

From CostQuest President, Jim Stegeman

Pricing, costing, business management, and business intelligence are the essential drivers that separate an accurate, enlightened business decision from a costly mistake. At CostQuest, our mission is to provide information, support, tools, techniques, and analysis of your costs and profitability so your decisions take your company in the right direction—toward productivity and profitability.

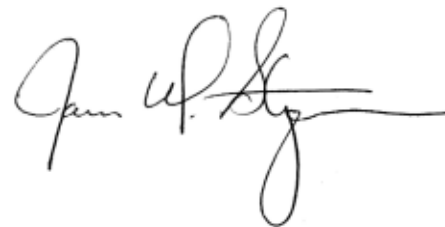
In today's business environment, virtually every week holds major announcements from companies that are restructuring, partnering, merging, acquiring, or investing billions of dollars in new technologies. Your organization needs accurate knowledge of costs and profits and their behavior in order to make decisions that take advantage of these changes.

Appropriately, many of these critical decisions center on customers:

- ✓ What do customers really expect from you—both today and tomorrow?
- ✓ How can you profitably exceed their expectations—both today and tomorrow?
- ✓ Which customers contribute to your profitability and which negatively affect your bottom line?
- ✓ What are customers willing (even eager) to buy from you and for how much—both today and tomorrow?
- ✓ How can you reduce costs while continually enhancing customer value?
- ✓ When do customers select the competition instead of you and why?

The truly successful companies will be those who carefully focus on questions like these and integrate information resources that, in the end, enable employees and management to consistently make winning decisions for the long term success of the organization.

I invite you to find out more about how CostQuest can provide the information you need to succeed and help you answer these and other questions by applying our products and services in your challenging business environment. Information about our Practice Areas, Products, Team, and Engagement Profiles can be found in this booklet. To find out how we can specifically assist you, please contact us. Our telephone numbers and email addresses are on the back page of this booklet.



Who We Are

Global knowledge of costs, business functions, network modeling, telecommunications, economics, regulation, and applying the right data to make accurate business decisions: this is what CostQuest brings to the table to solve your business issues. We have a proven track record of successfully developing solutions related to pricing, costing, business management, business intelligence, and business case analysis.

CostQuest information systems and services deliver comprehensive solutions to complicated business challenges. These solutions reflect the highly specific needs of your business, including the impact of financial, economic, and regulatory environments. These solutions are also robust and efficient, so you can count on them to continue to meet the current and future needs of your enterprise. Because they are based on CostQuest tools, research, knowledge, and our broad application, business, and regulatory experience, CostQuest solutions are economic and efficient, resulting in an attractive bottom line for you.

Our strength lies in our ability to understand complex business issues, systems, networks, and policies and then provide a solution that focuses on the bottom line. This is demonstrated by the fact that CostQuest has been involved in the design and development of some of the world's leading network costing and business analysis tools:

- ✓ BellSouth Telecommunications Loop Model (BSTLM)
- ✓ CostProLoop

- ✓ New Zealand's CostProNZ
- ✓ Contribution Management and Profit Analysis System (COMPASS)
- ✓ BellSouth's Analysis of Competitive Entry model (BACE)
- ✓ CostMap
- ✓ Cost Proxy Model (CPM)
- ✓ Hong Kong Cost Proxy model (HK-CPM)
- ✓ BCPM (Benchmark Cost Proxy Model)
- ✓ Australian Net Universal Cost Model (NUSC)

CostQuest has also provided proprietary profitability, cost, telecom engineering, and metrics systems along with demographic data, data analysis, and GIS support to enhance decision making in some of the world's leading companies. In addition, our clients have called on us to prepare economic, cost, and business intelligence papers, presentations, and workshops before legal and regulatory bodies around the world.

Our Practice Areas

Cost Analysis, Modeling and Management

CostQuest develops cost solutions – models, analysis, studies - to give you an accurate view of your business.

We focus on management costs and how these can be used to improve the business and also meet regulatory requirements. We use an economic basis to understand and capture the true drivers of your current business cost structure or proposed future plans. We approach our work from a unique perspective of examining complicated work processes and capital expenditures to better understand the nature of their cost and to model why a cost is caused and when that cost needs to be incurred.

What we deliver is a solution that clearly reports the drivers and effects of cost, is scalable to grow as your business expands, and is flexible to allow development of 'what-if' scenarios. Your CostQuest solution is forward-looking, realistic, and optimized.

Profitability Maximization through Contribution Management

In any industry, understanding the nature and behavior of cost is fundamental to profitability management.

But to maximize profitability, employees must understand how their work can maximize contribution (increasing their work's economic profit) or minimize negative contribution (reducing their processes' economic cost) in each and every decision.

Maximizing contribution depends on understanding how product and service revenue consumes plant, generates cost, and then leads to organic revenue.

The CostQuest contribution management method is a systematized approach to help you understand the relationships among customer revenue, cost, contribution, and profitability within a complex business environment. Our job is to help you make decisions that maximize the company's profit long term.

Geographic Information Systems and Spatial Analysis

The impact of geography is a key component of many business decisions. Whether a network needs to be constructed to reach customer locations or you need to determine how to serve your customers more efficiently, an optimized spatial analysis is key to improving your decisions. In addition, even though markets are becoming global, customers still want solutions to be tailored for them. This further underscores the importance of geography and time in business decision making.

CostQuest has years of experience with Geographic Information Systems (GIS). We know how to use GIS tools, develop or purchase geographic data and perform spatial programming. More importantly, we understand how to correctly apply these tools to your analytical or information system needs.

Business Intelligence

CostQuest provides the support, analysis, and customized business applications—business intelligence—to enable your employees to make informed decisions. The CostQuest solution is based on your needs. The contribution information, business metrics, or business case analysis in a CostQuest solution helps users understand how each and every decision affects the long term success of the

company. Is entry into a market or a technology rollout appropriate, for example? These are major decisions that can affect your profitability well into the future.

Network Design

Network-based companies face massive capital expenditures affected by the evolution in technology occurring every day.

CostQuest provides network design services through our combined GIS, engineering, modeling, and costing knowledge. Whether we apply CostQuest network costing tools or business case analysis, CostQuest can accurately estimate network design, network rebuilds, or technology deployment costs. CostQuest analyses also help firms study cost based on a variety of network deployment and last-mile options.

Resource Augmentation and Litigation Support

In an increasingly specialized and highly competitive marketplace, companies find that using outside resources can be the most efficient approach, either by fully outsourcing a function or augmenting internal resources to meet an immediate need.

CostQuest can provide training, expert testimony, regulatory strategy, cost/price/profit analysis, and the development of specialized applications. We have a proven record of excellence in dealing with complex, fluid situations that are critical to a business' success-- and delivering the needed solution on time and on budget.

Sample Solutions

Providing: Cost Analysis and Management Solutions

- ✓ CostProWY was developed to assist the State of Wyoming estimate the cost of providing terrestrial broadband to customers lacking access to telco, cable or fixed wireless broadband services.
- ✓ CostProLoop is currently used by four companies operating in 30 states. It has been accepted by U.S. state regulatory commissions and adopted in eight states to set UNE rates for incumbent telecommunication carriers.
- ✓ CostProNZ (a version of CostProCore) has been adopted by the New Zealand Commerce Commission to help determine funding for universal service and set prices for call services.
- ✓ Cost analysis and models have been used internally for business decisions and externally for universal service and unbundled element proceedings in the U.S., New Zealand, Australia, and Hong Kong.
- ✓ An activities-based cost (ABC) analysis combined with asset analysis was developed for a triple play telecommunications provider so they could understand their cost of service and improve profitability.

Providing: Profit Management Solutions

- ✓ Profitability of flexible service bundles was deployed to multiple regions, and markets determined for a national cable and telecom carrier.

- ✓ Flexible, multi-dimensional product contribution analysis systems that forecast and decompose revenues and costs prospectively across products, markets, and geographic dimensions have been deployed in the U. S., Colombia, and Hong Kong.
- ✓ Corporate value acquisition analysis to support negotiations with potential equity investors was developed for a major Colombian carrier.
- ✓ Build/buy scenarios were developed to help a large U.S. financial institution evaluate alternative solutions for telecom service.

Providing: GIS (Geographic Information Systems) and Spatial Analysis

- ✓ Development of broadband service areas based upon supplier provided data, georeferenced maps and melding of commercial sources.
- ✓ State-of-the-art optimized network routing routine following road paths by using "minimum spanning road tree" (MSRT) approach has been adopted by eight U.S. state public utility commissions.
- ✓ The entire customer base of ILECs and physical plant from ILECs' outside plant database was geocoded.
- ✓ Geocoded all U. S. businesses locations and appended tele-demographic data to each record for a major consulting firm.
- ✓ Geocoding process of a major wireless carrier was audited, streamlined, and improved.

Providing: Business Intelligence

- ✓ Comprehensive business case tool to analyze Competitive Local Exchange Carriers' (CLECs) ability to enter a variety of markets was developed
- ✓ International benchmarking study of interconnection and wholesale price was performed.

- ✓ Pricing plans of large U.S. inter-exchange carrier was audited, which identified many “grandfathered” plans with little traffic, leading to elimination of many plans and restructuring of others.
- ✓ Internal transfer pricing mechanisms for an Australian telecommunications firm were developed.

Providing: Resource Augmentation

- ✓ CostQuest provided expert witness testimony in state regulatory proceedings to support economic and cost analysis of client.
- ✓ Targeted training programs covering cost, contribution, pricing, and management were developed and delivered.
- ✓ Cost analysis of interconnection rates was performed for U.S. ILECs.
- ✓ Incremental cost model methodology and cost model user training sessions were developed for telecom providers in the U.S., Hong Kong, Australian, and New Zealand.



Our Associates

CostQuest provides solutions that combine business capabilities, network engineering know-how, economics knowledge, regulatory experience, modeling capabilities, costing knowledge, and comprehensive global experience to deliver high quality services to our clients. However, CostQuest knows that knowledge alone does not deliver successful projects. Experienced, customer-focused project managers are key. Along with their technical capabilities, our project managers run high quality, efficient projects that succeed and deliver the anticipated results.

A Summary of Our Team:

- ✓ Jim Stegeman, president, formed CostQuest Associates, Inc., in 1999 and currently leads the product development effort. He has been involved in costing, profitability analysis, and network modeling since 1989. The latest generation network cost models used internally by companies and in support of UNE and USF proceedings are the results of his efforts.
- ✓ Mike Krell, associate of and partner in CostQuest, heads up software engineering. He is also president of Peyison Technology Services, Inc., a custom software development company and a sister company of CostQuest. He is the lead developer and system architect for the CostPro suite of network models along with heading up CostQuest's spatial programming efforts.
- ✓ Mark Guttman, associate of and partner in CostQuest, heads up CostQuest's Geographic Information Systems efforts, Quality Assurance, Testing, and Documentation, and provides assistance in Customer Support, System Design, and Project Management.
- ✓ Brian S. Delidow, an associate of CostQuest, is also the president of OffHook Consulting, Inc., which assists companies to develop strategic and competitive advantages in serving the telecommunications marketplace. Services include corporate and account-based strategic planning, cost and profitability analyses, and regulatory strategy development.
- ✓ Mike Wilson leads CQAmobile a division of CostQuest Associates, Inc. Mr. Wilson focuses his efforts in the areas of Regulatory Compliance, Profitability, Interconnection, Churn Management and Operational Analysis for wireless, competitive, and incumbent local carriers. Mike has many years of industry knowledge within operational functions as well as industry relations, advocacy and inter-carrier negotiations. He has developed Business Intelligence Systems and has been an Expert Witness in regulatory proceedings.
- ✓ Jim Hines, an associate of CostQuest, also owns The Enterprise Group, LLC (TEG), which provides performance management consulting services to a variety of companies around the world. Key areas of focus include business/profitability modeling, decision support, business planning, governance, and marketing support.
- ✓ Dr. Steve Parsons, an associate of CostQuest, is also president of Parsons Applied Economics, LLC, which provides consulting and research services on business decision making and regulatory policy. He is a recognized expert in network, pricing, and costing economics with numerous published articles.
- ✓ Jim Ramsey has more than 30 years of telecommunications management experience and 16 years of financial and cost management experience as a successful project team leader

and manager, with proven financial, analytical, and business planning skills and a broad understanding of markets and competition.

- ✓ Jim Schaaf has more than 30 years of technical and managerial experience in the telecommunications industry as one of its leading network engineering and cost experts. Jim managed the development and documentation of the loop engineering rules and inputs used in CostPro Loop. He has served as an expert witness in public utility commission Universal Service and Unbundled Network Element (UNE) hearings in numerous states
- ✓ Robb Stohlman is a key analyst in CostQuest's system implementation group. He helps develop CostQuest's desktop, Web, and GIS applications. He has a broad knowledge of industries, including health care and telecommunications.
- ✓ Mary Bigner is a key analyst in CostQuest's support, testing, GIS, and data analysis areas. She brings a disciplined approach to the solutions CostQuest provides. She assists in product support, testing, and project management.

With CostQuest, you have leading experts who provide the economic, business, system, modeling, cost, pricing, profit, and data analysis expertise to fit your needs. This even includes the regulatory support, testimony, and witnessing required to advocate for your company in public hearings. But our efforts do not stop at delivery. We provide ongoing input, training, application support, and maintenance for our solutions. Bottom line, what we

provide is an efficiently run project that succeeds and delivers what you asked for, now and into the future.

Contact Information

Mark Guttman

Vice President

CostQuest Associates

2300 Montana Avenue, Suite 209

Cincinnati, OH 45211-3898

USA

e-mail: mguttman@costquest.com

web: www.costquest.com

FON: (513) 662-2124, ext. 102

FAX: (513) 662-2391

James Stegeman

President

CostQuest Associates

6261 Ashbourne Place

Cincinnati, OH 45233-4455

USA

e-mail: jstegeman@costquest.com

web: www.costquest.com

FON: (513) 941-9009

FAX: (513) 941-7997

We look forward to hearing from you!

