

## Transaction Services

- Strategic Due Diligence
- Management Assessment

Strategy and Marketing

## WHAT'S IT ALL ABOUT?

With the deregulation of national markets, fierce competition and with investors and operators envisaging a worldwide business opportunity universe, the telecommunications marketplace is becoming increasingly global. However, these large investments are often accompanied by both great uncertainty about fair transaction prices and high risks. It is therefore crucial for prospective investors to perform a thorough due diligence before finalizing an M&A transaction.

The strategic due diligence is the high-level, qualitative ingredient in transaction services. Its purpose is to determine the overall fit of the target company into the buyer's bigger context, as well as the chances of long-term, sustainable success of the target operations in their own markets.

Management assessment is a major component of strategic due diligence. It is based on the understanding that the target company's executive team is the standard setter of its corporate strategy and at the same time – via its leadership and management qualities – the key determinant of its success.

## OUR APPROACH

Strategic due diligence begins with thorough research of the target market, using publicly available data, analyst intelligence, as well as our consultants' knowledge base and network. This allows us to understand the target operation's market and competitive environment from a neutral perspective.

Next comes a qualitative analysis of the target entity, which is performed in a combination of desk research and field work. We use a mix of data gathering methods:

- Desk research of client documents relevant to a strategic appraisal
- Data room scrutiny of complementary material not made available for desk research
- Questionnaires addressing key determinants of competitiveness of all target enterprise functional areas

- Structured one-to-one interviews with all executive-level management and other selected key staff
- Field survey on selected target enterprise infrastructure, such as points-of-sale, call centre, network switching centre, outside plant and radio access network

Our findings are then evaluated and finally condensed into our proprietary standard report format. Tools used to quantify our inputs are:

- Argument balances to compare strategic pros and cons regarding a critical success factor
- Our customized scoring framework, tailored to fit each project according to client criteria and weighting, used especially for large due diligence mandates
- PEST analysis to assess the strategic high-level impacts of external – political, economic, social and technological – forces on the target enterprise
- Porter's Five Forces Analysis for detailed appraisal of the external market impacts on the target company: the intensity of competitive rivalry, the threat of new entrants, the threat of substitute technologies, the bargaining power of infrastructure and services suppliers, as well as the bargaining power of end users
- SWOT analysis to evaluate strengths, weaknesses, opportunities and threats of the target operation, therefore combining the view of external impacts with the judgement of internal skills and quality

Our strategic due diligence is designed to cover all functional areas and the key critical success factors of a target telecommunications operator, with this being reflected in the structure of our opinion reports.

The sections are:

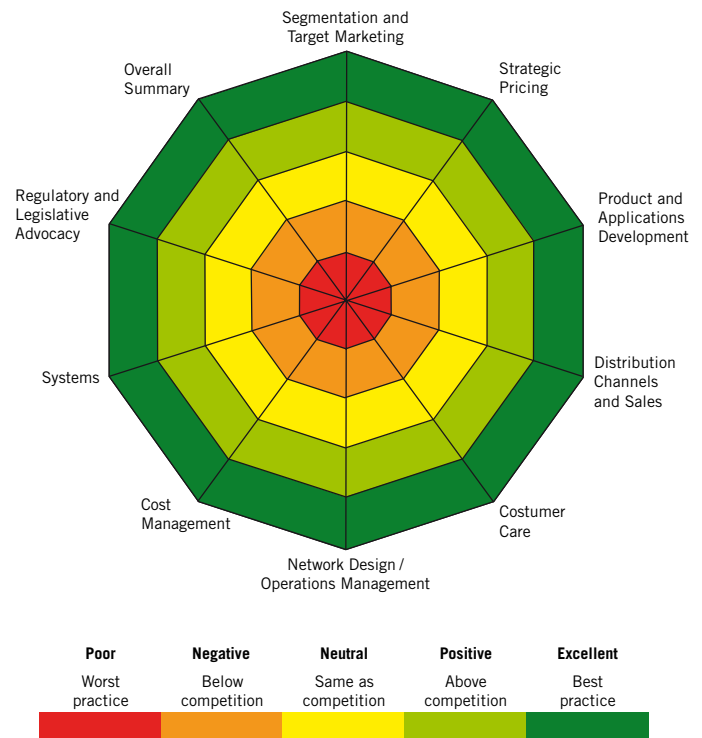
- **Segmentation and Target Marketing:** approach, prioritization, partner and affinity marketing, customer response

## CLIENT BENEFITS

- Strategic Pricing:**  
 options, packages, loyalty programmes, market-driven pricing vs. cost of ownership
- Product and Applications Development:**  
 design to market and/or cost, process, dynamic resource allocation, integrated business plan
- Distribution Channels and Sales:**  
 channel selection, compensation and incentives, training for sales representatives
- Customer Care:**  
 availability and ease of interaction, customer service operation, levels of authority assigned to customer service representatives
- Network Design / Operations Management:**  
 dependence on other parties, proactive surveillance/network control, reliability
- Cost Management:**  
 cost/revenue recording system, level of detail, budgeting process
- Systems:**  
 visibility of customer behaviour, key customer data collection, timeliness of outputs, ability to integrate various sources of data, accuracy
- Regulatory and Legislative Advocacy:**  
 hierarchical levels of interaction between company and government/regulator, lobbying power
- Overall Summary:**  
 market knowledge/research intelligence, leadership over competitors' offerings, vision, strategy and internal sense of direction, implementation skills, market goodwill

Investors and operators benefit from a thorough up-front evaluation of the strategic fit of any merger or acquisition and of the prospects for long-term success of the new operation.

They receive support in prioritizing business opportunities and in identifying risks of any merger or acquisition. Furthermore, a solid base for strategic, qualitative considerations impacting the fair transaction value is created and documented. Finally, the deliverables become supporting documentation in securing and structuring the financing of the M&A transaction.



*Our strategic assessment reporting framework*

## OUR SERVICES

We offer a broad range of advisory services, as presented in our portfolio matrix. We position our individual solutions alongside services practices and service clusters.

	Strategy and Marketing	Corporate Finance and M&A	Operations and Technology Management
Transaction Services	Strategic Investment Management · Feasibility Study  Strategic Due Diligence · Management Assessment  Licensing and Regulatory Affairs	Commercial and Financial Due Diligence · Business Plan Analysis and Benchmarking · Asset Valuation  Investor Business Plan Development  Bankable Business Plan Negotiation · Project Finance	Network Infrastructure and Operations Due Diligence  Roll Out Plan Review and Benchmarking  Operations Plan Review and Benchmarking
Optimization Services	Going-to-Market Strategy · Segmentation · Target Marketing · Product · Pricing · Promotion · Sales Channels · Customer Care  Organization Development  Partner Selection and Sourcing	Financial Performance Measurement and Benchmarking  Forecasting and Budgeting  Service and Process Costing	Network and Process Performance Measurement and Benchmarking  Business Process Reengineering · Process Audit and Improvement  Shared Delivery · Regionalization and Centralization · Outsourcing and Managed Services
Innovation Services	Business Development · Growth and Transformation  Mobile Virtual Network Operator · Mobile Virtual Network Enabler  Value Added Services	Financial Modelling and Financial Engineering	Technology Appraisal and Roadmapping  Network Planning and Migration  Network Infrastructure Sharing



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