

INTERNSHIP REPORT
ON
BANGLALINK DIGITAL COMMUNICATIONS LIMITED

TOPIC OF THE REPORT

Contract Management Process of Banglalink

Submitted To

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Mr. Mahmudul Haq
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Subject: Submission of Internship Report on Banglalink

Dear Sir,

With great pleasure I submit to you my report named “Contract management process of Banglalink” as per the obligation of my internship. I have tried my best to make this report a fruitful one. I believe that you will find this report more specific, objective, precise, useful and consistent.

The report presents the process of Contract Management department regarding vendor management, and the role of other departments along with the contract management process. It shows the actions of contract management that are adapted in real business world aligning with the organizational strategy.

I would be grateful if you enlighten me with your thoughts and views regarding the report. Also if you wish to enquire about any aspect of my report, I would gladly answer your queries. Thank you again for your support and patience.

Sincerely yours,

Mahbubul Alam Joy
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BRAC Business School

Acknowledgement

At the very beginning, I would like to express my sincere gratitude to Almighty Allah, who has given me the strength to complete my internship program in a very comfortable manner. My gratitude and thanks goes to respected supervisor **Mr. Mahmudul Haq**. I have conducted my report on “Contract Management Process of Banglalink.” For which; I want to mention special thanks to **Muhammad Maher Noor** (Contract Management Associate Manager) of Finance Department. I want to express special thanks to all the employees of Banglalink to help me to create an official behavior on me. I wish to take this opportunity to extend gratitude to all those who supported me to complete this report.

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EXECUTIVE SUMMARY

Banglalink is the second largest cellular provider in Bangladesh after Grameenphone. In September, 2004, Orascom Telecom Holdings purchased 100% of the shares of Sheba Telecom (PVT.) Limited (Sheba). Afterwards it was rebranded and launched its services under the 'Banglalink' brand on February 10, 2005. When Banglalink entered the Bangladesh Telecommunication Industry in February 2005, the scenario changed overnight with mobile telephony becoming an extremely useful and affordable communication tool for people across all segments with innovative and attractive products and services targeting the different market segments, aggressive improvements of network quality and dedicated customer care; and effective communication that emotionally connected customers with Banglalink. The objective of the company is to ensure telecom facilities for all people of Bangladesh with minimum cost. Therefore, they are trying to minimize this cost by improving their supply chain department by implanting new strategies to overcome their faults. On this process they have opened a whole new department for just to improve their contract management system inside the company as well as to maintain a good relationship with their vendors by ensuring that both the product quality and delivery date was maintained while receiving the goods from their vendors. Here, the report will discuss about their vendor management system while focusing on the contract management department to show how they have utilizing their resources to ensure that their vendors not delaying in delivering their goods, even if they do so, how much penalty Banglalink is actually getting due to their vendors mismanagements in delivering the goods on time. All the information used for this report was approximate.

CHAPTER 1

1.1.BACKGROUND OF THE STUDY:

The business scenario is changing every day and to support dynamic business activities in proper and justifiable ways is necessary. Typically a contract management(CM) division is found only in million dollar public limited companies. In small or medium business like sole proprietorship or partnership the business owners performs only the most necessary contractual functions whereas the big organization have highly paid workforces to look over contractual functions. Nowadays Contract Management Unit has become one crucial part for the big organization while minimizing the mismanagement in daily operating activities, in addition they are contributing directly to reduce the operating cost by claiming penalty amount from payables.

1.2.ORIGIN OF THE REPORT:

This report is a requirement of the internship program and therefore it is a must to complete my graduation. My admirable supervisor Mahmudul Haq has instructed me in this regard and I have put my best effort to make this report a good one. I have served the contract management team of Banglalink Digital Communications Ltd. for three months and I have acquired practical experience on contract management activities of the stated organization. In few words, my basic job responsibility was to assist the contract management team in terms of their desired actions. I have had proper guidance from my supervisor in the organization Muhammad Maher Noor, Contract Management Associate Manager and he provided me a good environment for learning.

1.3.OBJECTIVE OF THE STUDY:

GENERAL OBJECTIVE:

The key objective of this report is to assess the contract management functions, different aspects of contract management, overall analysis of financial performance of the organization to recommend the changes those can add up to the performance of the organization.

SPECIFIC OBJECTIVE:

The specific objectives of this study are:

- To know about the organization and its parent in details and the ownership structures.
- To have an overview on the products and services offered by Banglalink Digital Communications Ltd.
- To be identified with the contract management team of Banglalink Digital Communications Ltd.
- To understand and analyze the contract management process in the Banglalink
- To know about the challenges and time loss of their process.
- To perform a financial analysis on Banglalink Digital Communications Ltd.

1.4.SCOPE OF THE REPORT:

The report will provide an idea about Banglalink Digital Communications Ltd., its background and management structure, contract management unit and other things related to the organization. In addition to that this report contains a financial analysis of Banglalink to assess the financial performance of the company.

1.5.METHODOLOGY:

To make this report more expressive and presentable, both primary and secondary sources of data were used widely.

- Primary Data: Primary data used in this report is fundamentally collected from the executives and managers of the organization and based on my experience on those units.
- Secondary Data: Secondary data was collected from articles of different journals and newspapers. Moreover, to prepare this report I have gone through different websites and annual reports of Banglalink have been explored in order to get quantitative data.

1.6.LIMITATIONS:

Information on the telecom industry is scarce and therefore difficulties have to be dealt with while preparing this report. Moreover, as an intern I did not have access to all the files and folders because of the organization's confidentiality policy and I have very limited scope to reveal financial data in this report. This study has kept limited on analysis. There is no formal test on any hypothesis base as it is a contract management theme. Again time is another constraints of this report.

CHAPTER 2

2.1.OVERVIEW:

Banglalink Digital Communications Ltd. is a telecommunication company which has been registered under the Companies Act 1994. It is the 2nd largest operator in terms of coverage, subscriber base and revenue. It has 30 million subscribers as of December, 2014 which representing a market share of 25.7%.

The success of Banglalink is based on a simple mission: "Bringing mobile phone to the masses" which was the cornerstone of its strategy. Banglalink has changed the mobile phone status from luxury to a necessity and brought mobile telephone to the general people of Bangladesh and made a place in their hearts. The mobile phone has become the symbol for the positive change in Bangladesh.

Banglalink Digital Communications Limited is fully owned by Telecom Ventures Ltd. (previously Orascom Telecom Ventures Limited) of Malta, which is a fully owned subsidiary of global telecom holding s.a.e. (formerly known as Orascom Telecom Holding s.a.e.) (www.orascomtelecom.com), following business combination in April 2011 between Vimpelcom Ltd and Wind Telecom s.p.a, Vimpelcom owns 51.92% shares of global telecom holding s.a.e. (formerly known as Orascom Telecom Holding s.a.e.). Vimpelcom (www.vimpelcom.com) is one of the world's largest integrated telecommunications services operators providing voice and data services through a range of traditional and broadband mobile and fixed technologies in Russia, Italy, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Laos, Algeria, Pakistan, Burundi, Zimbabwe, Central African Republic, Canada and Bangladesh. Vimpelcom is headquartered in Amsterdam, the Netherlands and listed as an ad on the New York stock exchange under the symbol "vip".

2.2.VISION, MISSION, VALUES AND STRATEGIES

VISION:

"Banglalink understands people's needs best and will create and deliver appropriate communication services to improve people's life and make it easier".

MISSION:

- Attaining a top position in the Bangladesh wireless market.
- Conveying advanced benefits in every phase of the customer experience before, during and after sales.
- Generating optimum shareholder valu

VALUES:

- Straight Forward: We say what we do and we do what we say.
- Reliable: A promise made, is a promise kept.
- Innovative: No gimmicks; useful and usable.
- Passionate: We are passionate to provide the best product and best service.

STRATEGIES:

Banglalink follows the following strategies

- Functional Level Strategy: Banglalink focuses on efficiency, quality, innovation, and customer responsiveness.
- Business Level Strategy: Banglalink applies both the cost leadership and differentiation strategies as their business level strategies.

2.3.ORGANOGRAM OF MANAGEMENT TEAM OF BANGLALINK:

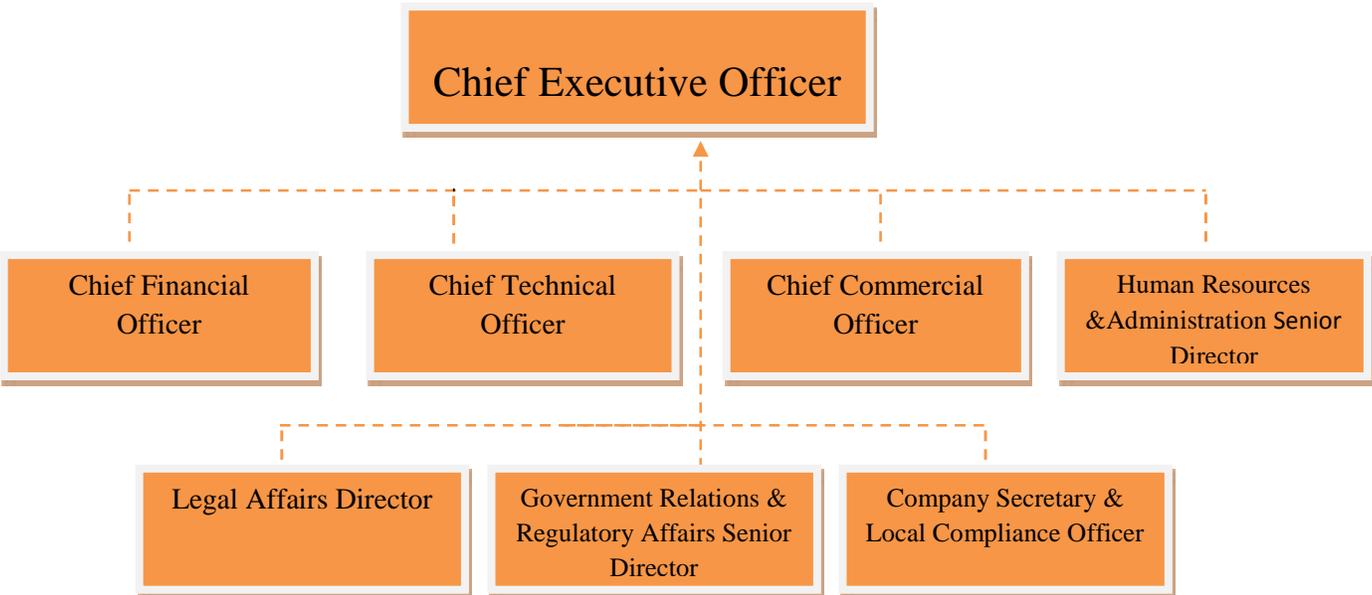


Figure 1: Organogram of Management Team of Banglalink

The Management Team of Banglalink

Chief Executive Officer	Ziad Shatara
Chief Financial Officer	Ahmad Y. Haleem
Chief Technical Officer	Perihane Elhamy
Chief Commercial Officer	Shihab Ahmad
Human Resources & Administration Senior Director	Monzula Morshed
Legal Affairs Director	Jahrat Adib Chowdhury
Government Relations & Regulatory Affairs Senior Director	Taimur Rahman
Company Secretary & Local Compliance Officer	M Nurul Alam

Table 1: Organogram of Management Team of Banglalink

2.4.PRODUCT OR SERVICE OFFERINGS:

2.4.1.PRODUCT OF BANGLALINK:

PREPAID PACKAGES:

Banglalink primarily recommends two prepaid plans; Desh and Banglalink play. Adding some changes with Banglalink Desh they offer their other prepaid packages like Desh hello, Desh7FNF, Desh 10 FNF and others.

- Banglalink launched Desh on September14, 2006. Desh is one of the cheapest prepaid plans in the country by tariff. It gives you 10 paisa per 10 second to all Banglalink FNF numbers, all day long.
- Banglalink play provides 16 FNF at any number and at the best rate is 4.17 paisa per 10 sec. Besides for special FNF 29 paisa per SMS and 100 SMS only at 99 paisa per day can get on Banglalink Play.

POSTPAID PACKAGES:

Banglalink post-paid packages are mostly customer centric and it provides customer the best

value for money. Currently there are two postpaid plans from Banglalink. These are:

Banglalink Inspire:

It brings special new features for post-paid subscribers with extremely low call rates, along with the lots of FNF numbers and many other services and facilities. No deposit is required for auto-bill pay subscribers. Every new connection has 300 SMS per month (to any operator), 500 MMS per month, 100 MB internet pack per month, Amar tune subscription and news service subscription free for the first 3 months. In Banglalink Inspire, 42 paisa per minute call rate for two supplementary numbers.

Banglalink SME:

Banglalink SME package offers attractive tariffs and a complete package customized to suit the needs of small and medium enterprises. Banglalink SME package offers flexibility to choose from two packages Banglalink SME- postpaid and Banglalink SME call & control. It offers 1second pulse to Banglalink numbers and 10% bonus on incoming calls from other operators.

BANGLALINK 3G:

Banglalink 3G provides customers to surf the internet with fastest internet speed even on the move with the superior HSPA+ connection. Banglalink 3G brings the experience of using mobile broadband on 3G mobile phone/device. Banglalink 3G people are enjoying superior video streaming, download experiences, enhanced video calling, high-speed data transmission and accessing innovative 3G services on the mobile phones. In 2014, Bangladesh Telecommunication Regulatory Commission declared that Banglalink's third- generation data service fastest in the country. Besides providing the fastest 3G internet, Banglalink is only the second telecom operators in Bangladesh to cover 64 district headquarters.

2.4.2.SERVICE OFFERED:

To introducing state-of-the-art communication solutions for its customers Banglalink has always been the market leader. They are continuously adding up to the range of their Value Added Services, all for customer convenience.

The Value Added Services (VAS) Section will disseminate the consumer with the new services that

can now benefit from, which will give them all the freedom they need, making mobile communications more exciting, convenient and enjoyable. Since its beginning, Banglalink has always endeavored to offer its customers with innovative products and services on a regular basis. Banglalink offers the following Value Added Services that designed to meet customer's needs: Golpo Chora Gan, Friend Finder, Amar Tune, Azan Alert, Namaz Alert, Stock Information, Banglalink Jigyasha, Quran, Messenger, Call Block, Internet, Voice Adda, Missed call Alert, Song Dedication, Call Me Back, SMS (Text, Quotes, Jokes), SMS email, SMS Adda, SMS Facebook, Daily Facebook, Instant Recharge, Money Transfer from Abroad.

2.5.BANGLALINK'S SOCIAL RESPONSIBILITIES:

From the inception of Banglalink, the company feels its obligation towards the environment and local culture of Bangladesh. Banglalink is committed to play its role as a responsible corporate house and it has spent huge money on its CSR activities. It has undertaken extensive CSR programs to bring positive changes in the society and to create a positive image of the organization among its stakeholders. Although sometimes it is debated that the CSR program is a part of its branding, the good part of this has been realized. The CSR activities of Banglalink have benefitted the environment and because of Banglalink's promotion of our local culture, the national heritages of the country have been elevated successfully to the people in home and abroad. A few highlights of the CSR activities of Banglalink have been listed below:

- From the beginning of Banglalink, it has been expanded its hands on cleaning world's longest sea beach, Cox's bazar. Under this project, 26 female workers clean the 3 km long beach 363 days a year in 2 shifts. In addition to that there is another team of 7 male workers who support to move all heavy dirt and rubbish from the beach. Banglalink has been truly making a difference in preventing environmental pollution at Cox's bazar beach which shows the commitment of the organization towards environment.
- Since 2009, to help underprivileged children, Banglalink has taken this special initiative to distribute blankets among the orphan children of many orphanages around the country- which are in great need for it during winter season. In 2013 Banglalink distributed 5,000 blankets among the destitute children of 101 orphanages across the country. The districts

covered were- Dhaka, Chittagong, Khulna, Rajshahi, Rangpur, Barisal, Narayanganj, Mymensingh, and Tangail.

- Since 2009, Banglalink took several initiatives to provide free services to hajj pilgrims at hajjcamp where they gather to depart for hajj. This includes arranging air-conditioned busses for pilgrims, water distribution zone, phone counter for making free phone calls, free charging units etc.
- Banglalink distributed free water and dates for the fasting people who got stranded at major traffic points of selected metro cities around iftar time during ramadan. This social activity is been introduced from recent years. Banglalink also took initiative of arranging regular iftar and dinner in different orphanages around the country. In 2011, the company provided water and dates to almost 85,000 people and iftar and dinner for more than 12,000 orphans of 123 orphanages across the country.
- Besides the above, to promote our local culture the organization has been patronizing “Lalon Utshob”, “ Boat Races”, “Boshonto Utshob”, “Shah Abdul Karim Loko Utshob”, “S M Sultan Utshob”, “Hason Raja Loko Utshob” and many more in order to demonstrate their dedication for local culture and festivals.

CHAPTER 3

3.1.JOB DESCRIPTION:

Banglalink treats its Interns as important parts as well as employees of this firm. Interns get the opportunity to discover the real business & professional world of this organization. Banglalink provides the environment to Interns to learn through culture. As an Intern I used to do jobs that are usually done by any other employees of the organization. As an intern of Banglalink Digital Communication, I worked under the supervision of Muhammad Maher Noor, Associate Manager of Contract Management Team.

3.2.JOB RESPONSIBILITIES:

As an intern of Banglalink they have assigned me with different workloads from time to time and few of the major work responsibilities are mentioned below -

- Facilitated vendor management through penalty calculation and documentation:

Banglalink contract management team has to maintain the shipment schedule of vendor according to the contract term. CM team has to calculate the penalty on the bases of the penalty term written in contract. Monthly basis for every shipment if any delay occur from vendor side the penalty calculation was done by the intern and also maintain the track of the penalty report, calculation and SCCAR report.

- Prepared the vendor management database:

Contract Management team is a new unit under supply chain unit in finance department because of that, they are preparing a master database to keep record of their vendors information along with the Contract details and other necessary date so that they can get all the information regarding any vendor and their current status at one point solution. So, as an intern, I was assigned to collect all the data from different sources and also develop the database for the unit.

- Supported CM team to draft simple contracts:

I had to get raw data from Contract Management (CM) team along with the vendor and user department and procurement team. Then, I had to use the data and compile the report in MS Word. After finalizing the report, I had to send that to reporting authority. As an intern of the Contract management Department of Banglalink Digital Communication Ltd, I had been given the responsibility to prepare Daily contract draft for different vendor and user department. I was given access in SAP (or BO, a Banglalink source), from where I used to download the raw data on usage of all the services and based on vendor and procurement contract agreement, I had to calculate pricing of the product or service which will provide by the vendor and also the penalty term and so on in MS Word. After that, I had to send that draft contract to the reporting authority so that they can take right decision by properly checking the contract term.

- Assisted Contract Management (CM) team to calculate contract value:

Like penalty report, I had to get raw data of a week from BO (a Banglalink Source) and calculate the value of the contract on the basis of payment term and mode of the contract. Then, I had to input the data and compile the report in MS EXCEL. Then the report was sent to my reporting authority.

- Maintaining relationship with the vendor:

I had to communicate with the vendor and had to make sure about the product delivery schedule and document regarding the contract. Here I had to arrange meeting between the vendor and the procurement and contract management team. At the same time also maintain information flow with among the unit of supply chain and maintain transparency of information.

CHAPTER 4

4.1.VENDOR MANAGEMENT:

This is the most common procedure of any company that is to manage and procure staffing services – temporary, and, in some cases, permanent placement services – as well as outside contract or contingent labor. Like other companies' Banglalink is also following procedures to maintain a healthy relationship with their vendors as well as to ensure the quality of the service they are getting from their suppliers or vendors. Beside, Vendors are the major part and parcel of any companies that we will try to talk about because they are providing the raw materials or services that companies are required to produce their products or service that they are willing to provide for their global or local customers. This is the reason why Banglalink goes with a process of vendor's selection in their company before going for any contract.

4.2.VENDOR SELECTION PROCESS IN BANGLALINK:

In the Banglalink there are 5 easy steps before selecting the vendors for their company. This is a helpful process to keep a healthy relationship with their vendors while keeping up with their own interests.

1. Analyze your business requirement:

First of all Banglalink analyzes their business before even selecting or searching for their vendors. Procurement team has been given this responsibility of finding vendors for the company. Moreover, they will discuss with the management about what company wants to get hold of and the price range they are currently looking from their vendors. Basically, they have to analyze the company requirements before selecting a vendor.

2. Search for vendors:

After analyzing the business requirements, it become easy for the procurement or sourcing team to find a suitable vendor for Banglalink, who can deliver the desired service/product that the management wants to get hold of. At first they compile a list of possible vendors, but the procurement team will only select those vendors that meet their requirement as per organizations', after exploring about the vendors' background, procurement team will have to select a few vendors from the list.

3. Write a request for proposal or request for quotation:

After selecting the vendors, procurement team asks them to write a request for quotation or request for proposal. The request for proposal should contain sections, such as, submission details, an introduction and executive summary, an overview and background of the business, detailed specifications, assumptions and constraints, terms and conditions and selection criteria.

4. Evaluating the proposal & selecting the vendor:

To begin with, the procurement team conducts a preliminary review of all vendors' proposals. The next step would be to compare both the business requirements and the vendors' requirements before selecting the vendors. They have to communicate with the higher authority about their selection to justify their selection before going for any contract with the vendors. Moreover, they have to rank their priorities along with alternatives. Clearly define benchmarks and time constraints. Evaluate the risks and liabilities. Also state the level of confidentiality required. They also need to remember the changes in the requirements before going for the selection. Understanding the difference between what management wants and what the vendors need, from the outsourcing contract, actually help them to create a better strategy.

5. Creating a contract:

Creating a contract is the final step in the Banglalink vendor selection process. After, all the negotiations when the user approves, the contract management team has to make the contract between Banglalink and the vendors by safeguarding both parties' interests and also by following up its progress in the future. Procurement team has to provide required information of the vendor to the contract management team so that the contract management team can ensure that the contract policies and requirements were followed while selecting those vendors for Banglalink.

4.5.DIFFERENT TYPES OF VENDOR:

A multinational company like Banglalink uses different sort of vendors who can help them to keep up with their competitors as well as to standardize their services for their consumers. For instance, they have both foreign and local suppliers who are providing them the services and products required to sustain in the competition as for Example "Huawei" is one of the major foreign suppliers who is providing them with the technical supports to maintain their network capacity and to improve the quality of their voice call services. On the other hand they are using BTCL and Mango telecom to provide internet services in Bangladesh. Besides, they are also engaged with inter-company transition between their parent company and subsidiary companies to upgrade their quality of services. However, they are still not able to get the M2M services which have been used by Vimplecom in Russia to provide network support for their customers.

Yet, Banglalink vendor management system has described about the vendors in a different way because their point of view about suppliers was how critical or important they are for the company. This is why they have categorized the suppliers in three types and they are -

- Critical
- Regular
- Irregular

Critical vendors are the major part of any company because they are the heart of any company. Without their support company services for the customers can collapse at any time. This is because there is no other option to go for if those vendors stop supplying their goods on

time and they are also giving the company the major credit facility for the company. Therefore these vendors are controlled by the top level management to ensure that they are getting the proper support from their company to provide the products on time (Perelman, 2007). Moreover, these are the technical vendors that will provide services from foreign countries to the mother company. Banglalink has some major critical vendors like that and they are

- Huawei Bangladesh Ltd
- Ericson Bangladesh
- Nokia siemens Bangladesh Ltd

Regular vendors are the usual vendors where you can find other sources when the normal vendors have failed to give you the support on time. Most of these vendors are from local market because they can be sourced easily and they are always available to connect from the local country. Moreover, there number will be quite high compare to their critical suppliers because they can be outsources from the local market by their sourcing team quite easily. Regular suppliers help Banglalink to bargain and choose the best product from their product details. Banglalink has only a few numbers of vendors like that and most common names for them are like

- BTCL
- Green power
- Mango telecom

Irregular vendors are those who provide support occasionally like for marketing promotions and making festoons for Banglalink. Besides, they are not the actual vendors that are used for the daily activities that are done in the Banglalink.

There are some other vendors who provide support in a short time basis but they are not counted as the major vendors according to the supply chain team.

Recently to manage contracts, Banglalink has established a new department by putting their investments to ensure that this critical vendors are not causing any issues and the time they are providing to their suppliers to deliver their shipments or products are actually reaching on time. Basically, this department is to go through with the contracts (that banglalink is signing with the vendors) and ensuring that they are not losing their vendors due to any mismanagement.

4.6.CONTARCT MANAGEMENT:

Good contract management signifies the administrative activities associated with handling of contract representative, monitoring contract relationship, addressing related problems, incorporating necessary changes or modifications in the contract, ensuring both parties meet each other expectations and actively interacting with the contractor to achieve the contract's objectives.

4.7.FUNCTION OF CONTRACT MANAGEMENT:

The functions are- 1) invitation to bid, 2) bid evaluation, 3) the penalty calculation, 4) managing the relationship between vendors and users, 5) monitoring the contract, 6) risk management, 7) legislative and audit compliance, 8) creating a contract which is value for money and 9) maintain probity and transparency.

4.8.CONTRACT MANAGEMENT IN BANGLALINK:

In Banglalink contract management unit under finance department is a new wing which has been established about a year an ago. Currently in CM unit there are three employees who are working in managing and preparing contracts. The process contract management department is following to prepare a contract for any department is given below:

- At first procurement unit issue new contract requisition. In the procurement team every member deals with several vendors and when they fixed the price and other concerning issue with the vendor then procurement team give requisition for a new contract to contract management unit.
- Contract management unit gets the requisition from procurement department. After that contract management department validate the requisition as per the contact content checklist where 10-15 checking points available. So for a contract it is very important to have all the require information which is needed to match with the checklist.
- If the entire information match with the checklist requirement then contract management unit initiates contract preparation in coordination with Legal, User, and Procurement unit.

- Contract management unit validate all the commercial T&Cs, SOW (statement of work), SLA (service level agreement) and ROQ.
- In the next step contract management department sends the contract to its important stakeholders like Treasury, Tax, Procurement and user for their approval or validation of the contract.
- After all the validation achieved then they follow up with the respective stakeholder to receive the validation and then send the contract to the legal department for internal approval circulation.
- Lastly when contract management receives the final contract from Legal which has been signed by all the respective peoples then they provide one copy of contract to the vendor and another copy they keep it as a reference.

4.9.PROCESS FLOW OF CONTRACT MANAGEMENT:

- 1) Request received for contract
- 2) Provide the draft standard template to the concerned procurement unit before floating the tender
- 3) Draft the agreement after awarded the job based on required documents
- 4) Collect User/Financial/Legal consent on the draft document
- 5) Forward to vendor for their consent on the final draft contract
- 6) Upon receiving vendor's consent take the final print of the contract and collect necessary signature on it
- 7) Scan and copy, provide to respective concern and original contract in our custody
- 8) Upload the contract in SAP

4.10.THE MAIN STAKEHOLDERS IN PREPARING A CONTRACT IN BANGLALINK:

In Banglalink, contract management unit's main stakeholders are **HR & Admin, Procurement, Legal** and **Tax**. Other department those who are subscriber of the contract are known as user. Moreover user does not need to validate any part of the contract because of this reason user are not stakeholders. Stakeholders are those who need to validate their part in the contract and their approval is important for the contract.

4.11.VALIDATION OF CONTRACT:

In Banglalink, contract management unit does all the contract related work. Initially all the validation like contract content checklist, all the commercial T&Cs, SOW, SLA and ROQ has done by contract management unit. Other validation for legal validation is done by Legal unit, for tax related approval validation is done by Tax division, price related validation done by procurement. So validation of a contract is not only depends on contract management unit but also it is inter related with the stakeholders of contract management unit.

4.12.IMPORTANCE OF CONTRACT AND CONTRACT MANAGEMENT:

Contracts are known as the legal agreement between two parties according to the point of view of English law. However in the business world they are helping the vendors and the customers to maintain their own rights and obligations with the help of this contract. Adding to that, Businesses frequently use contracts to ensure that a certain level of service is maintained or that competing companies do not have access to specific economic resources. It also ensures manufacturing or production businesses can obtain economic resources at a specific price for a defined time period. Moreover, it specifies the duty of a service contracts by outlining the specific duties of a vendor company and how they will perform in a contractual agreement.

On the other hand, contract management is helping or guiding the whole company to enter into the contract and also to manage the relationship with their vendors on behalf of the user department. Moreover, they can maintain the transparency and probity of the contract while managing the relationship between both the parties. Contract management can also help to know the time length of the contact or if there is any penalty cost that can be occurred while avoiding the contract, the contract management team can easily calculate that cost on behalf of the company. Basically, contract management will make sure that both the company and their vendors are not going beyond their obligations by maintaining their own interests.

4.13.PENALTY:

Contract management team is not only maintaining the relationship with the vendors after and before starting the contract, they are also counting the days after finishing the contract

whether the vendors were able to fill up all their conditions like delivering the goods on time, product failure, product services etc. However, this calculation is not only to decrease their losses, this is to make sure that their consumers are not suffering due to their suppliers fault in delivering the goods in Banglalink on time. Therefore, contract management team will track their company contracts to make sure that the products delivery schedule has been maintained by their vendors. VimpleCom has requested to introduce this new department to critically analyze the vendors in Banglalink. For last three years, this department has been successful in tracking out the losses that Banglalink has to go through due their vendors' mismanagement. Moreover, they are trying to upgrade their system of vendors' management in Banglalink. This department's major policy is to make sure that their critical vendors are not trying to cost them any money due to their late shipments in delivering the goods and whether their vendors' services were good enough for Banglalink. They have to issue the penalty claiming letter to the vendors to explain that Banglalink will cut off their payments due to their failures in delivering the goods on time. This penalty will be the same amount that their vendors have decided to pay if they fail to deliver the goods in Banglalink. (Appendix has an example of penalty calculation)

A picture of penalty calculation earning from the different suppliers are shown below:

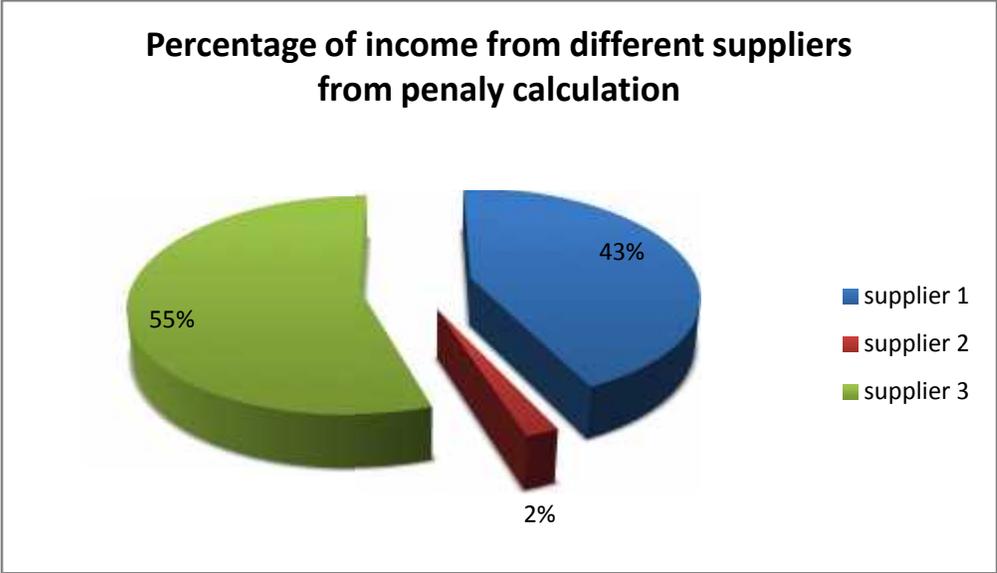


Figure 2 : Percentage of income from different suppliers from penalty calculation

This chart is showing that the majority of their penalty cost earning is coming from their critical suppliers which is not a good sign from the point of view of Banglalink, because their

major suppliers are failing to deliver their goods on time and this is generating an extra earning source for Banglalink in last three years. However, this has improved their management styles in controlling their credits and this is why a ratio analysis has been given to justify their importance in Banglalink in the next chapter.

CHAPTER 5

5.1.RATIO ANALYSIS:

Banglalink is not yet a listed company and therefore the financial data of Banglalink is not revealed to other people because of the company confidentiality. For analysis purpose, the final outcome of the ratios have been used in this report and as the company keeps the financial data with high confidentiality. The ratios of Banglalink for the year 2014, 2013 & 2012 are listed below

CURRENT RATIO:

	2014	2013	2012
Current Ratio	0.29	0.23	0.19

Current ratios are used to test a firm's ability to pay off the current liabilities using its current assets. Banglalink had TK. 0.29, 0.23 and 0.19 as current assets in the year 2014, 2013 and 2012 respectively against TK. 1 current liability. Vendors will try to see from their balance sheet to ensure that the company has enough asset to pay off their liabilities.

DEBT RATIO:

	2014	2013	2012
Debt Ratio	0.405	0.411	0.422

The telecom companies have more fixed assets than current assets as it has valuable equipment in its balance sheet. For this reason, the debt ratio which shows Banglalink had Tk. 0.405, 0.411 and 0.422 as liability against Tk.1 assets in the year 2014, 2013 and 2012 respectively. According to the ratio vendors will easily give them credit facility because they have enough asset to pay off their debt.

PROFIT MARGIN:

	2014	2013	2012
Profit Margin	-0.26	-0.28	-0.29

Banglalink could not turn its revenue into profit. This might have happened due to high debt obligation. All the revenue of Banglalink was expended and because of high financing cost it had to pay Tk. -0.26, -0.28 and -0.29 from its capital against Tk. 1 in the year 2014, 2013 & 2012 respectively. However, contract management unit is directly contributing to increase profit margin by claiming penalty from vendor's.

RETURN ON ASSETS:

	2014	2013	2012
Return on asset	-0.136	-0.142	-0.148

From the assets in its balance sheet Banglalink had to pay Tk. -0.136, -0.142 and Tk. -0.148 against Tk. 1 assets. in the years 2014, 2013 and 2012 respectively. It could not make profit on the assets deployed.

RETURN ON EQUITY:

	2014	2013	2012
Return on equity	-0.44	-0.46	-0.49

From Tk. 1 equity Banglalink lost Tk. -0.44, -0.46 and -0.49 in the year 2014, 2013 and 2012 respectively.

Except for Grameen Phone no other telecom operators have been able to declare profit. Here Banglalink is striving to move towards making positive figures and hopefully Banglalink will reach over the break-even line in near future.

CHAPTER 6

6.1.SWOT Analysis:

Strength:

- Disciplined approach to work.
- Good communication with vendors & users.
- Possession of vast area of skills by different personnel.
- Effective and efficient Functional & Operational knowledge in the whole process.
- Dedicated team who has willingness to work long hours.
- Punctuality
- Commitment towards service.
- Problem-solving mentality and skills.

Weakness:

- Insufficient manpower or resource constraint in the Contract Management unit.
- Weak influence of Procurement management in the technical aspects of vendors election.
- Bias of Users towards specific vendors "leads to weak bargaining power for company
- Inability of Procurement unit in conducting supplier market analysis due to time constraint.
- Lack of planning from user end leading to failure to achieve some objectives. Interrupted flow of information.
- Less motivation due to lack of recognition.
- Less Empowerment.

Opportunity

- Focus on process efficiency by Management to facilitate the procurement process
- Increased scopes of work for contract administration.
- Increased companywide control and compliance.
- Development of more efficient ERP system in Banglalink to reduce workload.
- Ongoing development of better coordination and communication with the related parties' in the procurement process.

Threat

- Presence of too many competitors in the telecommunication sector.
- Unfavorable government policies(e.g. controlled foreign exchange regime) in regard to foreign procurement or import
- Market saturation and growth in telecommunication sector

CHAPTER 7

7.1.RECOMMENDATION:

It is really difficult to draw recommendation based on four months' work experience and it would be audacious of me to give suggestions to the people who have better understanding and expertise than me. However, there are few areas in which I think the organization can improve:

1. The management and commercial co-coordinators in the Procurement unit need to be more accountable and responsible for their decisions and activities before starting any contract with the vendors. Gap between management at different levels has to be decreased. Supervisors need to become aware of the status of procurement activities and projects handled by the officers. This will help contract management to have proper information about the vendors and the process will be a little easier for both the parties.
2. The number of employees needs to increase in the contract management team to increase their efficiency at work.
3. More collaboration is required among the department of supply chain while selecting the vendors for the company.
4. More technological efficiency need to be brought for the efficiency of their departments.
5. The current structure/organogram of Contract Management needs to be updated to make the department suitable for the age of digital technology.
6. Vendor helpdesk should be created to provide guidelines to interested vendors. Suggestion box should be provided for the vendors to know about the changes they want from Banglalink.
7. Most vendors need to develop adequate IT infrastructure to keep up with Banglalink and get new types of works, especially in the data business. Modern communication facilities like e-mail usage and constant internet connection should be set up. Important personnel of partner organizations like Key account managers should be given easy and quick access to Banglalink offices and premises.

7.2.CONCLUSION:

Banglalink Digital Communications Ltd. is one of the leading multinational telecom companies in Bangladesh. I had the opportunity to work for this company during my internship program. This internship program has helped me to explore new horizons of business environment.

This particular report has provided insights on the contract management activities within the limited scope. The functions of contract management are so descriptive and to some extent complex that one report is not enough to write the whole thing about it. However, the fullest determination was to make this report fruitful and informative. Although the financial analysis does not provide an concrete image of the organization, the company has very good potential because it has got highly skilled people and they know better than anyone how to take this organization in a better position. I believe this company will keep on growing whatever the situation is.

Nevertheless, recommendation for contract management department is that they need to increase the number of employees in their team and they need to divide their workloads in between their members. Besides, using technologically advent software will help them to carry out contractual activities more efficiently.

Finally, I was really appreciated to have the opportunity to do my internship at Banglalink Digital Communications Ltd. Where I had the exposure with the corporate environment and was able to learn the practical aspects which has made me more inclusive to corporate sector and as well as to complete my B.B.A. education.

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Appendix

Green Power Late Delivery Penalty: Penalty Calculation for late delivery										
Sccar date	Lot #	Sets Deliever	Sets price	Schedule Delivery date	Actual delivery date	Delay in delivery (days)	penalty(%)	per week penalty	Delay in Delivery (weeks)	Total Penalty(BDT)
22-May-15	1	100	37,085,0	29-Mar-	8-May-	40	2%	741,70	5.71	423517
27-May-15	2	50	18,542,5	18-Apr-	18-May-	30	2%	370,85	4.29	1590946.5
5-Jun-14	3	25	9,271,25	18-Apr-	21-May-	33	2%	185,42	4.71	873351.8
26-Jun-14	4	25	9,271,25	18-Apr-	15-Jun-	58	2%	185,42	8.29	1537173.3
26-Jun-14	5	25	9,271,25	3-May-	15-Jun-	43	2%	185,42	6.14	113859.5
18-Aug-14	6	27	10,012,950	3-May-14	12-Jul-15	70	2%	200,259	100	2002590
29-Sep-14	7	48	17,112,000	3-May-14	25-Sep-14	145	2%	342,240	20.71	7087790.4
18-Aug-14	1	50	18,700,000	21-Apr-14	4-Jul-14	74	2%	3,740	10.57	3953180
18-Aug-14	2	50	18,700,000	6-May-14	4-Jul-14	59	2%	3,740	8.43	3152820

Last five year's position Banglalink(amount in billions)

	2014	2013	2012	2011	2010
Operating revenue	1700	1650	1600	1500	1100
Service revenue	1700	1600	1620	1600	1500
other revenue (penalty calculationis included)	3	1	0.5	0	0
Total revenue	3403	3251	3220.5	3100	2600
Expenses	2200	2100	2000	1900	1800
gross profit	1203	1151	1220.5	1200	800
Admin expenses	1820	1800.5	1900	1900	1750
EBIT	-617	-649.5	-679.5	-700	-950
interest and tax	260	260	260	250	230
Earning/ loss after tax and interest	-877	-910	-940	-950	-1180
Project under construction	319	319	350	300	240.4
Intangible asset	20	20.3	20.3	30.3	30.3
Other current asset	690	680.2	689	690.3	690.1
Current asset	100	80.5	70.7	60.4	60.2
total asset	6429	6400	6330	6281	6121
Liabilities					
current liabilities*	339	350	379.5	411	391
other non-current liabilities	257	280	280	300	340
Intercompany payable	100	120	130	100	110
Long term loan	1910	1880	1880	1900	1970
Total liabilities	2606	2630	2669.5	2711	2811
Paid up capital	2700	2700	2700	2590	2590
Share money deposit	2000	1980	1900	1930	1900
Retain earning loss	-877	-910	-940	-950	-1180

Calculated ratio

	2014	2013	2012
current ratio = current asset/current liabilities	100/339	80.5/350	70.7/379.5
	0.29498525	0.23	0.18629776
debt ratio = total liabilities/ total asset	2606/6429	2630/6400	2669.5/6330
	0.40535075	0.4109375	0.421721959
profit margin = net profit/net revenue	(-877/3403)	(-910/3251)	(-940/3220.5)
	-0.25771378	-0.27991387	-0.291880143
Return on equity = net profit/ total equity	(-877/2000)	(-910/1980)	(-940/1900)
	-0.4385	-0.45959596	-0.494736842
return on asset = net profit/ total asset	(-877/6429)	(-910/6400)	(-940/6330)
	-0.13641313	-0.1421875	-0.14849921