

Transformation due diligence

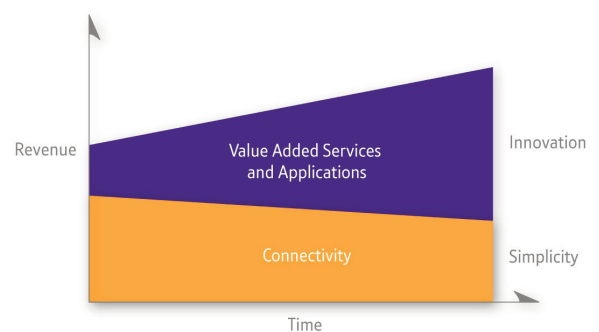
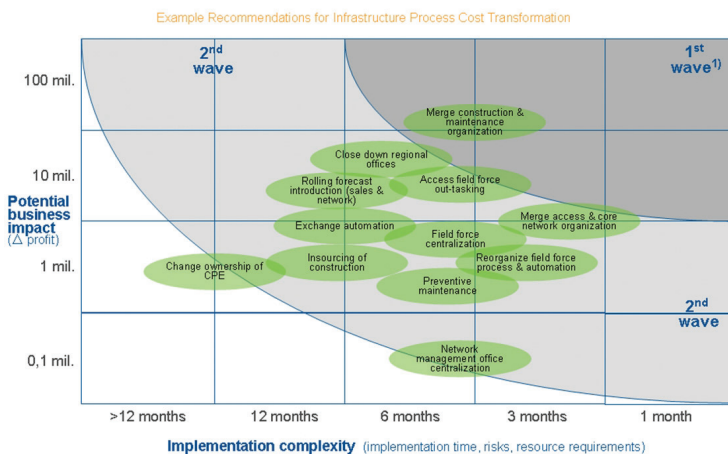
Making the right investment decision can be a major challenge when investing in the telco sector. Mergers and acquisitions in the sector are as high as in the dot-com days and there is a growing interest from the financial investor community. Nevertheless, over half the acquisitions fail to meet cost-saving targets and a changing regulatory landscape poses constant threats as well as opportunities. This suggests that an in-depth understanding of the market, assets and operations targeted for acquisition in addition to effective integration is absolutely key.

Given the frequent time and information constraints during the due diligence phase, it is vital to have access to experienced consultants. This is where BT Telconsult's knowledgeable consultants come in – we leverage BT's experience and expertise to help you understand the telco operator challenges and the impact they can have on your investment, so you can make the right decisions.

Telco operators around the globe are facing similar challenges to BT which they need to address in order to survive, deliver healthy returns for their shareholders and meet their customers' expectations:

- Managing financial and operational performance to deliver continuous growth and value to shareholders.
- Addressing changing regulatory conditions and their impact on strategy, organisational structure and investment decisions.
- Fighting-off competition and new market entrants with disruptive business models.
- Rationalising and modernising the organisation, infrastructure, systems, processes and portfolios to drive cost optimisation and revenue generation.

Telco operator challenges



Telecoms operators need infrastructure and processes that **simplify connectivity** and allow **more innovation**

Supporting our clients

Tier 1 Fixed and Mobile Operator in Europe

Our client was looking to acquire the majority stake in a 30 million line operator and was seeking a strong partner to help assess the assets, operations and strategy of the target company.

Using our proven due diligence methodologies, BT Telconsult's consultants conducted a pre-acquisition due diligence and played a major role in helping the investor to win the bid. Following the contract award, we conducted a post-acquisition assessment to analyse the improvement potential and make in-depth recommendations for top-line growth and bottom-line improvement opportunities across infrastructure and systems, human resources and processes. We subsequently entered into a management contract to support the transformation of the company and have senior BT experts placed in interim management positions to drive the improvement potential in practice.

Tier 2 Fixed & Mobile Operator in MEA

BT Telconsult was asked by the client to undertake an infrastructure and organisation due diligence to assess the current situation, make comparisons with best industry practices and benchmarks, and develop recommendations for improvement potential across the network, IT systems and software, processes and organisation.

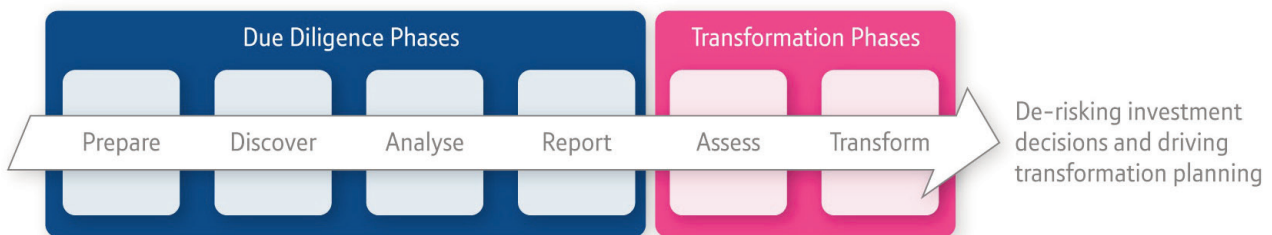
Our approach

BT Telconsult's approach covers distinct due diligence phases leading to an in-depth strategic, commercial and operational view of the current status and future potential of networks, systems and IT, organisation and human resources and other key issues, such as the products and services portfolio. From the initial "prepare and discover" phase to the "analyse and report" phases, we combine the qualitative assessment done by our consultative practitioners with quantitative benchmarks to provide recommendations for the investment case. We also provide recommendations for your post-contract business improvement and transformation strategies.

Client Benefits

Choosing BT Telconsult and our due diligence approach can help you address the key challenges faced by investors in the telco sector:

- We can help you better understand telco assets and operations to risk manage your investment decision, since infrastructure, systems, technologies, people/HR and processes are complex and financial statements do not always give the full picture.
- We can help you better understand the market and regulatory landscape and how changes might impact your long-term investment versus short-term returns.
- With BT Telconsult, you have access to our experienced practitioners to make the right investment decision during the due diligence phase. Afterwards, we can also provide advice to help you transform the business to increase profitability.



Why BT

BT is one of the world's leading telco operators and is widely recognised for its innovation and thought leadership. We operate in one of the most competitive and deregulated telco markets and understand the impact of regulatory changes on telco and ICT transformations from a legacy as well as next-generation technology, portfolio and organisational perspective. BT understands the challenges of mergers and acquisitions and has developed a successful track record of more than 30 acquisitions in the telco and ICT marketplace in the last four years alone.

We are undergoing a major transformation in our own right, investing £10 billion in our Next-Generation 21CN Programme to move to a NGN infrastructure, portfolio and organisation. We have developed a techno-economic modelling practice to ensure we are making the right investment decisions.

Not only are we taking this leading know-how, experience and best practices to our clients by offering consultancy services, we have also developed a service portfolio of 21C transformation services to offer an end-to-end approach across consult/build/manage phases. Finally, being a telecom operator ourselves, we can evaluate alternative joint business or investment models with you, where we see a fit with BT's overall strategy.

About BT Telconsult

BT Telconsult is a global telecoms management and technology consulting business with 30 years' experience in providing consultancy services to fixed and mobile telco operators in more than 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
www.bt.com/telconsult

Offices worldwide

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