

Profitability Analysis

Improve your company's performance through rationalisation and adopt a low-cost producer approach for your business.

What is it?

Retaining market share and maintaining profit margin are every telecommunication provider's top priorities in a tough economic environment. In the current climate, cost rationalisation and streamlining product portfolio and processes will help to ensure companies remain competitive in the marketplace.

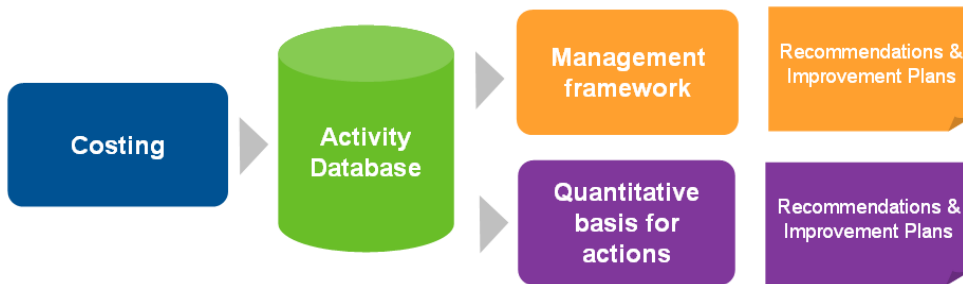
To adopt a low-cost producer approach, operators face the following questions:

- We need to control our costs, but where do we start?
- We need to streamline our portfolio and want to make the right decision based on quantitative data, but how do we gather this information?
- How can we get a true measure of profitability per product, service, channel or segment?
- We have multiple channels, an expansive portfolio and a complex network, but we are not sure how to 'fairly' distribute costs.

All telco products are made up of different components. It can be quite overwhelming when you need to find out the Cost of Acquisition (CoA) and Cost of Serve (CoS) per product, service, channel and segment.

BT Telconsult will help you gather all the hard data through an Activity Based Costing methodology. Our findings and recommendations will help to improve your company's performance through cost rationalisation.





Why do you need it?

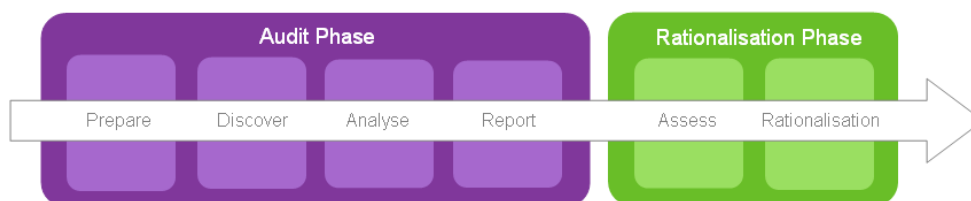
BT Telconsult working with your team, our Profitability Analysis will:

- Provide one version of the 'truth' for profitability and performance analysis for your:
 - Products
 - Channels
 - Customer segments
- Eliminate low-value, high-cost and duplicated activities or processes to enhance:
 - Productivity
 - Efficiency
 - Effectiveness
- Enable consistent, ongoing and accurate management reporting, KPI dashboards and analysis to underpin strategic commercial initiatives such as:
 - Product rationalisation
 - Customer segment / product migration
 - Channel rationalisation

Our Approach

Our method is based on BT Telconsult's Profitability Analysis approach, carried out in two phases:

- The Audit Phase will provide the key answers to where and how you can improve your profitability and performance. Through our dialogue with you, we will identify, define, structure and agree on cost categories, before gathering all the required data using our Activity Based Costing framework. In the Analyse Stage, we will use the information gathered from you to carry out a profitability analysis and provide commercial recommendations using strategic tools.
- The Rationalisation Phase will help you identify areas to improve your profitability and performance that impact your bottom-line. We will assess and prioritise recommendations based on your business needs. KPIs and milestones will be set at this stage. In the final phase, we execute based on your business priority.



KPI Data (Product, Channel, Segment)	Commercial Outcome	Channel & customer segment re-alignment	Product rationalisation	Customer retention strategies	Sales and 3 rd party channel KPIs and incentive realignment	Reappraisal of bundled product margin	Streamline Business & Operating Processes	Sales Transformation	Management, Operations & Regulatory Reporting
Cost of Acquire (CoA) a customer		●	●		●		●	●	●
Cost of Serve (CoS) a customer		●	●	●	●		●		●
Cost of Regulation (CoR) by Product			●			●			●
Average Revenue Per User (ARPU)				●	●				●
Average Margin Per User (AMPU)			●	●	●	●	●	●	●
Fully Allocated Contribution Per User (ACPU, %FAC)			●	●	●	●	●	●	●
Number of months to profitability (i.e. number of months until ACPU>CoA)			●	●	●			●	●
Customer Churn / Disconnection Rate		●	●	●				●	●
Break-even Customer base		●	●	●	●	●	●		●

Client benefits

Our findings will help you to identify areas which require streamlining or rationalisation and to:

- Achieve a 'one-truth' version of profitability and performance analysis.
- Identify low-value, high cost and duplicate processes, activities or products which require streamlining and rationalisation.
- Enable consistent, ongoing and accurate management reporting, KPI dashboards and analysis to underpin strategic commercial initiatives.

Our Profitability Analysis will help you to enhance your productivity, efficiency and effectiveness.

Why BT

BT is one of the leading telecommunications operators globally and is widely recognised for its innovation and thought leadership. We operate in one of the most competitive and deregulated telecoms markets. As a result we understand the complexity of business needed to compete in the current market – and the risks associated with implementation. BT has extensive experience in improving bottom-line costs, productivity, efficiency and performance through streamline services, products and processes.

BT brings a unique combination of unparalleled industry experience, practitioners and the willingness to share this with its clients

About BT Telconsult

BT Telconsult is a global telecommunications management and technology consulting business with 30 years experience in providing consultancy services to fixed and mobile telecoms operators in over 90 countries. We are part of BT Global Services and leverage BT's experience and expertise as a 21C Next-Generation Communication Provider to help our clients overcome the challenges they face. Our consultative practitioners have a deep understanding of how to address end-to-end business, technology and operational challenges using best practices and methodologies developed by BT to support your business transformation.

For more information please visit <http://bt-telconsult.com>



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