

WHERE DO WE GO FROM HERE: A CASE STUDY ON EMRAN A RIAZ THE INSPIRATION BEHIND VECTRACOM (PVT) LTD.

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Abstract

This is case study on Emran A Riaz and his entrepreneurial venture VectraCom. Emran began his career in 1988 as a Design and Development Engineer with Digital Communication where he had the good fortune of working under the dynamic leadership of Saleem-Ur-Rehman the founder of the company. While at Digital Communications, Emran was involved in a number of major initiatives of the company including the launch of Digital Paper, the technical planning and deployment of FM Radio Stations and MMDS based wireless cable infrastructure in Pakistan. It was this experience of working at Digital Communication under the mentorship of Saleem-Ur-Rehman that laid the foundation of his entrepreneurial development. In 1999, Emran A Riaz resigned from his job to launch VectraCom with an initial investment of Rs. 5 million. The business plan was to develop innovative wireless application products/ services that could be sold to organizations. In a very short time VectraCom was able to develop a reputation as a developer of innovative and reliable products. When Mobilink decided to introduce its SMS service, VectraCom was chosen to launch the project. Since then VectraCom has been able to develop and launch a number of innovative products some of which are MMS, WAP, GPRS, IVR, etc. in 2002, VectraCom launched its International Office in Dubai for providing services to organizations in tober countries of Asia and Africa. It has been almost a decade since the launch of VectraCom and new competitors have emerged during the period, yet VectraCom continues to enjoy the position of market leader. At the heart of VectraCom 's success is its investment in R&D and its ability to take bold decisions to enter un-chartered territories.

Keywords: *Diversification, Strategic Business Unit, Wireless messaging solution.*

I still remember vividly that it was April 26, 2008, the time was 8:30 A.M., and I had just returned from the office of Mr. Emran, the Chief Executive of VectraCom (Pvt) Ltd. While sitting at my desk, I kind of dozed off, thinking about the problems which we had been deliberating for the last few weeks. While still in a state of semi consciousness, the words of Mr. Emran echoed in my mind “Mr. Khan, what have we planned about diversification?” Should we diversify into similar business or venture into entirely different field? Should we diversify within the existing setup or should we create a strategic business unit for our diversified products?”

My mind drifted towards what VectraCom (Pvt) Ltd., had accomplished in the few years since its inception, and the vision of Mr. Emran Ahmad Riyaz, the Chief Executive of the company. I started getting flashbacks of the success story of Mr. Emran the man behind VectraCom “Main Inspiration”

1. MAIN INSPIRATION

Emran Ahmad Riaz was born into a well-to-do family. His father was a manager in Dawood Cotton Mills. He did his Matric from PAF Model College and Intermediate from DJ Science School. His parents raised him with a strong value system and he was not a pampered child. He completed his Bachelors in Electrical Engineering in 1988 from NED University. While he was still in the second year of his Bachelor’s program, his parents bought him a car as the law and order situation during 1985-86 was deteriorating. However, he was explicitly told that he will have to meet all the running and maintenance expenses of the car from his own pocket money. He thus, indirectly learned budgeting and managing money which are critical factors for running a business.

After graduating from NED University he joined Digital Communications as a Design & Development Engineer for the 1000 line digital PABX exchange system. It was this experience of working in Digital Communications under the mentorship of the company’s CEO Mr. Saleem-ur-Rehman that laid the foundation of his own



entrepreneurial development.

Mr Emran was fortunate to work under Mr. Saleem-ur-Rehman who had the reputation of hiring the best engineers and motivating them by giving them salaries, which were generally 50% higher than the competitors. In order to reward the employees who had performed extraordinarily, he had a policy of sending them abroad for training and development. Mr. Saleem-ur-Rehman was a pioneer in the field of communication technology in Pakistan. Mr. Saleem-ur-Rehman is also considered as the pioneer of wireless messaging solutions. Mr. Emran, once, confessed that Mr. Saleem was not only his mentor but whatever he has learned, it is because of continuous guidance of Mr. Saleem-ur-Rehman. He was a man with innovative ideas, a leader with a pleasant personality, who spoke softly but with authority and power.

In 1994, Mr. Emran became the National Manager Technical Operations for Digital Radio Paging with the responsibility for the smooth operations of the nationwide technical setup. Mr. Emran was also involved in the technical planning and deployment of FM radio stations and MMDS based wireless cable infrastructure, the first of its kind in Pakistan.

In 1996 he joined CresSoft and headed the development centre at Karachi that served US based clients like MCI, Time Warner, and Philips, North America and North

West Airlines. In 1997, he formed VectraCom Technologies that was dedicated to design and develop wireless messaging solutions. During the same period he also served as a Strategic Technology Consultant for DRPL, FM 100 and SPTV.

2. ORIGIN OF VECTRACOM (PVT) LTD

In 1999 with an initial investment of Rs.5 million VectraCom (Pvt) Ltd, was formed with Mr. Emran as it's CEO and Chief Architect to cater for the demand of Wireless Application Services. VectraCom was not a traditional software house, in true sense. Instead of providing products/services to an organization, it developed products/services with the objective of selling them to the institutions; of course the product/services were customized, before delivering to the organizations. Since it was the first of its kind in Pakistan the company therefore, made substantial profit during its initial years.

In view of Emran's reputation in the industry, when Mobilink decided to launch its SMS service, it obtained the services of Vectracom to launch their project. Vectracom also provided value added services including weather and sports reports to Mobilink. In order to ensure Vectracom's products do not become obsolete, VectraCom has kept on developing new products as demanded by ever changing technology. It upgraded its product offering from SMS to MMS. In the year 2001, VectraCom also started providing content for WAP/GPRS. They also developed value added services such as display of cricket match scores, replay of scoring a six in a cricket match, etc.

In 2002, Mr. Emran took a bold step to become multinational by setting-up VectraCom International FZ-LLC in Dubai. Dubai Media City was selected because it was an ideal place to use as a hub for global expansion. VectraCom International FZ-LLC is now providing services to countries such as Uganda, Yemen and Sudan. The Customer Service

Centre for this international venture, however, remains in Pakistan. The same year, Mr. Emran launched FM 96 that in few years became the number one radio for the youth of Pakistan.

In 2003, Vectracom launched "Nav Trak" for Atlas Honda, a vehicle navigation system that was indigenously developed in Pakistan. Contrary to what was envisaged Vectracom was able to sell only 500 units. The reason being that the government had directed the Honda Atlas to reduce the prices of its vehicles, thus the navigation system that was initially meant to be a built-in part of the vehicles became an additional feature that was provided to the customer at an extra cost. The same year, Vectracom also launched two other products and services that were also not successful. One was the GSM phone which was a joint venture of Vectracom and Ufone; the other was a mobile vending machine for cigarettes which was launched in collaboration with Pakistan Tobacco Company (PTC). The key reasons for the failure of these products were wrong assessment of demand and poor marketing.

In 2006, VectraCom launched IVR (Interactive Voice Response) as a value added service for mobile phones. The basic idea was simple, but brilliant. Instead of getting updates via text the same could be sent via interactive voice. That same year VectraCom won the Brands of the year Award 2006.



The year 2007, saw the addition of more value added services for the IVR portal which included song dedication service and news portal. It was in this year that Mr. Emran decided to restructure the company by creating separate strategic business units (SBU). The first SBU was named Interactive Voice Platform that dealt with voice, took care of IVR and had its own marketing strategies. The second SBU was called Leading Edge Solutions

SELECT CASE STUDIES OF PREVIOUS ISSUES

(Pvt) Ltd., and its product was branded as “Extensity”.

In 2008, VectraCom achieved a major milestone in its vision of global expansion by expanding its reach to the Far East countries. Another major achievement was the development of a product called “Viper” which was a multimedia interactive value added service that brought all of VectraCom services/activities on a single platform. Recently, it has deployed INITIA™ SMS and MMS Delivery Platform, which offers a wide range of interactive communication, information and entertainment services.

3. CUSTOMERS AND ALLIANCE PARTNERS

VectraCom’s customers and alliance partners listed below is a vote of their trust on company’s competency and skills.

4. PRODUCTS & SERVICES

Products and services provided by VectraComs’s can be divided into four broad categories.

4.1 Value Added Services (VAS)

Paging. A pager (sometimes called a beeper) is a simple personal telecommunications device for short messages. A one-way numeric pager can only receive a message consisting of a few digits; typically a phone number that the user is then expected to call. Alpha-numeric pagers are available, as well as two-way pagers that have the ability to send and receive email, numeric pages, and SMS messages.

SMS is a communications protocol allowing the interchange of short text messages between mobile telephone devices. SMS text messaging is the most widely used data application on the planet, with 2.4 billion active users, or 74% of all mobile phone subscribers sending and receiving text messages on their phones. The SMS technology has facilitated the development and growth of text messaging. Each SMS message can cost as little as Rs. 1.00 per MMS.

MMS is a standard for telephone messaging systems that allows sending messages that include multimedia objects (images, audio, video, rich text) and not just text as in Short Message Service (SMS). Each MMS can be for as little as Rs. 5.00 per MMS.

 Pak Telecom Mobile Limited http://www.ufone.com <i>InfoServices, SMS-Chat, Mobile Banking, WAP Infrastructure, GPRS Gateway,</i>	 Pakcom Limited http://www.instaphone.com <i>InfoServices, SMS-CHAT, Mobile Banking</i>	 Pakistan Mobile Communication Limited http://www.mobitel.com <i>InfoServices (March 2000 – May 2001), Mobile Banking</i>	 Paktel Ltd http://www.paktel.com <i>InfoServices, SMS-CHAT</i>	 Emirates Telecommunications Corporation http://www.etisalat.com <i>SMS Interactive Campaigns, InfoServices</i>	 SabaFon (Yemen) http://www.sabafon.com <i>InfoServices, SMS Chat</i>	 Warid Telecom http://www.waridtelecom.com <i>InfoServices, SMS Chat</i>	 Uganda Telecom http://www.utl.co.ug/ <i>InfoServices</i>	 Digital Radio Paging Limited http://www.dcpager.com.pk <i>Radio Paging Infrastructure, InfoServices</i>
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 Muslim Commercial Bank Limited http://www.mcb.com.pk <i>Mobile Banking on GSM & TDMA networks</i>	 United Bank Limited http://www.ubl.com.pk <i>Mobile Banking on GSM & TDMA networks</i>	 ABN AMRO Bank http://www.abnamro.com.pk <i>Mobile Banking on GSM and TDMA networks</i>	 Pakistan Tobacco Company http://www.bat.com.pk <i>Mobile Vending</i>	 Atlas Honda Car Ltd http://www.honda.com.pk/ <i>NATRAIL™ In-Car navigational system</i>	 Siemens Mobile & Wireless http://www.mysiemens.pakmobile.net <i>Strategic Alliance Partner for Wireless Solutions</i>	 I2i Group http://www.i2i-group.com/ <i>International Marketing Partner</i>	 Trakker (Pvt) Ltd http://www.trakker.com.pk/ <i>NATRAIL™ and GPS solutions</i>	 INDUSTY http://www.industynetwork.com/ <i>Interactive TV</i>
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WAP is an open international standard for application layer network communications in a wireless communication environment. Its main use is to enable access to the Internet (HTTP) from a mobile phone or PDA. It can cost as little as Rs. 15.00 per MB (Megabytes).

GPRS is a packet oriented Mobile Data Service available to users of Global System for Mobile Communications (GSM) and IS-136 mobile phones. It provides data rates from 56 up to 114 kbit/s. GPRS can be used for services such as Wireless Application Protocol (WAP) access, Short Message Service (SMS), Multimedia Messaging Service (MMS), and for Internet communication services such as email and World Wide

Web access.

4.2 Interactive Voice Response (IVR)

is a phone technology that allows a computer to detect voice and touch tones using a normal phone call. The IVR system can respond with pre-recorded or dynamically generated audio to further direct callers on how to proceed. IVR systems can be used to control almost any function where the interface can be broken down into a series of simple menu choices. Once constructed IVR systems generally scale well to handle large call volumes.

4.3 Content Providers

VectraCom provides content for mobile phones like wallpapers, ring tones etc.

4.4 Embedded Devices

An embedded system is a special-purpose computer system designed to perform one or a few dedicated functions,[1] often with real-time computing constraints. It is usually embedded as part of a complete device including hardware and mechanical parts. VectraCom is the only one conducting R&D in this area.

5. EMPLOYEES

One of the strengths of VectraCom is its pool of competitive employees. Currently it has about 54 employees. Mr. Emran recruits only those who have zeal for learning and the ability to deliver what they have learned. Mr. Muhammad Khalid a software developer who has been associated with the company for the last three years was of the opinion that “Mr. Emran has given full liberty to the employees to pursue the projects which they believe has market potential. Once the pilot projects are developed and found viable, bottlenecks if any, are removed, and then are commercially sold to the customers”

Mr. Muzaffar Ali, a software developer who has been working for the last four months said “Mr. Emran grooms employees. He is very helpful. Despite the fact that he is the C.E.O, he participates in the development of products. He motivates and encourages the employees to come up with new ideas and to work on them”

Ms. Sadia Urooj a content developer working for the last one year said, “Mr. Emran is a very good human being, he treats all the employees equally, and is easily accessible. I feel comfortable working in the friendly environment of the company. I would always give preference to work at VectraCom (Pvt) Ltd.”

6. COMPETITION

VectraComs did not face major competition till 2004. Market environment has since changed with entry of new competitors. It is facing stiff competition from the following companies:

MOBIZONE PAKISTAN came into existence in 2004. It provides value added services through its combined GSM market expertise and application development capabilities. It is a subsidiary of Egypt based ARPU + Telecommunication Services (An Orascom Telecom Company).

It is the main competitor of VectraCom in the area of value added services (VAS). VectraCom currently has 55% to 60% of the market share while MOBIZONE has the rest.

AKN MESSAGING TECHNOLOGIES

was established in July 2004 with TMT ventures (Pvt) Ltd., and in a little over 2 years it has grabbed a significant market share for mobile content. It has also established a new market for mobile marketing campaigns. It competes with VectraCom in the field of IVR where it has a major chunk of the market share.

CONVERGE TECHNOLOGIES (PVT)

LTD., is a mobile content delivery innovator, offering “out of the box” marketing platforms, which are based on novel telecommunication solutions catering to the unique characteristics of the Pakistani market. It competes with VectraCom in the field of providing content for mobile phones. It has a major share of the market because it is the exclusive provider of Bollywood content for mobile phones.

7. FINAL ANALYSIS

The success of VectraCom can be connected to its generous spending on R&D which is the reason for its continuous development of new products/services, and its ability to attract and retain employees. Its success is also connected to the importance that Mr Emran gives towards maintaining strategic relationships with all its stockholders. These factors help in building and maintaining a positive and strong image of the company.

Until 2004, VectraCom had a virtual monopoly in the market place, the emergence of competition since then has brought to fore a major area of weakness in the organizational structure of the company. What VectraCom lacks is a formal marketing department. In order to remain competitive it needs to address this issue. VectraCom's typical product/services development cycle is around 6 to 8 months; a formal marketing department is necessary for developing a market entry strategy. A formal customer relationship department is also the need of the day for managing the relationship with the clients.

I once asked Mr. Emran what was the secret of his success and he said, "First have self confidence, second take risks, third make bold decisions, fourth approach business in an honest way, fifth have a personal involvement/interest in what you are doing,

sixth do not lose focus even if it is not working out for you, seventh do not overstretch beyond your resources, eighth you should not let go of fair business practices, ninth never underestimate your competition and lastly do not put all your reserves in paper currency given the current economic conditions. "

Suddenly I woke up and realized, that it was late evening. I heard myself saying "Great! my wife is going to kill me again." I hurriedly packed up and drove home.

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