6.3: Scenario forecasting for the option of Focus Customer

					SCENARIO FORECASTING							
Best Case - Over Past Trend					**Moderate Case - Maintain Trend**				**Worst Case - Below Trend**			
6% - 4% - 3% (+) Trend	2018	**2019**	**2020**	**Keep Trend**	2018	**2019**	**2020**	**6% - 4% - 3% (-) Trend**	2018	**2019**	**2020**
115.74	24.42	52.69	113.66	109.74	23.74	49.80	104.44	103.74	23.06	46.99	95.73
11.30	5.73	6.38	7.10	8.30	5.58	6.04	6.54	5.30	5.42	5.71	6.01
5.01	80.86	84.92	89.17	2.01	78.55	80.13	81.75	-0.99	76.24	75.49	74.75
3.18	74.29	76.65	79.09	-2.82	69.97	67.99	66.08	-8.82	65.65	59.86	54.58
0.00	55.00	55.00	55.00	-2.00	53.90	52.82	51.77	-4.00	52.80	50.69	48.66

After seeing to the scenario forecasting of AT&T in terms of executing any of the three strategic options of Porter's generic strategies, the strategic option of **Differentiation** seems a relevant choice to be executed for a sustainable and feasible future. Therefore to examine the strategic option, it will be examined on the parameter of Sustainability, Accessibility and Feasibility (SAF).

6.1 Suitability – Acceptability – Feasibility (SAF)

The SAF framework has been engaged to examine the validity and sustainability of the proposed strategy of **Differentiation** for AT&T in context of sustainability, accessibility and feasibility. The application of the framework has been illustrated in the quantitative tables below;

Table 6.1.1: SUITABILITY					
Strategic Options	Target Customers	Brand Reputation	Positive Revenues	Market Share	Total Score
Increasing Bandwidth	Yes	Yes	Yes	Yes	4/4
Technological Innovation	Yes	Yes	Yes	Yes	4/4
Wider Coverage area	Yes	Yes	Yes	Yes	4/4
Wireless Network Facilities	Yes	Yes	No	No	2/4

Table 6.1.2: ACCEPTIBILITY					
Strategic Options	Customers	Shareholders	Suppliers	Employees	Total Score
Increasing Bandwidth	Yes	No	1/2	Yes	2.5/4
Technological Innovation	Yes	No	No	Yes	2/4
Wider Coverage area	Yes	Yes	Yes	1/2	3.5/4
Wireless Network Facilities	Yes	Yes	Yes	Yes	4/4

Table 6.1.3: FEASIBILITY				
Strategic Options	Tangible	Intangible	Human	Total Score
Increasing Bandwidth	Capital	Expertise - Permission - Technology	Field Engineers - Research & Development - Strategic Planners	4/4
Technological	Capital	Knowledge -	Innovators – Research &	3/4

Innovation		Experimental approach	Development	
Wider Coverage area	Capital Telecom Boosters	Permission – Accessibility	Field Engineers - Installation staff - Strategic planners	3/4
Wireless Network Facilities	Capital	Knowledge - Technology - Experimental approach	Research & Development – Engineers – IT Staff.	4/4

As per looking to the strategic option of **Differentiation** on the parameters of SAF framework, the Differentiation seems to have a **suitable** future outlook for AT&T in the US telecom industry (Meghisan, 2010). The sub components of this strategic option will be appealing a smart number of subscribers in the industry as the excessive use of smartphones have drive to over trafficking in the networks (Albini, 2013). Therefore, AT&T can successfully dish up their subscriber through engaging in lobbying, elevating bandwidth wireless facility and introducing technological innovation (Johnson, 2014). This set of execution will suit AT&T to enjoy a stable growth in terms of revenue, profitability and market share as per shown in Table 6.1.1.

While looking into the **acceptability** area, the proposed strategy will be highly appreciated amongst all the key stakeholders of the company. Thus, shareholders own certain concern for making huge investments for increasing bandwidth and technological innovations as this might result in fruitful capital gains in long-term but the shareholders finds short – term dividend to more attractive as been stated in Bird in hand theorem (Dalken, 2014). Furthermore, Suppliers of the certain service providers also have certain reservations because of company's focus on technology innovation as this will make the company more self reliance in generating its needs which will eventually dent the business of the industry suppliers (Rajasekar and Raee, 2013). Thus, overall the strategy has a highly acceptability amongst the stakeholders as seen in Table 6.1.2.

Lastly seeing to the **feasibility** for the execution of this strategy, AT&T has a renounce name in terms of having enough resources for executing an of its growth strategies. Therefore in terms of tangible and human capital, AT&T is equipped enough to execute the proposed strategy. Since, getting permission from the government to expand the operations or introducing new wireless technology is a questionable issue for AT&T as the US telecom industry is highly regulated under local and environmental regulations (Clement, Fong, Ryan and Sheng, 2016 and Stanimir, 2014). Since, the strategy is still feasible to be executed for AT&T as shown in Table 6.1.3.

Hence, overall it is concluded the differentiation strategy is a relevant option for AT&T to ensure a sustainable market share and pouring good profits in future compare to other two strategic options.

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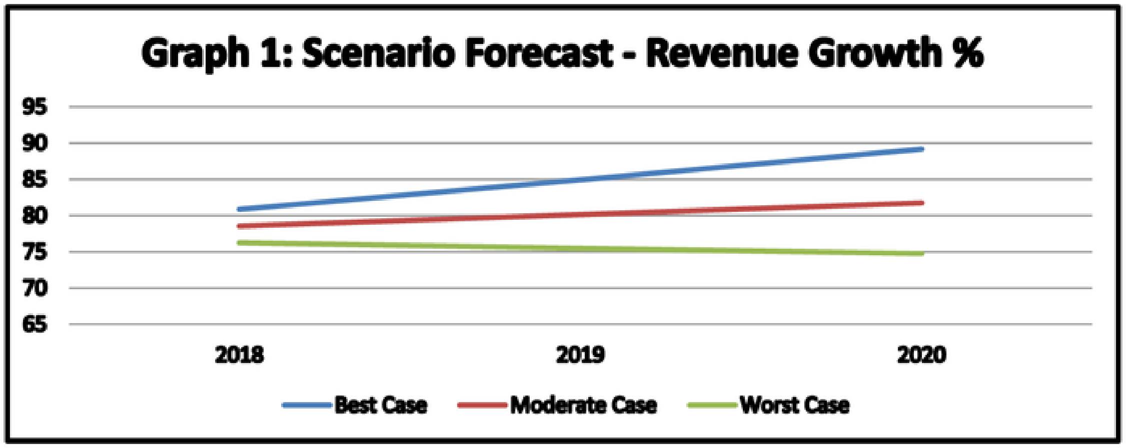
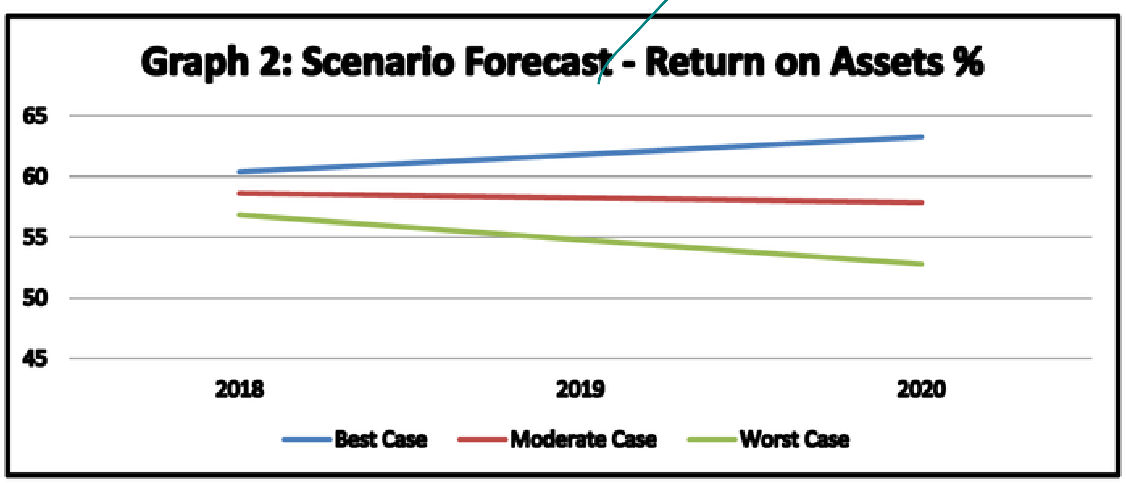
8.0 Appendix

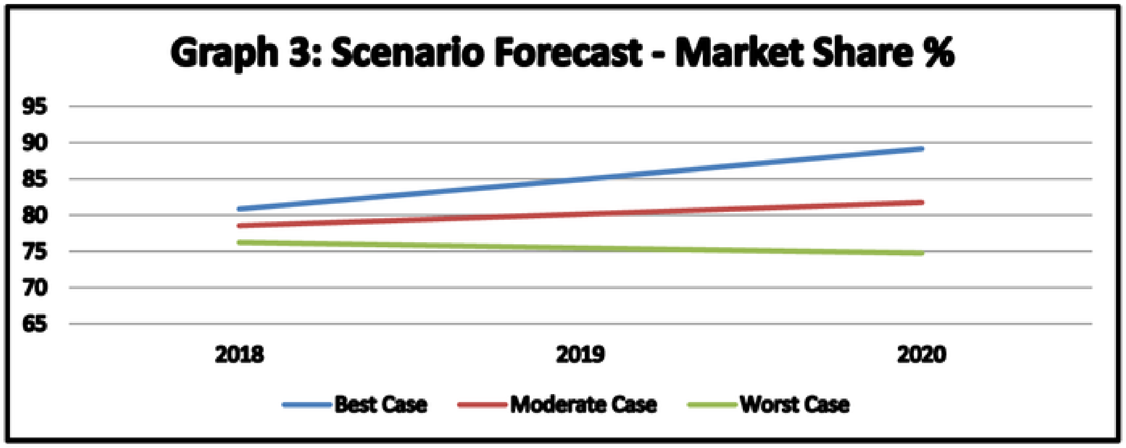
Graph 8.1: Scenario Forecast of Revenue Growth for AT&T Based on the Strategic Option of Differentiation



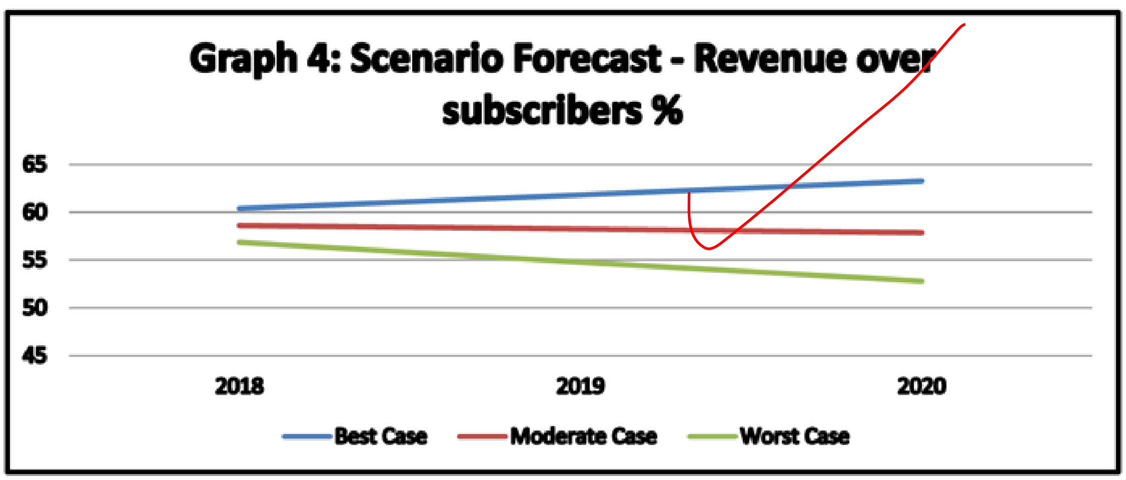
Graph 8.2: Scenario Forecast Return on Assets for AT&T Based on the Strategic Option of Differentiation



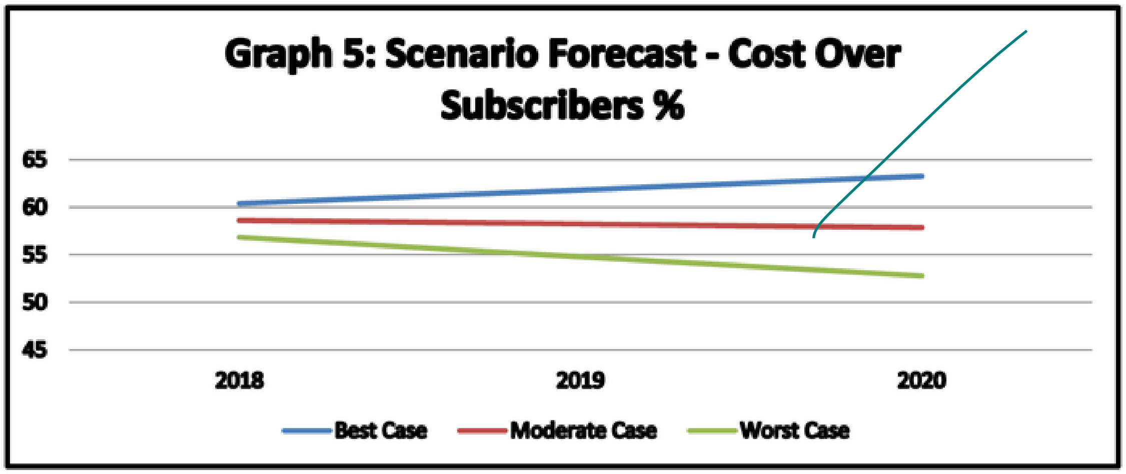
Graph 8.3: Scenario Forecast Market Share for AT&T Based on the Strategic Option of Differentiation



Graph 8.4: Scenario Forecast Revenue over subscriber for AT&T Based on the Strategic Option of Differentiation



Graph 8.5: Scenario Forecast Cost over subscriber for AT&T Based on the Strategic Option of Differentiation



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GRADEMARK REPORT

FINAL GRADE

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GENERAL COMMENTS

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GRADING FORM: BAP

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72.90

RESEARCH AND EVIDENCE (10%)

Research on industry sector and selected organisation & referencing

An excellent range of reading on the subject has been conducted. The reference and bibliography is excellently wide ranging. The list of reading is cited in-text. The references and bibliography are up to date and relevant. An excellent understanding of the subject matter, business and business environment is demonstrated. You should have referred to some contemporary strategic management text books to enrich your knowledge further.

7.5

FINANCIAL ANALYSIS (15%)

Detailed financial analysis, including financial spreadsheet modelling of recommended strategy options

An excellent range of financial and non-financial KPIs are identified which are appropriate and relevant for the analysis. Excellent choice of data presentation formats (visual statistics) are used. An excellent explanation of the trends observed from the charts are given. Good identification of issues are evidenced. However, you should have provided more integration of findings from this section with those of other sections (qualitative analysis). The

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rationalization of issues could be further improved by linking to business environment realities.

STRATEGIC ANALYSIS (30%)

Analysis, interpretation and discussion of strategic issues

The conceptual models used to conduct business environment and competition analysis are appropriate. A very good understanding of the PESTEL and Five Forces model is demonstrated. A very good application of the models to analyse the business environment and competitive environment is demonstrated. To improve your work further, you should offer stronger critical analysis and integration of your analysis. It would be quite useful if you could develop a tool to quantify these analysis and integrate the tool with financial analysis, so that your conclusions and strategy recommendation can be based on more scientific findings.

20.7

APPRAISAL OF ANALYSIS (10%)

An appraisal of the limitations of financial models and conventional analysis

An excellent acknowledgment of the conceptual limitations of the financial analysis and conventional analysis has been made. Arguments are empirically supported by appropriate literature. However, your arguments could be stronger if more academic works are cited for same arguments rather than one or two scholars. It is would also credit your work if your own rationale and evaluation is provided.

7.8

CONCLUSION (10%)

Conclusions

An excellent summary of the key findings are provided in the conclusion. The conclusion is based on the analysis of the financial and non-financial models in the previous sections. However, your major issue should be presented with more solid evidence for even better marks.

7.6

RECOMMENDATION (10%)

Recommendations

A very good strategic options are identified to address the issues discovered in the analysis. The strategic justifications and evaluation is very good. Suitability, acceptability and feasibility are quite well addressed in your evaluation. However, your justification and evaluation should be based on more quantitative methods to make it more convincing, such use of a decision tree model with expected value of each option, could be used.

6.8

MODELLING (15%)

Modelling

An excellent attempt to provide a scenario based modelling for the strategy. The assumptions for the scenarios are very good. The estimations are excellent. An excellent knowledge of financial

11.5

modelling is demonstrated. However, to make it even better, you should provide clearer explanation of the assumptions and must provide stronger justifications for the numbers generated.