

	PRODUCT GOVERNANCE	BPG/BVM/11.0	
		Ver 2.0	10 Dec 2018

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## 1.0 INTRODUCTION

This chapter shall focus on the Governance for Product Initiatives and Product Management in TM.

### 1.1 PURPOSE OF CHAPTER

The objective of this document is to establish the general framework to guide, control and manage product value creation and product value management activities in TM.

### 1.2 ABBREVIATIONS

The meanings of the abbreviations used throughout this documentation are as follows:

CAPEX	-	Capital Expenditure
GPC	-	Group Product Committee
GM	-	General Manager
LOB	-	Line of Business
MC	-	Management Committee
OPEX	-	Operational Expenditure
PIR	-	Post Implementation Review
PLC	-	Product Life Cycle
TM	-	Telekom Malaysia

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## 2.0 DEFINITIONS

Brief explanations on terms used throughout the documentation are as follow:

### 2.1 Business Case

A justification for a proposed initiative or project or undertaking on the basis of its expected commercial benefit. It is necessary for communicating the value to decision makers in order to gain approval and secure people resources, operating funds or finance for capital investments

### 2.2 Decision Point

A gate where a decision is made on the propose concept and business case for Product Initiatives including but not limited to New Products/ Product Enhancement/ Product Bundling, Partnership, Product Rollouts, Product Exit and also the closure of Post Launch Evaluation (previously known as PIR - Post Implementation Review) for the respective launched products.

**Decision Point 1** – Concept Approval. Decision is made whether or not to continue with the preparation of a detail Business Case Proposal.

**Decision Point 2** – Business Case Approval. Decision is made whether or not to continue investing in the project (a Go/Kill decision). These serve as quality-control checkpoints with three goals: ensure quality of execution, evaluate business rationale, and approve the project plan and resources (people, equipment, facilities, funding and etc.)

### 2.3 Impact Analysis and Risk Assessment

Syndications and deliberation with working level and management level of each functional division to be made in advance to drive down the technical and business risks. All inputs gathered will be considered as Impact Analysis and will be used in crafting and building a compelling Business Case. Identify and evaluate all potential Business Risks (Market Risk, Financial Risk, Product Risk) and Technical Risk and formulate the Mitigation Plan of each risk items.

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#### 2.4 Launch Checkpoint (previously known as Gate 5 Committee)

Refers to the working group related cross-functional team that conducts a thorough and detailed check on the product readiness for launch based on a specified pre-launch checklist. All Initiatives that have met the launch checklist will be recommended for launch approval by the respective Approval Authority.

#### 2.5 Group Product Committee (GPC)

GPC refers to the committee that provides strategic product direction in terms of guidance and policies to ensure product synergies in TM GROUP. It also evaluate Business Case for strategic products and cross-LOB's product matters. GPC is chaired by the Chief Strategy Officer (CSO) of TM GROUP.

#### 2.6 Product Initiative

Product Initiative refers to any product and product related act or strategy intended to create business value or to resolve a difficulty or improve a situation. New Initiative may require new investment (CAPEX/OPEX) and may involve operational changes that will have negative or positive impacts on TM's financial performance, business processes and customer experience.

#### 2.7 New Product

Refers to product that is relatively new to the market and not-yet developed by another product house in TM. It can also be derived from a solution that is viable to be offered to more than 1 customer.

#### 2.8 Product Enhancement

Refers to the enhancement of the existing product, its functionality or supplementary features (eg Value Added Services).

#### 2.9 Product Exit

Refers to product discontinuation and withdrawal from the market.

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#### 2.10 New/ Review Pricing

Refers to new/reviewed pricing or discounted rates to achieve a specific business objective such as to stimulate increase in physical take and/or profit maximization and/or market share.

#### 2.11 Product Bundling

Refers to a combination of products/services which involves discounts, new offering and/or new billing.

#### 2.12 Product Promotion or Campaign

Refers to the promotion of the product that may involve reduction in rates, fees and charges, for a short duration of time, in order to improve performance or to achieve a specific business objective. Covers free viewing of content on promotional basis.

#### 2.13 Solutions

Refers to customized offerings which are designed to meet a specific customer's needs and requirements. The customized offerings or solutions can be based on new or existing TM products, or non TM products. They can be from a singular product or a combination of a few products, with permutations of features and pricing plans to meet the customer's needs and requirements. The business case must be viable for the solution to be developed.

#### 2.14 Product Life Cycle

Product Life Cycle refers to various stages that a product goes through namely Development, Introduction, Growth, Maturity and Decline.

#### 2.15 Project Manager

Project Manager refers to the person who has been assigned to be responsible and accountable for the development of the product.

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#### 2.16 Product Owner

Product Owner refers to the person who has been assigned to be responsible and accountable for the preliminary product development and those who manage the product after the product is launched.

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### 3.0 SCOPE OF CHAPTER

There are there (3) key phases in the Product Value Creation and Value Management Framework:

Phase 1: Product Planning – from idea generation to concept to business case approval.

Phase 2: Product Development – related to technical part under T&I, ITNT

Phase 3: Product Management.

This document will not focus on Phase 2 – covered under Chapter Product Development by T&I, IT&NT.

### 4.0 GENERAL POLICIES

The underlying principle of this framework is cross functional collaborations in creating values via Product Initiatives to support TM's Vision.

4.1 A set of ground rules for implementation of Product Value Creation & Value Management Framework:

4.1.1 Product Value Creation & Value Management Framework is a high level framework positioned as a minimal requirement to be embedded in each LOBs and Other Stakeholders' Policies, Processes & Procedures. ***(Refer Appendix 1 for Product Value Creation & Value Management Framework)***

4.1.2 There will be two Decision Points for each Line of Business (LOB) for Concept Approval & Business Case approval. All product and product related initiatives including any initiative of synergy between TM and its Subsidiary Companies must go through this framework with approval at LOB Decision Point or GPC depending on the type of initiative. ***(Refer Appendix 2 for Decision Point for Product Initiatives)***

4.1.3 The initiative owner will develop the business case with the full support of all relevant functions needed to build a strong and compelling business case.



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4.1.4 All Business Case must be supported by a Financial Analysis that has been reviewed by LOB Business Finance together with the Product House and endorsed by Commercial and Business Appraisal Unit, Group Finance. All assumptions used in the Financial Analysis must in line with the LOB's target.

4.1.5 The business case proposal must be signed by EVP LOBs prior Decision Point 2 (Business Case Approval).

## 4.2 Product Planning

4.2.1 The journey from Idea Generation – Concept – Business Case approval must take into consideration the market insights (internal & external perspectives), Customer Experience, Go-To-Market synchronization and alignment towards the company's business strategies and priorities.

4.2.2 The proposal may involve new product, product enhancement or product bundling packages/promotions.

4.2.3 In order to have a better chance of developing a viable product, Market Analysis and Assessment should be conducted before any Concept Design activities.

4.2.4 Once the Market Analysis and Assessment has been completed, the product concept should be defined clearly and outline the specifications and features which might be attractive to customers. The concept should be validated with the target customers and refine based on their feedback.

4.2.5 Concept Approval must be sought from Decision Point 1 in order to proceed with the detail Business Case Proposal.

4.2.6 During the Business Case proposal development, Impact Analysis and Risk Assessment should be done comprehensively to increase the success rate of each Initiatives. **(Refer Appendix 3 for the Impact Analysis Checklist)**

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4.2.7 Key aspects to be covered in the business case proposal would be as described (including but not limited to) in the table below (**Refer Appendix 4 for Business Case definition**):

No	Key Aspects
1.	<b>Strategic Fit &amp; Business Benefits</b>
	<i>Alignment of initiative with business strategy</i>
	<i>Importance of initiative to the strategy</i>
	<i>Impact on the business</i>
2.	<b>Product and Competitive Advantage</b>
	<i>Product delivers unique customer or user benefits</i>
	<i>Product offers customer/user excellent value for money (compelling value proposition)</i>
	<i>Differentiated product in eyes of customer/user</i>
3.	<b>Market Analysis &amp; Attractiveness</b>
	<i>Potential size of market are clearly identified</i>
	<i>Total market size is sizeable to justify product's revenue forecast</i>
	<i>Target markets are clearly identified</i>
4.	<b>Core Competencies Leverage</b>
	<i>Key Success Factors (KSF) are clearly identified</i>
	<i>Strengths identified in TOWS matrix are mapped with KSF to ensure the success of product in meeting its objective</i>
	<i>The product fit the firm's existing product lines and customer base</i>
5.	<b>Technical Feasibility &amp; Operational Impacts</b>
	<i>Business Requirements are clearly identified</i>
	<i>Customer Experiences in terms of Fulfilment, Assurance, and Billing are clearly addressed.</i>
6.	<b>Financial Analysis or Cost Benefit Analysis</b>
	<i>Amount of investment required (CAPEX &amp; OPEX)</i>
	<i>NPV (RM)</i>
	<i>IRR (%)</i>
	<i>DPP (months)</i>
	<i>EBITDA (RM)</i>
	<i>Estimated Risk (Revenue Loss) if the product initiative is not implemented (i.e. "Do Nothing" scenario)</i>
7	<b>Risks (Business, Technical, Financial) &amp; Contingency Plan</b>

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4.2.8 The initiative owners must outline the product/ service expectations across these horizons:

4.2.8.1 Target customers

4.2.8.2 Service level commitments

4.2.8.3 Fulfillment options

4.2.8.4 Assurance process

4.2.8.5 Billing Mechanism

4.2.9 To balance out between structured and flexibility, the comprehensiveness of the business case could differ based on the nature of the proposal i.e. for new product – all aspects are applicable in business case, for package/bundling and – emphasis on Technical Feasibility and Financial Rewards vs. Risk.

#### 4.3 Launch Checkpoint

4.3.1 Refers to the working group related cross-functional team that conducts a thorough and detailed check on the product readiness for launch based on a specified product launch checklist. All Initiatives that have met the launch checklist will be recommended for launch approval to the respective Approval Authority. *(Refer **Appendix 5** for sample of product launch readiness checklist)*

#### 4.4 Post Launch Evaluation

4.4.1 The phase where post-launch close monitoring is done. A post launch evaluation to be done immediately upon launch and reported to Product Head on a regular basis together with the rectification required.

4.4.2 Final 'Post Launch Evaluation' (previously known as post implementation review - PIR) to be done within **6 to 9 months** from launch date at the respective Business Case approval platform as an opportunity to highlight key learning points and get further assistance required to implement any improvement or rationalization exercise based on detail analysis to determine the way forward.

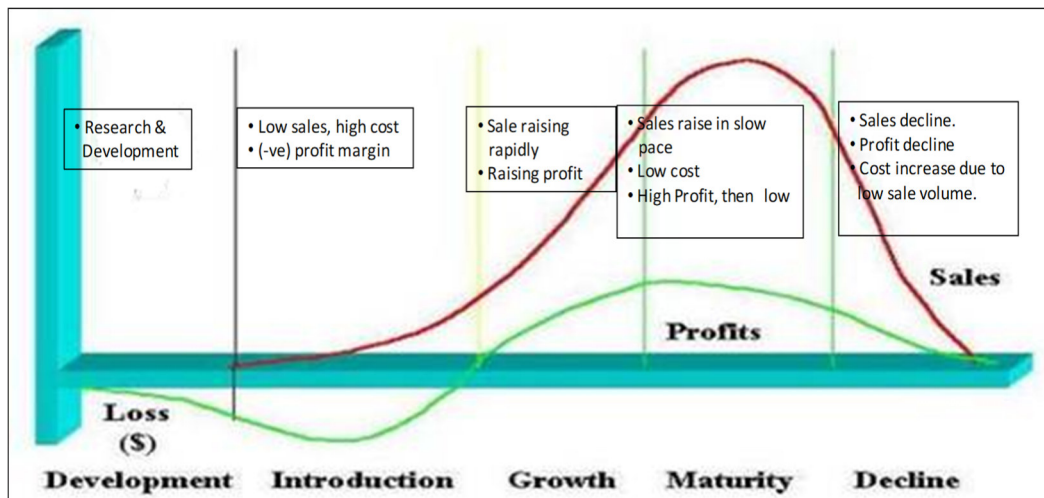
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#### 4.5 Performance Monitoring

4.5.1 Monthly and continuous monitoring of performance (based on agreed metrics specified in business case or pre-launch mandate) will be the responsibility of Product House.

#### 4.6 Lifecycle Review

4.6.1 The classification of product under different stage of PLC shall be based on the information of business condition, environmental condition and marketing effort (refer diagram below for info on PLC stage);



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4.6.2 In view of the product management continuous monitoring effort, possible improvement plan need to be developed for implementation covering the marketing and technical aspect of the product (refer table below).

Marketing Program	Introduction Stage	Growth Stage	Mature Stage	Declining Stage
Strategic Objective	<ul style="list-style-type: none"> <li>Acquire strong market position</li> <li>Successful entry in the market</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and build market position</li> </ul>	<ul style="list-style-type: none"> <li>Defend market position from competitor</li> <li>Improve QoE and QoS</li> </ul>	<ul style="list-style-type: none"> <li>Arrest declining market share</li> </ul>
Price	The price setting is done by the Product Owner based on the price range provided by the respective Pricing teams and other sanity checks (e.g: Competitor Price & Positioning, Market Research Analysis Report & etc)			
Product	Assure high quality of product and uniqueness	Offer product enhancement or value added services	<ul style="list-style-type: none"> <li>Product diversification</li> <li>Product re-position</li> </ul>	<ul style="list-style-type: none"> <li>Maintain &amp; rejuvenate product</li> <li>Harvest the product – reduce cost and serve to niche segment</li> <li>Discontinue unprofitable product</li> </ul>
Technology	New and innovative technology	Leading edge technology	Aging product technology	Obsolete and outdated technology
Promotion	<ul style="list-style-type: none"> <li>Highly targeted promotional effort's aimed to specific customers</li> <li>Build product awareness (radio &amp; tv ad, web banner, magazine/ newspaper ad, social media, direct mailer &amp; etc)</li> </ul>	<ul style="list-style-type: none"> <li>Heavy and targeted promotion</li> <li>Trade show</li> <li>Direct mailer</li> <li>Sales seminar</li> <li>Articles</li> </ul>	<ul style="list-style-type: none"> <li>Promotion focus on product reliability, quality and new features enhancement</li> </ul>	<ul style="list-style-type: none"> <li>No promotion or advertising effort</li> <li>Maintain customer loyalty</li> </ul>
Distribution Channel	<ul style="list-style-type: none"> <li>Direct/ limited distribution channel through strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>Focused channel with strong technical skills</li> <li>Commission/ Incentive Plan for partners/ resellers</li> </ul>	<ul style="list-style-type: none"> <li>Intensive distribution channel</li> <li>Maintain good relationship with reseller or partner and review the business model – low profit margin for them</li> </ul>	<ul style="list-style-type: none"> <li>Use of existing channel</li> </ul>
Training	<ul style="list-style-type: none"> <li>Technical workshop</li> <li>Product training</li> <li>Processing training</li> <li>Selling skill training</li> </ul>	<ul style="list-style-type: none"> <li>Training focus more on product enhancement and value added features</li> </ul>	<ul style="list-style-type: none"> <li>Sales training should stress on product differentiation</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

4.7 For further details and guideline on Product Value Creation and Value Management, please refer to **Appendix 6** (PLCM)

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## **5.0 RESPONSIBILITIES AND GOVERNANCE**

In the context of this chapter, the list of key person/unit(s) involved and/or affected by the Product Initiative activities and their general scope of responsibilities are as follow:

### **5.1 Governance team of the respective Product House shall:**

- 5.1.1 Embed this framework into their respective process & procedure for product creation and product management
- 5.1.2 Ensure the compliance of all parties involved in the product creation journey and product management activities
- 5.1.3 Screen all proposals and only comprehensive Business Case proposal should be allowed to go into Decision Point 2 sitting (for Business Case Approval)
- 5.1.4 Any non-compliance need to be reported immediately to the Head of Product and GPC Secretariat

### **5.2 The Product Houses / Marketing Operations shall:**

- 5.2.1 own the product and be responsible for maximizing the value of the products
- 5.2.2 be responsible with the Performance of the product and to provide the monthly Product Performance report to the Management
- 5.2.3 develop the business case for any product initiatives and comply with GPC and MC requirement
- 5.2.4 obtain the EVP LOB endorsement of the business case proposal.
- 5.2.5 comply to processes at all times
- 5.2.6 secure the resources required to develop the products
- 5.2.7 perform the product/ service customer experience service testing
- 5.2.8 ensure no premature launch of any product/ service, communicate to TM Group's top management on the launch date of any product/ service in a timely manner after obtaining the relevant approvals
- 5.2.9 not engage any technical services from any business partners without IT&NT's endorsement and TM Management approval

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- 5.2.10 be responsible to coordinate all commercial activities relating to the product/service e.g communication, marketing, promotion, advertising, channels etc.
- 5.2.11 determine standard business rules, go-to market approach and pricing of the product/ service
- 5.2.12 be fully responsible and accountable for the lifecycle management of all products under their purview.

5.3 Impact Analysis Partners shall:

- 5.3.1 Give full support to Product Houses or Initiative Owner by proactively contribute in all value creation activities.
- 5.3.2 Identify and evaluate all potential risks (Business Risk & Technical Risk) and to provide recommendations for the mitigation plan.
- 5.3.3 Fully responsible and accountable for the inputs provided to the Product Houses or Initiative Owner and ensuring that they are fully captured in the business case by working together with them to ensure all the benefits and risks have been taken into account.
- 5.3.4 Must lead any initiatives within its functional team to support the decision that has been made at Decision Point 1 or Decision Point 2.

5.4 Decision Point Members (Approval Committee Members)

- 5.4.1 To provide leadership, support and also coaching to the team prior to the Decision Point sitting so that the proposal has captured all the key essence and synchronization between functions in order for TM to deliver a world class product.
- 5.4.2 Are representing TM in decision making. Hence, any decision made has to be in 1TM mindset for TM's overall best interest.

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