ONE OASIS STRATEGY

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TABLE OF CONTENT

1.0 PURPOSE OF DOCUMENT

The purpose of this document is to:

- Introduce the One Oasis Strategy - a management framework formulated by Ndubuisi Ekekwe.

2.0 INTRODUCTION

Across African markets, information and communication technology (ICT) is facilitating the process of socio-economic developments. ICT has offered new ways of exchanging information, and transacting businesses, efficiently and cheaply. It has also changed the dynamic architectures of financial, entertainment and communication industries and provided better means of using the human and institutional capabilities of countries in both the public and private sectors.

The impact has been consequential: ICT is rapidly moving Africa towards knowledge-based economic structures and information societies, comprising networks of individuals, firms and states that are linked electronically and in interdependent relationships. We have seen that redesign in Kenya where MPESA, a mobile money solution, has emerged as the most important banking institution without a bank license. Even in agriculture, the hitherto impervious industry, digital technology is working.

As these changes happen across markets and industries in Africa, we need to find new strategies to drive business growth and acceleration. One of such strategies is the **One Oasis Strategy** which I would discuss in this document. But before we look into that strategy, we need to understand what an oasis is:

> In geography, an oasis is an isolated area in a desert, typically surrounding a spring or similar water source, such as a pond or small lake. Oases also provide habitat for animals and even humans if the area is big enough. The location of oases has been of critical importance for trade and transportation routes in desert areas; caravans must travel via oases so that supplies of water and food can be replenished. Thus, political or military control of an oasis has in many cases meant control of trade on a particular route. (Wikipedia)

3.0 PROPOSITION

In organizations around the world, resources are scarce. Firms have to make decisions, optimizing the allocation of the factors of production. They create products and services, and they pursue growth and profitability. The sustainability of any firm depends on the capacity to generate profit even as it grows.

That profitability is possible through the products (and services) which are in the markets. Just as oases are very critical for deserts for the survival of their inhabitants, products are like that. Without products, firms die. Interestingly, the very essence of establishing companies – fixing frictions in markets – rests on the notion that a company must create the right products to serve the needs of customers. Yes, due to the imperfect nature of the relationship between demand (the buyer) and supply (the seller), sometimes, a company is needed to "remove" the friction that exists between them.

In other words, if markets have been perfect, we would not need many industries and the companies that operate therein. There would not be a need for a bank, if a man that has $100, and looking for 12% lending rate, can seamlessly find another man that wants to borrow $100 at 12% interest rate. But that matching never happens, easily. So, because of information asymmetry (a friction in the market), the man with money cannot find the man that needs money. Suddenly, a bank emerges to remove that friction by collecting that $100, paying the investor the 12% interest rate, and then lending it to the other man at 18%. The difference of the 6% is the market imperfection cost, which the bank earns for the services it has provided to remove the friction.

A company's position in the largely imperfect market is determined by its products which help to remove market frictions. The best product in a firm anchors its survival, just as oasis does in a desert. And every business must discover its oasis, if it hopes to thrive. Discovering the oasis is very important because it would help the company to pursue optimal allocation of the factors of production.

For competitiveness, there is a way a company can allocate the factors of production to make sure it supports the best product (the oasis which anchors the firm). If that is done, effectively, that best product will blossom, and other products in the business will also do well, as they will *feed* from the best product.

Simply, if you build your investment around that main product, you will find success, because those investments will have a clear internal "customer", and that reduces market risks. In other words, if your new business investments are geared to support the best product, and the best product is doing well, it implies the risks on the new investments will be easily managed. Provided the best product continues to do well, demand on the new investment is assured (i.e. the customer exists, irrespective of the external market). That is the **One Oasis Strategy**.

In the One Oasis Strategy, the key element is to align business innovation to favour the best product in the company on utility, value and cost which over time would help the firm compete better externally. It is firstly an inward looking management system, and offers a firm an opportunity to test strategies, models, business systems and production processes, perfecting them before they are launched for outside customers. Yes, with one oasis, a firm refines its process, technology and product, positioning it for success.

Yet, the best product is not static. Firms must renew the evaluation process from time to time to discover the present best product. That would help drive business level strategies as investments decisions are made.

4.0 CONCEPT

The One Oasis Strategy is the proposition that if the best product drives key investments in a firm, it has the capacity to help other products in the business. Other products would feed from the best product, and on overall, the company would flourish. By removing the inherent risk of external markets, the best product becomes the first and the most important customer for that new investment and in the process eliminates investment risks. *It makes firms move very fast because you do not have to even consider external customer opinion since the products are not made for them. Indeed, the time wasted on surveys, focus groups and market research works are eliminated because there is a customer right inside the firm*.

This strategy drives higher value for firms and removes investment risks. It develops marketing positioning not by looking at external market forces but by understanding what is happening in the business, and how it could grow by first improving its best product, even as that new investment could result, in future, a product for the external customers.

Anchoring on the best product, other products are now like the animals that return to the oasis for water, or like the humans that depend on the oasis for habitat. Provided that the oasis is there, and doing well, their survivals are guaranteed. Yet, as those new products do well, they could find new customers, beyond the first customer (that best product). That means you can (later) introduce them to the markets for other customers to buy, despite the fact they are supporting the best product, which is the most important reason the original investments were made (see Figure 1).

Figure 1: Investments A and B were made initially to support the company's best product. But over time, the investments A and B became products and were launched for the external markets

Discovering the Best Product

To find the best product, you must use many indicators in your firm. Such indicators include brand, financials and market positioning like market share, etc. Once you find the best product, you must look at how investments could support that best product while also having the capacity to serve the broad market in future. That future opportunity should not be overwhelming, in this decision making; only the internal customer (the best product) really matters, initially.

You want the best product to be the category-king and purely peerless in the industry. It means deploying the massive accumulated capabilities in the company to deepen its position in the market.

5.0 APPLICATION EXAMPLES

In this section, I will explain some companies which have used the One Oasis Strategy.

AMAZON

Amazon is an ecommerce company with massive user base. It supports billions of transactions in a year and needs computing resources to keep its portal functioning well. Amazon could have called IBM to rent a cloud infrastructure for its ecommerce. Rather, Amazon decided to build one in-house knowing that the future of its ecommerce will be driven by the capacity to offer great experiences to clients. The cloud infrastructure investment is necessary as growth in the ecommerce keeps going up. It does not make sense to be sending that money away. So, Amazon went and invested in cloud. The ecommerce is the oasis and the cloud is like the animal that finds habitation from the oasis. Provided the ecommerce is doing well, the investment in cloud has minimal risk. The first customer to the cloud business was ecommerce and that means Amazon does not have to worry if there is any external customer for the cloud services. Amazon does not need to check market dynamics to invest in cloud provided its ecommerce business is doing well.

But interestingly, after time, Amazon did find opportunities in the external market to sell its cloud services. Those services are now called Amazon Web Services (AWS). Tekedia is hosted on AWS, just as many websites which include brands like Dropbox and Instagram, present or in the past. The oasis (the ecommerce) has been served by the new product (cloud) and now that new product is making profit for Amazon.

SAMSUNG

In the global semiconductor business, Samsung is one of the most prominent companies. Others are Chartered, Intel, TSMC and GlobalFoundries (old IBM). While Intel makes chips it sells to customers to be bundled in products, it does not have any direct customer-end products of itself. Others are largely pure foundries. But Samsung is different: it makes all these chips, fabricates them, and it has products in the markets that use them. The Samsung Galaxy series is the best Samsung product, an oasis, which the semiconductor is serving.

This is what makes Samsung competition with Apple very interesting. It can afford to invest in new memory chips and OLED display irrespective of what the market trajectories are. Why? The first customer to Samsung semiconductor business is Samsung mobile devices unit. That means Samsung semiconductor has an incentive to innovate because it wants to make the best mobile devices in the world.

Simply, with this capacity to feed the oasis, knowing that Samsung semiconductor has no risk in the business, it makes it harder for competitors who are in OLED display and memory chips. Those competitors have to find customers, and then get their assurances they will stay with them for long. But Samsung semiconductor has the customer in-house and can wager without any risk since its best customer is a unit in the group business. That explains why Apple has been unable to find an alternative to Samsung in supplying these critical components used in iPhone: no one can take the risk required for innovation unless Apple can lock in for years. But Apple will not do that. So, at the end, only Samsung has the best product. That is the reason why Apple has to use Samsung, an arch-rival: the rival has the best product which Apple needs.

APPLE

Apple practices the one oasis regularly. Its best product is the iPhone and it is doing everything to make iPhone better. Apple differentiates via its hardware and drives exclusivity through its iOS operating system. The horizontal business is the software which anchors many services like Apple Music, iTunes, etc. The hardware is the vertical business where iPhone is the leading product. When Apple invests in new chips, it is always to make iPhone better. And when it upgrades its operating system, it is always to make iPhone better. When it works on new memory and display systems, the goal is clear: continue the path to the perfection of iPhone. Then, as iPhone becomes better, it releases those other solutions to other products. The very fact that iPhone is good enough in the market, to remove the risk of those investments, Apple wins.

Recently, Apple along with some investors bought Toshiba memory business. The memory business can see Apple as its first customer, based on the One Oasis Strategy, to invest in memory making. With that, Toshiba can focus on memory innovation knowing that one of its investors would buy as many as it could make.

DANGOTE GROUP

Presently, the best business in the Dangote Group is cement. That could change when it finishes its refinery. At the moment, most key investments are geared to support the cement business. It is the oasis which other businesses depend on. For example, Dangote Group invested in power to drive its cement business in Senegal. All of a sudden, it realized that it has more capacity that it would need. Then, it started selling excess power to the government of Senegal. The logistics system was first developed to support the cement business. But over time, the structure was made available for other businesses. Though not a tech firm, the overall strategy of Dangote Group is designed to make the cement business competitive, through efficient cement-anchored allocation of the factors of production. That business continues to win the market, remaining the category-king in its sector, and then pulling as much Dangote Group products as possible to success.

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