Ch1: Company Case Study

Main Segments for the Study of a Company:

- **Company Identity**:
  - Establish Date, Founder(s), Commercial Name, Logo & Meaning of logo, Legal Name, Registered Address
  - Company **Type**: S.A.L, S.A.R.L, Partnership, Holding Company, Offshore Company, Branch of Foreign Company, etc.
  - Geographic **Presence**: Branches and Offices
  - **Capital**: Amount of cash, assets, and stock held by a business
- **Organization**:
  - Board of **Directors**: Group elected to represent the shareholders
  - **Management** Team: Individuals that operate on the highest level of the company
  - **Shareholders**: Own stocks/shares of the company
  - Functional **Structure**: How employees are organized into ranks in the company
  - Business **Units**: Segments of a company (accounting, marketing, etc.)
  - **Departments**: A division of a unit dealing with a single activity
  - **Teams**
  - **Central Functions**: Primary services the company aims to provide or problems it seeks to deliver solutions for
- **Activities**:
  - **Domains of Expertise**
  - **Market Segments**
  - **Offered Services**
  - Types of **Customers** [Public sector, Private sector, Mobile network operators (MNO), Internet Providers (ISP), Education sector, Health sector, etc.]
  - **Main customers** (Top 5)
  - **Types of Contracts** with the Customers
  - **Partnership**(s)
  - **Alliances** (Merger, Acquisition, Joint Venture)
  - Big **Deals** and Big **Hits**
  - Expansion **Plans**
- **Projects**:
  - Types of **Projects** (installation, Integration, Maintenance, Software Development, Industrial production - Hardware, etc.)
  - **Projects per Year**
  - **Simultaneous** Projects
  - **Size** of Projects (small, medium, large), in terms of:
    - Number of Employees
    - Budget
    - Duration
    - Location(s)
    - Funding
  - **Partnership** (Sub-Contracting, Out-Sourcing, etc.).
  - Purchasing of Project **Materials**:
    - Local market
    - Importation
- **Economy**:
  - **Annual Revenues**: Breakdown of Revenues by activity segments and geographic region
  - **Evolution** of **Revenues** Over the Past 3 years
  - **Estimation** of **Revenues** for Upcoming 3 years
  - **Cost Structure**
  - Most Profitable Division or Activity Sector
  - **Strategy** to Increase the Profitability of the Company [Cost Reduction, Lay-offs, Import low cost manpower Transfer of activities to low cost countries, etc.]
- **Human Resources**:
  - Total **Headcount**, **Gender** Ratio, Average **Age**
  - Offered **Package**: Employment Contract Types, Salaries Range (Junior, Experienced, Senior)
  - Other **Benefits**: Social Security, Additional Insurance, Schools, Paid Leaves, Maternity Leave, etc.
  - **Employee's Evolution** [How frequent, Bonuses, Raises, Trainings, Vertical Evolution]
  - **Business Trips** [duration, frequent destinations, Perdiem, salary increase, etc.]
  - **Job Stability**:
    - Rate of churn-out (how many employees leave the company per year) + reasons
    - Average duration of employees staying
    - Any lay-off in the last years? Any compensation for laid-off employees?
  - Hiring: Yearly Rate, Gender preference, Required Experience/Diplomas, Preferred Universities
  - Training: Duration, Paid or not, Transport
  - Candidature [How to submit CV + Best periods for Hiring]
- **Market Position**:
  - **Competition**: Who, Where, When, Market Share, Rank, Position/monopoly
  - **Benchmarking** with competition: Products / services, Geographical presence, Price
  - **SWOT** Analysis: Strengths, Weaknesses, Opportunities, Threats
  - Counter-attack **Strategy** Against Competition
  - Market **Fluctuations**: Difficult Periods, Periods with Highly Dynamic Market, Influencing Factors
  - Market **Evolution** in the Coming 3 Years + Reasons
  - Company **Position** in the Evolving Market [Projects, investments, new customers, geographical expansion]
  - **Impacts** of the Political and Economic Crises
  - **Obstacles**: Import/Export and Taxes
  - Illegal Actions by Competition
  - Role of the Government in the Regulation of the Activity Sector(s): Committees & Legislation

Ch2: Notions About Some Business Models

- **Merger**: It is the operation when 2 companies of approximately same size merge together and accept to do business under as a single company. The 2 original companies disappear and give birth to a new company
- **Acquisition**: It is the operation when a stronger company acquires (absorbs) another company which will disappear
- **Joint Venture**: An agreement between two or several companies who accept to work together on a specific objective (goal) and for a limited duration. It requires a common understanding between the different partners on the way of operation, as well as a common strategic view about the growth of the business in order to insure a successful JV project
- **Monopoly**: Monopoly exists when a specific person or enterprise is the only supplier (exclusive supplier) of a particular commodity to a wide range of customers. When this exclusivity appears in an activity giving exclusive advantages to the public companies (government-owned companies or agencies), it is called «public monopoly» or «state monopoly»
- **Dominant Position**: Applied to a company which does not have really monopole situation but widely dominates the market where the competition still exists but very marginal due to the weak competition
- **Project Owner:** The entity owning the requirements, defining the objectives of the project, the schedule and the budget dedicated to this project. He knows perfectly the basic idea of the project and represents the end users for whom the product/service is made. He is responsible for the definition of the functional requirements, but not having necessarily the skills to make the product/service
- **Project Supervisor**: Selected by the project owner in order to execute the project (make the product/service) in line with the requested timeline, quality and cost and according the contract signed between both parties. He is responsible for the technical choices to achieve the product/service according to the requirements and is then responsible in his mission to appoint a physical person to be in charge of the smooth execution of the project known as a manager.
- **Sub-contracting:** The project supervisor may ask the support from one of several external companies:
  - To achieve certain tasks of the projects
  - When he does not have the required internal resources

  Each sub-contractor executes a sub-set (part) of the project directly under the control of the project supervisor. The sub-contractor does not have any direct responsibility towards the project owner. However, the project owner has the right to « watch » the quality of work done by the sub-contractor. The final product is designed for and is exclusively for the Product Owner's use.
- **Outsourcing:** A practice often used to externalize, to a specialized subcontractor, certain tasks of the company, mainly in the domains of marketing and customer relationship. The outsourcing practice is often driven by cost reduction objectives, but can sometimes create issues in the relationship with the customers and also problems of image of the company.

  The outsourcing is not limited to the domains of marketing and customer relationship. More and more companies are outsourcing their IT departments as well as their accounting departments.

  Example: a bank can have it's IT department outsourced to a company that manages all software/hardware tasks
- **SWOT Analysis**: **S**trengths, **W**eaknesses, **O**pportunities, **T**hreats
  - The SWOT analysis is a tool used during the assessment of the company strategy and allows to determine the different available options in a domain of strategic activity
  - **Diagnostic**: The diagnostic of the situation in the scope of the SWOT analysis can be divided into 2 parts:
    - **External** Diagnostic: Opportunities & Threats
      - General conditions of the market: Size, structure, trends
      - Salient (most important) features of the current environment
      - The consumers: characteristics of the demand and the purchasing behavior:
        - Who, When, Where, How?
        - The main motivations (and showstoppers)
        - Selection criteria & Behavior towards product
      - Distribution channels structure
      - The offers of the competition + Identification of the competitors
    - **Internal** Diagnostic: Strengths & Weaknesses
      - Internal constraints due to the past history of the company, to the form and size of resources
      - Assessment of the company performances over time:
        - Evolution of the sales volume & market share
        - Penetration rate of the company products within the potential customers and prospects
        - Profile of the products' consumers
        - Penetration of the distribution networks
        - Analysis of the cost and the profitability of the products range
      - Evaluation of the notoriety and the image of the company and its brands.
      - Company resources: financial, technical, technological, commercial, Human, etc.
- **Externalities**: When a company (3rd party) affects the performance of another company either positively or negatively without any prior arrangements or compensation from any of the two sides.

Ch2: Platform

- **Platform**: In economics, a platform is an environment allowing the economical exchanges between different players. It plays the role of private regulator of the economical exchanges and interactions and manages the interdependent demands coming from different user categories. Those users communicate together through this platform which plays the role of the middleman which in turn increases externalities.
- Two main **Architectures** of the platform:
  - **One-Sided Platform**: The different groups of users do not have any direct relation between them.
    Ex: Bank (Platform), saving account holders (group A), loan borrowers (group B)
    Though loan borrowers benefit by borrowing the money account holders give, there's no contact between them
  - **Multi-Sided Platform**: The different groups of users can communicate directly to each other, but the economic value goes always through the platform
    Ex: On-line shopping website (Platform), sellers of products (group A), buyers (group B)
- **Types**:
  - Exchange Platforms (eBay, OLX)
  - Audience Platforms (TV)
  - Transaction platforms (Credit Cards)
  - Application Access Platforms (Windows)
- Platform owners adopt some **strategic principles** in order to increase the platform's value:
  - Attract the different parties and maintain them
  - Stimulate the positive externalities and reduce the negative externalities
  - Regulate the interactions between the different parties and prohibit the monopolization from one side or other

  ^The objective is to maximize the value created through the platform.
  ^The value created through the platform can be measured by the economic value of all transactions going through the platform.
- The adoption of the strategic principles requires the application of **instruments**
  - Price-based instruments:
    - The prices are often non-linear: a fixed part (access) and a variable part (usage)
    - Discounts, voucher, etc.
  - Non-price-based instruments:
    - Regulation of the access to the platform (access control).
    - Technical requirements and rules (standard, design, etc.).
    - Quality control
    - Consumer services (products evaluation, benchmarking service, discussion forum, technical consultancy, etc.)
    - Warrantee
    - Shipping
    - After-sales service
- Two **golden rules** to apply an efficient strategy and increase the value of the platform:
  - The side of the platform having the biggest installed base (i.e. the largest number of customers) shall support a bigger part of the fees imposed by the platform
  - If there is a significant asymmetry in the magnitude of externalities that benefit each side, then the side who generates relatively more externalities shall pay lower fees