

# ՏՆՆ ԴՁՍ

CASE 2 - ROUND 2

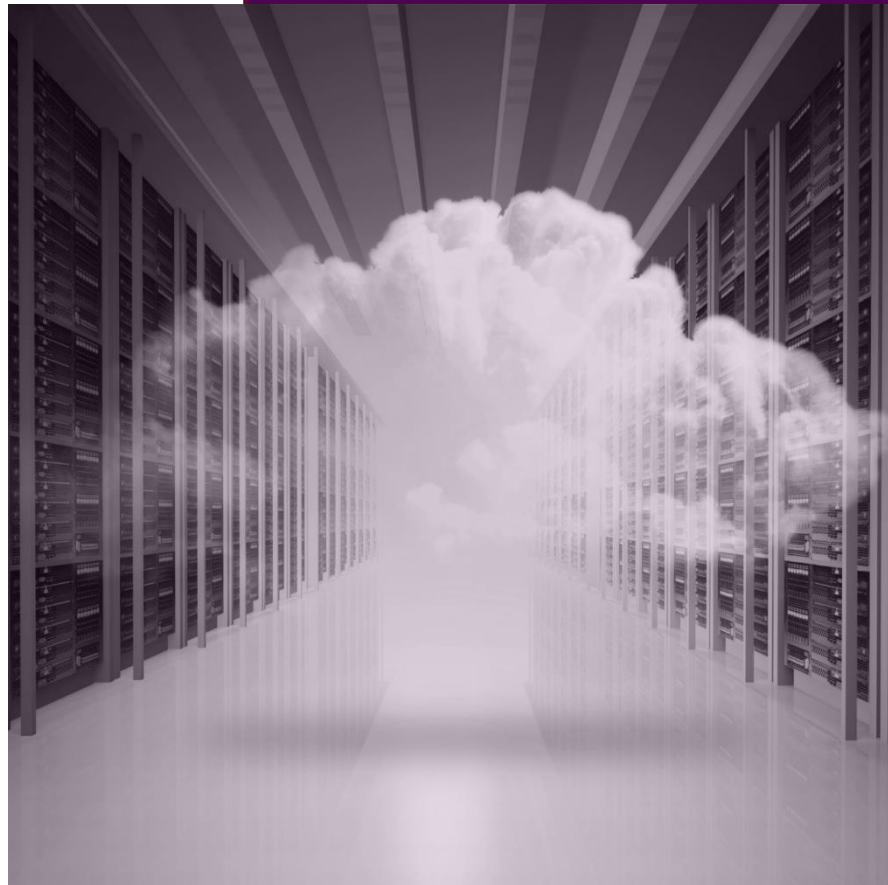
**NEXUS TECH**



Since its founding in 2003, Nexus Tech has become a key player in Saudi Arabia's IT and BPO services market. As a government-owned public company, Nexus Tech functions as the B2B technology arm of Saudi Arabia's leading telecom provider. The company caters to enterprise clients with a wide range of offerings, including system integration, connectivity solutions, and business process outsourcing. This diverse portfolio positions Nexus Tech as a comprehensive technology services provider for businesses in the region.

Nexus Tech's business model revolves around three main service areas: connectivity, system integration (SI), and business process outsourcing (BPO). These services, while generating high volumes of business, typically yield low profit margins.

The company's client base is predominantly composed of government entities, deals from parent organization, and industries with significant government involvement, such as the Oil & Gas sector. This focus on government-related business has allowed Nexus Tech to cultivate strong relationships with key government stakeholders, potentially providing a stable revenue stream and preferential access to certain contracts.



Over the past few years, Nexus Tech benefited from the change driven by Saudi Vision 2030, a transformative initiative that had spurred substantial economic growth and diversification in the Kingdom. This national strategy, with its focus on technological advancement and attraction of foreign direct investment for ambitious projects like NEOM, initially created a favorable environment for Nexus Tech. However, the landscape is shifting as the Kingdom experiences a deceleration in government initiatives and a decrease in foreign investment inflows.

Despite its past successes, Nexus Tech faces a multifaceted set of challenges that threaten its market position and future growth. The company's revenue growth has stagnated, largely due to its heavy reliance on low-margin traditional business lines which limit its expansion potential.

The company's weakness in serving SMEs and emerging sectors like BFSI and fintech limits its diversification potential. Rather than product leadership or cost competitiveness, Nexus Tech relies heavily on government ownership and customer contacts for its value proposition. This strategy is becoming less effective as Saudi Arabia experiences a slowdown in infrastructure spending and foreign direct investment, directly impacting Nexus Tech's business.

Concurrently, competitors are gaining ground through innovation (both product and services), cost-efficiency, and partnerships with local firms to navigate regulations, while also leveraging outsourcing to low-cost countries. Internally, Nexus Tech struggles with inefficient processes, legacy internal systems, and an inadequately trained sales force - legacies of its historically easy access to government contracts. The company also faces pressure from investors to reduce greenhouse gas emissions and improve its ESG ratings. Moreover, Nexus Tech's service delivery in field operations and customer satisfaction levels lag global benchmarks, further compromising its competitive edge in an increasingly challenging market.

Facing the above challenges, the CEO has entrusted the Chief Strategy Officer (CSO) with the task of defining a robust strategy that addresses these challenges while leveraging its strengths to secure its future in the evolving market.



## *Key Deliverables – Round 1*

### **Market Assessment and Hypothesis Development**

- **Conduct high-level industry research to understand how the market opportunity for Nexus Tech’s current business will evolve over the next 5-10 years.**
- **Based on your industry understanding, develop an issue tree and formulate hypotheses to identify the challenges the firm is facing.**





*"The supreme art of war is to subdue,"  
Through cunning tactics, foes misconstrue.  
In patience lies strength, a waiting game,  
Unveiling strategies, never the same.*

## **Key Deliverables – Round 2**

### **Solution Development**

- Based on the insights gathered from the industry research, what strategic initiatives would you recommend to the CEO for maximizing growth and profitability over time?
- How would you prioritize the initiatives to compete in the market?
- How would you evaluate and budget the investments required to implement the strategic initiatives?

# IT IS A BATTLE OF THE CHOSEN FEW NOW...

## Key Deliverables – Round 3

### Navigating Hurdles

- Discuss on the potential impact of AI on the company's business model and operations
- Create a high-level financial plan for the company, projecting its growth over the next five years.

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*With words of wisdom, he left his mark,  
Guiding generations through the shadows dark.  
Sun Tzu, forever etched in history's lore,  
A master tactician, forevermore.*

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