

CostQuest Associates is proud to offer a wide array of training courses targeted specifically to the telecommunications professional. Our "off the shelf" courses range from covering the history of telecommunications to concepts of costs to profitability enhancement. In addition to "off the shelf" courses, we can also develop a training package aimed specifically at your unique needs.

Our instructors are leading experts in the field and are excellent presenters. Our featured presenters are Dr. Steve Parsons, Brian Delidow, Jim Hines and Jim Stegeman.

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. Steve has a Ph.D. in Economics, has worked in and consulted for the telecommunications industry for over 20 years, and has witnessed in over 40 proceedings across the U.S. His expertise ranges from economic costs to proper pricing. In addition, Professor Parsons teaches the Economics of Telecommunications and Information Systems as well as Technology Economics, and Telecommunications Regulation and Public Policy in a specialty masters program in telecommunications management and information management at Washington University, St. Louis.

Brian 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. Brian has a Masters in Math, has worked in and consulted for the telecommunications industry for over 15 years, has been an expert witness in U.S. proceedings, and has been retained by telecommunication companies around the world. In addition, Brian has provided training on 4 continents on issues ranging from cost theory to pricing theory to product profitability.

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. His key areas of focus include business/profitability modeling, decision support, business planning, governance, and marketing support. Jim has a Bachelors of Science in Accounting, is a CPA, and has been in the telecommunications industry for over 25 years. He is a former Controller for Indiana Bell and has been consulting for the last 10 years. Through the years Jim has been pleased to serve business interests, including training, in a variety of locations around the world including the US, New Zealand, The Philippines, Hungary, Portugal, Greece, Oman, Belgium, Canada, Saudi Arabia, and the UK. Jim's work is designed to help companies better understand and proactively manage the operational and financial performance drivers in the business.

Jim Stegeman, president, formed CostQuest Associates, Inc., in 1999. Jim has a Masters in Statistics, has worked in and consulted for the telecommunications industry for over 15 years, has been an expert witness in U.S. cost proceedings, and has designed, coded and implemented telecommunication cost and profitability systems used around the world. As a result, Jim is recognized as one of the leading cost and profitability modelers in the world. In addition, Jim has provided training on profitability and cost in regards to theory and modeling in numerous countries throughout the world.

## Course Offerings:

The length of the course and the topics treated can be customized to suit client needs; for example a scaled down ½-day course can be provided. Customized versions of the courses below, and other courses, are available.

### *The Dynamics of the Telecommunications Industry (2-3 days)*

This course provides a current analysis of the market, technology, and regulation. It covers the impact of explosive changes occurring in the industry today. This includes an overview of the latest technologies, their impact on the market, the impact of legacy regulatory strategy, and their impact on a companies' bottom line. A short course book is included.

### *History, Law, Economics, and Trends in Telecommunications Regulation (2-3 days)*

This course provides an overview of the history of telecommunications regulation and competition, the major statutes and court cases that have shaped the industry, the key economic principles underlying regulation, the current status of regulation, and indications of the likely future of regulation. Topics covered in the course include: economies of scale and scope; efficiency; monopoly pricing; cross-subsidization; the history of competition in terminal equipment and long distance; rate-of-return v incentive regulation and price caps; the MFJ; TA96; key Circuit and Supreme Court decisions; precedential and recent FCC orders; the nature of interconnection and UNEs; universal service; and deployment of advanced services. A course book is included.

### *The Current Status of Telecommunications Regulation (1 day)*

This course provides a brief history of regulation before outlining the key legal and economic aspects (and status) of interconnection and UNEs, reciprocal compensation, universal service, and incentive regulation/price caps. A short course book is included.

### *The Economics of Regulation (1 day)*

This course focuses on the key economic principles underlying telecommunications regulation. The course treats the following topics: economic efficiency; monopoly pricing; positive network externalities; cross-subsidies; interconnection; imputation standards (and other competitive standards); universal service; and incentive regulation and price caps v RoR regulation. A course book is included.

### *Cost Concepts in Telecommunications (1-3 days)*

This course discusses the cost concepts that are employed in telecommunications. While historical/accounting cost information is discussed, the course focuses on forward-looking incremental costs. A three-day course treats the following cost concepts: sunk v relevant; shared/joint/common v direct/incremental; short-run v long-run; start-up costs; dangers of allocating shared costs; volume sensitive (variable) v fixed costs. The proper uses of costs for pricing (and the misuse of cost information) is also considered.

In addition, the following cost methods and calculation techniques are covered in the course: capacity cost techniques for assigning costs of shared facilities; investment v cost; the use of cost of money, depreciation, and taxes; the approximation of indirect cost causation by the use of factors and loadings. The distinctions between costs of a custom bid v tariff are discussed, as are instances in which historical information can act as a proxy for forward-looking costs. Short numerical examples and problem sets are used. A course book is provided.

## *Cost for Pricing and Marketing (1/2-1 day)*

This course is designed for non-cost specialists such as those in product management, pricing, and marketing. The course provides an overview of the key distinctions between forward-looking incremental costs and accounting costs, the dangers of allocations of shared costs, and the importance of volume sensitive, fixed, and start-up costs in determining price levels and price structures. Proper uses of cost information, and the potential for misuse of cost information is described.

Costs for Custom Bids (2 days)

This course covers the key aspects of Cost Concepts in Telecommunications (above) with a focus on how to apply the concepts to the custom bid process. The course carefully examines the conditions that determine reusability of capital assets and when capacity cost techniques can (and can not) be used. When, and how, tariff cost information can be used for custom bids is also treated.

## *Pricing Telecommunications Services (2 days)*

This course provides the economic foundation for sound pricing in telecommunications. The course treats the economics of demand and the importance of creating and capturing value. Contribution and profit maximization are covered. Own and cross-elasticities of demand are explained (and estimates provided for some services). Market segmentation, geographic deaveraging, bundling and unbundling, competitive information and competitive response, and legal and regulatory limits to pricing are also explained. The relevance of proper cost information is

discussed, as is the misuse of cost information in pricing. Major legal and regulatory limits to pricing are treated for both wholesale and retail pricing. Differences in pricing custom bids versus tariffed offerings are discussed. A course book is provided.

## *Profitability, Sound Decisions, and Improving Shareholder Value (1/2-1 day)*

This course is designed primarily for executives and senior staff. The course focuses on the relevant economic information necessary to make key business decisions. Relevant cost and revenue information is discussed in the context of specific business decisions. The course describes common but dangerous pitfalls that can occur in evaluating decisions involving: entry, exit, pricing, re-pricing, price structures, customer retention, and customer-specific offerings. Possible data sources and their use and misuse are discussed. The proper standard for business decisions that will improve shareholder value is presented. A short course book is provided.

For more information, please contact us or visit us at [www.costquest.com](http://www.costquest.com).