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on the topic:

**«IMPORTING IN THE INTERMEDIATE CONSUMPTION OF ENTERPRISES
IN THE MARKET OF TELECOMMUNICATION SERVICES»**

(based on the data of LLE “Cable Television “TVRC”, Kryvyi Rih)

Student of the 2nd year, group 2am,
speciality 051 «Economy»,

specialization «International
economics»

Scientific adviser

Candidate of Sciences (Economics),
Associate Professor

_____ Taianovskyi Vladyslav

_____ Shnyrkov O.O.

Head of the project team

Candidate of Sciences (Economics),
Associate Professor

_____ Kravets K.P.

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INTRODUCTION

This research is aimed to scrutinize the sphere of telecommunications, its strengths and weaknesses, key players and smaller companies trying to find the best way to make own profit. Though some particular segments of the telecommunication market may seem to be in recession, the sphere in the whole is growing at a stable speed.

The telecommunication sector is made up of companies that make communication possible on a global scale, whether it is through the phone or the Internet, through airwaves or cables, through wires or wirelessly. These companies created the infrastructure that allows data in words, voice, audio or video to be sent anywhere in the world. The largest companies in the sector are telephone (both wired and wireless) operators, satellite companies, cable companies, and internet service providers.

The telecommunication services market, which includes fixed-network services and mobile services, had a value of around 1.4 trillion U.S. dollars in 2017 and has forecast to grow to almost 1.46 trillion U.S. dollars in size by 2020. The biggest markets for telecom services are the Asia/Pacific region, Europe and North America.

Mobile and wireless technologies have become more prevalent in the past 15 years. The market is expected to continue to gain space in the telecommunication services industry, as the number of mobile connections worldwide is predicted to reach nine billion by 2020, about twice the amount of 2009. Wireless data is also a key market for telecommunication companies. The total spending on wireless data telecommunication worldwide is forecasted to reach nearly 500 billion U.S. dollars by 2020 [10].

The telecommunication services industry is dominated by multinational telecommunications companies that generate billions of U.S dollars in revenues each year. Two American companies, the Dallas-based AT&T and New York-based Verizon, are global industry leaders, with brand values of nearly 90 billion U.S. dollars each. China Mobile, Vodafone, Deutsche Telekom are also amongst the leading telecom

brands worldwide. Next to revenues and brand values, the churn rate – average percentage of subscribers that cease to use the company’s services per month – and the average revenue per user (ARPU) are also used to measure the performance of telecom companies. In the U.S., for example, both Verizon and AT&T have the lowest average churn rates for wireless carriers in the market.

Not long ago, the telecommunications sector consisted of a club of big national and regional operators. Since the early 2000s, the industry has been swept up in rapid deregulation and innovation. In many countries around the world, government monopolies are now privatized and they face a plethora of new competitors. Traditional markets have been turned upside down, as the growth in mobile services outpaces the fixed-line and the internet starts to replace voice as the staple business.

Having mentioned all the above we decided that now is interesting period to study and compare the work and needs of a rather small Ukrainian company and big well-known “sharks” of the telecommunication market, develop the most efficient strategy through the investigating its imports and key aims. Thus, leading us to the idea of importance and meaning of the chosen theme to Ukrainian telecommunication sector.

Even though the sector of telecommunications is relatively young, it has grown enormously over the last few decades. There are several Ukrainian researchers who have dedicated their works to study the problems and aspects of telecommunication and information sector, such as Novikov V. M., Kazakova N. A., Marusheva O. A., Shyrokorad Ye. E., Protsenko I. V., Stavytska A. V. and others. The telecommunication sector and its` functioning aspects is also rather popular theme for foreign research platforms, such as Deloitte, Bench, World Trade Organization, etc. That leads us to the conclusion that the telecommunications market is wide and emerging field for a research requiring special attention due to its` constant development.

We took Cable Television “TVRC” LLE as a basis for writing this master thesis and set off our final qualifying work to find the directions of improving the financial

strategy of the company, to study and explain if their importing strategy proved to be wrong or actually may have been efficient.

Following tasks have been set:

- to analyze the development of the global and Ukraine's market in the field of telecommunications;
- to estimate the external impact factors on the small enterprise in Ukraine;
- to analyze the efficiency of financial and import strategy of Cable Television "TVRC" LLE;
- to define the methodological approaches for assessment of the efficiency of the financial statement of our enterprise;
- to evaluate and forecast the effectiveness of new financial strategy for Cable Television "TVRC" LLE and the possible impact

The object of our research is Cable Television "TVRC" LLE.

The subject of our research is the world and Ukraine's telecommunication sector and the specific aspects of Cable Television "TVRC" LLE efficient functioning, importing and financial activity as a part of telecom market.

Research methods: axiomatic method (reliance on existing general theoretical propositions); method of theoretical knowledge (characterization of the essence and basic principles of achieving the competitive level by the the chosen company); analysis and synthesis (research of factors ensuring the successful functioning of the enterprise in the external and local markets); comparison and generalization (analysis of financial activity of the enterprise); methods of economic forecasting (carrying out an assessment of the effectiveness of measures to improve the competitiveness of the enterprise).

The result, which we acquired after analyzing and forecasting possible ways of the development for Cable Television "TVRC" LLE, has a high practical meaning for the enterprise.

We organized a meeting with administrative personnel at the last day of internship and discussed the ways of improvement for the company, where provided suggestions

were taken into consideration and agreed to be one of the main priorities for the company.

PART 1

GENERAL ANALYSIS OF GLOBAL AND UKRAINE'S TELECOMMUNICATIONS MARKET

1.1. Analysis of the development of the global market in the field of telecommunications.

The telecommunications industry began in the 1830s, with the invention of the telegraph, the first mechanical communications device. It shortened communication from days to hours, much as modern mobile technology has shortened the time of sending large amounts of data from hours to seconds. The industry broadened with each new invention: the telephone, radio, television, computer, mobile device. These technological advances changed how people live and do business.

At one time, telecommunications required physical wires connecting homes and businesses. In contemporary society, technology has gone mobile. Now, wireless digital technology is becoming the primary form of communication.

The sector's structure has also changed from a few large players to a more decentralized system with decreased regulation and barriers to entry. Major public corporations act as service providers, while smaller companies sell and service the equipment, such as routers, switches, and infrastructure, which enable this communication.

Plain old telephone calls continue to be the industry's biggest revenue generator, but thanks to advances in network technology, this is changing. Telecom is growing less about voice and increasingly about video, text, and data. High-speed internet access, which delivers computer-based data applications such as broadband information services and interactive entertainment, is rapidly making its way into homes and businesses around the world. The main broadband telecom technology, Digital Subscriber Line

(DSL), has ushered in a new era. The fastest growth comes from services delivered over mobile networks.

Of all the customer markets, residential and small business markets are arguably the toughest. With literally hundreds of players in the market, competitors rely heavily on price to slog it out for households' monthly checks; success rests largely on brand name strength and heavy investment in efficient billing systems. The corporate market, on the other hand, remains the industry's favorite. Big corporate customers, who concerned mostly about the quality and reliability of their telephone calls and data delivery, are less price-sensitive than residential customers. Large multinationals, for instance, spend heavily on telecom infrastructure to support far-flung operations. They are also happy to pay for premium services like high-security networks and video conferences [11, p. 32].

Telecom operators also make money by providing network connectivity to other telecom companies that need it, and by wholesaling circuits to heavy network users like internet service providers and large corporations. Interconnected and wholesale markets favor those players with far-reaching networks.

The telecommunications sector consists of three basic sub-sectors: telecom equipment (the largest), telecom services (next largest) and wireless communication.

The major segments within these sub-sectors include the following:

- wireless communications
- communications equipment
- processing systems and products
- long-distance carriers
- domestic telecom services
- foreign telecom services
- diversified communication services

The smallest, but fastest-growing, area within the sector is wireless communications, as more and more communications and computing methods shift to

mobile devices and cloud-based technology. This piece of the industry is the anticipated keystone for the continued global expansion of the telecommunications sector. There is still ample room for growth, even in developed countries: As of 2018, the Federal Communications Commission (FCC) reported that approximately one-fifth of the rural American population still does not have access to broadband networks, for example.

Looking forward, the sector's biggest challenge is to keep up with people's demand for speedier data connectivity, higher resolution, quicker video streaming, and ample multimedia applications. Meeting people's needs for faster and better connections as they consume and create content requires significant capital expenditures. Companies that can meet these needs thrive.

It is hard to avoid the conclusion that size matters in telecom. It is an expensive business; contenders need to be large enough and produce sufficient cash flow to absorb the costs of expanding networks and services that become obsolete seemingly overnight. Transmission systems need to be replaced as frequently as every two years. Big companies that own extensive networks, especially local networks that stretch directly into customers' homes and businesses, are less reliant on interconnecting with other companies to get calls and data to their final destinations. By contrast, smaller players must pay for interconnection more often in order to finish the job. For little operators hoping to grow big one day, the financial challenges of keeping up with rapid technological change and depreciation of equipment can be monumental.

Earnings can be a tricky issue when analyzing telecom companies. Many companies have little or no earnings to speak of. To gauge a company's value, telecom industry analysts might turn to the price-to-sales ratio (stock price divided by sales). They also look at average revenue per user (ARPU), which offers a useful measure of growth performance, and the churn rate, the rate at which customers leave (presumably for a competitor).

Current industry leaders worldwide can change from year to year. Determining which are the largest depends on whether one looks in terms of total sales numbers or in

terms of market capitalization value as well. As of 2018, the top five telecom companies ranked by market capitalization are as follows:

1. Verizon (VZ), which provides wireless and wireline services, in addition to broadband and information services, has a current market capitalization value of approximately \$200 billion. It remains attractive as a dividend provider because of its rock-solid financial condition: It is the largest telecom company in the U.S. and operates in 150 countries.
2. China Mobile Ltd (CHL), which has only been in business since 1997, has a market cap value of approximately \$185 billion due to the growth in the use of cell phones and Internet services in China within the past 15 years.
3. AT&T (T), the oldest company in the telecommunications business, has a market value estimated at approximately \$182 billion. China Mobile has eclipsed AT&T in just a little more than a decade of being in business. Still, the former Ma Bell has one-third of the U.S. wireless market share and an impressive 30-year history of increasing dividends.
4. Vodaphone Group (VOD), the largest telecom company in the United Kingdom, provides voice, broadband, and data services and equipment, and it has a market cap value of approximately \$97 billion.
5. Japan's SoftBank Corp, providing IT software as well as wireless and Internet services, has a current market capitalization value of just over \$90 billion.

The global revenue made from telecom services is expected to reach almost 1.2 trillion Euros in 2019. With an estimated value of 372 billion Euros in 2016, the fastest-growing telecommunications services market is the Asia-Pacific region, followed by North America and Europe. The telecommunications market size has increased in the past two decades, due to cheaper and innovative technologies, such as the Internet, which in turn created high demand and unprecedented access to communication channels. The market has also benefited from increasingly skilled personnel and

extensive investment in the development of new technologies. Below we represented the market value over the years (Fig. 1.1.).

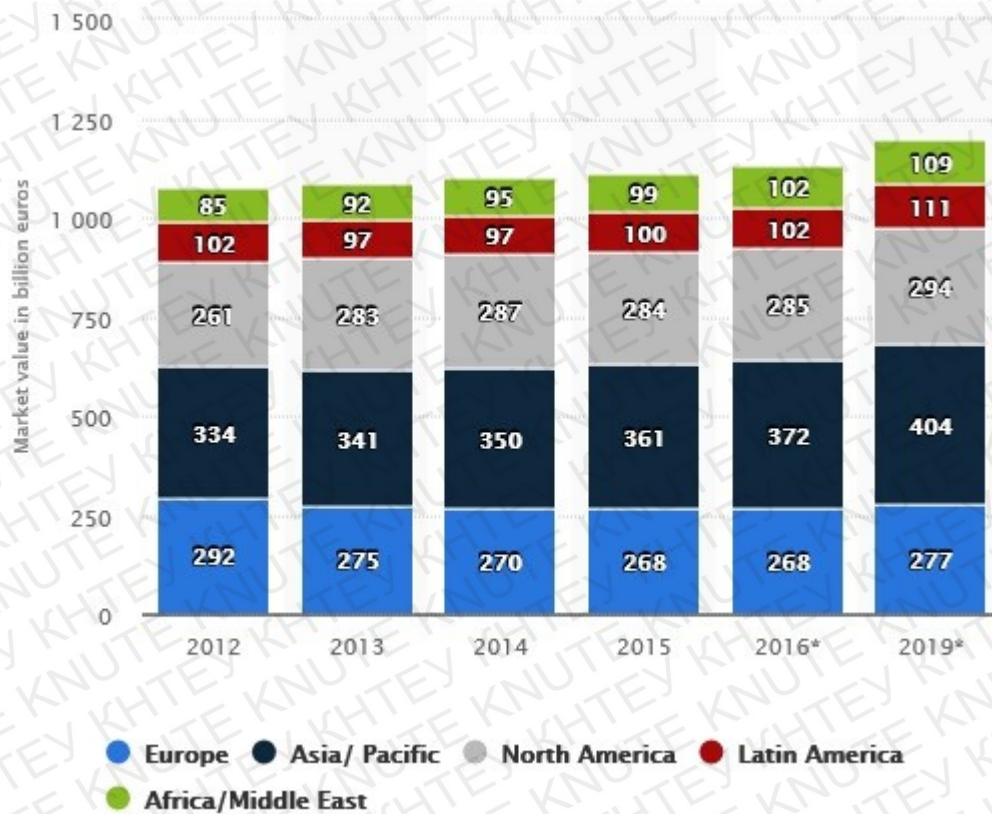


Fig. 1.1. World's telecommunications market value in billion euros
Source: developed by the author on the basis of [34]

The rankings shift noticeably if you judge in terms of total sales revenue. While Verizon, China Mobile, and AT&T all remain in the top five, Verizon drops to #2 behind Nippon Telegraph & Telephone Corporation (NTT) of Japan, which is a major manufacturer of telecommunications equipment in addition to providing extensive landline, cellphone and Internet services. Spain's Telefonica (TEF) rounds out the top five rankings based on revenue.

1.2. Current situation in Ukraine's telecommunications market with foreign trade operations

In the context of globalization and universal processes of informatization in the world economy, the world telecommunication market is becoming more and more important, which shows steady and high growth rates. The market of telecommunication services is increasingly influencing our life.

The rapid growth of the telecommunications market has resulted from the development of science and technology, improving the standard of living of people and the emergence of new needs for telecommunication equipment and services, in particular, mobile communications, Internet services and satellite television.

Following the global development of telecommunications, the development of the telecommunications market in Ukraine began. The mobile penetration rate in Ukraine exceeds 118% as of 2010, and 119% in 2016, indicating that the market is at its stage of saturation with subscribers, although the level of development of mobile technologies and the introduction of new services is at an early stage of development.

The largest mobile operators are currently PJSC “Ukrainian Mobile Communications” (MTS) and PJSC “Kyivstar GSM” (“Kyivstar”). The fastest-growing companies by subscribers are the small ones, such as “Astelit”, “Ukrainian Radio Systems” and “Intertelecom”.

The success of mobile operators in Ukraine is explained by both global and European growth trends and continuously growing middle class. One of the main factors was the aggressive marketing policy of mobile operators [5, p. 87]. It is worth analyzing the 1st of January 2019 and 2018 years data, the subscribers in Ukraine (Table 1.1).

Table 1.1

Quantity of telecommunication users in Ukraine at the beginning of 2019 and 2018 (thousands)

The name of service	As it is on the 1 st of January 2019		As it is on the 1 st of January 2018	
	Total	Also home	Total	Also home
Mobile users	53933.6	49302.8	55714,7	51398,6
Cable TV subscribers	2199.9	2187.2	2337.0	2322.4
including digital	754	750.6	754.2	746.0
Internet subscribers	26066.8	23354.2	23632.3	21275.8
of them with broadband access	25312.7	22861.1	22625.8	20442.8
including				
fixed	5288.3	4936.2	5116.8	4762.9
wireless	20024.4	17924.9	17509.0	15679.9

Source: developed by the author on the basis of [2]

The information was provided by the State Statistics Service of Ukraine excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in Donetsk and Luhansk regions. From the beginning of 2018 to 2019 the number of mobile users decreased by 1781,1 thousand. Cable TV subscribers also decreased in the same period of time by 137,1 thousand. Internet subscribers are continuously increasing and the difference between 2018 and 2019 is 2434,5 thousand. Also, in order to evaluate the foreign and domestic trade operations in the telecommunications market, it is necessary to find out the revenues of telecommunications, postal and courier services (Table 1.2).

Table 1.2

The volume of telecommunication and postal services completed in January-June 2019 (without VAT; mln. UAH)

	The volume of services provided
--	---------------------------------

	total	Including international
Total	34227.2	3797.8
postal and courier activities	3160.6	1216.1
fixed-line telephony	2374.2	227.4
mobile connection	17823.9	2080.7
broadcasting, broadcasting of television and radio programs, maintenance and operation of equipment in broadcasting networks, radio communication	1672.4	Information not available
cable television	1188.0	–
Internet services	6571.7	140.6
broadband access services	6405.6	140.5
fixed (wired) broadband access	4051.9	134.0

Source: developed by the author on the basis of [2]

In the first half of 2019 the largest revenues from the telecommunication industry, postal and courier services were made thanks to mobile services and were UAH 17823.9 million. The second position in terms of profitability was taken by Internet services, which is UAH 6571.7 million. Telecommunications is a system-building industry for an innovative economy that needs to provide information flows. Accordingly, the advanced development of telecommunications is the basis for the formation of a new innovative economy in Ukraine.

Today, in the context of solving the problem of access to basic telecommunications services, arises the question of further development of the industry. Ukraine is a unique country among developing countries in terms of the educational level of population, and it has the opportunity to make a breakthrough in the IT and telecommunications sector in particular. There is such a problem as there is no reserve for the accelerated development of the telecommunication segment of the Ukrainian economy and the information sector in whole through the activation of market mechanisms. This statement is based on the fact that the demand for purchasing power, both for private and corporate users of information and telecommunication services, is currently insufficient for the increase.

In the information and telecommunication aspect, Ukraine has no competitive advantages in international markets today compared to developed countries. Moreover, the results of the calculations on the telecommunications industry in Russia allow us to conclude that without accelerating the development of the domestic market of telecommunications services, the period of reaching the western results of development is calculated in decades [4].

In terms of exports and imports by type of services, in 2018 telecommunications services export totaled US \$ 2114956,9 and US \$ 472297,2 thousand imported. The data is presented quarterly below (Table 1.3).

Table 1.3

Export and import in telecommunication, computer and information services in 2018 (US \$, thousand)

The name of the service	Export				Import			
	I	II	III	IV	I	II	III	IV
Telecommunications, computer and information services	494865	514089	525542	580458	96514	109440	119137	147204
Telecommunication services	44029	36705	41794	35217	22941	30350	30958	28343
Computer services	379521	396898	402267	454465	52182	54035	58319	87059
Information services	71315	80486	81481	90775	21390	25055	29859	31802

Source: developed by the author on the basis of [2]

Exports of computer services from Ukraine in the first half of 2018 decreased by 9.3% to \$ 494.8 million in the same period last year. In the first half of 2017, a similar figure was higher - 13.7% and in general, over the past year, there was an increase in exports of computer services from Ukraine by 10.9% - up to \$ 1 billion 105.5 million. In the first quarter of this year, the year-on-year growth was 9.9%, up to \$ 379.5 million.

In terms of imports of these services, its growth rates also declined - from 3.9% in January-June 2017 to 1% in January-June-2018, and in absolute terms, these imports reached \$ 205.9 million in the first half of the year.

The state policy of regulation of tariffs in the telecommunication sphere states that the regulation of tariffing itself takes place without the influence of the state, which is actually contrary to reality. For example, Article 67, paragraph 1, subparagraph 2 of the Law of Ukraine "About Telecommunications" states that one of the basic principles of national tariffing: "the dependence of the tariff level depends on the quality of telecommunication services", but the level of quality of telecommunication services is determined by the state, indirectly state authorities are the starting point in determining tariff policy in this area [4, p. 201].

A separate issue is the absence in the Law "About Telecommunications" [3, p. 118] of the term of a marginal tariff since in the state tariff policy this concept exists. Currently, there are three types of marginal tariffs in the telecommunications sector in accordance with NCCRI decisions: a marginal tariff for publicly available telecommunications services; a marginal tariff for the provision of telecommunication channels for telecommunications operators holding a monopoly (dominant) position in the market for these services; marginal rate for universal postal services.

Therefore, it is necessary to emphasize the importance of securing the notion of "marginal tariff" and its variations, since the state policy of gradual periodic reduction of the marginal tariff is a way of effective state telecommunications policy that will stimulate operators in the domestic telecommunication market, as well as simplify consumer access (especially in countryside) [6, p. 58].

The main goals of the state telecommunications policy are:

- to maintain competitiveness in the telecommunications market;
- determining the need for expansion and modernization of telecommunication networks to support the maintenance of controlled values of telecommunication service quality indicators while traffic is increasing;
- attracting new subscribers and retaining existing subscribers [8].

Previously, when only fixed-line networks were distributed, quality assurance requirements were imposed on fixed-line operators. As modern networks have become

practically universal and have transitioned to digital technologies in which access to telecommunication services is provided through fixed and mobile broadband networks, the priority given by foreign regulators to telecommunications operators is to ensure the quality of broadband access services.

In most countries, quality of service monitoring applies to the following telecommunication services: fixed-line services; mobile services; Internet access services; universal telecommunications services, except for European countries that have requirements for universal service providers.

Requirements for maintaining the quality of telecommunication services can be set:

- in licensing requirements, for example, France, India, Pakistan;
- national legislation such as Malaysia, Singapore, Tanzania;
- in industry guidance documents, such as Australia.

The main problems in the development of the broadband access include:

1. insufficient level of development of telecommunication infrastructure in rural and depressed regions of Ukraine;
2. the presence of organizational barriers, high financial costs when building an Internet access infrastructure;
3. the existence of legal barriers to access by operators to the housing of all forms of ownership;
4. absence of a mechanism for sharing the Internet access infrastructure.

To address these issues at the state level, it is necessary to: stimulate the development of telecommunications networks to provide broadband access in rural and high-cost areas; develop and approve regulatory acts that will help reduce administrative barriers to network development, build infrastructure for access networks; to develop normative documents that will stimulate the development of broadband access infrastructure, etc.

Conclusions to part 1

According to the analysis provided, among the priorities of the state to development of the industry we can distinguish the following:

1. Providing conditions for accelerating the development of telecommunication networks and increasing the list and volume of telecommunication services provided to the general population.
2. Ensuring the development of broadband data networks.
3. Ensuring efficient use of the radio frequency resource.
4. Continuation of the process of liberalization of the telecommunications market, simplification of conditions for entry and activity in the telecommunications market by gradual transition from licensing of activities to registration.
5. Ensuring competition, investment attractiveness in the case of competitive allocation of scarce resources, improving the mechanisms of regulation of the telecommunications market.

Solving the outlined problems of state regulation of the telecommunication sphere will facilitate its further modernization in Ukraine, which will allow to accelerate the creation of a developed national information and telecommunications infrastructure and its integration into the world information space, as well as ensure the further socio-economic growth of the country.

Based on the above, the following conclusions can be reached:

- the telecommunications industry is at the present stage of the leading economic development of any country, since the exchange of information plays a crucial role in gaining competitiveness in the world market of goods and services;
- state regulation of the industry plays an exceptional role in the openness of national markets stimulating the development of information and communication technologies and telecommunications;

- technological development forces to constantly adjust the current regulatory environment, to form adequate approaches to creating the best conditions for the development of the industry in the context of continuous technological innovations;
- international experience in regulating the telecommunications market confirms the variability of regulatory models in view of the level of economic development of the country, traditions in regulatory policy, the degree of openness of the business environment for non-resident companies.

PART 2

ASSESSMENT OF THE EFFICIENCY OF THE FINANCIAL STRATEGY AT CABLE TELEVISION “TVRC” LLE

2.1. Estimation of the external impact factors on the small enterprise in Ukraine

Chosen company for our research, located in Kryvyi Rih, Dnipropetrovsk region, Ukraine, called Cable Television “TVRC” LLE. It is a rather small company with approximate 25 employees providing a variety of telecommunications services in one of Ukraine’s regions. The company is operating with cable television, provides Internet access and IPTV services to subscribers. Although it may seem that such company is not a big player on the market, it is being the most common presenter of telecommunication market.

To see the current environment in which our company operates PEST analysis presented below. Political factors are represented in Table 2.1.

Table 2.1

Political factors

Factor	Impact description	Influence	Positive/Negative
State regulation of the telecommunication sector	Restrictions on broadcasting, setting tariffs for “governmental” channels, implementing a marginal tariff	3	Negative
Other state regulations	Low GDP growth, budget deficits can lead to higher state fees, war on the East	2	Negative
State involvement	Work on achieving broadband access, actual involvement in the sphere of telecommunications against monopolies	2	Positive

Source: developed by the author

As we can see, all political factors are of high importance for the operating of “TVRC” LLE. They are highly affected by the changes in the legislation of the country and operate in constantly changing political environment. Below we provided the analysis of economic factors, which may affect the company (Table 2.2).

Table 2.2

Economic factors			
Factor	Impact description	Influence	Positive/Negative
Market demand	There has always been a demand for telecommunications services, although it is constantly changing to accelerating consumption of Internet and shortening of television consumption. Negative demographic situation does not correspond with a stable growth in demand	2	Mostly neutral, Negative
GDP dynamics	Low growth rates of the country, low level of infrastructure and broadband access, low purchase capability among the population	2	Negative
Competitive market	There is a number of big national companies (Volya, Triolan, Megogo, etc.), international companies (Netflix, Vodafone Group, etc.) and small local competitors which provide alike services and covering the same areas, so it is necessary for “TVRC” LLE to remain competitive.	1	Neutral
General unstable economic situation	“TVRC” LLE operates in UAH, so highly depends on the level of inflation, high taxation rates	2	Negative

Source: developed by the author

Having mentioned the above economic factors we can conclude that Ukraine is not the best place for such small businesses. Although it may seem that there are no ways for successful operating for the company of such scale, it is more flexible to adjust its services to meet the legislation requirements and overcome constantly changing economic environment.

To understand the importance of social factors for our company information provided below (Table 2.3).

Table 2.3

Social Factors			
Factor	Impact description	Influence	Positive/Negative
Demographic situation with clients	There is a stable population outflow in Kryvyi Rih for the last decade, also people aging is an issue, they do not require additional services which can be provided for those highly dependent on telecommunications.	1	Negative
Staff qualification	The use of more sophisticated technologies leads to a shortage of skilled personnel, and an increase in the cost of pay, investment in training	1	Negative
Globalization	Lots of skilled workers leaving the country in search for a better life. This is stimulating the company to raise salaries.	1	Neutral
Social requirements for services at a competitive price	The market is constantly changing and additional services are required to be provided with a competitive price to keep current subscribers and attract new ones.	1	Neutral

Source: developed by the author

As we can see social factors do not have an essential impact on our company, since in the era of digitalization there always will be demand for telecommunication services, although the market is constantly changing and to be competitive new and better service is always a necessity for subscribers.

To summarize our PEST-analysis we need to take a look at technological factors which are also important for operating our particular company (Table 2.4).

Table 2.4

Technological Factors

Factor	Impact description	Influence	Positive/Negative
Technics aging	With scientific and technological progress, technologies are aging very fast these days and not only this requires new skilled personal who know how deal with it, but also renewing the current assets, purchase of new equipment, servers, cables, etc.	1	Neutral
Meeting the broadcasting requirements	New equipment must meet the current requirements of the systems and content suppliers. There are specific standards for broadcasting, which need to be dealt with to arrange a proper working network.	1	Neutral

Source: developed by the author

The above technological factors are one of the main moving forces for our company to invest and improve the services provided through updating technologies. Also, it is worth mentioning that all companies providing telecommunication services to their subscribers are facing these problems and it is normal.

To sum up what we have mentioned in the above analysis, most of the factors have a negative impact on our company in Ukraine. Not only this challenging environment initiates constant changes in the way our company functionates, but also

requiring concrete actions for modernization and meeting the demand of current and future subscribers.

Now we are able to do a short SWOT-analysis to highlight the strongest and weakest sides of our company in this environment.

Strengths:

- the ability to adapt to most of the market changes, predicting them and applying the best world solutions in the telecommunications sector;
- the loyalty of local subscribers;
- monopoly on providing selected services in some areas of the city;
- a service-oriented business, the fastest reaction to any issues and quick repairing of the equipment if needed due to relatively small (but distant) territories covered.

Having mentioned the above strengths we need to move on to the weaknesses of our company, which can be significantly used by the main competitors.

Weaknesses:

- high dependence on the government regulations in terms of tariffs, selecting content for distribution and providing services;
- a small part of clients with high income ready to pay for better services;
- absence of external investments;
- not efficient separating and using of the available resources.

As we can see our company has stable position at the local market with its strengths and weaknesses, although it always needs to adjust own services to meet the demand. Below we will study closely what are the current opportunities.

Opportunities:

- geographical expansion for services already provided in selected areas;
- attracting new customers with better services and technologies along with the fair price for it;
- using marketing strategies for spreading the network;

- signing contracts with the numerous businesses in Kryvyi Rih and managing their digital services, providing them with free data space when available and adjusting their efficient work.

These are the main opportunities which can be developed throughout the activity of “TVRC” LLE. The most probable threats are presented below.

Threats:

- growing of expenses and distributor prices;
- the appearance of federal players;
- lowering of clients’ income.

2.2. Analysis of the efficiency of financial and import strategy of Cable Television “TVRC” LLE

Telecommunication companies face some serious problems nowadays and it, of course, affects financial performance. Environmental key problems were exposed in the section 2.1. Now we need to study the actual company’s balance sheet and income statement to see the real numbers, discover why the company has them and identify a company’s financial strategy.

A company's financial strategy uses its financial tools to maximize shareholder value. It looks at the numbers that characterize company performance and identifies ways to increase the return on investment. An analysis of the financial strategy gives details of the overall goals of the strategy, identifies its targets, looks at how likely the planned implementation is to achieve its goals and evaluates results. Small businesses, such as Cable Television “TVRC” LLE, have to focus their financial strategy on profitability because they don't have the financial resources to withstand large losses [33].

A key focus of financial strategy is the sales margin, expressed as a percentage of profit divided by sales. Achieving a high percent net profit enhances shareholder

value and drives up stock prices. An analysis of the financial strategy looks at how the strategy tries to increase percent profit. It examines whether the strategy is realistic and likely to achieve its goals. Typical strategies position the company as a high value supplier, emphasize added value characteristics of the products or publicize comparisons with competitors. The financial strategy analysis evaluates the likelihood of success and actual results.

The other side of the focus on margin is an effort to reduce costs. While the strategic focus on margin deals with percentages, a cost reduction strategy usually examines total costs in the relevant categories. The financial strategy examines the sources of major cost items for each product, and looks for ways to reduce the costs. In addition to evaluating the strategy's potential for success, an analysis looks at whether its targets are consistent with the strategic elements focused on margin. It is very important to keep in mind that for “TVRC” LLE cost reduction based on the elimination of low-value product features reinforces a focus on high-value products, while cost reduction based on lower product quality does not.

Small businesses like Cable Television “TVRC” LLE have less access to financing than larger enterprises, but financing can still be a substantial cost factor. Financial strategies seek to reduce financing costs by reducing interest paid and accelerating payments due. Typical strategies include a strategic plan for short-term financing at lower cost than long-term obligations and offering discounts for prompt payment. An analysis of the financial strategy looks at interest rate trends and exchange rates, if applicable. It examines historical data to see if the financial strategy is likely to result in reduced financing costs for the company.

A final aspect of a financial strategy for our company is asset management. Small businesses often avoid tying up financial resources in company assets, but even avoiding ownership takes financial management. The financial strategy has to put the company's financial resources to work where the benefit is greatest. It examines whether it makes sense to buy a building or rent it, and looks at whether the company should own

or lease equipment. An analysis of the strategy looks at whether it evaluated all possibilities, such as leasing or buy-back, and looked at all possible sources of financing. It then examines the actual benefits of the strategy versus projected results. Managing assets is closely related with the geographical and historical background of our company.

Cable Television “TVRC” LLE is covering specific territories in the longest city of Europe. Kryvyi Rih is approximately 130 km long, so it is not easy to manage covered territories in the city having them located far from each other. When first telecommunication services were provided in Kryvyi Rih by multiple different providers. Around half of them decided to unite and create what is now called “TVRC”. The separated ones later created own provider networks forming main competitors to our company. The territory of the city was divided and every provider had own territory and clients forming some kind of natural monopoly for cable television in the town, although in some districts agreements were not reached.

The situation started to change in the middle of 2000-s when new services such as OTT (a streaming media service offered directly to viewers over the Internet) [23], IPTV (delivery of television content over Internet Protocol (IP) networks) [22] and multiple streaming services became available. Also, big players, such as Volya, Ukrtelecom, Kyivstar, etc. entered the market emerging their networks in all areas of the city and providing similar services. The main issue with them is that due to their financial power, they can propose new subscribers a huge dumping price for the first period of up to 6 months when signing a long-term contract with them, while “TVRC” can not provide the same to the existing clients.

Another challenge which appeared recently is T2 service, which provides all Ukrainians with 32 free channels, so those who are not willing to pay for television and see additional and more qualitative content may just quit.

In all that variety of options for subscribers, it is really difficult to keep the stable quantity of users. Thus, for the last five years, the amount of subscribers was

constantly declined. After our examination, we were able to conclude the decline of approximately 40% for the last 5 years. Below we studied how the price for the most popular services was changing over the years at Cable Television “TVRC” LLE (Table 2.5).

Table 2.5

Tariff increases at Cable Television “TVRC” LLE in 2015-2018 (UAH)

Date	UPP tariff	Standard tariff	“Double” (Standard + Internet up to 100 Mbit/sec)
earlier	30	59	99
01-03-15	35	70	120
01-11-16	-	-	140
01-01-17	49	89	-
01-05-17	-	-	150
01-01-18	65	110	180
01-11-18	86	139	229

Source: developed by the author

As we can see, the price has significantly increased over the past years. There are several main reasons for it.

First of all, that was a crisis which led to UAH crash from approximately 8 UAH for 1 USD to 28 UAH for 1 USD in 2014-2015. Our company revenues are in UAH, but all imported content is sold with the accordance to the current state of USD or EUR. That is why the company’s expenses for royalty and equipment tripled while tariffs remained the same. This could not have stayed the same for a long time. As a result, the company has consciously raised the tariffs for their services in order to survive, despite the presence of dumping companies. Of course, it affected their client base negatively.

To understand better the 3 biggest parts of the outgoings of our company below presented the costs for Channel Distribution Rights, payment for Internet access channel and Depreciation of fixed assets over the past few years (Table 2.6).

Table 2.6

Main outgoings articles from Financial Statement in 2015 – 2018 (UAH)

Name	2015	2016	2017	2018
Channel Distribution Rights	4,479,495.50	4,280,641.74	6,861,668.43	7,858,107.62
Internet access channel	1,011,350.00	1,123,733.33	1,295,400.00	1,296,850.00
Depreciation of fixed assets	749,267.21	950,469.79	1,282,809.66	1,342,117.38

Source: developed by the author

As we can see our main expenses are constantly growing. Not only depreciation of fixed assets grew almost twice for the period from 2015 to 2016, but Internet access channel and costs of distribution rights also went up. Depreciation, in this case, is understandable, as the company constantly requires new assets, such as servers, computer equipment and kilometers of high-valued cables. But prices for distribution rights of the exclusive channels and high-speed Internet access channel are growing in price, even though the currency rate was pretty stable. The most significant change we can see in channel distribution rights expenses.

Nowadays most of the TV channels distributors are represented in Ukraine. The situation was different, for instance, 10 years ago. “TVRC” had to buy most of the rights from official distributors in countries of origin. Thus, our company needed to be a part of the international activity market. Usually, it was taking lots of effort to sign an agreement. The latest agreement with “Discovery” channel lasted till 2015. Now “TVRC” signs agreements only with local distributors for the right to broadcast the specific content, as official representatives are setting the same prices for the content just

like the original owner. So no reason to continue international activity, as the same amount of money can be paid in UAH equivalent. As all company's distributors are in Ukraine since 2015 and the company rejected to import content, we can see that the situation is actually did not change for "TVRC" LLE, but simplified their operating activity without affecting the quality of provided services. Keeping that in mind, we still can conclude that the company is a part of world telecommunication scene. Even though the company is not importing the rights for the content directly, it is still using the original international content.

Conclusions to part 2

Having studied the environment in which operates Cable Television "TVRC" LLE we can conclude that it is sufficiently severe. So we were able to summarize the main company strengths and weaknesses along with opportunities and real threats.

Strengths:

- the ability to adapt to most of the market changes, predicting them and applying the best world solutions in the telecommunications sector;
- loyalty of local subscribers;
- monopoly on providing selected services in some areas of the city;
- service-oriented business, the fastest reaction to any issues and quick repairing of the equipment if needed due to relatively small (but distant) territories covered.

Weaknesses:

- high dependence on the government regulations in terms of tariffs, selecting content for distribution and providing services;
- a small part of clients with high income ready to pay for better services;
- absence of external investments;
- not efficient separating and using of the available resources.

Opportunities:

- geographical expansion for services already provided in selected areas;
- attracting new customers with better services and technologies along with the fair price for it;
- using marketing strategies for spreading the network;
- signing contracts with the numerous businesses in Kryvyi Rih and managing their digital services, providing them with free data space when available and adjusting their efficient work.

Threats:

- growing of expenses and distributor prices;
- the appearance of federal players;
- lowering of clients' income.

Tariffs for the main services appeared to be growing and becoming one of the reasons for subscribers' outflow. At the same time, expenses are constantly growing.

Cable Television "TVRC" LLE has completely reduced foreign trade activity. The agreement for the right to distribute Discovery channel content ended in 2015, thus meaning that importing activity is no longer one of the expenses statements of the company. The company now works under simplified procedure buying the rights from distributors in Ukraine and paying them in UAH.

PART 3
EFFICIENCY IMPROVING OF THE ACTIVITY OF CABLE TELEVISION
“TVRC” LLE

3.1. Ways to improve the effectiveness of Cable Television “TVRC” LLE

After the analysis in section two, we can conclude that Cable Television “TVRC” LLE is not at its best state and the situation is getting more dramatic over the years.

We were able to highlight the main problems our company faces:

- continuous outflow of subscribers to other providers because of significant tariffs growth;
- inevitable growth of price for the right to distribute the content;
- absence of proper marketing campaign and lack of availability to meet the requirements of younger subscribers.

Consistent improvements to enhance the operating effectiveness of our company are critical for the success and sustainability. Things like monitoring cash flow consistently, utilizing social media for marketing, and recognizing our strengths while asking specialists for help in areas that are less developed can help us focus on improving areas that offer the biggest gain.

There are few basic steps that “TVRC” LLE needs to take on a regular basis:

Keeping financial score. Few small businesses have an accurate idea of the daily, weekly, and monthly numbers and financial trends taking place within the organization. It's vital that we spend the necessary time keeping current on cash flow.

Setting goals. Similar to keeping score, setting goals and objectives is an essential part of the business success. Using the goals set as an ongoing planning tool to ensure that the company continues to move forward. For instance, we can try to increase

traffic by a certain amount on the company's business website. More web traffic can translate into added sales or customer loyalty.

Using high-impact marketing. Wasting money on ineffective marketing is easy. We need to seek out low-budget, high-impact marketing strategies to improve our company's recognition. Testing one or two new tactics and deciding which perform best before adding them to our marketing mix is required. Social media is an excellent low-cost and low-risk way to promote your business. LinkedIn, Facebook, Twitter, and Instagram are a few good tools to build a social presence and attract attention to our business.

Monitoring trends. No business operates in a vacuum. Events and changes in the global landscape have an effect on our company. Staying current on trends and issues happening in telecommunication industry and local community is essential. Even things that do not seem relevant on the surface might have an impact on telecommunication sector, so we need to consider all possibilities.

Sharpening selling skills. A high-return area for business improvement is the sales function. We need to determine a greater sense of vision and purpose for a company.

Finding best practices. Keeping everything transparent is an important underpinning. That means breaking down silos, communicating effectively, testing, and monitoring and approving the processes in order to keep everything running smoothly. Not only paying a better attention to our company's activity might benefit the overall management, but also implementing the ones, already being successful on the telecom market might help a lot.

Motivating staff. Motivated staff members can bring on big improvements in business. Learning what motivates the employees to higher levels of performance might be essential. Part of this is being willing to listen to input and insight from everyone on staff, regardless of position or seniority. Some of the best ideas come from those closest to certain problems.

Keeping transparency and implementing modern communication and collaboration tools. Outdated communication tools can be a major barrier to transparency. It is imperative that all employees have an easy and efficient way connect with one another and to share crucial information regarding damaged areas of the network, unstable connection speed, broadcasting problems, etc. There are some excellent options available for chat and collaboration, such as Slack, Microsoft Teams, Google Apps for Business. Some applications for project management may also come in handy. Among them are: Trello, Jira and Asana.

Knowing the limits. Successful companies have a clear idea of their limitations. It is important to set the current priorities in order to be able to manage company's resources and find help in areas of weakness. This is a key driver to success.

Nowadays the most important priority is to stop subscribers' outflow. We should keep in mind that most subscribers usually stay with the same checked provider even despite of the opportunity to have the alike service for a lower price. There is always a possibility to get a worse or better service when you try something new. That is why it is so important to maintain a high level of provided telecommunications services for our company. But most importantly "TVRC" needs to change its' presence on the market.

There are a few steps to understand clients better and change their opinion:

1. Surveys. One additional call center operator will settle the problem. His/her responsibility would be conveying surveys and collecting data on whether clients are satisfied and what would they suggest. Depending on the results of these surveys appropriate actions should be taken.
2. Customer service. "TVRC" provides services, so there should be special client's handling. Staff needs to take additional training courses in understanding the clients' needs and try to meet them with all their passion. There are many approaches and tactics to provide the best customer-centric

service. Additional employee will be also responding to incoming requests, this will help to provide assistance faster.

3. Excellent telecommunication service and solutions. People of Kryvyi Rih should change their opinion about our company. Feeling of the presence at the local market for “TVRC” should change. For this we need to develop new means of communication with the public, a user-friendly software which will help clients to get immediate and easy access to the information they need, this may include updated website and brand new mobile application for monitoring accessible services.
4. Sales aiming. Developing the new ways of financial forecasting and sales-oriented team dealing with customers. “TVRC” has to know what to expect from the new period. They need to monitor competitors’ promotions more closely and create their own. The company’s sales manager needs to find and attract new clients, both private and companies.
5. The next step would be starting a marketing campaign. The most efficient in this case is new marketing campaign explaining the benefits of reliable service provided in the city for decades. The company has a long history and was one of the first providers in Kryvyi Rih. This might be a good advertising campaign, if played right, especially taking into consideration that “TVRC” is one of the fastest-reacting local providers. This is what needs to be exposed to customers.

We have highlighted the main problems, which need to be dealt with while providing customer service for the subscribers of our company:

- Long customer-service hold or wait times
- Unexpected rate hikes
- Opaque or deceitful answers to account-related questions
- Frustrating back-and-forth to resolve disputes or receive account solutions for your account ticket

- Automated or robo-generated responses to customer service phone calls, emails, online chat boxes and social media posts.
- Disingenuous, poorly received and near-identical customer-centric advertising
- A general culture that puts cost-reductions and profits over authentic customer service

Another key factor to keep in mind when providing telecommunications services is that every territory covered with the network should have the most quantity of subscribers possible. That rule is simple, but very important.

When it gets to covering a new territory with the company's network there are few points which need to be taken into consideration:

1. It takes a lot of time. Multiple permissions need to be acquired to meet the legislation accordingly.
2. It is not cheap. Extending the territories usually connected with significant expenses.
3. Efficient using of available resources. While expanding it is necessary to maximize the usage of the network as much as possible. For example, one fixed station put at the roof can provide internet and IPTV to almost 200 flats in the area around the building. It is important to use the providing ability of stations and optical cable at maximum.

Having mentioned the above, the quantity of the clients and their satisfaction with the service provided should become one of the key targets for "TVRC" LLE in the nearest future. The main plan for a stable growth should be to stop the outflow of subscribers, the profits will come later.

This idea will have a strong impact on "TVRC" LLE, but the task might not be as easy as it seems. Our company needs to find a balance between reasonable prices and attracting new subscribers at the territories already covered. This might lead to possible coverage outages. We have highlighted key problems that may occur and affect the end user experience:

1. Network congestion. Too many devices accessing the same network at the same time can cause a digital traffic jam. Network congestion is the leading cause of internet coverage problems today and is more common on wireless networks than any other telecom technology.
2. Equipment failure: Improperly grounded fiber-optic or phone lines, fried or damaged circuits, infected computers and smartphones or otherwise malfunctioning chips, devices and hardware also lead to network outages that stymie office operations.
3. Inclement weather line damage: Rain, wind, snow and storms can damage the fiber-optic cables that provide internet as well as conventional phone landlines.
4. Change process crash: Failed launches of data migration programs, cloud deployments or converting to new technology from a legacy system make up another common reason for coverage outages. Often, these crashes come down to a mix of human or operations errors, from a lack of integration testing to even incorrectly configuring the company's network firewall.

Having mentioned the above factors, we developed a strategy for "TVRC" LLE that will sufficiently increase the effectiveness of the whole business and the key elements of this strategy are:

1. Excellent customer service;
2. Implementing new services and keeping the good quality of already existing ones at the same territories;
3. Wise management of telecom inventory;
4. Sticking to the lowest possible service plans and lessening the changes in prices to minimum.

3.2. Evaluation and forecast of the effectiveness of new financial strategy for Cable Television “TVRC” LLE and the possible impact

The purpose of the financial forecast is to evaluate current and future conditions of Cable Television “TVRC” LLE, to guide company’s policy and decisions. A financial forecast is a management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on our company’s income, strategic goals, or services. The forecast is an integral part of the annual budgeting process. An effective forecast allows us to improve decision-making while maintaining the appropriate level of benefit and delivering essential high-quality services.

Below are presented some key aims for Cable Television “TVRC” LLE to create a new strategy for the next 3-4 years:

1. Expanding the client base, not the territories;
2. Raising a new marketing campaign along with hiring new staff, such as call center operator and sales manager which will help to expand client base at existing territories and be more competitive in general (higher expenses for the company);
3. Starting two promotions: loyalty program (permanent sale for the subscribers: 1% sale after each year of subscription, up to 10% max; temporary premium channel access for 1 month after inviting a friend who has been a subscriber for longer than 3 month) and promotion for newcomers (15% reduced price for 6 month for new subscribers when signed a contract for a year).
4. Constantly raising the tariffs during the first and second year of the plan within 11-14%. Make it fair and raise tariffs based on the expenses for the

distribution rights. This will help to raise tariffs slowly and without losing significant quantity of subscribers, while still being able to attract new ones and operate making profits.

5. Continue to depreciate assets on the current level. Ukrainian legislation has now made it able to depreciate some fixed assets within a two-year period. Of course, that might have affected the balance sheet and income statement negatively, but overall is a good sign. That is one of the reasons why we see the raising depreciation over the last years (refer to Table 2.6). But it is important to avoid investing more in the assets, as all of them are at a competitive level right now and the most should be taken out of the current assets.
6. Providing the best services possible. Cable Television “TVRC” LLE has make a difference at the market of telecommunications, so that the clients can see the real difference between a provider they are currently subscribed to and “TVRC” providing the best quality broadcasting TV and internet services along with human approach and client orientation.

To make all of that possible our company needs restructuring in financial planning. There are inherent tensions in model building, between making your model realistic and keeping it simple and robust. The first principles approach identifies various methods to model revenues with high degrees of detail and precision. For instance, when forecasting revenue for the retail industry, we will forecast expansion rate and derive income per square meter.

When forecasting revenue for the telecommunications industry, we will predict the market size and use current market share and competitor analysis. When forecasting revenue for any service industries, we will estimate the headcount and use the income for employee trends [15].

There are three steps to follow while creating a financial forecast.

The first one is gathering past financial statements. We need to look at our past finances in order to project our income, cash flow, and balance, use statistical data as well as the accumulated judgment and expertise of individuals inside and also outside the organization. For instance, department heads may have an insight into activities within their own section. This step is designed to increase our knowledge about the forces impacting revenues and expenditures. This would also include events that could cause a disruption in the operating environment and in prevailing trends. Both are important for forecasting because they allow the forecaster to more intelligently build quantitative models and to make a forecast using our own judgment. Assumptions should be documented for future reference, so the financial forecasting process has some basis to start from at the beginning of each cycle. Also, become familiar with other longer-term planning efforts of the company. Such plans might include comprehensive development and capital improvement programs.

The second step is deciding how to make projections. Besides past records, there's other data we can draw on to make our projections more accurate. This improves the quality of the forecast both by giving us better insight into when and what quantitative techniques might be appropriate and also is useful for supplementing forecasting methods. We are looking for consistent patterns or trends. We need to determine the quantitative and qualitative forecasting methods that will be used, while keeping in mind that the chosen method for one program may differ for another. While complex techniques may get more accurate answers in particular cases, simpler techniques tend to perform just as well or better on average. Also, simpler techniques require less data, less expertise on the part of the forecaster, and less overall effort. Three basic models of forecasting to consider include:

- Extrapolation. Extrapolation uses historical revenue data to predict future behavior by projecting the trend forward. Trending is very easy to use and is commonly employed by forecasters. Moving averages and single exponential

smoothing are somewhat more complex, but should be well within the capabilities of most forecasters.

- Regression/econometrics. Regression analysis is a statistical procedure based on the relationship between independent variables (factors that have predictive power for the revenue or expenditure source) and a dependent variable (expenditure source being predicted). Assuming a linear relationship exists between the independent and dependent variables, one or more independent variables can be used to predict future revenues or expenditures.
- Hybrid forecasting. Hybrid forecasting combines knowledge-based forecasting (knowledge-based forecasting consists of using the forecaster's own knowledge and feel for the situation, rather than data and statistics, as the basis for the forecast) with a quantitative method of forecasting. Hybrid forecasting methods are very common in practice and can deliver superior results [16].

The third step is preparing pro forma statements and linking forecast to decision-making. We need to put together the numbers and form the actual forecast based on financial statement. Then it will be important to emphasize the importance of the forecast as a key factor in the planning and budgeting process. This means imparting a long-term perspective to the budgeting process and emphasizing financially sustainable decisions. The following financial policies might be particularly helpful for promoting interest in financial forecasting:

- reserve approach, which establishes the desired level of reserves to maintain. It implies the need for forecasting tools to see if reserve levels will remain within desired parameters given future spending and revenues;
- maintaining structural balance approach, which requires recurring expenditures to be covered by recurring revenues. A forecast is required to tell if this will occur into the future, facilitating the considerations of long-term implications of decisions;

- long-financial planning approach, which commits officials to considering the long-term implications of decisions made today;
- capital improvement plans, which should employ a long-term planning horizon.

Below is presented approximate forecast with the changes required to fulfill the listed above plans (Table 3.1).

Table 3.1

Implementing of expected data into the financial forecast for 2019-2021 years (thousand UAH)

Name	2015	2016	2017	2018	2019	2020	2021
Channel Distribution Rights	4479,49	4280,64	6861,6 6	7858,1	8425,3	9142,2 7	9511,86
Internet access channel	1011,35	1123,73	1295,4	1296,85	1316,92	1349.6 3	1395.12
Depreciation of fixed assets	749,26	950,46	1282,8	1342,11	1340,54	1150,1 4	1024,56
Salaries of administrative personnel	326,71	396,61	769,08	867,05	1247,33	1385,4	1474,82
Advertising expenses	7,85	0,75	0	0	124,1	980,96	510,26

Source: developed by the author

As we can see from Table 3.1 prices for channel distribution rights tend to grow constantly and significantly. This is one of the aspects needed to be taken into consideration. As was mentioned before, company will set higher tariffs accordingly to the grow of payment for the rights to broadcast the content.

Internet access channel has always been around the same price over the years and is very unlikely to change expenses for company dramatically.

Depreciation of fixed assets should be set at the point of 1 million UAH since all two-year depreciation plans will be finished in 2019 and no new significant purchase

of equipment, such as CISCO servers, cars, expensive PCs for staff, etc. will be necessary. Expenses should be kept to the minimum and affordable maintenance policy should be provided to keep the company running on a relatively high level of technology performance for the next 3-4 years.

As we expect two new employees join the team the salaries statement reflects it accordingly. Providing newcomers with a high-level salary as for a regional center in Dnipropetrovsk region.

Advertising expenses need to be financed a lot according to our plan. We are expecting the main marketing campaign to be held in 2020. After 2020 marketing expenses should be held at around 500 thousand UAH to maintain the proper financing of other sectors as well as paying dividends to shareholders.

Conclusions to part 3

We have concluded three main problems which “TVRC” LLE currently faces.

They are:

- the continuous outflow of subscribers to other providers because of significant tariffs growth;
- inevitable growth of price for the right to distribute the content;
- absence of proper marketing campaign and lack of availability to meet the requirements of subscribers.

Three main steps were followed to create an actual financial forecast for our company:

1. Gathering past financial statements. We need to look at our past finances in order to project our income, cash flow, and balance.
2. Decide how to make projections. Besides past records, there's other data we can draw on to make our projections more accurate.

3. Preparing pro forma statements. Putting together the numbers and forming the actual forecast based on financial statement.

Following suggestions were made to attract new subscribers and make the company “TVRC” LLE profitable in a long-term period:

1. Start surveys.
2. Improve customer service.
3. Start an efficient marketing campaign.
4. Attract new clients with special offers.
5. Raise the presence at the market in general.
6. Keep a more competitive position in the telecommunications market by constantly studying the market.
7. Constantly raising the tariffs within 11-14%.
8. Continue to depreciate assets on the current level.

CONCLUSIONS

Key aspects of telecommunications market evolution were studied leading us to the top five biggest telecommunication companies in the world:

1. Verizon (VZ);
2. China Mobile Ltd (CHL);
3. AT&T (T);
4. Vodaphone Group (VOD);
5. Japan's SoftBank Corp.

During the work on this project following priorities of the state to the development of the industry were distinguished:

1. Providing conditions for accelerating the development of telecommunication networks and increasing the list and volume of telecommunication services provided to the general population.
2. Ensuring the development of broadband data networks.
3. Ensuring efficient use of the radio frequency resource.
4. Continuation of the process of liberalization of the telecommunications market, simplification of conditions for entry and activity in the telecommunications market by gradual transition from licensing of activities to registration.
5. Ensuring competition, investment attractiveness in the case of competitive allocation of scarce resources, improving the mechanisms of regulation of the telecommunications market.

Following key aspect were concluded from the studying of Ukraine and world telecommunications market:

- the telecommunications industry is at the present stage of the leading economic development of any country, since the exchange of information plays a crucial role in gaining competitiveness in the world market of goods and services;

- to stimulate the development of information and communication technologies and telecommunications, the state regulation of the industry plays an exceptional role in the openness of national markets;

- technological development forces to constantly adjust the current regulatory environment, to form adequate approaches to creating the best conditions for the development of the industry in the context of continuous technological innovations;

- international experience in regulating the telecommunications market confirms the variability of regulatory models in view of the level of economic development of the country, traditions in regulatory policy, the degree of openness of the business environment for non-resident companies.

Chosen for this project enterprise was assessed along with the environment, in which it operates and the below SWOT-analysis was concluded.

Strengths:

- the ability to adapt to most of the market changes, predicting them and applying the best world solutions in the telecommunications sector;
- the loyalty of local subscribers;
- monopoly on providing selected services in some areas of the city;
- service-oriented business, the fastest reaction to any issues and quick repairing of the equipment if needed due to relatively small (but distant) territories covered.

Weaknesses:

- high dependence on the government regulations in terms of tariffs, selecting content for distribution and providing services;
- a small part of clients with high income ready to pay for better services;
- absence of external investments;
- not efficient separating and using of the available resources.

Opportunities:

- geographical expansion for services already provided in selected areas;

- attracting new customers with better services and technologies along with the fair price for it;
- using marketing strategies for spreading the network;
- signing contracts with the numerous businesses in Kryvyi Rih and managing their digital services, providing them with free data space when available and adjusting their efficient work.

Threats:

- growing of expenses and distributor prices;
- the appearance of federal players;
- lowering of clients' income.

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5. Raise the presence at the market in general.
6. Keep a more competitive position in the telecommunications market by constantly studying the market.
7. Constantly raising the tariffs within 11-14%.
8. Continue to depreciate assets on the current level.

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