Telecommunications Managed Services Model in sub-Saharan Africa – The Pros and Cons:

The Case of Nigeria

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ABSTRACT

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The Telecommunications sector in developing country like Nigeria and other sub-Saharan African countries are increasingly embracing the Managed Services Model, a kind of outsourcing, primarily due the need to cut operational cost, for rapid expansion, to gain market share and to focus on core competence. However, despite the benefits associated with this model and its successful adoption the world over by many telecommunications companies, many sub-Saharan African countries are showing a deviation from this trend. The purpose of this thesis is to explore the motivations in favor or against the adoption of Managed Services Model in sub-Saharan Africa with emphasis on Nigeria. Interview was used as the main tool to gather the required information from some telecom operators and vendors in Nigeria and complemented by the use of a questionnaire survey. The outcome of the analysis of the data gathered indicate that the reason behind the adoption of managed services is cost reduction, access to skilled manpower, better focus on core business, quality improvements, and competitive advantage. The study also establishes that increasing unemployment rate, diminished local competence and expertise, and security concern are among the top reasons for the call against the adoption of Managed Services Model.

Keywords: Managed Services, Outsourcing, Service Provider, Vendors, Telecom,
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CHAPTER ONE

1.0 INTRODUCTION

1.1 INTRODUCTION AND OVERVIEW

Many Telecom operators in sub-Saharan African countries are currently witnessing job outsourcing initiatives to certain Managed Services providers, where work, responsibilities, decision rights are transferred to an external expert entity that may be located within or outside the country. This initiative in recent times is generating much concern to operators and stakeholders. While the management of telecom operators themselves sees this from the commercial perspective, others, especially the local staff and concerned individuals, are considering it as an initiative that will render them jobless and threaten their opportunity to become experts in the telecom field.

The concept of outsourcing extends from purchasing through make-or-buy decision to takeover of a business function from one organization to another. It concerned with the transfer of activities (work, responsibility, decision rights) that have been performed internally to an external provider (Domberger, 1998) and covers wide range of an organizations functions. For this study, outsourcing is defined as an outcome of a given function that was formerly part of an organization and that now is part of another organization function and whose relationship is bounded by a contract.

With the increasing relevance of telecommunications in every sphere of human endeavor, deciding a telecom solution for the business now has not only technical significances but also economical. Fluctuating economic and market conditions are forcing these organizations to evaluate how knowledge, assets, and resources are utilized to produce strategic opportunities in response to the threat posed by the competition, this has made outsourcing a crucial discourse in the establishment of strategic process in many organizations. Following the increase in outsourcing and managed services, as a result of the glaring global competition, the scope of outsourcing changes from the traditional concept to strategy (Quinn & Hilmer, 1994). Strategic outsourcing is concerned with creating value to align with the business processes that are changed to be in line with strategic goals (Mazzawi, 2002). Consequently, management are employing the abilities of a team of combined local and foreign expertise in addition to the use of new technologies to improved service delivery to customers with the belief that outsourcing, particularly to Managed Services, can result in cost saving and provide the much needed competitive edge. Furthermore, organizations are focusing on creating values by demanding particular competencies of individuals, and outsource every business functions that will enable them gain the competitive advantage with the exception of some specialized functions (Quinn & Hilmer, 1994). The main propelling
element for this decision is basically centered on organizational restructuring and costs reduction.

Accordingly, most experts foresee that increasing numbers of organizations will outsource increasing numbers of services and functions in the coming years. Although the results of most early outsourcing drives were unsatisfying, recent investigation shows that organizations are bettering their potentials with respect to managing outsourcing relationships (Lacity et al., 1998). Despite the difficulties constantly being reported by organizations with regards to their outsourcing arrangements, outsourcing has developed as a crucial tool in business management, with its own set of peculiar management practices and challenges (Ross et al., 2003).

This research plans to explore the pros and cons that exist in the adoption of Managed Services Model, a kind of Outsourcing practice, by the mobile telecommunication operators in sub-Saharan Africa. The study will assess current managed services implementations in this region, assess the arguments in favor and against it and draws conclusions regarding the best practice in this part of the world. In this study, Nigeria will be used as the case study.

1.2 BACKGROUND INFORMATION

The Nigeria Telecommunications industry, since the licensing of Global System for Mobile Communications (GSM) in August 2001, has evolved tremendously in the past nine years with a mobile subscriber base of over 69 million (April 2010, NCC Report). Today, we have five GSM companies; MTN, Zain, Glo Mobile, Etisalat and MTEL are jostling for market share and subscriber base in the country. The telecom industry has contributed in the country’s GDP growth to 6.9% in 2009 from 6.0% in 2008 (Mar 2010, Nigerian Bureau of Statistics) and has also brought about increased employment opportunities to the growing professional in communication and information technology.

Mobile telecom service providers in Nigeria are constantly in competition for market share as a result managers in these companies are employing different strategies to keep them ahead of their competitors. Their emphasis is centered on cost reduction and the same time focused on increasing profit margin. In the quest to be on top of the competition, Mobile telecom operators in Nigeria are employing different strategies which include investments on newer technologies, staff reduction and the adoption of managed services. Of these strategies, managed services has recently assumed the best sought after strategy by Mobile telecom operators, while some have already implemented it some have partially implemented it and yet others are now considering it based on the
fact that it would lead to cost reduction, improve service delivery and make the company more competitive.

Three out of four GSM operators in Nigeria namely Etisalat, Glo Mobile and Zain/Bharti presently have their technical departments outsourced under a managed services contract agreement, to Managed Services Providers like Huawei, Alcatel, Nokia Semens, and Ericsson respectively. In Early 2009, Zain Nigeria in the bid to remain competitive, after series management takeovers, the need to reduce operating costs and the need for expert support, outsourced their Network Operation unit to Ericsson managed services to the existing Nokia Semens. The unit remained outsourced even when the company was bought by an Indian company, Bharti. The inherent issues form this outsourcing is being ironed out. Glo Mobile started operations with Alcatel and recently Huawei as their managed services provider. Also Etisalat started operations with Huawei as their managed services provider. In 2008, MTN Nigeria announced its intention to outsource its Information Systems unit (IS) to IBM for managed services, phase implementation actually started in 2009 but later abandoned. MTN before now had managed services agreement with Huawei for Site maintenance in the Northern part of the country.

1.3 THEORITICAL PROBLEM

The main question of this thesis is to investigate the Pros and Cons of adopting the Managed Services Model (MSM) in sub-Saharan Africa. In an attempt to answer this question and gather essential information required for the study, other specific questions came up, questions like:

- What determine the need to outsource?
- What constitute the Managed Service Model?
- What are the benefits and drawbacks of Managed Services?
- To what extent is this strategy implementation affect local work force?

Many theoretical approaches to outsourcing development exist with many contributors expressing their views on these theories. Primarily, the theories that have greatly influenced many outsourcing decisions in major organizations include: Transaction cost, Core competence, Network, Contractual, and Contingency theory – more light will be thrown on these theories in the next chapter. All these theories are the theoretical lens that explains how strategic outsourcing typically affects organizational performance.
The foundation of outsourcing is Williamson theory of transaction cost analysis in 1975. Transaction cost analysis aggregates economic theory with management theory to define the appropriate relationship an organization should create in the market place. Several other indicators for outsourcing includes reduced capital expenditures (asset investments and labor costs), access to latest technology/infrastructure, transfer of fixed to variable costs, core competence, quality improvement, increased speed, and access to skills and talent et cetera. Nevertheless, the importance of service performance and cost efficiency consistently rank high in outsourcing surveys (Wilding and Juriado, 2004), making these two drivers very important in the study of outsourcing relationship.

Evidence from some logistics outsourcing relationships such as Laura Ashley and Fed Ex (Song et al., 2000), revealed that outsourcing does not always reduce costs. Furthermore, Domberger and Fernandez (1999) reported on an Australian survey showing an average cost increase of nine percent in IT-related outsourcing projects. In this context, it is worth noting that outsourcing may in fact have a negative effect on labor productivity, as pointed out in a study of German manufacturing industries Broedner et al. (2009). Hence, simple cost-efficiency comparisons alone are insufficient criteria for outsourcing decisions thus, it is important to look at the performance effects of different types of outsourcing arrangements like simple part supply versus outsourcing of whole processes.

Contingency theory gives a holistic understanding of how strategic outsourcing capability relates to operational effectiveness and performance. The ability of an organization to maintain performance depends on it cooperation with some other organizations. This can be done by creating a mesh of partnerships for valuable synergy, especially in core competencies, competitive advantage, and from inter-firm relationship between contingent environmental factors.

Basically, the main objective of this dissertation is to conduct a study the will investigate Pros and Cons of adopting the Managed Services Model (MSM) in sub-Saharan Africa. This paper will look into outsourcing to Managed Services as a crucial phenomenon in the telecommunications sector in sub-Saharan Africa. The study will also focus on the peculiarity of this region and see how the people and telecom operators view the adoption of this strategy. Answers to these questions are fundamental as they will help in addressing all the issues surrounding the adoption of the managed service model in this part of the world.

**1.4 PURPOSE AND MOTIVATION OF THE RESEARCH**

Telecommunications companies in sub-Saharan Africa are responsible for their entire operation and maintenance requirements as well as network infrastructures like transmission and switching infrastructures needed to effectively run their businesses. In
an attempt to reduce cost, provide better technical support and remain competitive, operators are resorting to outsourcing and mostly their operation and maintenance units that manage the network. Despite this strategy, the companies are now realizing that they are not getting the expected cost reduction, competitive advantage and network stability that the outsourcing intended to offers. The essence of this study relates to what extent Managed Service adoption has on telecommunication companies and the impact of the adoption on stakeholders.

Before the practice of outsourcing, many Telecommunications companies in Nigeria, for instance, are responsible for the end-to-end management of their core and non-core business functions. While some operators are struggling to keep up with this arrangement, others are finding it increasingly difficult to grapple with. These difficulties have led to many companies relying more and more on Managed Services and transferring some of their business functions to third-party vendors whom they believe can handle these functions. Some companies seek to outsource for tactical or strategic reasons allowing them focus on their core competencies.

Telecommunications businesses today are faced with increased competition as a result of new technologies, reduced budget and customer needs. Network operators are turning to managed services and outsourcing not only to reduce their operating costs but also to transform business models to compete more effectively, a trend that will continue growing (Calvin A. May 2010)

Experienced outsourcers tend to give greater accountability to the service providers leveraging the provider’s end-to-end capabilities. This is the Managed Services model (Manish et al., 2007). In a managed services model, the managed service provider is in charge of all the services to be provided, ranges from design, implementation and maintenance. The managed service provider usually draws up Service Level Agreements (SLAs) with client and enters Operational Level Agreement (OLA) with other service provider in a multi-vendor environment.

Managed Services model, also known as Fully Outsourced Model, has widely been considered as the best model to adopt for technology outsourcing in multi-year agreement. In this model, managed service provider (MSP) has complete decision making responsibilities in providing the agreed set of deliverables.

While acknowledging the immense benefits that Managed services and other outsourcing models present, it is worth noting that there are inherent risks and drawbacks associated with their adoption. In Nigeria and in did sub-Saharan Africa, cultural mismatch, community agitations, social obligations, diminishing local competence development and internet connectivity issues affecting deliverable and remote support are few of the risks.
The significance of this study is in its relevance to managers in organizations seeking to go the way of outsourcing as it will guide them in their outsourcing decision making process. It presents the essential details they need to know about this strategy and the benefits and challenges associated with it.

1.5 SUMMARY OF FINDINGS

The outcome of this study revealed that staff at all levels believes there is significant cost reduction with the adoption of Managed Services Model. However, Top management are more inclined at adopting the Managed Services Model and in addition to cost savings, they consider competitive advantage, quality improvement, and new technology as their driving factors, though with some reservation on security issues. While staffs at lower management positions are opposed to the strategy of Managed Services Model citing increased unemployment and diminished competency development as their major concern.

1.6 SCOPE OF THIS STUDY

The Chapter two of this paper contains the review of relevant literatures that extensively dealt with the subject of this study. The review covers the various outsourcing theories and outsourcing decision considerations. It also looked at the criteria on outsourcing, provider selection and the outsourcing option available. It goes further to find out why managed services is the model of choice and what to consider when choosing a managed services provider. The review also looked at the current managed services and how it is faring in Nigeria and concluded by looking at the costs, benefits and risks associated with the managed services model. Chapter three focused on the research methodology, it explains how the research was conducted, the actual ways data was sourced. In chapter four, analysis of the findings based on the research methods – interviews questionnaire survey, will be was carried out. Finally, chapter five concludes the thesis with conclusion and proffers some recommendations.
2. LITERATURE REVIEW

2.0 INTRODUCTION

In sub-Saharan Africa, especially Nigeria, the rising cost of doing business is becoming a source of concern to telecom operators and stakeholders alike, with increase in expenditure and constant reduction in profit margin. This has no doubt affected telecom service delivery despite the tremendous growth in the telecommunications industry in the region. Also, with globalization and increasing competition, telecom tariffs are falling leaving operators to grapple with consistent decline in Average Revenue per User (ARPU). The Guardian Newspaper (October 2010) reported that, globally, 65-70 percent of an operator’s Operating Expenditures (OPEX) goes towards telecom infrastructure provisioning cost. With this situation, operators are now seeking innovative and cost effective ways of doing business, and which have brought the desire for an outsourcing model that can help reverse the trend. The same logic that influences a company’s make or buy decision also influence the desire to outsource. (Ivanka et al., 2008, p.10)

In this chapter I reviewed literatures that specifically dealt with Outsourcing and Managed Services. The review covers the latest research works and research works that have relevant inputs regarding of the specific context of this study.

2.1 Outsourcing Theoretical Foundation

There are several theories that apply to the phenomenon of outsourcing; some of the critical theories have been identified as Core Competence theory, Resource-based theory, Transaction cost theory, Network theory, Contractual Theory, and Contingency theory.

2.1.1 The core competencies:

According to Prahalad and Hamel (1990), proposed that Organization needs to be fully aware of potentials and core competencies in order to successfully tap their resources. They looked at it in terms organise different production skills and technologies and should not easy to imitate. In the telecoms sector, there will are uncertainty on what constitute core competence. Quinn (1999) contends that core competencies are not products or things we know how to do well, but those thing the company is very good at, especially in things require mental reasoning.
2.1.2 The Resource-based theory:

This theory considers that company resources, whether physical or not, is actual source of competitive advantage. The company’s ability to leverage on these resources will differentiate them from their competitors. Physical resources include infrastructure, location and competencies, while non-physical resources include human, knowledge base, culture, teamwork. The core of the resource-based theory hinges on the internal resources the companies can boost of rather than those dependent on external factors. However, if the internal resources are insufficient, outsourcing will be the next option. Accordingly, the traditional resource-based view extended to include intangible assets like as knowledge assets (tacit knowledge of the employees), processes and technology.

Also, the resource-based view (RBV) provides a theoretical foundation to justify that effectiveness of outsourcing and firm performance is a product of the capability and resource (Barney, 1991). In this thesis, strategic outsourcing capability should be regarded as firms’ capability that affects firm performance. When a firm co-operate with its partners, in an outsource setting, and work with them, its knowledge is enriched. Consequently, the partners’ knowledge is the capability (Barney, 1991) which is the process embedded in the firm and other related reciprocal activities that enhance the firms’ potential and creates sustained competitive advantage (Eisenhardt and Martin, 2000). Accordingly, the firm with greater strategic outsourcing capability is inclined to attain its success by using partners' capabilities and effectiveness of operation and enhances firm's performance. (Khwanruedee et al., 2010)

2.1.3 Transaction Cost Theory:

Henisz and Williamson (1999) maintained that transaction cost economics is a relative legal advancement to economic organization where information of transaction and governance activities is focused. Transaction cost refers to all costs, internal and external, associated with the production of goods and services via the market instead of producing it by the company. Transaction cost includes monitoring, evaluation costs, search and information costs, bargaining, decision, control, and governance costs. Logan (2000) contends that the theory aids companies to identify which of their substantive, non-core roles they should source externally and which they should produce locally. This makes or buys decision certainly help in Sourcing decisions. Decision to outsource should never be taken when governance costs are with respect to the benefits but should proceed when this is on the contrary.

Furthermore, this theory also gives a superb framework for analyzing the outsourcing option, since the fundamental choice here is between using an outsourcing service vendor (a market mechanism) and providing in-house services (an organizational hierarchy)
Transaction cost indicators can lead to increase transaction costs as a result of human behavior and transaction characteristics.

2.1.4 Contractual Theory:

According Solli-Saether and Petter (2009), outsourcing contract provides a legal framework that binds the right, roles and responsibilities of the parties in the contract and the inherent goals, policies and strategies. This theory provides the atmosphere where each party in an outsourcing arrangement can discharge their duties efficiently in a collaborative manner and within the bounds of their relationship as the contract detects. Contractual theory is invaluable to contract management. Usually, a specific Service Level Agreements (SLAs) is established between operator and vendor, with measures on how the outsourcing progress is made against benchmarks.

2.1.5 Network Theory

A network is generally defined as a specific type of relation linking a defined set of persons, objects, or events (Helena L. 2005). Different networks are recognized by their different relations, regardless if it is enforced on an identical set of elements. A network is defined by a collection of persons, groups, organizations, objects or events normally called actors whose relationship are linked. A network analysis considers the relations that take place among the actors and those that do not.

The Network theory explains how firms' cooperation can be affected by viewing each event in network of relationships among communities or industry (Gulati et al., 2000), among organizations or firms (Wilkinson and Young, 2002). The network theory depicts the harmony exiting between strategic outsourcing capability and outsourcing success. As some business functions are outsourced, the relationship that exists between organizations in the network as they interact, results in various resources and capability gain and interlinks their core activities as they interact. Furthermore, capability of creating, managing and concluding important relationships is a core resource for a firm (Moller and Halinen, 1999). Therefore, firms with relationships take higher proceeds because of the access to good information and opportunities than those firms that are more circumferential. Accordingly, firm's ability to connect to others within a network through interaction (i.e. outsourcing) leads to firm's success of operation (Khwanruedee et al., 2010)

2.1.6 Contingency Theory

The contingency theory states that there is no single way to manage organizations or no answers that can be universally applied to common organizational problems (Ginsberg and Venkatraman, 1985). According to Khwanruedee (2010), the contingency theory is
concerned with moderator variables that have a significant moderating effect on the appropriateness of outsourcing strategy and the success. On this basis, strategic outsourcing capability and outsourcing success depend upon two elements; teamwork attitude and inter-organizational trust. Teamwork attitude is inclined to raise the relationships between organizational constituents and outsourcing capability, since a lot of strategic outsourcing capability rests on appropriate restraining components, and a lot of contingency quantities may have a possible impact on the outsourcing strategy (Mol et al., 2005), also, when unexpected contingencies come up, intensity of inter-organizational trust tends to increase the outsourcing capability (Krishnan et al., 2006).

2.2 OUTSOURCING DECISION CONSIDERATIONS

Starting up any outsourcing decision making process demands much effort, hence Douglas and Scott (2005) declared that some fundamental considerations should be adhered to. They proposed that the organization should set their strategic direction, highlight their core competence and determine its strategic objectives, produce a list of suppliers/vendors to consider and constitute a team for the outsourcing and governance process. It is worth emphasising that the organization should consider the choice of partner – they should focus on partnering with the right vendors, institute an efficient governance system that fosters’ good relationship, and also handle employees’ dealings with caution. Above all, the senior management must set the overall direction.

2.2.1 Strategy-Based Outsourcing Decision Model

Outsourcing decisions, according to Justin et al (2006), should be a really strategy-driven process, which could be accomplished as specified on the figure below:

![Outsourcing Decision Process Diagram](image_url)

**Figure 1.1 Outsourcing Decision Process** Justin et al., (2006),

(i) **Define Strategic Objectives:** A clear definition of the strategic objectives and target variables, that can be used evaluate the success of the strategic decision, is most vital for the success of an outsourcing move. This step is very crucial.

(ii) **Define a suitable Outsourcing Model:** The clear definition of objectives and variables will help figure out the business gains and set goals.
(iii) **Validate the Outsourcing Model:** This step may include some stakeholders, which are involved in the outsourcing projects within the organization. This step also strengthens the benefits and risks of the outsourcing decision and may consider benchmarking data for similar businesses.

(iv) **Define Requirements and Partner Selection Criteria:** This step involves a clear definition of the requirements and specifications of parameters for the vendor selection criteria.

(v) **Select Vendor:** The step involves selecting the right vendor based on Step (iv), then followed by the initiation of negotiations procedure.

Quinn and Hilmer (1994) maintained that the idea of outsourcing hinge on the strategic end of the make-or-buy decision. They stressed that outsourcing decision should be grounded upon the strategic objectives and goals of an organization and the fundamental view of the aim of that organization. Author like Barney J. (1991) backed the ‘resource-based view’ where a company’s competitiveness advantage rests on their resource portfolio. Others, views outsourcing decision from the strategic perspective and which rest on a clear focus on core competences (Prahalad et al.,1990).

Thus, to successfully outsource business functions, top management needs to clearly state the basic indicators for such an action and which will enable them evaluate the strategic objectives related with the outsourcing activity. They need to lay down strong business case and work on it.

### 2.2.2 SELECTING OUTSOURCING PROVIDERS/VENDOR

There are several factors to be considered before engaging on outsourcing arrangement; these factors are worth considering since it will enable the intending company to make informed decision that will help in picking the right provider. The following is a useful checklist as stated by Ivanka and Gerard (2008), the provider must:

- Demonstrated competencies: in terms of staff, use of technologies, innovation, industry experience and certifications (ISO/IEC 20000)

- Track record: in terms of service quality attained, financial value created and demonstrated commitment to continual improvement.

- Relationship dynamics: in terms of vision and strategy, the cultural fit, relative size of contract in their portfolio and quality of relationship management.
• Quality of solutions: relevance of services to your requirements, risk management and performance benchmarks.

• Overall capabilities: in terms of financial strength, resources, management systems, and scope and range of services.

Also, ISO27001 Security Information policy on Outsourcing, highlights some security consideration on outsourcing and clearly define and document, the criteria for selecting outsourcer, it takes into account the:

• Company’s reputation and history;
• Quality of services provided to other customers;
• Number and competence of staff and managers;
• Financial stability of the company and commercial record;
• Retention rates of the company’s employees;
• Quality assurance and security management standards currently followed by the company (e.g. certified compliance with ISO 9000 and ISO/IEC 27001).

2.3 SOURCING MATURITY CONSIDERATIONS

![Sourcing Model Framework](image)

Figure 2.1 Sourcing Model Framework (Manish et al., 2007)

Before an organization decide on embarking on outsourcing, it must first look at its level of sourcing readiness, that is, Sourcing Maturity, by reviewing sourcing maturity considerations like sourcing goals, return prospects, impact and awareness. The level of each of these sourcing considerations, whether high, medium or low, determines what kind of sourcing maturity level a company fall within and by extension, what kind
sourcing model it can adopt. The table below describes these sourcing maturity considerations:

The Figure 2.1 below represents a model that depicts the Sourcing Model that would be adopted by companies based on their sourcing maturity level.

<table>
<thead>
<tr>
<th>Sourcing Considerations</th>
<th>SOURCING MATURITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td><strong>Goals</strong></td>
<td>✅ Short to Medium term tactical focus</td>
</tr>
<tr>
<td><strong>Return Prospects</strong></td>
<td>✅ Immediate – short-term gain</td>
</tr>
<tr>
<td><strong>Impact</strong></td>
<td>✅ Localized to individual groups or projects</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Awareness</strong></td>
<td>✅ Low levels of awareness, mostly in “silos” that are “testing the waters” on offshoring</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2.1 Different Sourcing Maturity Levels (Manish et al., 2007)

From the above table, it could be seen that a company with low sourcing maturity does not have the capacity to implement advanced sourcing models like project-based outsourcing model or managed services model, rather the company will be limited to low level models like staff Augmentation which requires limited tactical outsourcing capabilities. This limited option means that the company will not be able to derive the gains from outsourcing. High or matured sourcing companies have comprehensive and
enterprise wide view to outsourcing and therefore can make strategic decision regarding outsourcing.

For company with low sourcing maturity to progress to a high sourcing maturity point, it must formulate a strategy that will increase its outsourcing options and better the benefits it can get from outsourcing. Management in low sourcing maturity companies should do a critical assessment of their current sourcing maturity and have the desire to grow to the next level of sourcing a maturity.

2.4 OUTSOURCING OPTIONS

Different kinds of outsourcing options exists from which any Telecoms company that desires to seed out part/whole of its operations or processes, due to some of the reasons mentioned above, can adopt. The different kinds of outsourcing model include:

a. Staff Augmentation
b. Out-Tasking
c. Project Based Outsourcing
d. Managed Services

2.4.1 Staff Augmentation Model

In this model, the outsourcing service providers, usually called the vendors, agrees to provide the specific skilled resources to supplement the local work force. Here the activities performed by vendors are as instructed by the client, and they do not take on any risks or accountability. This model can provides cost saving due to the low cost resources and is usually acquired by companies just beginning to outsource.

2.4.2 Out-Tasking

In this model, the vendors are responsible for specific functions in the company. The client controls, manages and oversees in-house while the vendor or service provider performs specific activities as identified by the client. The vendors do not have ownership of any project as they only perform certain tasks from the project and are responsible for their activities.
2.4.3 Project Based Outsourcing Model

Here vendors assume responsibility for a project and are responsible for the day-to-day running of a particular project as given by the client. The client duty then is restricted to monitoring and control. In this model SLAs between the service provider and the Client is drawn up against some benchmarks. SLA like, Project deliverables but not business deliverables are drawn up that details the scope, responsibility deliverable of the vendor.

2.4.4 Managed Services Model

According to Manish and Rohini (2007), in a managed service model, the service provider takes complete ownership for the delivery of services. Their responsibilities including design, building, operating, improving processes, applications, and infrastructure. Generally, the service provider enter a business level SLAs for the outsourced work and usually, providers are involved in drawing up SLAs with the client, or Operational Level Agreement within other service providers in a multi-vendor environment.

The choice of any outsourcing model is influenced by desired outcome and the organization’s current levels of sourcing maturity. Different companies have their expectations from sourcing and based on their needs the company should select the right model suitable for them. As already stated, the main reasons for adopting any outsourcing option is due largely to the need to reduce cost arising from increasing CAPEX and OPEX budgets (caused by competition and globalization), access to skilled manpower, and the opportunity for the company to focus on their core competence.

2.4.5 COMPARISON OF OUTSOURCING OPTIONS

As stated in section 2.3, the choice of the sourcing model broadly depends on the level of sourcing maturity of the company. Different company operates at different level of sourcing maturity and based on their specific needs and expectations they can select the sourcing model that is suitable to them. The table below sum-up the various outsourcing options pros and cons:
Table 2.2 Overview of the Pros and Cons for Different Outsourcing Options

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
<th>Preference</th>
</tr>
</thead>
</table>
| Staff Augmentation | ✓ Ensure Skill availability  
✓ Tactical time-to-market gain  
✓ Some amount cost flexibility | ❖ Absence of metrics or processes  
❖ Uncertainty around vendor quality  
❖ Challenges of managing “resources” | Decreasing |
| Out-Tasking | ✓ Strategic “hard to do resource profiles can be obtained  
✓ Leverage unique skills in vendor  
✓ Possibility of managing spikes in work activities | ❖ Artificially dividing activities to facilitate out-tasking  
❖ Potentially sub-optimal manner of undertaking work  
❖ Not a true partnership as the vendor takes on limited risks | Decreasing |
| Project based Outsourcing | ✓ Collaborative model – where risks and rewards are shared  
✓ End to end vendor accountability for projects  
✓ Increased avenues for vendors to apply their best practices  
✓ Very high client benefits | ✓ Client personnel need to get comfortable relinquishing day to day control  
❖ Calls for better understanding and appreciation of the offshore model  
❖ Demands better Biz-IT alignment while defining requirements | Increasing |
| Managed Services | ✓ Enables the client to have an integrated outsourcing solution  
✓ Obviates the hassles of having separate SLAs with different vendors | ❖ Typically justified only in a very complex outsourcing or high level offshoring  
❖ OLAs are easily arrived at; the multi vendor managed services is still a nascent model  
❖ The integrated outsourcing model could trend to have a high element of being a ‘black box’ with low transparency | Increasing |

(Manish et al 2007)

The table above shows the various drawbacks and benefits of the various Outsourcing Models however, despite these benefits and drawbacks, project based Outsourcing and Managed Services are the outsource models that their preference is growing by the day as many telecom operators are increasingly identifying themselves with them.

2.5 THE MANAGED SERVICES MODEL

According to Wikipedia (http://en.wikipedia.org), a managed service is the practice of transferring day-to-day related management responsibility as a strategic method for
improved effective and efficient operations. The person or organization that owns or has direct oversight of the organization or system being managed is referred to as the client, or customer. The person or organization that accepts and provides the managed service is regarded as the service provider. This model is often adopted when the work can be clearly scoped out with clearly marked out deliverables. For the model to work effectively, the MSP should double as the equipment provider, giving them excellent understanding of the Telecoms operators systems. This will give the operators the confidence the need.

In recent time, many telecommunication companies are increasingly adopting the managed services model not only because it enables them focus on their identified core competence, make them more efficient, competitive, provide better network quality, and relieves them of operational and capital costs (OPEX and CAPEX) but also because it provides an integrated outsourcing solution with a broader scope and multi-year SLA-based strategic relationship between the telecoms operators and the managed service provider. It also entrust the service provider with complete business accountability for the outcomes of the business.

As one of the fastest growing sectors in the telecommunications industry, Managed services sector is leading the sector with high margins. (Ray M., 2009). The choice of Managed Services, as the preferred model, is on the increase largely due to the inherent benefits associated with it.

2.6 CHOOSING A MANAGED SERVICES PROVIDER
In choosing a managed service provider, an organization should seek an outsourcing business model that can deliver a solution that befits the organization’s requirements and surroundings knowing that right service provider can be of enormous benefit. John (2008) argues that the following elements should be considered when appraising a possible service provider:

a. **People and Experience** – The expertise of your potential managed service provider’s partner’s staff should be backed by years of excellent solution experience. The technical staff should be qualified staff with broad experienced in different vendors systems and have an extensive track record of designing, operation, maintenance, and building service provider networks quickly and efficiently.

b. **Knowledge Assets** – Your managed services provider should have research and development capabilities. They should be a provider that is always abreast with the recent technologies, business modeling and analysis tools and be ready to adopt them.
c. Proven Methodology – The managed services provider should have established outsourcing methodology and governance models, and use best in class tools, processes and metrics. Progress and process implementation should be measurable. (John R. 2008, p. 5-6)

2.7 Outsourcing Network Management

In recent times, Network Services and their management have been experiencing growing prevalence in the region of outsourcing. As both large and small companies continue to outsource their IT services, outsourcing network management has generated deep feelings and emotions raising many questions among staff and management in the telecommunications industry. The significance of service level agreements (SLA) and the role it has to play in vendor selection and network management is very crucial to outsourcing network management. Network Management SLA will be discussed later in this chapter.

Outsourcing to managed services is like establishing a relationship with other business concern and does not imply handing over all operations activities to the managed services provider (MSP) or vendor. The company still retains some key activities that help manage the relationship between the vendors, monitors the performance of the vendor and also retains a number of staff for network design and strategic network planning.

2.7.1 Factors to Consider before Outsourcing Network Services

Attitudes towards network operations are similar to those of personal health. In both cases, the signals that there is a need for outside help are often ignored until some serious event forces a change in attitude (Bauer B. 2004). With network operations, managers have to consider several factors before deciding to commit to network support by vendors. In this section we highlight the indicators that are believed to help network managers in their decision towards outsourcing and putting into consideration the environment, technological innovations.

- Rising IT expenses – this arise when Networks grows organically instead of methodically. This is a situation when growth is compelled by the environment and not by any managed strategic plan.

- Increasing network instability – instability arising from trivial complaints are signs of troublesome underlying problems. These complaints are often ignored and as they grow, they accumulate to become a serious source of instability in a company, hence should not be treated lightly.
Security overwhelming business operations - When some much time and energies are devoted by local IT personnel's to security, normal operations will be short-changed. And when this continues into unchecked it becomes institutionalized affecting other functions in the company.

New regulatory compliance requirements – In the bid to decode new government regulations the running of a well maintained network is neglected. To meet these new regulatory compliance requirements the company network tasks suffers.

Reorganization – Reorganizations initiated from within an organization can alter the entire blend of network support activities and affect network operation even though they may not be immediately apparent. Changes initiated from outside the organization can put tremendous demands on network operations.

2.7.2 Benefits of Network Outsourcing to Managed Services

In a rapidly developing market like the telecom industry, outsourcing network operations to managed services providers can be a source of immense advantage over competitors in like business. Outsourcing network operations enables company to concentrate on their core competency thus enhancing their market penetration and staff to be put to other use. One other strength of outsourcing is that there is a tremendous cost savings accruing from not having to build a local Network Operations Centre (NOC). On service delivery, outsourcing network operations has greatly improved network performance. This improvement in outsourcing network operations has lead to improve customer retention, reduce network downtime and service degradation. Other considerations for embarking on network operations outsourcing include avoiding investments on equipments that short end of life, ease of being up-to-date with new technologies, reduction in costs associated with network maintenance, faster responses to change in market conditions, and faster response to complex to network issues in the most efficient manner.

2.7.3 Drawbacks of Network Outsourcing to Managed Services

While acknowledging the immense benefits that Managed services and other outsourcing models present, it is worth noting that there are drawbacks associated with their adoption. As the network expands it is important for management to evaluate the network support needs. Many observed that projected costs savings and network key performance indicators (KPI) are usually exaggerated by MSPs and that they are confined to a fixed contract. This has led to companies setting up contract management teams within the organization to supervise the agreement, make sure that processes are strictly adhered to and run smoothly and to prevent errors from occurring. This measure has led to increased costs instead of costs savings. Outsourcing sometimes negatively influences staff
performance. This negative influence can reduce the control over strategic network services, leading to restricted effort to the overall organization’s objectives. Under this circumstances outsourcing to managed services is not advised. One should be wary of the short term gains as it can become long-term liabilities that can greatly reduces the zeal of remaining staff, increase turnover of talented and skilled employees, create impossible expectations between the company and the outsourcing provider, locked in a fixed and complex contract agreements, and the danger of the network takeover by the MSP.

2.8 Service Level Agreement (SLA)

A Service Level Agreement (SLA) is an official document included in master contract that defines the performance parameters known as key performance indicators (KPI) for an outsourcing agreement. The parameters include detail description of services required, data transfer rate, expected performance level, network availability, network uptime, systems repair and network restoration. The use of SLA’s has grown in recent times and has led to the development of performance measurement and reporting tools required by stakeholders to monitor network performance and make sure that the network remains in the agreed threshold as specified in the SLA. The SLA is vital in setting up good relationship with the outsourcer. And to prepare a good SLA, a satisfactory service level specification of the business processes has to be established and responsibilities entrusted to appropriate providers capable of achieving that level.

In order to develop effective SLA, the following critical issues has to be considered: The SLA should be carefully crafted to meet realistic targets with appropriate rewards and penalties for substandard and satisfactory level of performance respectively, request for continuous improvement on current standards, modeled to meet service requirements of the business, clearly state terms and monitoring processes, protect important and confidential information and ensure that cost of items and services are reasonably priced and relevant to the business. To develop and maintain good managed service contract and improve upon the SLA, management should consult well known and reputable vendors that has previous experience and with proven track records.

2.8.1 The Composition of an SLA

The contents of an effective Service Level Agreement (SLA) should include but not confined to the following: Lists of Terms and Services with responsibility matrices, Measurable Key Performance Indicators (KPI’s) for the Service levels like quality, availability, capacity, reliability, and so on, Service levels measuring systems that are
accurate, cost effective, can measure in real time with well defined measuring periods and can analyze historic data, and Clear reporting process conducted in a periodic basis.

To take care of agreement breaches resulting from outsourcers not meeting performance specifications, there is a provision for Termination of Service agreement where the minimum service level agreement is set which allows for the termination of the contract. This can result from single or multiple disruptions to network services. This process allows for the application of the proper termination method when providers fail to meet the minimum service level requirements.

SLA plays very important roles in guiding outsourcing vendors to be abreast with the company’s business requirements enabling them to perform their duties and allow the company to track their performance. SLA enables both parties to legally establish each party’s obligation out of the outsourcing contract. “The only way to ensure a comfort level for us is to set required service level specifications and then regularly measure the provider’s performance to determine whether it has achieved those levels” (GOOLSBY, 2001). Outsourcing as any other business agreement requires a well prepared, carefully analyzed and documented details for each individual points to eliminate risk to the buyer and in the end, to achieve win-win relationship between both parties (GOOLSBY, 2001).

2.8.2 SLA’s Limitations Considerations

Some many issues can crop up during implementation process as a result of the immense energy exerted during the SLA preparation without paying much attention on how it will be put to use or their practical implemented. There is the danger of the SLA having different interpretations over time as stakeholders strive to understand it. This will definitely undermine the aims and objectives of preparing the document. And no matter how meticulous the preparation process was, there is always the possibility that something unexpected may crop-up that might compromise the outsourcing validity. Monitoring may appear as the sure way to know if the agreement is adhered to, however the costs implications associated with undertaking this SLA implementation monitoring process in detail is rather huge and will require a lot of money. For these reasons, it is very important that a viable Managed service provider is contracted regardless of the initial cost instead of the series of costs incurred during the duration of the contract in order to make sure providers comply with the SLA and do a proper job.
CHAPTER THREE

3 RESEARCH METHODOLOGY

3.1 OVERVIEW

This chapter describes the methods employed in carrying out this research work that look at the benefits and drawbacks of the Managed Services Model in Nigeria. In order to accomplish this research objective, primary and secondary sources of information were employed in gathering qualitative and quantitative data needed for the study, using, interviews, questionnaire survey, and relevant documentations. This chapter looks at these qualitative and quantitative sources of information with a discussion on their strengths and weaknesses, the research ethics employed in carrying out the research work, and how the actual information gathering processes for the research was carried out using interviews and questionnaire survey as the major instruments for the data collection. Finally, this chapter looks at the method employed in analyzing the data collected and end with the limitation to the research work.

3.2 Quantitative and Qualitative Data collection Methods

There are two basic kinds of data collection method used for data or evidence gathering, they are the quantitative and the qualitative data collection methods. Quantitative data collection methods is the numerical or statistical approaches to data collection, while the qualitative data collection method, on the other hand, are descriptive in outcome and, in many ways, more complex as they often involve understanding and modeling social interactions. This is done largely through interviews and observation. When combined with the quantitative methods, qualitative research can assist us to realize a good understanding of the composition of a given problem and the significances of quantitative data.

3.2.1 Quantitative Data Collection Method

Quantitative data collection method involves the use of numbers to assess information. In order words, it involves counting and measuring of events and performing the statistical analysis of a body of numerical data and the measurement of relationships between variables. This information can be measured by statistical means and provide researchers the chance for in-depth data analysis to seek greater meaning. Quantitative data being is numeric in nature, can be computer generated, but can also be captured from questionnaires, polls, surveys, interviews and documents etc. In telecoms research analysis, data is captured from metrics measurements, numerical simulation, software logging, quality control readings and software or hardware test beds and so on.
Quantitative approaches attempt to make generalizations. Hence, large amounts of data are required to justify generalization as against using small sample data which could introduce bias leading to generalizations that are unsatisfactory and outside the context that the data was gathered. The main concerns of the quantitative approaches are that measurement is reliable, reasonable, and generalizable in its clear prediction of cause and effect (Cassell & Symon, 1994). With this approaches, a researcher is usually isolated from the study producing a research work that is context free. This approach consists primarily of deductive reasoning, it those not favour elaborate explanation and yields a statement of statistical probability. The quantitative approach is focused more on the detailed description of a phenomenon and produces a generalization of the collected information with provisional synthesized interpretations.

The quantitative approach is an important instrument that aids the researcher to forestall bias in the information gathering processes. It is also very invaluable especially when a study needs to evaluate the cause and effect relationships apparent between pre-selected and discrete variables and help to avoid subjectivity during the information gathering processes. In addition, quantitative method enables lengthwise evaluations of subsequent performance of the respondents. Fryer (1991) maintained that qualitative researchers aim to decode, describe, analyze and interpret accurately the meaning of a certain phenomena happening in their customary social contexts. The whole essence of using the interpretative paradigm by researchers is on the investigation of authenticity, complexity, contextualization, and mutual subjectivity of the researcher and the respondent as well as the reduction of illusion.

The quantitative approach to data gathering have notable weaknesses that affects the accuracy of the collected data, some of which are the failure to furnish researchers with the context of the situation where the studied phenomenon occurs, the lack of control of the environment where respondents provide the answers to the questions in the survey, little results in original research proposal due to closed type questions and the structured format, and the limited encouragement to the evolving and continuous investigation of a research phenomenon (Alexei V. 2010)

3.2.2 Qualitative Data Collection Method

The use of interview is a qualitative approach that generates verbal information rather than numerical values. Instead of using statistical analysis, the qualitative approach utilizes content or holistic analysis; to explain and comprehend the research findings, inductive and not deductive reasoning is used (Polgar & Thomas, 1995). Additionally, qualitative data collection approaches seek to understand a research problem from the views and experience of the people concerned. Qualitative approaches are especially
effective in obtaining culturally specific data about the values, opinions, behaviors, and social contexts of particular populations.

Using qualitative data collection method is beneficial as research ideas/thoughts are more open to changes and refine as one advance in the study; this entails that qualitative data collecting tools are highly flexible. With this method, manipulations of any sort in the research work are unnecessary and instead of adopting numerous research checks as in experimental approaches, the qualitative data collecting method only concerns itself on comprehending how things exists naturally. Apart from these benefits, some previous researchers trust that qualitative data are particularly attractive. They believed that using qualitative data-collecting tools allows for reasonable and detailed descriptions and explanations as well as unanticipated findings for new research findings.

The renowned strengths of the qualitative methods is that they elicit and depicts a more realistic or natural feeling of the research environment that is difficult to get from statistical analysis and numerical data using the quantitative methods and aside allowing for flexibility in directing data gathering, research analysis and interpretation of collated data, the qualitative method of information sourcing allows the demonstration of the process being researched upon to be seen in a more holistic manner. Also, the qualitative approach offers information on the human side of an issue that includes opinions, emotions, and relationships, beliefs and behaviors. It is also effective in discovering nonphysical factors, like ethnicity, religion, gender, status, social and cultural norms, whose part in the research subject may not be evident.

Despite the above strengths, the qualitative approaches still have their weaknesses. The qualitative approaches have the tendency of departing from the original objectives of the research in response to the changing nature of the context (Cassell & Symon, 1994). There is the likelihood of having different conclusion from the same research by different researchers. Other weakness of the approach includes the inability to clearly explaining the differences in the quality and quantity of data collected from different respondents, the high level of expertise required by researchers to extract the relevant information from respondents, and the application of different probing techniques by different researcher and the tendency by respondents to tell different stories to different researchers poses consistency reliability issue to the qualitative approach.

3.3 Research Ethics

The importance of Research Ethics in modern research processes cannot be over-emphasized, especially with regard to methods used in data sourcing and gathering. This is because human interaction is often required in data sourcing and gathering.
"Research" is understood as original investigation undertaken in order to gain knowledge and understanding. It includes work of direct relevance to the needs of commerce and industry, as well as to the public and voluntary sectors; scholarship: the invention and generation of ideas, images, performances and artifacts, including design, where these lead to new or substantially improved insights; and the use of existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes, including design and construction (RDI ilearn, 2010).

The ethics behind this research taken in a professional setting was in accordance with the principles of good ethical standard. Before the participants for the survey or the interview became a subject of this research, a notification on the details of the aims and objectives of the research (Appendix A) was made known to them – a front sheet attached to the questionnaire for the survey participants and a document emailed to the participants for the interview contains this information. They were allowed to give their informed consent without any inducement or pressure. They were made to understand the confidential nature of their responses and were assured that revealing information about them will not disclosed to anyone not directly involved in the study. The principle of Anonymity, meaning the participant will remain anonymous in the duration of the study, was applied. They were also told of their right to abstain from participating in the research or terminate their participation in the entire research process at anytime them so wish.

3.4 The Data Collection Approach

The primary data collection instruments used for this study is the interview. Questionnaire survey and other documentary sources were other sources of data collection used for this research work.

3.4.1 The Interview

The primary data collection tool for this study is the interview. This data gathering technique, in this case face-to-face interview, was chosen due to the following reasons:

Interviews are particularly effective in handling complex and messy situations. It allows personal contact and reveals significantly subjective issues which are harder to pick up by other data collection methods. It provides the interviewer with flexible agenda, an opportunity to clarify context and provide a feel. Interviews are really a particular kind of conversation used to obtain detailed information (RDI ilearn, 2010).

Face-to-face interviews are marked by synchronous communication (Communications that occurs or exists at the same time) in time and place. This interview method takes advantage of social cues. Social cues, such as voice, intonation, body language etc. of the
interviewee can feed the interviewer with enough information in addition to the verbal answer of the interviewee on a question (Raymond 2006).

In Face-to-face interviews there is no remarkable time delay between question and answer; both the interviewer and interviewee are free to respond to each other. An advantage of this kind of interview is that the interviewee can respond to questions spontaneously, that is without having to plan or write in advance (Raymond 2006).

Face-to-face interview also has the advantage that the interviewer has a lot of chance to create a good interview atmosphere. Put in another way, the interviewer has the opportunity to make use or take advantage of the situation.

Finally, this interview technique makes the termination of interview very easy. In the interaction between interviewer and interviewee enough clues can be presented as to when an interview is coming to an end. For instance by shuffling the interview materials or making concluding remarks (Raymond 2006).

A semi-structured interviews were conducted with interviewees drawn from leading mobile telecom operators in Nigeria namely MTN Nigeria, Glo Mobile, (Airtel) and Etisalat and two telecom Vendors namely Ericsson and Huawei. The Respondents for this exercise comprises staff in management positions across various departments in these companies. A total of four telecommunication and two vendor companies mentioned above where involved in the information gathering exercise. Specifically, a total of 15 staffs, in Top management positions were contacted for the interview. They were notified by telephone calls and followed up by email to get their commitment on the time convenient for them for the interviews. All the participants were intimated on the aim and purpose of the interview and were given the list of questions in advance to allow them prepare for it. Due to their work schedule and in order not to interfere with their work commitments, an efficient time management technique was employed in scheduling these interviews. This necessitated the conducting of the interview on-site giving those involved easy accessibility to the interviewer.

At the beginning of each interview, staffs were asked if they preferred a one-to-one interview or answering a questionnaire and also informed that questions that are not relevant will not be used. Each interview lasted between 10-15 minutes thereafter notes were then fully transcribed by researcher immediately after conducting each interview. The use of semi-structured interviews allowed for proper probing enabling the exploration and extraction of responses that are of high significance to the research work. The interviews gave room for the clarification of ambiguous issues and allow for the introduction of new questions or the rephrasing the original questions. At the end 9 out of the 15 people contacted were successfully interviewed.
3.4.2 The Questionnaire

The second data collection method is the use of questionnaire survey, conducted with the aim of complimenting the data collected by means of interviews. The survey was conducted in line with standard research ethics. The questionnaire consists of pre-defined question with a list of answers in a pre-determined order. The questionnaires deployed online from http://www.kwiksurveys.com, a free questionnaire site, to selected staffs in the companies mentioned above. The questionnaires are useful in obtaining standard responses and uncontroversial information on people. They can produce both quantitative and qualitative data. The questions in the survey were structured in a way that it will generate the desired data hence; it was brief, relevant, explicit, clear and objective.

The decision to include the use of questionnaire survey as additional data gathering tool was due to the following:

- It allowing respondents with limited time for interviews to participate and register their opinion.

- It has the ability to detect relationships common across organizations thereby providing generalized statements about the subject of this under study (Gable, 1994).

- It enables respondents to air their views the way they feel without been identified or penciled out. Hence, questionnaires give room for the anonymity.

To arrive at the final survey questions, the process started with deciding what information is required from the survey, that is, the aim and objective of this study. Next, a note of questions that fit with the aim and objective of this study was made with other helpful information. Then, the survey questions designed and arranged in a multiple-choice format for easy answering by respondents and also for easy analysis of the information generated. To test the survey questions, a dummy survey was conducted with some people who gave feedback on some confusing questions and answer choices. Then a follow up interview was conducted with those respondents to find out the questions were easily understood and easy to answer. Finally, the survey questions were scrutinized for questions with unclear objectives and answers based on the feedback from those respondents culminating to the production of the final survey question.

A total of 35 questionnaires were sent out to participants, but only a total of 23 respondents were able to complete and submit their survey, which is about 66%. An introduction at the beginning of the questionnaire informed respondents of the researcher’s name, degree being studied and the aim of the research. The questionnaire consisted of 2 personal data questions and 18 multiple choice questions/statements which surveyed their responses on their perception of telecommunications managed services in
Nigeria. The personal data questions were used to notify the researcher of the participants’ profile. The multiple choice questions/statements are structured to include statements that span the advantages and disadvantages of Managed Services Model in the telecoms industry. The multiple choice answers was to give participants options and the easy to narrow down on their perception of managed Services.

The questionnaire was structure to give respondents three options to choose from for a given statement. The options represent the levels of understanding each respondent has on a given statement. This questionnaire type selected as it enables respondents to answer the survey easily. In addition, this questionnaire format made it possible to carry out the quantitative approach effectively with the use of statistics for data representation.

Along with the interview and questionnaire survey, other secondary sources of information from documents in the form of published articles and literatures as well as audio sources were exploited from the internet to support the survey results.

3.5 Data Analysis

3.5.1 Interview Data Analysis
The raw data from the interview is standardized with contents aligned as much as possible to represent the data collected. The process of analysis begins with categorizing data into sections – irrelevant, contextual and relevant. For the interview, focused is placed on the relevant data. This data is further analyzed using spreadsheet; in this case Microsoft Excel, as the tool which aids in detecting patterns in the collected data. To produce a numeric value used to generate the frequency distribution of the views held by respondents, like patterns are grouped together and their count noted.

3.5.2 Questionnaire Data Analysis
The analysis of questionnaire survey for this study follows the same pattern as the interview. In this analysis, counts of similar questions are taken and uploaded on a spreadsheet where frequency distributions of the questions are taken.

From the spreadsheet of both the interview and questionnaire survey, a chart is generated which gives a detailed and clear view of the result from which the conclusion of this study is drawn.

3.6 RESEARCH LIMITATIONS
This research encountered some limitations in the course of gathering data for the study. Most of the people interviewed, and who have been pre-informed of this interview, find it difficult to spare few minutes of their time to be interviewed, other where not available to
be interviewed even though I had to go to their offices. The excuses they gave were work pressure and deadlines that had to be met before the end of the year.

The questionnaire survey also had its own share of limitations. Due to what I encountered during the interview, I decided to carry out a web based questionnaire survey and deploying it online to avoid the excuses given above and increased the number of respondents. This I did and with the assumption that it will be more convenient for them to attend to since they find it hard to move around. In spite of this, the questionnaire survey suffered the fate as the interview. When I managed to contact some of the respondents the excuses they gave me range from internet restriction issues at their work place, their company email policy, they are too busy and a lot procrastinated. Nevertheless, I managed to persuade a lot of them by call and email which ended up giving me an encouraging response.
CHAPTER FOUR

4. EMPIRICAL FINDINGS

4.0 INTRODUCTION

This chapter presents an empirical evidence of Managed Services implementation in Sub-Saharan Africa with emphasis on Nigeria. It goes ahead to present the details of the study findings from Interviews and from questionnaire surveys.

4.1 MANAGED SERVICES IN NIGERIA

In Nigeria outsourcing and the desire to outsource is gaining ground and gradually becoming the preferred strategy adopted by major telecom operators in the country. Earlier in this paper (Section 1.2), it was hinted that almost all the major telecom operators in the country namely Etisalat, Glo Mobile, Zain/Bharti (Airtel) and MTN has had one or two of their unit/department outsourced under managed services contract agreement.

This issue of outsourcing under managed services, as reported by a Nigerian newspaper publication, The Guardian Newspapers, on April 8, 2010 and a report on [http://telecomsinnigeria.blogspot.com](http://telecomsinnigeria.blogspot.com), has generated a lot of concern at all quarters. The issue of competency, relationship management, power supply, subcontractor issues, job loss, costs, and customer issue are among the concerns raised.

Commenting on some of the concerns above, in the area of competency, they argue that finding local technical skilled workers be can be relatively difficult, although that depends on the choice of operators equipment. It is easier to find local competence with Ericsson equipments than say Nokia Siemens, Huawei or Alcatel.

On relationship management, the argument is that managed services has good communication and service delivery base hence are better positioned to deal with customer issues and believes that most local engineers and managers are lacking in this regards.

On the issue of power supply, the argument is that the epileptic power supply in the country has made operators rely on generating plants to power sites and switches with resulting increase in cost of doing business. They maintained that with managed services this concern will be better managed.
Reduction in operational Cost is another area that proponents of managed services asserted will be better managed by the managed services arrangement. They stated that reduction in expatriate costs, training costs, and other operational costs will boost the profitability of the company.

The report and article highlighted job loss as the major concern for a country like Nigeria. This outsourcing and in the real sense, offshoring initiative, will see the transfer of work, responsibility, decision rights from Nigerians to people in other countries. The reasons they cited for this are lack of required skilled manpower in the home country, cheaper labour rates in the outsourced country to mention just a few.

Currently, of all the telecom operators in Nigeria that have gone the way of Managed Services, Zain Managed Services NOC (Network Operation) initiative in August 2009, managed by LM Ericsson Nigeria, is one initiative that has generated a lot of concern and controversy in recent time. While most of Nigerians believed that this move is share greed to maximize profit and take jobs away from Nigerians to provide for the youth of other nationals, the management of Zain Nigeria, now Airtel, maintained that the reasons for this initiative is strictly to address the service delivery concerns of the company and the same time remain profitable.

The whole Managed Services/Offshoring has far reaching implication and many Nigerians are beginning to ask questions. The Outsourcing exercise that will see Nigerians losing jobs to other nationals will affect families as Nigeria is a country that has strongly based on extended family relationship and this amount to stripping Nigerians their means of livelihood.

Secondly, the taxes that will accrue from these jobs would be re-directed to other countries and help boost their economy. The impact of this revenue loss in the home country from these taxes will affect both the local and state government.

Thirdly, by taking jobs away, these companies will be defaulting in their Corporate Social Responsibilities of giving back to their host country through the provision of employment opportunities to its populace.

Finally, the GSM technology has been in the country for about nine (9) years now so many Nigerians have acquired enough GSM professionals that has seen a lot of them travelling to other countries, especially the Middle East, to practice this profession. However, due to the recent global recession that has led to lots of job layoffs in the international job market, many are returning to their home country to apply for openings. With many operators implementing this Managed Services agreement in the country, these returning professionals will find it difficult to find a the jobs they need.
4.2 The Survey Data

4.2.1 The Interview Data
Below is the outcome of the interviews carried out a total of 9 participants were interviewed. Double click on the table below to view the data in PDF.

### Table 4.1 Interview Results

<table>
<thead>
<tr>
<th>Interview Results</th>
<th>Case Study</th>
<th>Tolerance</th>
<th>Data Accuracy</th>
<th>Staff Efficiency</th>
<th>Impact</th>
<th>Sales</th>
<th>Profitability</th>
<th>Revenue</th>
<th>Communication</th>
<th>Relationship</th>
<th>Cultural Competence</th>
<th>SLA Consideration</th>
<th>Recommendation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Reduced Cost Efficiency</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>2 Reduced Cost Efficiency</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>3 High Cost and Good Reduction</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>4 Faster &amp; More Effective</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>5 Correlation to Vendor &amp; Minimum Energy</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>6 Laser &amp; More Effective</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>7 Faster &amp; More Effective</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>8 Faster &amp; More Effective</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>9 Faster &amp; More Effective</td>
<td>Below the average</td>
<td>Well above average</td>
<td>Good</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Medium</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
</tbody>
</table>

4.2.2 The Questionnaire Survey Data
The survey was deployed with 20 questions and data collected from 23 respondents, see table below. Questions 1 and 2 contain questions that collect personal information of respondents like job level and department. In the survey, question 1 (Q1) reveals that 20
respondents are Engineers, 1 from Finance, and 2 from Legal. Question 2(Q2) shows that 15 respondents are middle management while 8 from each are lower management.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 Managed Services provides access to better technology &amp; Expertise.</td>
<td>11</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Q4 Managed Services will generate more employment in Telecoms companies.</td>
<td>7</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Q5 In general, the practice has been effective in “cost-cutting” in the company.</td>
<td>13</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Q6 The impact of Managed Services on staff moral within Telecoms companies is excellent.</td>
<td>3</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Q7 The application of Managed Services has improved the competency level among staff.</td>
<td>6</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Q8 Knowledge Transfer with Managed Services is Excellent.</td>
<td>5</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Q9 The application of Managed Service practice has been effective within the organization.</td>
<td>6</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Q10 Management has Strong control over the Managed Services Provider.</td>
<td>12</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Q11 Funding and budgets for Managed Services are easily facilitated.</td>
<td>7</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Q12 The quality of work done is better with Managed Services.</td>
<td>9</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Q13 Managed Services contribution is invaluable to generating Strategic Planning.</td>
<td>8</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Q14 The practice has brought new technologies and innovative services to the company.</td>
<td>10</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Q15 The benefits of the applications of this practice in Operations and Maintenance are great.</td>
<td>11</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Q16 The Practice has made budgeting more flexible.</td>
<td>10</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Q17 Good Quality of Service will be met with the application of Managed Services.</td>
<td>7</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Q18 Managed Services have been effective in coping with the changes and challenges in the Telecommunications industry.</td>
<td>11</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Q19 You would classify the adoption of Managed Services as Excellent.</td>
<td>6</td>
<td>7</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 4.2 Questionnaire Survey

The final question, (Q20), is a kind of confirmatory question to find out the actual number of respondents that will recommend the Managed Services Model. The next chapter will do a detailed analysis of the findings presented on this chapter.
CHAPTER FIVE

5. Analyses of Findings

5.1 Introduction

This chapter provides detailed analysis of the findings from the study conducted on major Telecom operators and Vendors in Nigeria using interviews as the source of primary data, and supported by the use of questionnaire survey. The chapter starts by briefly looking at the profile of the participants/respondents and their companies. The chapter then continues with the analysis of the main findings from interviews and questionnaire survey with the reasons in support and against outsourcing to managed services. Next, the chapter looks at evidences from other sources like the internet in favor and against the subject of this study and concludes by analyzing the risks posed by outsourcing and how they can be managed.

5.2 Profiles of the Industry and Survey Respondents

The principal industry represented in this survey was telecommunications, comprising telecoms operators and Vendors. The telecom operators includes MTN Nigeria, Airtel (formerly Zain), Glo Mobile and Etisalat Nigeria while vendors includes Ericsson and Huawei, who are major players in Nigeria telecommunications industry. Vendors here are the equipment providers to the telecom operators. Participants for the interviews and Survey were drawn from these companies. The interviews and the survey benefited from having a good mix of professionals participants on different roles and functions.

5.3 Main Findings from the Interviews

100% of those interviewed are Engineers comprising staff at Top Management positions across the aforementioned companies. The interview questions were designed in a manner that enables participants focus on the core indicators that affects managed services. The interview analysis will begin by looking at the indicators that participants believe will promote Outsourcing to Managed services followed by those that are on the contrary. All percentages stated here are approximations of their real values.

Starting with Cost Savings, regarded as one of the primary reasons for outsourcing, 67% of those interviewed agreed that managed services enable telecom operators save a lot of money on OpEx and administrative costs but cautioned against vendors embarking on
low cost projects. On the other hand, 33% of participants are of the opinion that Outsourcing to MS may not lead to cost savings as believed, as there will be hidden costs and costs associated with the implementation of low cost projects by vendors in order to managed the money they are given leading to re-works due to poor quality of projects. All participants believed that managed services will improve network/service quality and improve company focus on core their business leading to better service delivery to the public. In addition, 89% of participants strongly believed that the going MS will give the company good competitive edge, advantage that comes from access to better technology – as viewed by 67% of Participants, and the expertise it will bring in addition to providing special skills and training as viewed by 56% of the participants. In terms of vendor-operator relationship, 89% agreed that there will be no relationship issue between the two parties in MS agreement but will rather lead to better and strong relationship. Also, 44% of the participants maintained that there is no Risk of Loss of Control to managed services overtime as there already exists a good relationship with the two parties, while 22% holds a contrary view and 33% remained neutral. Finally, 89% of participants agreed that there a need for a Service Level Agreement (SLA) between their company and the managed services provider, while 11% think otherwise and suggesting that a good Working Level agreement (WLA) and Operational Level Agreement (OLA) are what they need.

Looking at the indicators that are against Outsourcing to Managed Services, 67% of participants believed that the core issues of security which include data confidentiality, privacy, authority and accountability is the key factor preventing top management from depending on Vendors to manage their networks. 78% of the participants are opposed to the opinion that outsourcing to managed services will lead to a better attitude to work. They cited favoritism, application of different standards in salary and medicals, and job insecurity as factors that will influence their attitude to work. 22% remained neutral. Similarly, 56% believed that there is the risk of loss of internal/local expertise to other company due to outsourcing to Managed services as a result of the reasons mentioned above, while 44% remained neutral. Figure 5.1 shows the frequency distribution of the condensed and quantized responses from the interview.
Some interesting comments were made during the interviews on the issue of outsourcing to managed services. A particular participant considers business as being dynamic and maintained that there are problems coping with the changes that come as a result of its dynamic nature and getting experts to effect these changes. Another participant considers operators as the key to a successful managed services relationship. One participant highlighted that managed services in a multi-vendor environment will lead to unhealthy competition and secrecy. Others are of the opinion that managed services should be implemented carefully and in phase to prevent issues between stakeholders and also advocates the adherence to SLAs and faster deployment of newer technologies.

At the end of the interview, each participant was asked whether he/she will recommend outsourcing to managed services, the result was that 6 out of the 9 people agreed to the adoption of managed services representing approximately 67% while the remaining 3 (approx. 33%) disagree with the adoption as shown on table 4.1.
Table 5.1 Responses on Recommending Managed Services

<table>
<thead>
<tr>
<th>Responses</th>
<th>Total/Response</th>
<th>Recommend MS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>6</td>
<td>67% (approx)</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>33% (approx)</td>
</tr>
</tbody>
</table>

In order to find out how the responses on table 5.1 differ from responses on figure 5.2, a computation of all responses per response type (Agree, Disagree and Neutral) was carried out based on the information on figure 5.1. The result of the computation is shown on table 5.2 below.

Table 5.2 Responses Summary on Recommending Managed Services

<table>
<thead>
<tr>
<th>Response</th>
<th>Total Response</th>
<th>Response (%) (approx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>66</td>
<td>61%</td>
</tr>
<tr>
<td>Disagree</td>
<td>28</td>
<td>26%</td>
</tr>
<tr>
<td>Neutral</td>
<td>14</td>
<td>13%</td>
</tr>
</tbody>
</table>

When the results on table 5.1 and 5.2 are compared we see that over 60% of the responses support outsourcing with less that 40% opposing its adoption.

In summary, the overall results indicate that top management level will consider outsourcing to managed services. They based their decision on some strategic drivers like cost savings, improved focus on core business, competitive advantage, access to better technologies and expertise, and general network quality improvements.

My submission from what I noticed during the interview session was that a greater percentage of participants who held a contrary opinion will most probably support the adoption of managed services overtime.

5.4 Main Findings from Questionnaires

In order to compare the views held by staff at top management level and those held by staff below top management – see table 4.1 page 32 above, a questionnaire survey was carried out that targeted professionals from middle management level to team members. The questionnaires statements were structured to favor outsourcing but with multiple choices answer that allow respondents to choose in support or against a particular statement.
Questions 1 and 2 of the survey captured the personal data of respondents. It result shows that majority of the professionals were Engineers making up 87% of the total, followed by Legal with 9% and 4% from Finance. 65% of respondents were made up of staff at Middle Management positions while Supervisors and Team members made up the remaining 34% and having 17% apiece as indicated on table 5.3 below.

<table>
<thead>
<tr>
<th>Job Title / Function</th>
<th>Survey Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Management</td>
<td>65%</td>
</tr>
<tr>
<td>Supervisor</td>
<td>17%</td>
</tr>
<tr>
<td>Team Member</td>
<td>17%</td>
</tr>
</tbody>
</table>

Table 5.3 Job Title/ Functions and Survey Respondents

The result of the findings is tabulated below on tables 5.4 and also on table 5.5 in percentages. The symbols Q3, Q4, to Q19, represent statement 3, 4, to 19 respectively. To view these questions see Appendix B.

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
<th>Q13</th>
<th>Q14</th>
<th>Q15</th>
<th>Q16</th>
<th>Q17</th>
<th>Q18</th>
<th>Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>11</td>
<td>7</td>
<td>13</td>
<td>3</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>12</td>
<td>7</td>
<td>9</td>
<td>8</td>
<td>10</td>
<td>11</td>
<td>10</td>
<td>7</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>8</td>
<td>5</td>
<td>10</td>
<td>5</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td>11</td>
<td>5</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>12</td>
<td>9</td>
<td>14</td>
<td>11</td>
<td>12</td>
<td>9</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>11</td>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 5.4 Survey Responses per Statement

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
<th>Q13</th>
<th>Q14</th>
<th>Q15</th>
<th>Q16</th>
<th>Q17</th>
<th>Q18</th>
<th>Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>48%</td>
<td>30%</td>
<td>57%</td>
<td>13%</td>
<td>26%</td>
<td>22%</td>
<td>26%</td>
<td>52%</td>
<td>30%</td>
<td>39%</td>
<td>35%</td>
<td>43%</td>
<td>48%</td>
<td>43%</td>
<td>30%</td>
<td>48%</td>
<td>26%</td>
</tr>
<tr>
<td>Neutral</td>
<td>22%</td>
<td>17%</td>
<td>4%</td>
<td>26%</td>
<td>26%</td>
<td>26%</td>
<td>35%</td>
<td>22%</td>
<td>43%</td>
<td>22%</td>
<td>30%</td>
<td>22%</td>
<td>26%</td>
<td>48%</td>
<td>22%</td>
<td>13%</td>
<td>30%</td>
</tr>
<tr>
<td>Disagree</td>
<td>30%</td>
<td>52%</td>
<td>39%</td>
<td>61%</td>
<td>48%</td>
<td>52%</td>
<td>39%</td>
<td>26%</td>
<td>26%</td>
<td>39%</td>
<td>35%</td>
<td>35%</td>
<td>26%</td>
<td>9%</td>
<td>48%</td>
<td>39%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Table 5.5 Survey Responses per Statement in percentages

5.4.1 Reasons against Outsourcing under Managed Services

In figure 5.2, the green bars indicate the degree of disapproval of staff in lower management positions to outsourcing to managed services. Majority of respondents hold contrary views to the following statements 4, 6, 7, 8, 9, 14, 17 and 19 represented by Q4, Q6, Q7, Q8, Q9, Q14,
Q17 and Q19 respectively. They believe that managed services cannot generate employment in the telecoms companies that it will have a negative impact on staff moral within the companies, that its application will never improve the competency level among staff, and that there will be no appreciable knowledge transfer to local staff. The results also indicated that the application of managed services may not be effective even with new technologies and innovative services by outsourcing vendors hence nor provide better quality of service hence, will not classify the adoption of managed services as excellent.

![Figure 5.2 The frequency distribution per Statement in Percentage](image)

**Figure 5.2 The frequency distribution per Statement in Percentage**

**5.4.2 Reasons in Favour of Outsourcing under Managed Services**

Similarly, in figure 5.2, the blue bars indicate the degree of acceptance or support to Managed Services by lower management staff. Many of the respondents are in agreement with statements represented by Q3, Q5, Q10, Q14, Q15, and Q18. They believe that managed services is vital to local skill development, that it is effective in cost cutting/savings, and that management have strong control over the managed services provider. They also believe that the benefit on the network operations and maintenance (O&M) is immense especially with the provision of new technologies and innovative services and that with managed services telecom companies are better positioned to effectively cope with the changes and challenges in the Telecommunications industry.
Some statements gave a tie between the respondents in support of outsourcing and those against it. Those statements includes statements on Q12 and Q13 representing better quality of work and invaluable in generating strategic planning respectively. Most respondent remained neutral for Statements on Q11 and Q16

When all the responses from the questionnaire are grouped together, as shown on table 4.6 below, we get a total response of 391 for the different kinds of responses. From this number, a total of 149, about 38% approx., are opposed to the statement accredited to Managed services while a total of 142, about 36% approx., are in support. 100 responses were obtained for those that remained neutral, completing the remaining 26%. This result indicates that staffs below Top Management are more opposed to the adoption of managed services their top reasons being those state on section 4.3.1 above. Although the difference between the agreed and the disagreed is just 2% for this research, but given the number that remained neutral the stake could shift.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Total/Response</th>
<th>Total %/Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>142</td>
<td>36%</td>
</tr>
<tr>
<td>Neutral</td>
<td>100</td>
<td>26%</td>
</tr>
<tr>
<td>Disagree</td>
<td>149</td>
<td>38%</td>
</tr>
</tbody>
</table>

Table 5.6 Responses in Number and Percentage

The last question in the questionnaire is a question that seeks to respondents view if they will recommend managed Services, the result was that 13 out of the 23 respondents opposed to the adoption of managed services representing approximately 57% while the remaining 10 (approx. 33%) respondents agree with the adoption as shown on table 5.7.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Total/Response</th>
<th>Recommend MS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>43% (approx)</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>57% (approx)</td>
</tr>
</tbody>
</table>

Table 5.7 Questionnaire Responses on Recommending Managed Services

In summary, this result represents a significant difference from the views held by staffs at top management who view business strictly from the commercial perspective.
CHAPTER SIX

6. Conclusion and Recommendation

7.0 Conclusion

The telecommunication sector is obviously a natural sector for outsourcing as it contains non-core business functions or telecommunications services and there are many vendors that can provide these services conveniently. Cost reduction and network quality are vital drivers for many outsourcing decisions which equally apply to outsourcing of telecommunications.

Based on the study conducted above, the issues emanating from the research and analysis of the conducted interviews, survey, and outsourcing literatures indicates emphasis on cost reduction as the principal indicator to adopting Managed Services. New technology and expert capabilities are also valuable contributors to cost reduction. The research also revealed that network quality improvement emanating from new technologies and the expertise required to run the network is another factor that points to the adoption of managed services. Other factors that strengthen top management position towards the Managed Services Model are the competitive advantage it presents and facilitates better focus on core business functions. Winning companies are more likely to engage outsourcing to Managed Services because it better positions them to seize strategic business opportunities. On the other hand, this study identified security issues like data confidentiality, privacy, authority and accountability as the key factor preventing top management from outsourcing to managed services. Similarly, this study revealed that staffs at lower management positions equally submit to the fact that managed services can lead to cost reduction and bring newer technology to the company. However, they tend to oppose the adoption of this model because it will lead to unemployment that affects the welfare of staff and their families. Other inherent drawbacks from the point of view of lower management staff include reduction of staff moral and limited local competence development.

Outsourcing demands a careful decision and execution process, backed by strong business objectives and strategy to carry it out. This thus makes outsourcing a means of business delivery and not just a goal. This conclusion is founded on the meaning of strategic objectives and with the application of the right and guarantee decision process an appropriate outsourcing model is employed. Furthermore, the execution for outsourcing Service Level Agreement should permit the continuous monitoring of previously agreed success metrics, with possible exit arrangement in place to cater for a situation where all objectives and deliverables are met, or where an early termination of agreement is required.
The study acknowledged a couple of issues that constitute risks with the adoption of Managed Services. Very importantly, the emphasis in drawing up a contractual agreement for outsourcing to managed services is to eliminate the risk factors. This is better achieved through clear and effective detailing of the process to be outsourced (within limit and scope); together with a service level specifications that are clear, objective and effective. Contracts involving numerous dependencies functions better in the atmosphere of goodwill and trust between both parties. And to achieve a win-win relationship, both parties in the Managed services agreement must maintain their focus on important components of the contractual agreement and tow the path towards continual improvement in the outsourced process.

6.1 RECOMMENDATION

The following recommendation should be considered when choosing a potential managed service vendor, most of which are components of effective Service Level Agreement (Radmila et al., 2005)

- State all needs and requirements; assess growth and profitability of the Network operations.

- Define the strategy, set goals, identify objectives and then communicate and discuss the strategy with the staff affected.

- Develop comprehensive revenue, cost and capital expense plan. Conduct risk analysis and identify the required support infrastructure.

- Define key performance metrics and deliver relevant training for competence development.

- Define the solution in detail, deploy a focused program to implement the solution and identify changes required

- Employ value-based pricing, develop service level agreements and assess vendors’ skills and expertise.
REFERENCES


BIBLIOGRAPHY


APPENDIX

Appendix A: Interview/Questionnaire Covering Letter

Questionnaire Survey on Telecommunications Managed Services Model in sub-Saharan Africa – the Case of Nigeria

Dear Sir/Madam

My name is Chidi Esonwune, a Master’s student of Business Administration in the School of Management Blekinge Institute of Technology Karlskrona, Sweden, conducting a research under Urban Ljungquist, PhD. I am researching Telecommunications Managed Services Model in sub-Saharan Africa, using Nigeria as a case study.

Managed service, a kind of outsourcing model, is the practice of transferring day-to-day responsibilities to an external company. This company is usually called Managed Services Provider.

The purpose of this research study is to measure people’s perception of Telecommunications Managed Services in Nigeria which will help determine the strengths and weakness of the model.

Below is a questionnaire survey that you shall complete. The questionnaire is brief and will take about seven minutes to fill out. Please be assured that all information you provide will be strictly confidential. Any identifying information will not appear on any study report – all results from this Study will be reported as statistical summaries only.

Your participation represents a valuable contribution to this research, and I thank you again for your cooperation.

Sincerely yours,

Chidi Esonwune

MTN Nigeria Communications Limited
## Appendix B: Questions 3 to 19 of the Questionnaire Survey

<table>
<thead>
<tr>
<th>Questions</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 Managed Services provides access to better technology &amp; Expertise.</td>
<td>11</td>
<td>5</td>
<td>7</td>
<td>48%</td>
<td>22%</td>
<td>30%</td>
</tr>
<tr>
<td>Q4 Managed Services will generate more employment in Telecoms companies.</td>
<td>7</td>
<td>4</td>
<td>12</td>
<td>30%</td>
<td>17%</td>
<td>52%</td>
</tr>
<tr>
<td>Q5 In general, the practice has been effective in “cost-cutting” in the company.</td>
<td>13</td>
<td>1</td>
<td>9</td>
<td>57%</td>
<td>4%</td>
<td>39%</td>
</tr>
<tr>
<td>Q6 The impact of Managed Services on staff moral within Telecoms companies is excellent.</td>
<td>3</td>
<td>6</td>
<td>14</td>
<td>13%</td>
<td>26%</td>
<td>61%</td>
</tr>
<tr>
<td>Q7 The application of Managed Services has improved the competency level among staff.</td>
<td>6</td>
<td>6</td>
<td>11</td>
<td>26%</td>
<td>26%</td>
<td>48%</td>
</tr>
<tr>
<td>Q8 Knowledge Transfer with Managed Services is Excellent.</td>
<td>5</td>
<td>6</td>
<td>12</td>
<td>22%</td>
<td>26%</td>
<td>52%</td>
</tr>
<tr>
<td>Q9 The application of Managed Service practice has been effective within the organization.</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>26%</td>
<td>35%</td>
<td>39%</td>
</tr>
<tr>
<td>Q10 Management has Strong control over the Managed Services Provider.</td>
<td>12</td>
<td>5</td>
<td>6</td>
<td>52%</td>
<td>22%</td>
<td>26%</td>
</tr>
<tr>
<td>Q11 Funding and budgets for Managed Services are easily facilitated.</td>
<td>7</td>
<td>10</td>
<td>6</td>
<td>30%</td>
<td>43%</td>
<td>26%</td>
</tr>
<tr>
<td>Q12 The quality of work done is better with Managed Services.</td>
<td>9</td>
<td>5</td>
<td>9</td>
<td>39%</td>
<td>22%</td>
<td>39%</td>
</tr>
<tr>
<td>Q13 Managed Services contribution is invaluable to generating Strategic Planning.</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>35%</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>Q14 The practice has brought new technologies and innovative services to the company.</td>
<td>10</td>
<td>5</td>
<td>8</td>
<td>43%</td>
<td>22%</td>
<td>35%</td>
</tr>
<tr>
<td>Q15 The benefits of the applications of this practice in Operations and Maintenance are great.</td>
<td>11</td>
<td>6</td>
<td>6</td>
<td>48%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Q16 The Practice has made budgeting more flexible.</td>
<td>10</td>
<td>11</td>
<td>2</td>
<td>43%</td>
<td>48%</td>
<td>9%</td>
</tr>
<tr>
<td>Q17 Good Quality of Service will be met with the application of Managed Services.</td>
<td>7</td>
<td>5</td>
<td>11</td>
<td>30%</td>
<td>22%</td>
<td>48%</td>
</tr>
<tr>
<td>Q18 Managed Services have been effective in coping with the changes and challenges in the Telecommunications industry.</td>
<td>11</td>
<td>3</td>
<td>9</td>
<td>48%</td>
<td>13%</td>
<td>39%</td>
</tr>
<tr>
<td>Q19 You would classify the adoption of Managed Services as Excellent.</td>
<td>6</td>
<td>7</td>
<td>10</td>
<td>26%</td>
<td>30%</td>
<td>43%</td>
</tr>
</tbody>
</table>